REIMAGINING THE AGENDA

Unlocking the Global Pathways to Resilience, Growth, and Sustainability for 2030

The 12th United Nations Global Compact-Accenture CEO Study

United Nations Global Compact

accenture

"This is not a time to sit on the sidelines. It is a time for resolve, determination, and - yes - even hope.

Because despite the limitations and long odds, we are working to push back against despair, to fight back against disillusion and to find real solutions.

Not perfect solutions – not even always pretty solutions – but practical solutions that are making a meaningful difference to people's lives.

Solutions that must put us on a pathway to a better, more peaceful future."

António Guterres
United Nations Secretary-General

End of Year Remarks, December 2022

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INTRODUCTION

Sanda Ojiambo
Assistant Secretary-General,
Executive Director and CEO
UN Global Compact

Peter Lacy
Global Sustainability
Services Lead.
Chief Responsibility Officer,
Global Management
Committee member
Accenture

This year marks the 15th anniversary of our partnership and the 12th joint publication of the United Nations Global Compact-Accenture CEO Study on sustainability. Drawing on insights from over 2,600 CEOs across 18 industries and 128 countries, including over 130 in-depth interviews, this milestone represents the largest research effort in the history of the partnership.

It also comes at a critical time. As we approach the halfway mark to achieve the UN Sustainable Development Goals (SDGs) by 2030, the message from CEOs is painfully clear: we must accelerate our work in sustainability to build a more resilient future if we are to rescue the SDGs.

Our 2021 CEO Study found that business leaders were severely off track to deliver on their sustainability and climate goals. Today, the situation is even more tenuous. Facing continued fallout from the pandemic, coupled with the effects of Russia's war in Ukraine, broader geopolitical uncertainty, inequality, and climate change, CEOs report heightened frustration and uncertainty in preparing for what will happen next.

As a result, CEOs are now making sustainability a top priority in their agendas, re-evaluating their investment criteria and developing innovative business models enabled by technology to drive change. They are also increasingly partnering with communities, competitors, and governments to accelerate progress on a wider scale. However, these efforts are far from enough. CEOs are calling for more concrete commitments to sustainability, working across stakeholder lines to avert global catastrophe.

The CEO Study pursued two principal strands of research. First, we conducted a quantitative assessment of 2,668 CEOs through an online survey, translated into nine languages. Second, we conducted 133 in-depth one-to-one interviews with CEOs, chairpersons and presidents of UN Global Compact member companies.

We are once again indebted to the UN Global Compact teams, and in particular to Sean Cruse and Bo Yang. We also recognize the leadership of the Accenture team, in particular: UN programs Lead, Michael Hughes; Study Lead, Emilia Hull; and authors Grant Lurie, Malgorzata Pietrzyk, Emily Weaver, and Lorenzo Lewis. We would also like to acknowledge the considerable contributions of the many other UN Global Compact and Accenture colleagues who are too numerous to mention.

Finally, on behalf of the UN Global Compact and Accenture, we would like to express our profound thanks to the CEOs and chairpersons, business leaders and other stakeholders who participated in the study, making this work possible in the interests of a better future.

STUDY PARTICIPANTS

We would like to thank the more than 2,600 CEOs, chairpersons and presidents for their insights in shaping this study, with particular gratitude to over 130 individuals who participated in one-to-one interviews. While the views expressed do not necessarily represent the totality of opinions received from all contributors, their participation and guidance have been critical.

Anil Sardana,
Managing Director,
Adani Power Limited

Maurici Lucena Betriu,
Chairman of the Board of
Directors and CEO, Aena

Grace Kwok May Han,
Chairman and Executive Director,
Allied Sustainability and Environmental
Consultants Group Limited

Roberto Funari,
CEO,
Alpargatas S.A.

Sajida Hassan Shroff,
Chief Execution Officer,
Altamont Group & EdWorX
Consulting

Luis Maroto,
President and CEO,
Amadeus IT Group S.A.

Paul Abbott,
CEO, American Express Global
Business Travel (Amex GBT)

Peter Zaffino,
Chairman & Chief Executive
Officer, AIG, Inc.

Ronald Wuijster,
Executive Board Member, APG
Group NV and Chief Executive
Officer, APG Asset Management

Praveen Singhavi,
President,
APRIL Group

Peter Oosterveer,
Chief Executive Officer,
Arcadis NV

Juan Luciano,
Chairman & CEO,
ADM

Prasanna Rao,
Co-founder and Managing
Director, Arya.ag

Atsushi Katsuki,
President and CEO,
Representative Director,
Asahi Group Holdings, Ltd.

Vineet Mittal,
Chairman,
Avaada Group

Malek Sukkar,
CEO,
Averda

Nitin Mantri,
Group CEO,
Avian WE

Thomas Buberl,
Chief Executive Officer,
AXA

Lorenzo Simonelli,
Chairman & CEO,
Baker Hughes

Nadia Al Saeed,
CEO,
Bank al Etihad

Sanjay Banka,
Executive Chairman,
Banka BioLoo Limited

D Narain,
President, Bayer South Asia &
Global Head of Smallholder Farming

Betrand Schmitt,
CEO,
BDR Thermea Group

Robert Okine,
Founder & CEO,
Bewsys

Roberto Simões,
CEO,
Braskem

Giovanni Caforio, MD,
Chairman of the Board and
Chief Executive Officer,
Bristol-Myers Squibb

Karen James,
Chief Executive Officer,
Business for Development

Natalia Cortez,
President, Calificadora de
Riesgos Summaratings S.A.

Fernando Gonzalez,
Chief Executive Officer,
CEMEX

Ahmed Abdellatif,
President, CTC Group
[The Central Trading Company]

Chuck Robbins,
Chair and CEO,
Cisco

Sue Y. Nabi,
Chief Executive Officer,
Coty

Badr Jafar,
CEO,
Crescent Enterprises

James Boomgard,
President and CEO,
DAI Global, LLC

Ana Botín,
Executive Chair,
Banco Santander

Francesca Fondse,
CEO, De Angelus Estates and
Angelus Africa SD Projects

Rita Maria Zniber,
Chairman & CEO,
Diana Holding

Christophe Beck,
Chairman and CEO,
Ecolab

Haruo Naito,
Representative Corporate
Officer and CEO, Eisai Co., Ltd.

Arturo Gonzalo Aizpiri,
Chief Executive Officer,
Enagás

Sherif El Gabaly,
Chairman and CEO,
Enara Group

Al Monaco,
President, Chief Executive
Officer and Director,
Enbridge, Inc.

Francesco Starace,
Chief Executive Officer and
General Manager,
Enel Group

Clara Arpa,
CEO,
ARPA

Assia Riccio,
Founder, Evolvin' Women
and Nia Trading

Rohit Kapoor,
Vice Chairman & CEO,
EXL

Mairead Lavery,
President and Chief Executive
Officer, Export Development
Canada

Margaret Michaels,
Founder,
Ezra Joel Group Corporation

Viviane Martins,
CEO,
Falconi

Sarfaraz Ahmed Rehman
Managing Director and Chief
Executive Officer, Fauji Fertilizer
Company Limited, (FFC)

Francisco Estupiñán,
CEO,
Fexlaw Lawyers

Mary Barra,
Chair and Chief Executive
Officer, General Motors

Marika Lulay,
CEO,
GFT Technologies SE

Adrienne Doolan,
CEO,
Green Touches

Héctor Hernández-Pons Torres,
CEO,
Grupo Herdez

Carlos Roberto Rojas Aboumrad,
CEO, Grupo Rotoplas S.A.B. de C.V.

Sanjay Gupta,
MD and CEO,
National Commodities Management Services Limited (NCML)

Gurpreet Singh Minhas,
Director,
Harman Finochem Limited

Arun Misra,
Chief Executive Officer,
Hindustan Zinc Limited

José Ramón Vicente Rull,
CEO, HLA Group & Managing Director, HLA Moncloa University Hospital

Ignacio Galán,
Executive Chairman,
Iberdrola

Mohammed Akoojee
Group Chief Executive Officer (CEO), Imperial and Group Chief Operating Officer (COO), DP World Logistics

Paddy Padmanathan,
Vice Chairman & CEO,
ACWA Power

Kailash Lalpuria,
CEO & Executive Director,
Indo Count Industries

James Thornton,
CEO,
Intrepid Travel

Sudhir Hoshing,
Chief Executive Officer,
IRB Infrastructure Developers Ltd

Hemanth Kumar,
Partner, J.K.Sarawgi & Co.,
Chartered Accountants

NK Chaudhary,
Social Entrepreneur,
Chairman & Managing Director,
Jaipur Rugs

George Oliver,
Chairman and CEO,
Johnson Controls

António Costa,
CEO, Kaizen Institute
(Kaizen Institute Global Group of Companies)

Dr. David Kisa,
General Manager,
Kenya Bixa Limited

Noke Kiroyan,
Executive Chairman & Chief Consultant, PT Komunikasi Kinerja (Kiroyan Partners)

Sandra Wu, Wen-Hsiu,
Chairperson and CEO,
Kokusai Kogyo Co., Ltd.

Toshimitsu Taiko,
President & CEO,
Konica Minolta, Inc.

Joost Farwerck,
CEO and Chairman Board of Management, Royal KPN N.V.

Tony Lombardo,
Global Chief Executive Officer and Managing Director,
Lendlease

Dr. Bisi Bright,
CEO,
LiveWell Initiative LWI

Eira Thomas,
President and Chief Executive Officer, Lucara Diamond Corp

Derek Hydon,
President,
Ma Cher (USA) Inc.

Ramkrishna Mukkavilli,
Founder and Managing Director,
Maithri Aquatech Pvt Ltd

Ola Källenius,
CEO,
Mercedes-Benz

Alejandro Carrillo,
CEO,
Masisa

Belén Garijo,
Chair of the Executive Board and CEO, Merck KGaA

Susan Lloyd-Hurwitz,
CEO & Managing Director,
Mirvac

Matt Kaufman,
CEO,
MK Partners, Inc.

Rob Fauber,
President and CEO,
Moody's

Susan Chodakewitz,
President and CEO,
Nathan Associates

Solange Ribeiro,
Vice-president, Neoenergia and Vice-chair of the Board,
UN Global Compact

Shinichi Odo,
Representative Director
Chairman of the Board,
NGK Spark Plug Co., Ltd.

Hiroaki Shinya,
Representative Director and President,
Nippon Koei Co., Ltd.

Vaibhav Agrawal,
CEO & Managing Director,
Norex Flavours Pvt. Ltd.

Krishna Mohan Puvvada,
Regional President & Business Director, CB India, Novozymes South Asia Pvt. Ltd.

Alexandre Ricard,
Chairman & Chief Executive Officer, Pernod Ricard

Richard Wilson,
CEO,
Physical Risk Solutions

Gimena Peña Malcampo,
CEO,
Pier2 Marketing

Christos Megalou,
Chief Executive Officer, Piraeus Bank and Executive Member of Piraeus Bank's Board of Directors

Marco Tronchetti Provera,
Executive Vice Chairman and CEO, Pirelli & C. S.p.A.

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CEO,
Progreso

Vidjongtius,
President Director,
PT Kalbe Farma Tbk.

Meshvara Kanjaya,
CEO,
PT Supra Boga Lestari Tbk.

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Managing Director, Asia Pulp & Paper (APP) Sinar Mas

Lars Fruergaard Jørgensen,
President and CEO,
Novo Nordisk A/S

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President & Chief Executive Officer, QSL Canada Inc.

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Chief Sustainability Officer,
ReNew Power & Founding Chair,
ReNew Foundation

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Executive Director,
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President & Representative Director, Seven & i Holdings Co., Ltd.

Isao Teshirogi, Ph.D.,
Chief Executive Officer,
Shionogi & Co., Ltd.

Eric Rondolat,
Chief Executive Officer,
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Ilham Kadri,
CEO and President of the Executive Committee,
Solvay

Lara Olsen,
Managing Director,
South East Water (Australia)

Keiichi Iwata,
Representative Director & President, Sumitomo Chemical Company, Ltd.

