

Organizations are ramping up efforts to meet sustainability targets, despite geopolitical challenges

- **69% of executives say that anticipating stricter future regulations is a key driver of sustainability initiatives, up from 57% last year**
- **Nearly two thirds say geopolitics is driving a slowdown in their sustainability investments**
- **Six out of ten are concerned that their organization's sustainability efforts might appear insincere to the public, up from only 11% in 2023.**

Paris, September 23, 2024 – Organizations continue to make progress in their sustainability initiatives, despite facing geopolitical challenges. Regulation and technology are proving to be a vital part of this progress, with two thirds of executives agreeing that their organization will never be able to achieve its sustainability goals without climate tech. This is according to the Capgemini Research Institute's latest report, '[A world in balance 2024: Accelerating sustainability amidst geopolitical challenges](#)', which tracks advancements in organizations' environmental and social sustainability over the last three years. The third edition of the report highlights marked improvements in circularity, sustainable design, measurement, water stewardship, biodiversity, and sustainability skilling, despite shortfalls in tackling Scope 3 emissions and consumer skepticism.

Collectively, organizations are ramping up their efforts to meet their sustainability targets, and their maturity in adopting sustainable practices has increased steadily since 2022. 84% of executives this year say their organization is on target to meet its carbon emissions goals; less than a tenth say they are behind. As organizations look to minimize their impact on the environment, progress is particularly visible in terms of circularity, sustainable product design, measurement, and water management. For instance, nearly three quarters of executives say that recycling products is a core aspect of their manufacturing strategy, up from 53% in 2022, while over two thirds said they were redesigning products to remove fossil fuel feedstock sources, up from less than half in 2022. In addition, three-quarters of executives have implemented a water-stewardship program, up from 55% in 2022.

In late 2023, executives were [planning to increase investments in sustainability](#) this year. However, companies have not followed through: average annual investment in sustainability initiatives and practices now stands at 0.82% of total revenue, down from 0.92% in 2023.

"This year's report shows sustainability projects continuing to build momentum in 2024 despite current headwinds," said Cyril Garcia, Capgemini's Head of Global Sustainability Services and Corporate Responsibility and Group Executive Board Member. "Business leaders have the power and the responsibility to steer us towards a more sustainable economy. Water stewardship, biodiversity preservation, and circular practices are now established as key business imperatives. Executives are being very pragmatic, and CO₂ reduction must now be translated into cost savings. We continue to see sustainability efforts bolstered by new climate tech innovations and regulations. The best way to build trust and credibility with consumers is by demonstrating tangible outcomes and planning for a future with sustainability at its heart."



Consumers unconvinced about progress

Consumers want to see corporations going even further and demand transparency. The report finds three-quarters of consumers expecting corporations to play a larger role in reducing GHG emissions in 2024. Furthermore, even as organizations ramp up sustainability initiatives, consumers are more skeptical than ever about corporate sustainability, as more than half believe that organizations are greenwashing their sustainability initiatives, up from 33% in 2023.

Geopolitics and regulations impacting corporate sustainability initiatives

Executives pointed to climate-related regulations as a key driver of sustainability projects. A full three-quarters of executives believe that sustainability regulation is necessary to achieve global climate goals, and nearly two thirds even agree that without regulation, their organization would not have launched many environmental sustainability initiatives.

Globally, 73% of executives agree that the EU's Corporate Sustainability Reporting Directive (CSRD) is honing sustainability measurement and tracking capabilities. However, organizations continue to fall short in terms of reporting on sustainability initiatives, especially on Scope 3 emissions. Among organizations required to report for CSRD in 2025, just over a third say that they are prepared to report Scope 3 downstream emissions next year, while 86% are prepared for Scope 1.

Meanwhile, tensions such as US-China relations, the wars in Ukraine and the Middle East, and the European energy crisis, are leading to disruption to supply chains and business operations, and uncertainty around government funding. This year, nearly two thirds of executives pointed to geopolitics as an increasing consideration in sustainability investments, and 69% are concerned about the impact of the uncertain US political scene. This is felt across countries, but Swedish executives are most concerned (75%), compared with 71% of US executives and 59% of executives in India.

To access the full report: <https://www.capgemini.com/insights/research-library/sustainability-trends-2024>

Methodology

The Capgemini Research Institute surveyed 2,152 executives employed at 727 organizations, each with more than \$1 billion in annual revenue, across 13 countries in North America, Europe, and Asia-Pacific and in 12 industries and sectors, in June and July 2024. Executives surveyed were director level and above and 50% were from corporate functions, such as strategy, sustainability, sales, and marketing; 50% were from value chain functions, such as product design, R&D, procurement, and logistics. The Institute also surveyed 6,500 consumers over the age of 18 across the 13 countries and conducted interviews with 12 senior sustainability executives at leading organizations globally.

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