Takeshi Niinami,
Chief Executive Officer,
Suntory Holdings Limited

Gagandeep Bhullar,
Founder & CEO,
SuperHuman Race

Girish Wagh,
Executive Director,
Tata Motors Limited

T V Narendran,
CEO & MD,
Tata Steel

CP Gurnani,
Managing Director and Chief
Executive Officer, Tech Mahindra

Toshiki Kawai,
Representative Director,
President & CEO,
Tokyo Electron Limited

Patrick Pouyanné,
Chairman and Chief Executive
Officer, TotalEnergies

Ramesh S. Ramakrishnan,
Chairman,
Transworld Group

Suni Harford,
President Asset Management and
UBS Group Executive Board Lead
for Sustainability and Impact, UBS

Alan Jope,
Chief Executive Officer,
Unilever

Jussi Pesonen,
President and CEO,
UPM-Kymmene Corporation

Anna Borg,
President & CEO,
Vattenfall

Sunil Duggal,
Whole Time Director, Group
Safety Officer & Group CEO,
Vedanta Limited

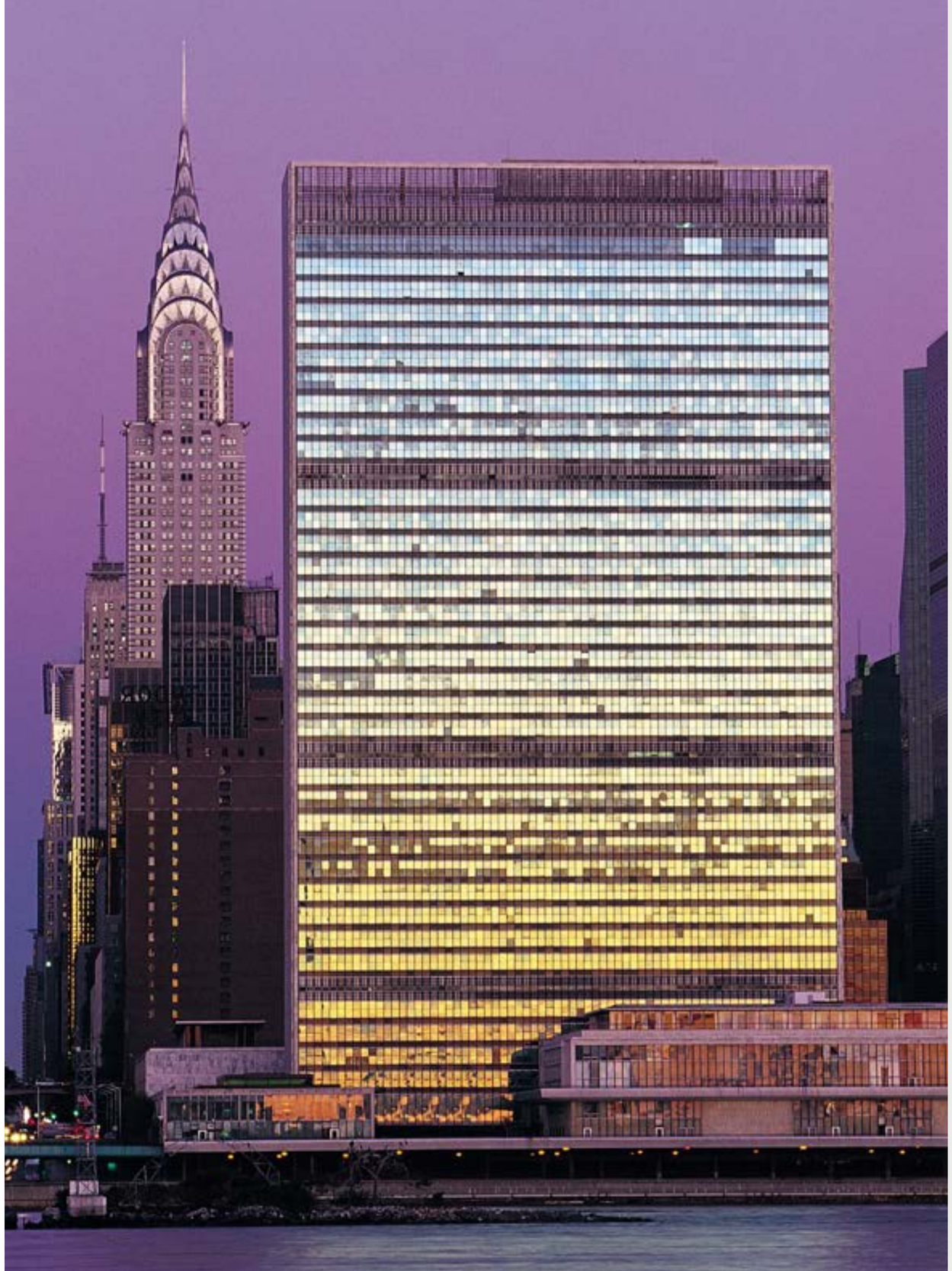
Hans Vestberg,
Chairman and CEO,
Verizon

Alexandre L'Heureux,
President & CEO
WSP Global Inc.

Pat McCafferty,
Managing Director, Yarra Valley
Water, Melbourne, Australia

Anant Goenka,
Interim Managing Director,
ZenSar Technologies

Kilala Tilaar,
CEO and Chairman of Corporate
Creative and Innovative,
Martha Tilaar Group



SOUNDING THE ALARM

THE GLOBAL SUSTAINABILITY AGENDA IS OFF TRACK

CEOS SOUND THE ALARM AS THE DRAMATIC RISE OF INTERLINKED GLOBAL CHALLENGES IS FORCING LEADERS TO NAVIGATE NEW LEVELS OF UNCERTAINTY

AS WE APPROACH THE HALFWAY MARK TO ACHIEVE THE 2030 AGENDA, CEOS REMAIN COMMITTED TO DELIVERING THE SDGS. YET THEY ARE SOUNDING THE ALARM THAT MORE ACTION AND SUPPORT ARE NEEDED TO RESCUE THE GLOBAL GOALS

THE WORLD CANNOT ACHIEVE THE SDGS ON OUR CURRENT TRAJECTORY

We are nearly at the halfway mark to 2030, the shared deadline when we plan to achieve the Sustainable Development Goals (SDGs). While progress has been made, the world remains drastically behind where it needs to be. For example, the Paris Agreement sought to limit global temperature rise to 1.5° Celsius by the end of the century, but the latest United Nations Framework Convention on Climate Change (UNFCCC) report illustrates that current climate pledges would put the world on track to reach 2.5° Celsius by 2100 — a scenario that would lead to cataclysmic impacts for the world.

The instability of the past three years, marked by the global pandemic, climate change impacts, and geopolitical conflicts, has set the world even further behind. As Susan Chodakewitz, President and Chief Executive Officer of Nathan Associates notes, "We are at the midpoint of achieving the SDGs, and we are seeing a relapse in terms of democratic systems and economic achievements. When we look at the state of the world, we are moving backwards."

The UN Sustainable Development Goals Report 2022 puts the situation in even more dire terms: "Four years of poverty reduction has been erased by the pandemic, with the working poverty rate rising for the first time in two decades. Women accounted for 39% of global employment in 2019, but 45% of global employment losses in 2020. Progress on electrification has slowed — on today's pace there would still be 679 million people without electricity in 2030. Our reliance on natural resources is only increasing — rising 65% globally between 2000 and 2019. Energy related CO_2 emissions increased 6% in 2021 – their highest level ever. Climate finance is still dangerously short of the USD 100 billion goal. An additional 10 million hectares of forest were destroyed in 2021, bringing nearly 40,000 species to be at risk of extinction." [1]

Global leaders recognize that this is the moment to take action. Secretary General of the United Nations, António Guterres, in his 2022 address to the UN General Assembly remarked, "A world without extreme poverty, want or hunger is not an impossible dream. It is within reach. That is the world envisaged by the 2030 Agenda and the Sustainable Development Goals. But it is not the world we seem to have chosen. Because of our decisions, sustainable development everywhere is at risk. The SDGs are issuing an SOS." [2]

This sentiment is echoed by business leaders in the private sector. As CEO of Intrepid Travel, James Thornton, states, "Businesses and governments still have a lot more to progress on the SDGs. Unfortunately, inequalities are widening, and communities are being left more vulnerable."

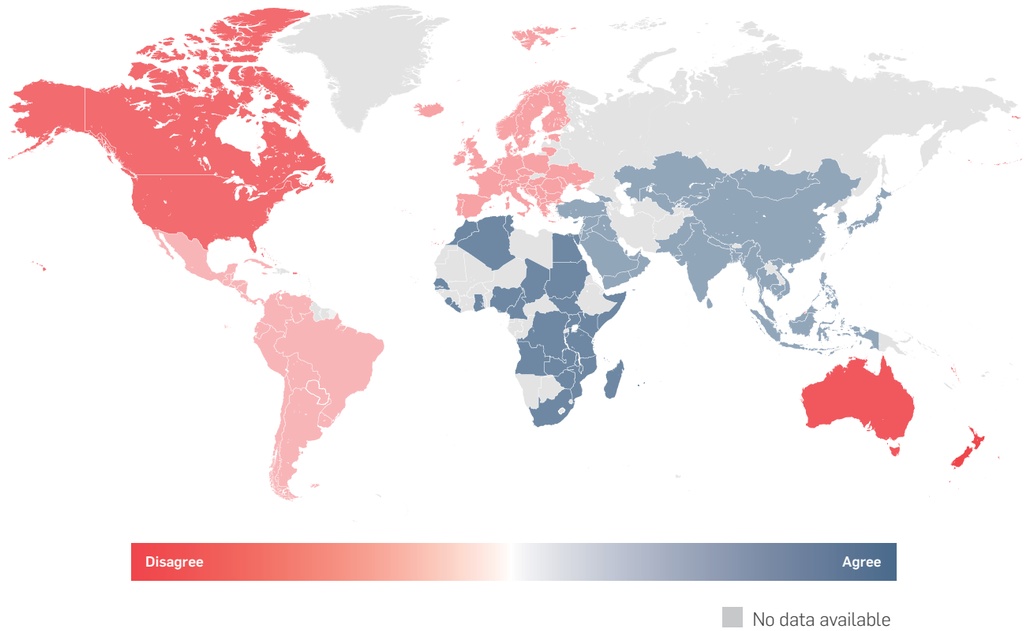
GLOBAL INSTABILITY IS FURTHER RISKING THE SDGS, SETTING BACK SUSTAINABILITY PROGRESS

While a variety of challenges in the last half decade have influenced progress on the SDGs, current geopolitical instability risks their achievement. Globally, 87% of CEOs feel that current levels of geopolitical instability limit the world's ability to achieve the SDGs. The fallout is leaving CEOs with limited confidence in multilateralism as they work to achieve the Global Goals. As the President and CEO of Novo Nordisk A/S, Lars Fruergaard Jørgensen, notes,

1. The United Nations Economic Commission for Europe (2022) Halfway to 2030: UNECE report shows we must accelerate progress to achieve SDGs in the region. 2. United Nations (2022) Secretary-General's address to the General Assembly.

FIGURE 1: GEOPOLITICAL INSTABILITY SETS BACK SUSTAINABILITY IN OVER HALF (51%) OF DEVELOPING COUNTRIES

CEO Survey Question: *To what extent do you agree or disagree with the following statements? (Geopolitical instability has set back my company's sustainability efforts)*



"The world is not as resilient as we had hoped. Societal structures including democracy are failing us as we try to tackle huge challenges such as climate change and inequality."

Geopolitical instability is also amplifying existing pressures, such as expanding supply chain disruptions, increasing price volatility, and intensifying resource shortages. As CEOs deal with these impacts in the short term, sustainability efforts are being disrupted, as shown by the 43% of CEOs who agree that geopolitical instability has set back their sustainability efforts. In particular, both companies in the developing world, as well as small and medium-sized enterprises (SMEs)[3] globally, are facing the strongest headwinds as they grapple with competing priorities and limited resources. Nearly half (49%) of SME CEOs felt that their sustainability efforts have been impacted, as opposed to 36% of the largest companies.[4] As Gurpreet Singh Minhas, Director of Harman Finochem Limited notes, "Our ability to achieve sustainability commitments is hindered by the lack of long-term commitments from major stakeholders and policymakers, the inaccessibility of useful technology, and lack of access to affordable finance and resources." Karen James, Chief Executive Officer of Business for Development, adds, "There is limited support from government and financial institutions for SMEs, especially when it comes to sustainability. Their risk appetite is too low now, which makes it difficult for us to survive."

3. Defined as companies with less than USD 25 million in annual revenue.
4. Defined as companies with greater than USD 1 billion in annual revenue.

"Globalization is still very much alive. It would take a disastrous global war to break up the global supply chains we have in place. It will, however, constantly be redesigned as the equilibrium of powers shift."

Francesco Starace,
Chief Executive Officer and
General Manager of Enel Group

"Globalization until now has been a way to optimize the economic models of some countries without considering the needs of others. Everyone is now waking up and creating an environment in which their own voices are heard. We are seeing a rebalancing of power."

Thomas Buberl,
Chief Executive Officer of AXA

"Globalization has had positive and negative side effects to society, but it is here to stay. Nationalism may be rising temporarily, but the benefits of the global economy to all of us, especially the developing world, are too great to pass up."

José Ramón Vicente Rull,
CEO of HLA Group & Managing Director
of HLA Moncloa University Hospital

"Geopolitical instability is creating multiple externalities – it's increasing energy costs, distorting supply chains, and restricting access to materials."

Toshimitsu Taiko,
President & CEO of Konica Minolta, Inc.

GEOPOLITICAL TENSIONS ARE RESHAPING THE GLOBAL ECONOMY

CEOs acknowledge the benefits of globalization, yet recognize that it has concentrated power and wealth into the hands of a few to the detriment of many. Francesca Fondse, CEO of De Angelus Estates and Angelus Africa SD Projects, explains, "The subject of globalization is a double-edged sword. It can be very good, but it has clearly not delivered the promise of progress for everyone." Shinichi Odo, Representative Director Chairman of the Board of NGK Spark Plug Co., Ltd., adds, "Inequalities and extreme disparities have arisen due to excessive globalism. We have to develop a better system of globalization so those disparities can be eliminated."

However, globalization is still a necessity, as 80% of CEOs feel that the world needs globalization to achieve the SDGs. Globalization must therefore be rebalanced as it starts to take on a new shape – one that's inclusive and delivers shared value. CEO of Crescent Enterprises, Badr Jafar, shares, "Globalization is far from dead, but it is rapidly evolving into a more complex system. This multipolar world will generate new rule books which companies will have to figure out and navigate in order to thrive."

BUSINESS AS USUAL IS NO MORE – TODAY'S OPERATING ENVIRONMENT IS DEFINED BY CONSTANT DISRUPTION

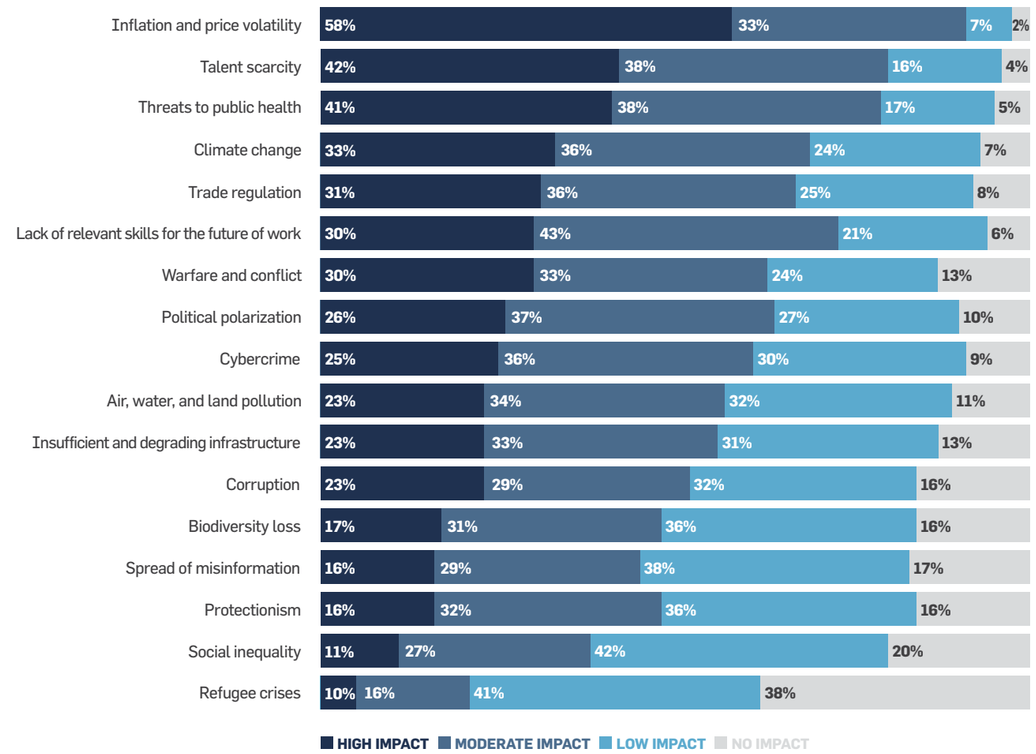
CEOS ARE FACING AN ESCALATING NUMBER OF CHALLENGES SIMULTANEOUSLY

CEOs are operating in an unchartered new world, which is treacherous to navigate. The sheer number of challenges facing the private sector is breaking new boundaries. From a non-exhaustive list of global challenges facing businesses, 93% of CEOs said they are dealing with the impacts of 10 or more (Figure 2). Even more alarming, 46% of CEOs stated that they were dealing with all 17 challenges surveyed in some capacity. As Christophe Beck, Chairman and CEO of Ecolab, notes, "Disruption has been huge over the last few years, and what's really unique right now is that none of those disruptive forces have gone away – starting with COVID, to the supply shortages, geopolitical issues, inflation, water and energy crisis." CEO of ARPA, Clara Arpa, adds, "It seems that every day we wake up with a different problem, and none of the previous ones have been solved."

CEOs are overwhelmed by the sheer number of challenges they are required to address, coupled with the uncertainty of the future. Case in point, 91% of CEOs say that too many competing priorities hinder progress in building resilience. According to Ramesh S. Ramakrishnan, Chairman of Transworld Group, "The world today is filled with so many challenges, I don't think there is anyone that can predict the future. I don't even know if historical data is as helpful anymore, when the world has evolved so much. We need new solutions for new problems."

FIGURE 2: THE MAJORITY OF CEOS (93%) ARE DEALING WITH TEN OR MORE GLOBAL CHALLENGES TO THEIR BUSINESS

CEO Survey Question: *What level of impact are the following global challenges having on your business today?*



This overwhelming number of issues has caused some companies to focus on what's right in front of them. Kilala Tilaar, CEO and Chairman of Corporate Creative and Innovative at Martha Tilaar Group, shares, "We adapted our strategy to medium-term rather than long-term as we face a rapidly changing, volatile world. We now evaluate our progress by quarters, in order to adapt ourselves to the environment."

However, other CEOs are doubling down on long-term strategies. As Jussi Pesonen, President and CEO of UPM-Kymmene Corporation, notes, "If you organize the company based on long- term trends, such as sustainability and strong economic performance, you have the ability to maneuver throughout all kinds of challenges ahead. Nobody can predict what will happen, but you can have an operating system that allows you to absorb disruptions."

"If you don't give back, don't contribute, and do not rise up to the social disparities, then you're not part of the evolving society."

Anil Sardana,
Managing Director of Adani Power Limited

"My role has not changed when it comes to financial performance, but my role has re-balanced to weigh more equally between the people and financial performance."

Belén Garijo,
Chair of the Executive Board and
CEO of Merck KGaA

"As a CEO, you don't want to impose your values or political views on your team, or your organization. You must remain objective because a team is made of individuals with differing world views. However, CEOs do need to be more vocal on the things that are important for an organization, and lead through those values."

Gimena Peña Malcampo,
CEO of Pier2 Marketing

"We're in a crisis of leadership now. The problems that we're working to solve are solvable, so our role - whether it be business leaders or political leaders - is to lead with passion and come together to implement solutions."

George Oliver,
Chairman and CEO of Johnson Controls

TODAY'S CHALLENGES ARE ALSO DIFFERENT – THEY SPAN BEYOND TRADITIONAL BUSINESS BOUNDARIES

CEOs are not only challenged by the multitude of problems they are facing, but also by the breadth of issues falling outside the traditional business sphere, with 70% of challenges selected going beyond usual profitability concerns. While the greatest challenges for CEOs are inflation and price volatility (98%), along with talent scarcity (96%), the next two challenges are threats to public health and climate change – two challenges that reach past the historic bounds that CEOs have had to manage (Figure 2). As Rob Fauber, President and Chief Executive Officer of Moody's, notes, "Today's leaders face a complex, interlinked world of risks. From rising inflation, economic uncertainty, and geopolitical tensions to the pandemic, the climate crisis, and cyberattacks, they are looking for solutions to help navigate an unprecedented period of uncertainty and build resilience."

THE RISE OF "S" IN ESG IS REDEFINING THE ROLE THAT BUSINESS IS EXPECTED TO PLAY

From these challenges, the most notable change has been the rise of social sustainability expectations on CEOs and businesses. As Chairman and CEO of Ecolab, Christophe Beck, states, "We have a social role that's growing in an incredible way. It can be global questions like water resilience and access, public safety, or homelessness. I used to think that's government's role and I don't have to do anything about it – that's not true anymore." CEOs are taking this shift in expectations to heart: 91% of CEOs believe that their role is to protect local communities in the regions they operate. D Narain, President of Bayer South Asia & Global Head of Smallholder Farming, notes, "Companies increasingly recognize they have a critical role to play in not only addressing complex problems like climate change, but also in improving the world—environmentally, socially, and economically."

This rise in CEO expectations is coupled with a loss of confidence in governments and multilateral institutions. According to the Edelman Trust Barometer, business has emerged as the most trusted institution (61%), followed by NGOs (59%) and governments (52%).[5] Mairead Lavery, President and Chief Executive Officer of Export Development Canada, shares, "CEOs have become a more trusted source of information and policy than governments or other traditional institutions."

Failure to address inequality, corruption, climate change, and degrading infrastructure has undermined confidence in public institutions, with CEOs emerging as a trusted voice. CEO of Alpargatas S.A., Roberto Funari, shares, "There is a declining trust in institutions, and people now look to the private sector, activists, and NGOs to fill that gap."

CEOs are increasingly expected to step into that new role, straddling the line between public and private responsibilities. As Managing Director of South East Water (Australia), Lara Olsen, shares, "A CEO's role is no longer just about fulfilling your organizational goals and activities, but increasingly about your engagement with your broader community locally, nationally,
and globally to make a positive contribution."

THE CEO ROLE IS SHIFTING BASED ON CHANGING EXPECTATIONS

These rising expectations for CEOs are changing the way they interact with the public. For example, 70% of CEOs feel it is their role to speak out publicly on potentially divisive social issues. Per Arcadis NV's Chief Executive Officer, Peter Oosterveer, "There is an expectation for CEOs to speak out on a lot of things - understandably so, because we have a larger role to play now. Nevertheless, there are a lot of grey areas, so we have to be selective on which societal issue to speak out on."

CEOs in the developing world feel this pressure most strongly, with 77% of CEOs feeling that they should speak out publicly on potentially divisive issues, in comparison to the 63% of CEOs in the developed world. CEOs of African companies feel most strongly that they need to speak out (78% agree) while those in Europe (65% agree) and North America (54% agree) are less convinced. Assia Riccio, Founder of Evolvin' Women and Nia Trading, states, "CEOs working in the social impact space, should engage in international speaking opportunities to respond to the issues of the moment." As CEOs' daily responsibilities compound with increasing pressure from the public, CEOs are being held to a new standard of leadership.

5. Edelman (2022) 2022 Edelman Trust Barometer: The Cycle of Distrust.

THESE GLOBAL CHALLENGES EXACERBATE ONE ANOTHER, CREATING COMPOUNDING IMPACTS, AND EXPOSING THE FRAGILITY OF THE WORLD

These global challenges result in even greater impacts as they compound one another, exposing the underlying dependencies – and fragilities – of our current system. Chief Executive Officer of AXA, Thomas Buberl, adds, "Today, we must face discrete challenges, with the added complexity of the interlinkages between these challenges. The climate crisis will only make things worse." Below are just three examples of how this is playing out:

CLIMATE CHANGE IS INTENSIFYING GLOBAL INEQUALITIES

Communities are already experiencing climate change impacts, with the poorest, most climate vulnerable areas being most impacted. According to the World Bank, climate change left unchecked will push 130 million people into poverty and could cause upwards of 200 million people in developing economies to be driven from their homes due to intensified climate change impacts and natural disasters.[6] To date, 91% of the global deaths from natural disasters since 1970 have occurred in developing countries.[7]

Businesses in the developing world desperately need support – CEOs and regulators alike are calling for urgent action. At the UN General Assembly in September, Secretary General António Guterres noted, "Last year in Glasgow, developed countries agreed to double adaptation funding by 2025. This must be delivered in full, as a starting point. Resilience-building in developing countries is a smart investment – in reliable supply chains, regional stability, and orderly migration."[8] At COP26 in Glasgow, G20 leaders agreed to commit USD 40 billion in climate financing to the developing world, but the funding is yet to arrive. A year later, at COP27 in Sharm El-Sheikh, a breakthrough agreement was reached to provide "loss and damage" funding for countries hit hard by climate disasters.[9] However, until the funding arrives, climate change impacts will continue to further drive economic divides and create inequities between the developed and developing world. Vaishali Nigam Sinha, Chief Sustainability Officer of ReNew Power & Founding Chair of ReNew Foundation, sums it up, "Governments and global financial institutions have made promises to fund innovations for the energy transition, but it hasn't happened. Developing countries need those funds to bridge the gap."

GEOPOLITICS AND CLIMATE CHANGE ARE DEEPENING THE FOOD CRISIS

The cascading crises of the war in Ukraine, paired with the effects of the climate crisis and the pandemic are deepening current food shortages – not only destabilizing economies, but risking lives and livelihoods. Furthermore, as food is core to a functioning society, when food insecurity arises, tensions can mount even further, thereby straining geopolitical relations and perpetuating a vicious cycle. As the World Food Programme notes, "A global food crisis fueled by conflict, climate shocks and the COVID-19 pandemic is growing because of the ripple effects of the war in Ukraine driving rising prices of food, fuel and fertilizer. Millions of people across the world are at risk of being driven into starvation unless action is taken now to respond together and at scale." [10]

Business leaders are echoing this message, with Unilever's Chief Executive Officer, Alan Jope, commenting, "The current global focus is on energy, but the food system is where the shock is going to be felt, especially in the Global South." Shifting commodity prices destabilize the ability of the agriculture industry to deliver basic ingredients and increase the cost of production for various industries using agricultural inputs, impacting food accessibility and affordability. ADM's Chairman & CEO, Juan Luciano, adds, "Good nutrition is key to a number of health challenges and access to nutrition is key to unlocking progress on social issues, such as inequality or education. Food is the foundation."

6. World Bank (2021) When poverty meets climate change: A critical challenge that demands cross-cutting solutions.
7. World Meteorological Organization (2021) Weather-related disasters increase over past 50 years, causing more damage but fewer deaths.
8. The United Nations (2022) Secretary-General's address to the General Assembly. 9. UNFCCC (2022) COP27 Reaches Breakthrough Agreement on New "Loss and Damage" Fund for Vulnerable Countries. 10. World Food Programme (2022) War in Ukraine drives global food crisis.

"I worry that we operate in silos, treating environment and human rights as different elements. Yet these are very much linked. A climate crisis is a human rights crisis. A human rights crisis is a climate crisis."

Mairead Lavery,
President and Chief Executive Officer of Export Development Canada

"Each year, citizens everywhere see the increasingly tangible effects of climate change. And yet we are still only experiencing a fraction of the disruption that lies ahead – more natural disasters, further decline of the earth's natural resources, as well as the displacement of communities and threats to societal stability. While humanity is resilient, climate change is a crisis we must never let fully unfold."

Eric Rondolat,
Chief Executive Officer of Signify

"Global distribution of wealth has become a much more visible challenge in the last couple of years, and unfortunately the inequities have only continued to widen."

Sajida Hassan Shroff,
Chief Execution Officer of Altamont Group & EdWorX Consulting

"Equity is an important topic that the business world is not used to handling. It has often been viewed as the government's domain. However, now, private companies are re-thinking what their role should be in the public sphere, and whether it is our job to be addressing a topic like equity."

Geraldine Matchett,
Co-CEO and Member of the Managing Board of Royal DSM

"I don't think that we can actually solve climate change if we don't solve inequality."

Peter Oosterveer,
Chief Executive Officer of Arcadis NV

"The unsustainable exploitation of the natural resources of our planet just doesn't make sense. We have to change the way we think about food and natural systems, otherwise we will be forced into doing so because of biodiversity collapse."

Rita Maria Zniber,
Chairman & CEO of Diana Holding

"There isn't enough dialogue around quantifying the costs of nature and biodiversity loss. We should help people understand the true cost of this rather than encouraging compliance to standards."

Mairead Lavery,
President and Chief Executive Officer of Export Development Canada

"By valuing and improving biodiversity, we can show that sustainable development is perfectly compatible with economic development."

José Raúl González,
CEO of Progreso

"Recently global challenges such as the pandemic have confirmed that we need to dedicate time and resources to biodiversity."

Maurici Lucena Betriu,
Chairman of the Board of Directors and CEO of Aena

BIODIVERSITY LOSS INCREASES THE RISK OF HEALTH ISSUES, YET REMAINS LOW ON THE CEO AGENDA

Biodiversity continues to be overlooked on the CEO agenda. In our 2021 CEO Study, Climate Leadership in the Eleventh Hour, just one in five CEOs (21%) saw biodiversity loss as a risk to their business. One year later, protecting and restoring biodiversity remains a low priority for CEOs, with only 18% of CEOs prioritizing it, ranking as the lowest of all sustainability initiatives. Ana Botín, Executive Chair of Banco Santander, highlights, "It's impressive the progress we've made on understanding the climate agenda in the last years. We still need to go through that journey on biodiversity."

Biodiversity is still not fully understood, and lack of action could come at a high cost. It could not only exacerbate climate impacts and further deteriorate relations among countries as they compete over increasingly limited resources, but can also affect other issues such as human health or agricultural production. For example, biodiversity loss is already increasing risks to human health. Haruo Naito, Representative Corporate Officer and CEO of Eisai Co., Ltd., shares: "The connection between climate change and health is clear. Take mosquito-borne tropical diseases – these have been eliminated in our country, but rising temperatures could cause such diseases to resurface in many countries, including Japan, posing significant health risks." The impacts of biodiversity loss are significant and widespread – yet action has been woefully limited. If the moment isn't met with urgency, the consequences could be even more catastrophic.

Some CEOs are taking action, with 35% of respondents stating that they are initiating nature protection and restoration projects. However, even when biodiversity makes it onto the agenda, CEOs often do not know where to start and lack the support from government in this area. As Ronald Wuijster, Executive Board Member of APG Group NV and Chief Executive Officer of APG Asset Management, says, "Biodiversity is much more complicated than climate because it has so many angles." Takeshi Niinami, Chief Executive Officer of Suntory Holdings Limited, adds, "Biodiversity protection is a key part of the climate equation, but it's challenging to address. A private entity with passion and awareness can make an impact, but it can only succeed when it is supported by a strong framework or system developed by the government."

CEOS CALL FOR A NEW ROADMAP TO ACHIEVE THE SDGS, OVERCOME UNCERTAINTY, AND BOLSTER RESILIENCE

CEOS ARE READY TO ACT, BUT FEEL GOVERNMENTS' SHORT-TERM FOCUS IS INHIBITING PROGRESS

CEOs are ready to step up and take action on sustainability, but say they need government action to accelerate progress. The vast majority (90%) of CEOs feel that limited support from government in building a resilient business is negatively impacting their ability to navigate current global challenges. As Global Chief Executive Officer and Managing Director of Lendlease, Tony Lombardo, notes, "Government's role is to set the vision and the policies businesses need to execute on this vision – helping guide change and how we operate in a just way."

In particular, CEOs are dissatisfied with the short-term focus of governments because it discourages finding long-term solutions for complex global challenges. For instance, 93% of CEOs feel that short-term pressures limit their ability to invest in long-term resilience actions. Of those, 22% feel this is a high-impact barrier to building a resilient business. As Chief Executive Officer of Unilever, Alan Jope, shares, "Short-term thinking results in short-term policy responses, such as raising interest rates. Long-term, our focus needs to be on productivity and supply side. We as a society need to embrace no-regret moves, such as investing in renewable energy, and encourage our policymakers to do the same at pace." Badr Jafar, CEO of Crescent Enterprises, adds, "Depending on where you are in the world, government agendas operate on varying timelines. Many challenges require long-term solutions by nature and cannot be solved with election-cycle thinking."

CEOS REMAIN HOPEFUL WE CAN STILL ACHIEVE THE SDGS, BUT A NEW ROADMAP IS NEEDED TO RESCUE THEM BY 2030

In a world where CEOs are incapable of preparing for all possible scenarios, they are looking to global frameworks like the SDGs to help them chart a course. President and Chief Executive Officer of Lucara Diamond Corp., Eira Thomas, explains that she "...found the SDGs grounding and very helpful. In particular, they are useful in communicating the impact Lucara is trying to achieve with our overall sustainability strategy." However, CEOs also recognize the limitations of the SDGs. Arya.ag's Co-Founder and Managing Director, Prasanna Rao, says, "Assessing progress on the SDGs is difficult because it is so multidimensional – it has to be broken down into actionable, measurable objectives."

The majority (92%) of CEOs still feel that the world will be able to achieve the SDGs by 2030. CEOs also acknowledge the role they must play in achieving the SDGs. For example, 41% of CEOs feel that business is already playing a critical role to achieve the SDGs, with 50% of CEOs of the largest companies[11] supporting this position. Yet, 51% of all surveyed CEOs believe that business could play a critical role, but only with increased commitment and action. Patrick Pouyanné, Chairman and Chief Executive Officer of TotalEnergies, remarks, "The SDGs form a broad basis for work, but it is up to companies, and in particular sector leaders, to seize and transcribe them into their business language."

To accelerate action over the coming decade, CEOs are asking for a new roadmap to rescue the SDGs. In particular, business leaders want to be able to measure the impact of their actions on progress towards the SDGs. Lars Fruergaard Jørgensen, President and CEO of Novo Nordisk A/S, states, "What gets measured, gets done. We should be documenting what we're doing, whether it is in relation to progress on SDGs or ESG metrics, for investment funds."

One thing is clear: with the variety and complexity of challenges today, the solutions of the past will not be able to deliver the future of tomorrow. We must chart a new course to embed sustainability across the private sector and realize the vision for a more equitable, just, and sustainable world that the SDGs have laid out for us.

11. Defined as companies with greater than USD 1 billion in annual revenue.

"We can't give up on the SDGs. It's important to take stock, draw a line, and publicize that so we can clearly state: this is where we are, this is where we need to go, and look at this massive space for the world to participate in."

Paddy Padmanathan,
Vice Chairman & CEO of ACWA Power

"I think now is the time for us to fall back on the universal principles, such as the Global Compact 10 Principles and the SDGs, to really reflect. The 10 Principles are already two decades old, but today we still face the same issues."

Sandra Wu, Wen-Hsiu,
Chairperson and CEO of Kokusai Kogyo Co., Ltd.

"I think this pandemic has shown us that we have to raise our ambition on a global scale. It is clear that if we don't quickly address issues around food, clothing, shelter, and health, we will once more face crisis. If we work towards the 17 SDGs successfully, then we have a chance."

Isao Teshirogi, Ph.D.,
Chief Executive Officer of Shionogi & Co., Ltd.

"We really believe in the SDGs. Looking beyond 2030, those are still very useful targets for companies to set their own targets against. Even after we achieve them, we need to make sure that progress will last."

Dr. David Kisa,
General Manager of Kenya Bixa Limited

"The sustainable development goals that the United Nations created enabled us to have some consistency in our sustainability plans. Had those not existed, our sustainability plans would have been in disarray, with no semblance of uniformity across the globe."

Arun Misra,
Chief Executive Officer of Hindustan Zinc Limited

"The SDGs provide a good common language for people from different parts of the world for when they want to discuss sustainable development and the impact of their efforts."

Grace Kwok May Han,
Chairman and Executive Director of Allied Sustainability and Environmental Consultants Group Limited

"I believe that it's the responsibility of every business to align their internal business practices with the SDGs and see how many of those practices they can adapt to and follow consistently. Once you change your processes, it will build momentum as your employees and culture follow along."

Vineet Mittal,
Chairman of Avaada Group

"So far we're yet to make the progress we need to on the SDGs, but you never know what surprises will arise. If there were stronger regulatory requirements, or increased funding from banking institutions, then we will be able to achieve the SDGs much faster."

Sudhir Hoshing,
Chief Executive Officer of IRB Infrastructure Developers Ltd

"There is still a gap between the ambition taken and the impact created to achieve Agenda 2030 due to the production of fossil fuels and the use of non-renewable energy in many countries. To bridge the gap, governments and organizations must come together to build technology to track, reduce emissions, and boost renewable sources of energy."

CP Gurnani,
Managing Director and Chief Executive Officer of Tech Mahindra

"I think there's still a long way to go when it comes to the SDGs. But unless we have a set of goals and move towards it, we'll never make progress."

Hemanth Kumar,
Partner at J.K.Sarawgi & Co., Chartered Accountants

THE CORE OF RESILIENCE

SUSTAINABILITY HAS EMERGED AS THE CORE OF RESILIENCE

IT IS NOT ONLY A CLIMATE IMPERATIVE, BUT ALSO THE FOUNDATION FOR SECURITY, GROWTH, AND RESILIENCE

SUSTAINABILITY IS THE ONLY PATH TO BUILD A TRULY RESILIENT COMPANY

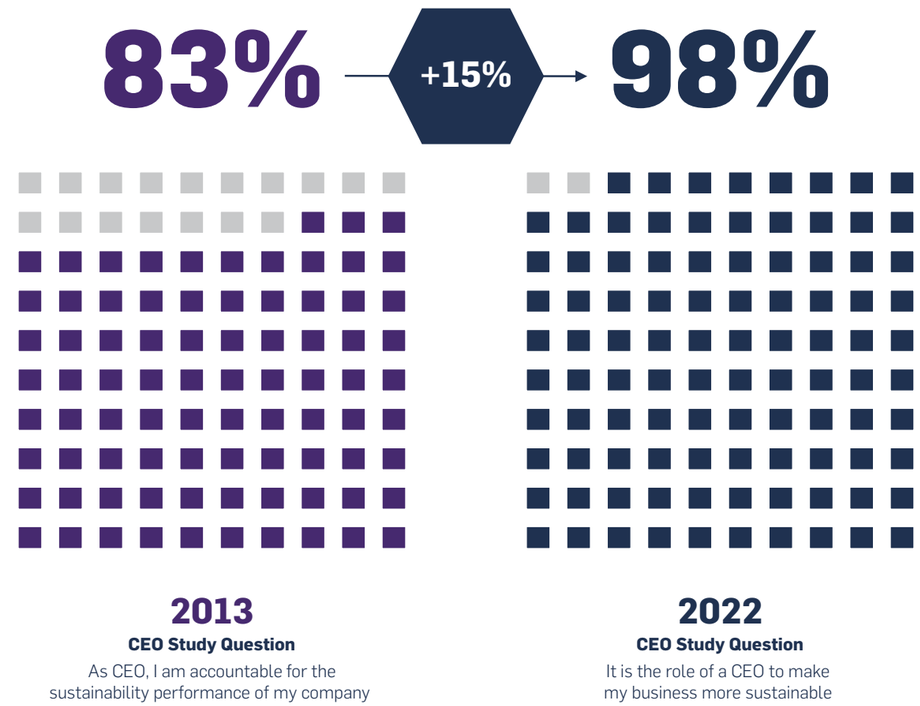
SUSTAINABILITY RISES AS A COMPETITIVE DIFFERENTIATOR AND PROMISING BUSINESS MODEL

Amidst global volatility, sustainability has skyrocketed to the top of the CEO agenda. In the 2013 edition of the UN Global Compact-Accenture CEO Study, 83% of CEOs said they felt accountable for the sustainability performance of their company. Today, 98% of CEOs believe it is their role to make their businesses more sustainable. Luis Maroto, President and CEO of Amadeus IT Group S.A., shares, "Sustainability was part of our agenda during the pandemic, and will continue to be core to our agenda moving forward. We need to keep the focus on sustainability despite uncertainty as it will help create a better, more stable world." ZenSar Technologies' Interim Managing Director, Anant Goenka, adds, "The amount of focus that I now personally put on ESG compared to even a year ago has gone up to 3x. Before, it was an esoteric topic – now, it has become core to how we do business."

In fact, the degree to which CEOs agree has also shifted – in 2013 only 19% of CEOs strongly agreed that they were accountable for their firm's sustainability performance, but in 2022 that percentage has leapt to 72%. Betrand Schmitt, CEO of BDR Thermea Group, states, "These days, sustainability is an integral part of doing business. CEOs must be able to discuss and implement a full sustainability agenda."

FIGURE 3: IN NEARLY A DECADE OF RESEARCH, CEOS NOW UNEQUIVOCALLY FEEL IT IS THEIR ROLE TO MAKE THEIR BUSINESS MORE SUSTAINABLE (98% AGREE)

CEO Survey Question: *Which of the following do you think is the role of a CEO?*



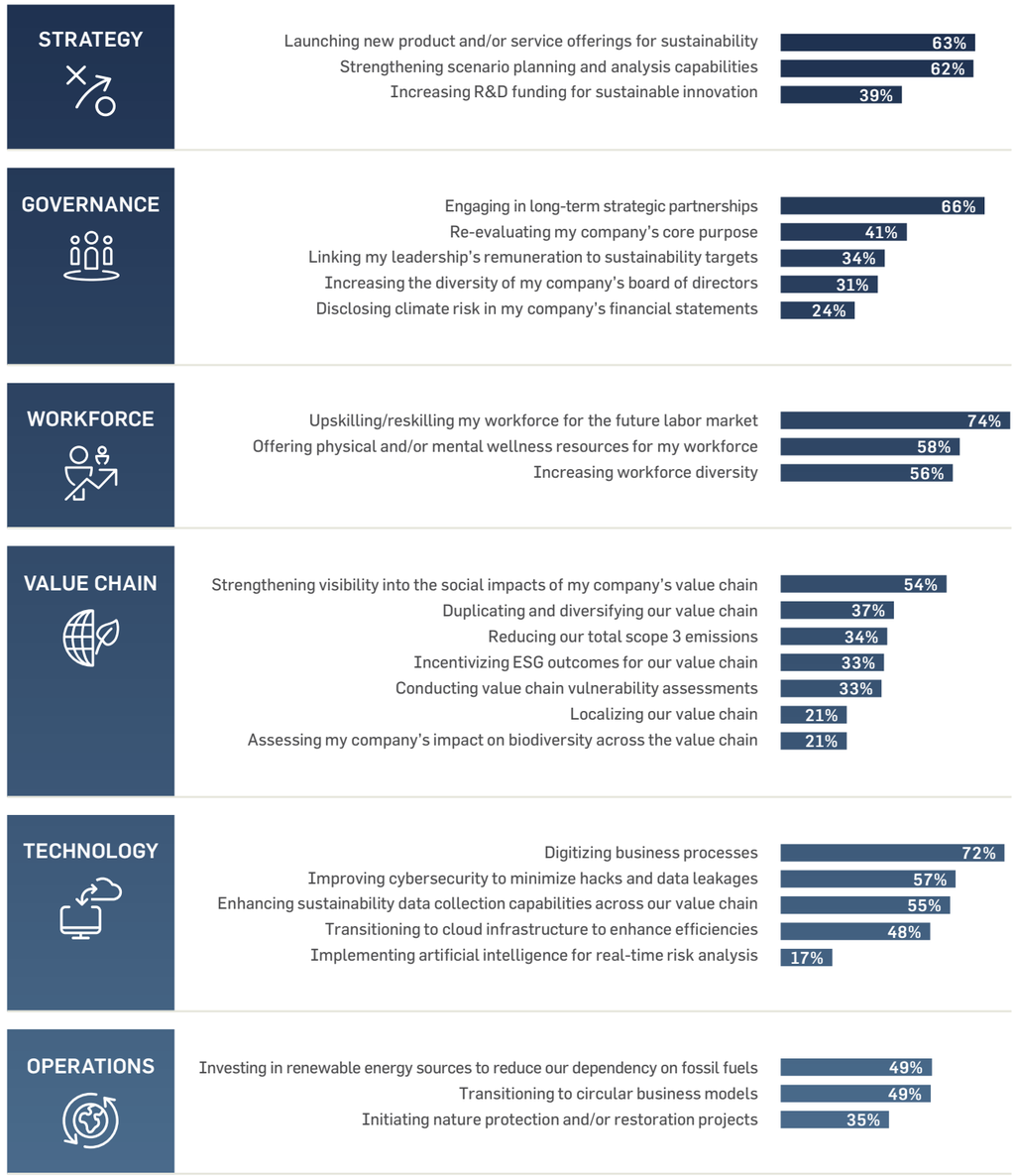
Sustainability is, therefore, clearly at the top of the CEO agenda, as it presents a path to protect companies against the rising tide of uncertainty and unlocks opportunities for greater competitiveness. As Sunil Duggal, Whole Time Director, Group Safety Officer & Group CEO of Vedanta Limited, says, "A sustainable business is a profitable business, and you are only going to stay relevant if you are pursuing the sustainable agenda." Chief Executive Officer of Coty, Sue Y. Nabi, adds, "Sustainability is the ultimate driver of innovation. I believe it is the most significant business imperative of our time."

As CEOs recognize the opportunity sustainability presents, over half of CEOs across industries (63%) are launching new sustainable products or service offerings (Figure 4). CEOs in communications and media (75%), financial services (74%), and travel (74%) are leading the charge.[12] Kailash Lalpuria, CEO & Executive Director of Indo Count Industries, notes, "Being sustainable is no longer a cost of doing business; it is a catalyst for innovation, growth, new market opportunity, and wealth creation."

12. For further information, please reference our industry cuts beginning on 88.

FIGURE 4: CEOS ARE PRIORITIZING SUSTAINABILITY ACTIONS TO BUILD RESILIENCE

CEO Survey Question: *What changes are you making in your business in response to these challenges?*



"Institutional investors and other stakeholders are now asking for reporting across the entire value chain. This wider reporting footprint is changing how we operate and view our business."

Robert Bellisle,
President & Chief Executive Officer of QSL Canada Inc.

"For the last three years, 60-70% of my conversation with shareholders pertain to ESG."

Peter Oosterveer,
Arcadis NV's Chief Executive Officer

"Distributed decision making is a part of resilience that I think a lot of people miss. You need to talk to people, have town halls, and make sure everyone is aligned on the message."

Juan Luciano,
Chairman & CEO of ADM

"Investment is necessary. And large investors – especially from developed countries – care about ESG. Businesses in the developing world, therefore, need to quickly adapt; otherwise we will not grow."

Natalia Cortez,
President of Calificadora de Riesgos Summaratings S.A.

"We are going to see more tribalism in the future. We should learn from countries that have experienced that and were able to get different groups of people to be able to work together for a common good."

James Boomgard,
President and CEO of DAI Global, LLC

STAKEHOLDERS ARE HELPING DRIVE SUSTAINABILITY TO THE TOP OF CEO AGENDAS

As CEOs create their sustainability agenda, the stakeholders who influence their sustainability plans have shifted. Today, CEOs are increasingly catering to customers and investors, demonstrating how sustainability has evolved from a regulatory compliance issue to an opportunity to better engage with key stakeholders.

Customers remain at the top, with 68% of CEOs stating that customers are the most impactful stakeholder influencing their company's sustainability agenda. Marco Tronchetti Provera, Executive Vice Chairman and CEO of Pirelli & C. S.p.A., notes, "Competition used to be based on cost of performance. Now one of the key attributes customers are looking for is sustainability."

Of all stakeholders, governments had the largest increase in their influence on the CEO sustainability agenda, nearly doubling since 2021 (31% in 2021 vs. 52% in 2022). As governments increasingly adopt green policies, including incentives for renewables, infrastructure projects, and sustainability reporting guidelines, CEOs are feeling the pressure to transition their businesses and work with government leaders to do so. Viviane Martins, CEO of Falconi, explains, "I believe governments can really stimulate resilience, especially through innovation, if they work with business leaders."

Investors remain significantly influential as they increasingly engage in discussions on long-term growth and sustainability when making investment decisions. In our 2021 study, CEOs felt that investors had more influence on how they manage sustainability than ever before, nearly doubling in just a five-year period (31% in 2021 vs. 18% in 2016). This trend has continued today, with 34% of CEOs indicating that investors are a top influencing stakeholder. Giovanni Caforio, MD, Chairman of the Board and Chief Executive Officer of Bristol Myers Squibb, says, "There are more discussions today when I speak to our shareholders about climate than there have ever been before. And there are more vocal expectations from our employees as well."

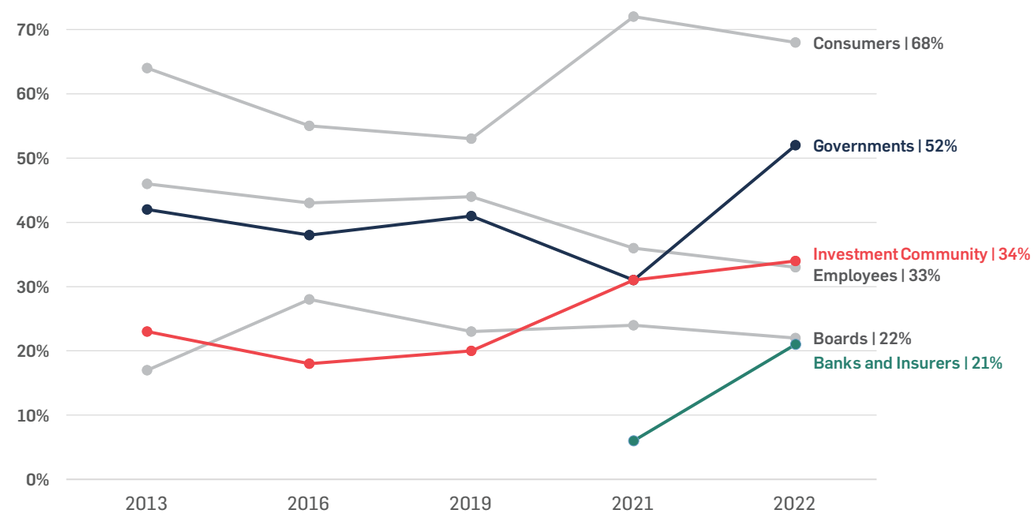
CEO of Mercedes-Benz, Ola Källenius, adds, "The investor has become one of my primary sustainability advocates. Without a credible decarbonization plan, my stock may be affected, which is a direct financial implication — a powerful driver of change in businesses."

Banks and insurers are also rising stakeholders when it comes to sustainability, from 6% of CEOs stating they were a top influencing stakeholder in 2021 to 21% in 2022. Suni Harford, President of Asset Management and UBS Group Executive Board Lead for Sustainability and Impact, shares, "Demand from our clients is such that sustainability is a business imperative, presenting both risks and opportunities. The financial services industry is in a unique position to help companies address both of those things."

This increasing stakeholder support of sustainability has served to de-risk sustainability, enabling CEOs to feel more confident in investing in sustainability transformations. Shionogi & Co., Ltd.'s, Chief Executive Officer, Isao Teshirogi, Ph.D., describes, "Rather than worrying about the profit and loss statement for a single fiscal year, we now have dialogue with investors about where things will be in three years or five years. Investors now agree on the need of planning for the long-term, rather than just this year or next year."

FIGURE 5: CEOS FEEL THAT GOVERNMENTS MUST STEP UP AND WORK WITH THE PRIVATE SECTOR – OVER HALF OF CEOS FEEL GOVERNMENTS WILL BE A TOP INFLUENCING STAKEHOLDER IN THE NEXT HALF-DECADE

CEO Survey Question: *Which stakeholder group do you believe will have the greatest impact on the way you manage sustainability over the next five years?*



**Stakeholders that came in at less than 20% were excluded from the figure above. These stakeholder categories include: Communities (20% in 2022), Suppliers (16% in 2022), Competitors (11% in 2022), the United Nations (10% in 2022), NGOs and Media (7% in 2022), Family (4% in 2022), and Organized labor (2% in 2022).

CEOS SAY THAT GLOBAL CHALLENGES ARE, PARADOXICALLY, ACCELERATING THE GREEN TRANSITION

Global challenges, while highly disruptive, are accelerating sustainability overall. CEOs recognize this moment in time as an unprecedented opportunity: "The sustainability transition is a once-in-a-lifetime shift, and brings with it huge opportunities for those who are willing to see and act," says Girish Wagh, Executive Director of Tata Motors Limited. Chief Executive Officer of AXA, Thomas Buberl, adds, "We may look back on this period and realize that it has been the biggest accelerator in our shift towards a more sustainable world. Let's use this moment now to properly invest in long-term sustainable solutions."

Simultaneously, the idea of a 'sustainability premium' is breaking down. CEOs are increasingly realizing that sustainability action can drive operational competitiveness, excellence, and efficiency, while providing businesses potential new growth avenues, spurring innovation, and attracting top-tier talent. APRIL Group's President, Praveen Singhavi, confirms, "Achieving our sustainability goals improves our costs, grows our business and provides jobs and growth opportunities alongside the benefits to climate and nature." For example, by embracing renewable energy, CEOs are future-proofing their business from energy fluctuations and building operational efficiency and reliability. Sustainability also helps companies maintain their license to operate, as sustainability is also seen as a measure of responsible corporate action by communities, customers, and governments.

CEOs are therefore accelerating their progress towards sustainability goals because of, not despite, global challenges such as geopolitics and climate change. ZenSar Technologies' Interim Managing Director, Anant Goenka, confirms, "These global challenges are amplifying and accelerating the march towards the ESG goals that we set for ourselves."

"As a business, you need to completely embrace decarbonization for all the obvious reasons, namely that climate change is it the biggest and most urgent problem. However, hiding behind decarbonization are many opportunities that companies can take advantage of."

Ola Källenius,
CEO of Mercedes-Benz

"This ever-changing environment provides us the chance to identify new opportunities, pivot toward new ideas, further embrace diverse perspectives, and reshape our purpose."

Sue Y. Nabi,
Chief Executive Officer of Coty

"We need to develop programs that enable the monetization of sustainability actions and create the financial incentives for companies to become more sustainable."

Rohan Lunkad,
Executive Director of Rohan Builders

"In order to be resilient, one must be committed to a sustainable goal and creative enough to reach it. Now is the moment where we can take action and make a difference, but without the support of the public sector, it's impossible."

Clara Arpa,
CEO of ARPA

"UPM's valuation is no longer based just on earnings or growth anymore. The other big part of the valuation is based on sustainability, leadership, culture, and the values that you represent."

Jussi Pesonen,
President and CEO of UPM-Kymmene Corporation

Energy Spotlight

The Acceleration of a Decarbonized Future

In particular, the energy sector is experiencing pronounced impacts due to geopolitical instability. With energy at the heart of the global economy, CEOs are re-evaluating their dependence on fossil fuels, especially from a single source. Russia in particular, accounting for 14% of the world's total oil supply, is driving increased uncertainty in energy markets.[13] Johnson Controls' Chairman and CEO, George Oliver, notes, "Energy security is national security. You can tie the current energy scarcity directly to geopolitical instability happening right now."

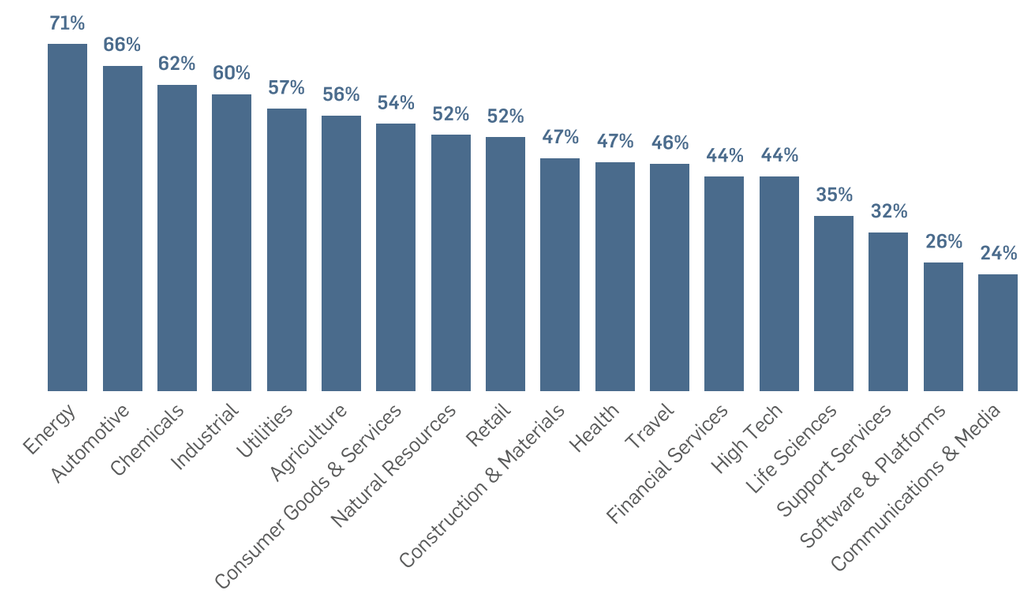
To bridge short term energy needs, European countries including Germany, the Netherlands, France, and Austria are temporarily bringing coal plants back online to survive the winter. Though these mitigating actions appear to backtrack on climate goals, the effects will be minimal from a climate perspective, amounting to a net increase in emissions of less than 1% globally.[14] Francesco Starace, Chief Executive Officer and General Manager of Enel Group, remarks, "This move towards survival, of bringing coal plants online to keep the lights on, should be understood for what it is – a blip in a very long timeframe, not an inversion of the trend toward renewables."

Despite current geopolitical conflict, the private sector remains confident in a renewable future. As Anna Borg, President and CEO of Vattenfall, notes, "Everything originates from the strategy of enabling fossil free living within one generation. And that's not a sustainability strategy, it's a business strategy that is sustainable." Energy sector CEOs in particular are doubling down on decarbonization, accelerating the clean energy transition. 71% of CEOs in the energy industry are investing in renewable energy sources to reduce their dependency on fossil fuels, and 93% feel that renewable energy will have a moderate to high impact in transforming their industry's ability to contend with global challenges. It is an unprecedented moment in which global challenges are coalescing to create momentum. In the words of Ignacio Galán, Executive Chairman of Iberdrola: "For the first time, competition, clean energy, and security are intersecting, and renewables are now the solution to this trilemma."

13. IEA (2022) Energy Fact Sheet: Why does Russian oil and gas matter? 14. IEA (2022) Defying expectations, CO2 emissions from global fossil fuel combustion are set to grow in 2022 by only a fraction of last year's big increase.

FIGURE 6: CEOS ARE ADOPTING RENEWABLE ENERGY AT VARYING RATES, WITH ENERGY AND AUTOMOTIVE INDUSTRIES LEADING THE WAY

Companies who chose investing in renewable energy sources to reduce dependency on fossil fuels as a change they are making in response to global challenges



"The current energy crisis presents an opportunity for both companies and governments to accelerate energy savings and to mobilize the capital needed to build tomorrow's energy system."

Patrick Pouyanné,
Chairman and Chief Executive Officer
of TotalEnergies

"By supporting renewables and moving to a renewable based energy system, we will have less geopolitical uncertainty, we will avoid the worst climate scenarios and we will reduce the price of energy, improving customer's affordability."

Ignacio Galán,
Executive Chairman of Iberdrola

"The geopolitical challenges of today will be a setback in the short-term, but an escalation of the pace of sustainable change in the mid-term and long-term."

Anna Borg,
President and CEO of Vattenfall

"In the last year, the discussion on the clean energy transition has become more pragmatic. People are slowly understanding that it's called a transition for a reason – because it will take time, and there's no stopping the increasing demand for energy."

Lorenzo Simonelli,
Chairman & CEO of Baker Hughes

"Digital acceleration and global decarbonization are key to protecting our environment and society for future generations."

Toshiki Kawai,
Representative Director President
and CEO of Tokyo Electron Limited

"Energy associations are a growing voice, but it's imperative that all stakeholders collaborate to build cohesion in the regulatory environment to capitalize on the momentum in decarbonization. Recognizing this gap, we collaborated with ecosystem partners to establish the Energy Council of South Africa to be the voice for the energy sector and help ensure a collaborative, just transition."

Fleetwood Grobler,
Executive Director and President
and CEO of Sasol

"Geopolitical uncertainty has accelerated the renewable energy transition and opened up new opportunities for us."

Sherif El Gabaly,
Chairman and CEO of Enara Group

CEOS ARE EMBEDDING SUSTAINABILITY AT THE CORE OF THEIR EVOLVING SUPPLY CHAINS

INTERCONNECTED IMPACTS FROM GLOBAL CHALLENGES CAN BE SEEN MOST CLEARLY IN SUPPLY CHAINS

Supply chains remain top of mind for CEOs, as businesses continue to feel the severe impacts of disruptions. Climate change, the pandemic, and geopolitical instability are merging to rattle supply chains, both exposing their fragility and causing disruption that is rippling across industries. These supply chain disruptions, as well as financial instability and inflation, have also caused the cost of raw materials to be a primary concern for CEOs. Globally, CEOs report the increased cost of raw materials as their top impact, and supply chain disruptions as the second greatest impact on their businesses (Figure 7).

Globally, 17% of CEOs stated that supply chain disruptions had the greatest impact on their businesses. Overall, CEOs realize the necessity of making their supply chains more resilient. Chuck Robbins, Chair and CEO of Cisco, remarks, "Supply chains were built for economics of speed and a global marketplace – a massively, complicated system that is no longer what we need. While efficiency was once the priority, resilience and durability are now at the forefront."

While introducing diversification and redundancy within the supply chain can be more expensive, CEOs are appreciating the "strong correlation between diversification and building resilience," as Alexandre L'Heureux, President and CEO of WSP Global Inc. says.

FIGURE 7: INCREASED COSTS OF RAW MATERIALS AND SUPPLY CHAIN DISRUPTIONS ARE THE TOP BUSINESS IMPACTS RESULTING FROM GLOBAL CHALLENGES

CEO Survey Question: *What are the top three impacts to your business resulting from these challenges today?*

TOP 3 IMPACTS BY REGION

KEY

- Limited access to financing
- Increased costs of raw materials
- Inability to attract and retain employees
- Supply chain disruption
- Loss of demand for goods and services
- Increased energy costs

Case Study

ADM

Building Supply Chain Resilience

ADM, a multinational food processing company, is a leader in supply chain visibility and resilience. ADM procures crops from a global network of farmers; transports the crops to places in need around the world as well as to crop storage facilities and processing units; and then to global customers. ADM's unique footprint allows them to continuously manage through supply and demand imbalances to ensure crops get to where they are needed most in the world. Throughout this process, they have incorporated multiple redundancies to build supply chain resilience. For instance, ADM has multiple transportation options available at a moment's notice: if shipments can't be transported via barge, rail cars can be deployed, and if the railway is not an option, trucks are on standby. Having these types of redundancies allows ADM to have an agile supply chain that can pivot instantaneously. It also enables them to support food security, safety, and traceability throughout, which is deeply appreciated by customers, and enables ADM to create a competitive advantage.

CEOS RECOGNIZE THE NEED TO RE-EVALUATE THE GLOBAL DEPENDENCIES IN THEIR SUPPLY CHAIN

As CEOs are looking to reimagine their supply chains, they are also evaluating how to best build resilience. As part of this process, business leaders are exploring how to improve global structures while considering the possibility of embracing regionalization.

Approximately one quarter (21%) of CEOs are turning to localization to build resilience. CEO of Grupo Herdez, Héctor Hernández-Pons Torres, notes, "The pandemic made us see that the local and regional approach is more important than we thought. Now more than ever, it is important to diversify supply sources and long-term relationships with all members of the value chain."

Other CEOs are exploring how to strengthen their global supply chains, with 37% of CEOs duplicating and diversifying elements of their supply chains to build resilience. Verizon's Chairman and CEO, Hans Vestberg, states, "We spend an enormous amount of time on securing our supply chain – all the way from high-end products, to very, very small things like bolts and screws. We're not only making sure to have redundancy built in, but also that we have diversity in our supply chain."

SUPPLY CHAIN VISIBILITY LIES AT THE HEART OF SUSTAINABLE SUPPLY CHAINS

Whether they choose to focus on a global or local model, CEOs are prioritizing sustainability when improving their supply chains. Nearly half (47%) of CEOs state that building a responsible supply chain is part of their sustainability strategy, particularly in Asia and Oceania (51% and 59% respectively).

A key underlying factor to improving supply chains is supply chain visibility. Ramesh S. Ramakrishnan, Chairman of Transworld Group notes, "I see more and more CEOs delving into their supply chain. What has become clear, however, is that everyone is lacking visibility. Supply chain transparency is just not there."

SUSTAINABLE BUSINESS MODELS ARE BUILT ON RESPONSIBLE SUPPLY CHAINS

Focusing on a sustainable supply chain is a critical step for CEOs to address other sustainability priorities, such as lowering greenhouse gas (GHG) emissions (50% of CEOs are prioritizing this) or reducing Scope 3 emissions (34% are taking this action to build resilience). Leading companies are going a step further, embedding circularity in their supply chain to enact radical change.

Nearly half of CEOs (49%) are transitioning to circular business models to build resilience, with CEOs in the chemicals sector adopting circularity at the highest rates (64%).[15] CEOs view circularity in supply chains as a guardrail to protect against market and geopolitical volatility, as well as proactively mitigate resource availability risk. By reusing materials from existing products, companies can reduce their materials cost, limit their impact on the environment through resource extraction, and maintain greater control over their supply chains. Managing Director of South East Water (Australia), Lara Olsen, shares, "As we see more volatile events, we're starting to look at where our waste goes and how to try to re-use as much as possible from a circular economy perspective. Our customers expect this as well." Malek Sukkar, CEO of Averda, adds, "The localization of supply chains supports circularity, and can also help boost job opportunities in local markets. Circularity can be a great force of equalization in the world."

However, to truly be a sustainable business, social impacts and human rights must also be taken into account. CEOs are increasingly aware of supply chain social impacts that they need to address, such as promoting human rights and paying a living wage. More than half (54%) of CEOs are strengthening visibility into the social impacts of their supply chain, with agriculture and high tech CEOs leading the way (63% and 62% respectively). As José Ramón Vicente Rull, CEO of HLA Group & Managing Director of HLA Moncloa University Hospital, describes, "In the past, society was okay with a business providing a product or service regardless of its environmental or labour impacts. Now, it is table stakes for company leaders to think of societal impacts of their business operations."

15. For further information, please reference our Industry Insights beginning on page 88.

Case Study

NOVO NORDISK

Circularity in Pharma

Novo Nordisk, a Danish multinational pharmaceutical company, is embedding an end-to-end responsible business model by considering healthcare's sustainability impacts across different stages of the product lifecycle. One area of focus for Novo Nordisk is medical device waste. To reduce their impact, Novo Nordisk is piloting a model for a cross-industry take-back program in a range of countries, with the goal of reusing components such as glass, plastics, and metals from injection pens after disposal by patients. Novo Nordisk actively engages with patients and providers to educate them about the importance of adopting circular business models and lowering their environmental footprint.

Novo Nordisk is also reviewing their entire product portfolio, rethinking fundamental products and operations. For example, by focusing innovation efforts on less frequent injections in diabetes care, a patient will need fewer devices. Another focus area for the company is innovation in durable devices, which can be used for a longer period of time. In both cases, treatment will be less resource intensive and the environmental footprint smaller.

SUPPLY CHAIN IMPROVEMENTS HINGE ON GREATER COLLABORATION WITH SUPPLIERS, ESPECIALLY SMALL AND MEDIUM ENTERPRISES

Businesses' relationship with their suppliers and distributors is shifting. To anticipate changes and adapt quickly, companies are looking to increase cooperation with their supply chain partners. Lorenzo Simonelli, Chairman & CEO of Baker Hughes, describes, "Supply chain challenges are requiring people to coordinate and work closer with their supply base so that we can anticipate what's going to change and what's required. And it comes down to moving away from just transactional to strategic partnerships with your suppliers." Ryuichi Isaka, President & Representative Director of Seven & i Holdings Co., Ltd. adds: "For a resilient business model, sustainable and reliable sourcing is essential. We are working with our suppliers on new production and procurement that take advantage of innovative technology as well as on multi-sourcing."

Furthermore, as CEOs recognize that a large part of their carbon footprint lies in their supply chains, CEOs are also focused on encouraging their suppliers to adopt sustainable behaviors, with 33% of companies now incentivizing ESG outcomes for their supply chain. António Costa, CEO of Kaizen Institute (Kaizen Institute Global Group of Companies), shares, "When you try to find a new partner, or a new supplier, your first thought is no longer only about cost. We have to consider the sustainability implications of who we're working with in the future."

CEOs of SMEs[16], representing companies that constitute a significant part of the supply chain, are also confirming their commitment to sustainability, but often do not have sufficient resources or support to prioritize it. Nearly all (99%) CEOs of SMEs feel it is their role to make their business more sustainable, but a majority (85%) suggest that they need educational resources to build business resilience.

16. Defined as companies with less than USD 25 million in annual revenue.

Spotlight

Living Wage in Supply Chains

Securing a living wage, defined as a wage sufficient to afford a decent standard of living for workers and their dependents, has long been acknowledged as a crucial challenge facing the private sector when it comes to responsible supply chains. Business leaders are increasingly expressing their commitments to providing a living wage, and they are beginning to take meaningful action both in-house and across their supply chains. Actions such as including living wage considerations in purchasing practices or enhancing pay systems to assess wage gaps help implement a living wage across a company's strategy.

Beyond the societal benefits, ensuring a living wage can constitute a strong business investment, fostering a competitive advantage through increased retention and motivation, bolstered supply chain resilience, and intangible brand and commercial recognition from investors, consumers, and regulators. Supporting living wage goals can also catalyze a wider range of SDG achievement, specifically by mitigating gender inequity and reducing global poverty.

For further information on Living Wage, visit the UN Global Compact website: Improving Wages to Advance Decent Work in Supply Chains.

Case Study

CENTRAL TRADING COMPANY

Localization, Scenario Planning, and Supplier Involvement

To build safety into their supply chain planning and ensure food security, Central Trading Company (CTC) – a diversified, industrial small-medium enterprise (SME) in Sudan – collaborates with its customers and suppliers to implement a process for supply chain scenario planning.

For data-driven scenario planning, CTC gathers data from several sources, including the CTC infield teams and information collected from their app and technical support center. This data is collected and refined before being used to explore multiple different scenarios for the upcoming year. These scenarios and the subsequent discussions are used as the primary tool for forecasting and supply chain planning for agricultural inputs, an issue that is of crucial importance – especially when lead times can be over nine months for essential items such as seeds. By providing more visibility in an inherently opaque environment, scenario planning allows CTC to empower their farmers to make better informed decisions, thereby improving the yield, sustainability, and resilience of the Sudanese agricultural ecosystem.

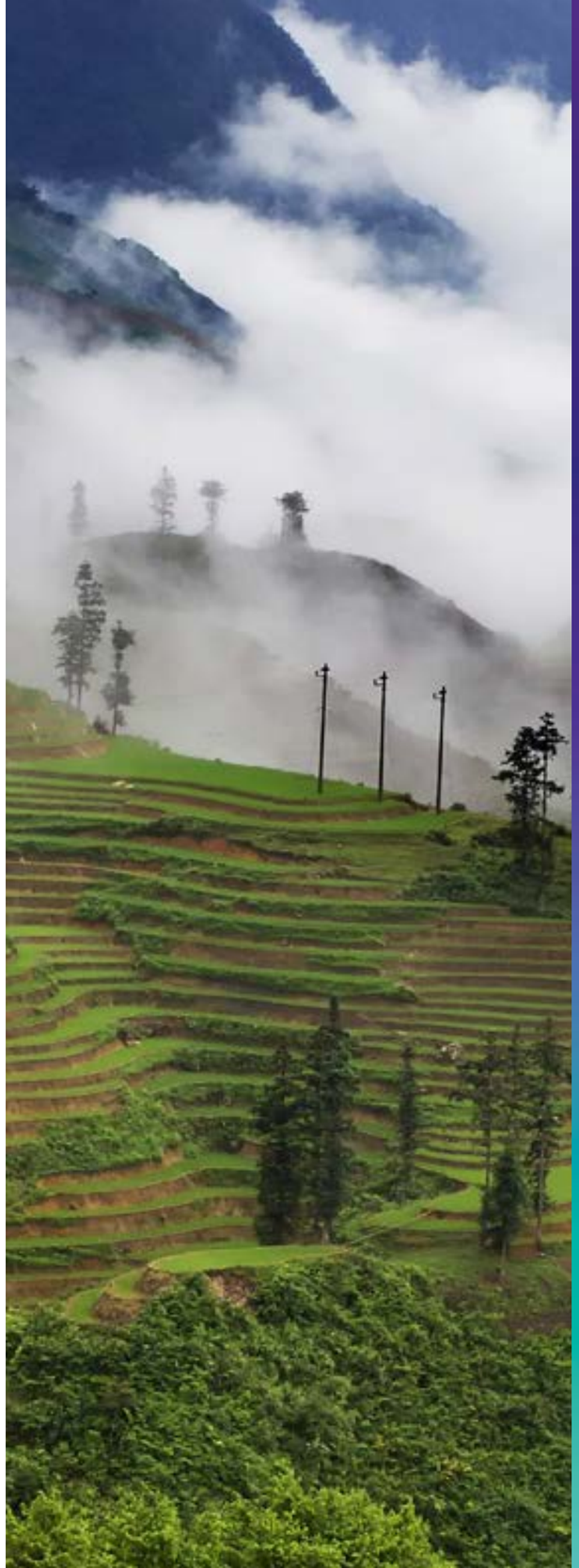
For more information on fostering meaningful SME engagement on sustainability, please refer to the UN Global Compact's SME Engagement Strategy.

Furthermore, 82% of SME CEOs feel they need increased access to financial resources to build resilience. President of Ma Cher (USA) Inc., Derek Hydon, elaborates: "Companies often require suppliers have certain certifications, but don't provide the tools to learn the business case, or engage with stakeholders, or the basic principles of impact measurement. Without education and support, suppliers will not be able to step up."

Ramkrishna Mukkavilli, Founder and Managing Director of Maithri Aquatech Pvt Ltd., adds, "Large corporations have a responsibility to be the first movers to adopt cutting-edge technologies to make it scalable. They have the advantage in terms of knowledge and organizational capacity and will allow others to follow."

Larger companies recognize this financing and educational gap and are expressing the need to take action. As Global Chief Executive Officer and Managing Director of Lendlease, Tony Lombardo, highlights: "SMEs appreciate our support in helping guide their sustainability strategies, as they future-proof their own businesses for the long-term. Large companies have a role to play in helping SMEs collaborate across their value chains."

To embed sustainability throughout their supply chains, larger companies are realizing the importance of providing pathways for SMEs to adopt sustainability in their organizations. "It's especially important to educate SMEs about sustainable development so that they can easily embed it in their processes. Now is the time to transition for them, as it's easier to incorporate sustainability into operations when you are a small company," says Robert Okine, Founder & CEO of Bewsys.



"The pandemic revealed our dependency on imported raw materials, which for both government and business made us rethink how we get those critical materials in a time of disruption."

Vidjongtius,
President Director of PT Kalbe Farma Tbk.

"Supply chain disruptions have been an opportunity, as businesses have not just been sourcing new suppliers, but also improving their supply chain resilience to face all these issues."

António Costa,
CEO of Kaizen Institute (Kaizen Institute Global Group of Companies)

"We must make the SDGs applicable to all companies – it's not fair to expect SMEs to use the latest technology that is prohibitively expensive or for a small farmer to switch to regenerative farming practices overnight. We as enterprises must support these people working in motivated but resource-constrained SME supply chains."

Takeshi Niinami,
Chief Executive Officer of Suntory Holdings Limited

"Large organizations already understand stakeholder priorities and have mandatory reporting. When we talk about SMEs, they are still under no obligation to do so. Yet, if they feel it is the wish of the consumer, they may start to adhere to requirements."

Vaibhav Agrawal,
CEO & Managing Director of Norex Flavours Pvt. Ltd.

"Addressing issues such as female empowerment, global talent attraction, and diversification of businesses are interconnected with and made more complicated by supply chain issues."

Junichi Miyakawa,
President & CEO of SoftBank Corp.

CEOS RECOGNIZE THAT THEIR WORKFORCE IS A CRUCIAL LEVER TO BUILD RESILIENCE, AS EMPLOYEES ARE THE ENGINE OF ANY BUSINESS

THE TALENT CRISIS IS THREATENING BUSINESSES' ABILITY TO OPERATE

Globally, 96% of CEOs report talent scarcity as a top global challenge impacting their business — the second highest of all global challenges surveyed. Furthermore, 94% of CEOs feel that the resilience of their businesses is being impacted by employees lacking the relevant skills for the future of work, with 91% pointing to lack of sustainability talent. Giovanni Caforio, MD, Chairman of the Board and Chief Executive Officer of Bristol Myers Squibb, explains, "We feel that for the first time we are competing for talent internally and externally with the same intensity. We've spent as much time retaining our current workforce as we are recruiting from outside, and the number of business functions where this is happening has increased as well."

CEOS ARE HARNESSING THE POWER OF VALUES-ORIENTED CULTURE TO CULTIVATE A STRONGER WORKFORCE

Given the talent crisis, CEOs recognize the need to develop a business that attracts and retains talent. This is especially true in times of turbulence, where having a committed workforce and attracting and retaining top talent are both linked directly to business resilience and profitability. Per Gallup's annual report on employee engagement, companies with a highly engaged workforce have 21% higher profitability on average.[17]

Creating a strong culture aligned with company values that resonate with employees is a key differentiator for companies. It helps attract and retain talent, build resilience, and empower employees to make decisions aligned with business interests, thereby increasing a company's effectiveness. Companies with a strong organizational culture experienced a 25% growth in workforce over a three-year period, and an 85% net profit increase over a five-year period, reports Gallup.[18] Krishna Mohan Puvvada, Regional President & Business Director, CB India, of Novozymes South Asia Pvt. Ltd., adds, "I think resilience is linked to a purpose. If organizations are purposeful, and if you're able to communicate that purpose, and employees believe and develop a strong attachment for the purpose, I think the chances of high employee productivity and retention – and thus resilience – are much higher." As proof, 41% of CEOs stated that they were reevaluating their companies' core purpose to build resilience.

ORGANIZATIONAL ALIGNMENT TO SUSTAINABILITY IS A KEY LEVER OF RESILIENCE

Companies that embed sustainability in their DNA are better suited to adapt to the challenges of the future. CEO of Intrepid Travel, James Thornton, states, "Sustainability attracts new talent to our business. Having high performing, engaged staff is critical for our business resilience, and the more we do in sustainability and purposeful projects, the more we see growth in the engagement of our people."

Forward-thinking CEOs are embedding a sustainable mindset throughout all levels of their company and reinforcing that philosophy through tangible objectives and goals. As Belén Garijo, Chair of the Executive Board and CEO of Merck KGaA, shares, "The workforce is crucial for mobilizing on sustainability plans. Each and every business leader in an organization has to be contributing to the sustainability priorities and goals."

To ensure accountability to sustainability targets, 34% of companies are linking leadership remuneration to sustainability targets. Business for Development's Chief Executive Officer, Karen James, states, "For leaders to truly embrace sustainability, it would have to be fully embedded within organizations. Leaders would be compensated based on sustainability outcomes, and each division would have specific goals. These are the actions we need."

A DIVERSE WORKFORCE IS A KEY MARKER OF AN INNOVATIVE COMPANY

Companies that embrace diversity, equity, and inclusion (DEI) are not only taking action on their sustainability values, but also building resilience. Over half (56%) of CEOs are increasing their workforce diversity to build resilience. Cultivating a diverse workforce with varied mindsets is more likely to create meaningful innovations and attract stronger talent to strengthen resilience. Sandra Wu, Wen-Hsiu, Chairperson and CEO of Kokusai Kogyo Co., Ltd., explains, "As a corporation, we need innovation to survive. And innovation comes from a diverse group of minds. Creating something together, bringing in different experiences and knowledge, values, and backgrounds, paired with an open minded and level environment, is key."

However, as part of an inclusive workforce, companies must also take care of their people. To that end, 58% of companies are offering physical and/or mental wellness resources for their workforce. Chuck Robbins, Chair and CEO of Cisco, emphasizes: "Culture matters a lot more than people think. We do several tactical things to contribute to our culture, such as maintaining transparency, granting great flexibility on work location, and embracing mental health." While it is heartening to see the private sector taking mental health more seriously, there is vast inequality in treatment options globally. As reported by the World Health Organization, 70% of individuals with mental health disorders receive treatment in high-income countries, compared to only 12% in low-income countries.[19]

"If you want the best people to work for you, you have to have diversity. And it needs to have top management buy in. If you don't do that, you're not going to be successful."

Solange Ribeiro,
Vice-president of Neoenergia and Vice-chair of the Board of the UN Global Compact

"Sustainability also means how much humanity, compassion, and empathy your business has for your employees. It's important to include all these criteria into sustainability in order to bring out the potential and creativity of your employees."

NK Chaudhary,
Social Entrepreneur, Chairman & Managing Director of Jaipur Rugs

"Being sustainable is now part of the Amadeus value proposition for employees. We also see that being a responsible company is top of mind for new hires these days."

Luis Maroto,
President and CEO of Amadeus IT Group S.A.

"Our view on sustainability encompasses promoting female leaders within our organization as well as promoting gender equality with our suppliers."

Meshvara Kanjaya,
CEO of PT Supra Boga Lestari Tbk.

17. Gallup (2022) Bring your company culture to life to create results 18. Ibid.

19. United Nations (2022) Nearly one billion people have a mental disorder: WHO.

CEOS ARE HYPER-FOCUSED ON ARMING THEIR WORKFORCE WITH THE RIGHT SKILLS TO BUILD RESILIENCE FOR THE LONG-RUN

Of all the actions CEOs are taking to build resilience, the top action is to upskill or reskill their workforce for the future labour market (75%). President & CEO of SoftBank Corp., Junichi Miyakawa, remarks, "To ensure our workforce is prepared for the fourth industrial revolution, we are investing directly in educating young people to be artificial intelligence (AI)-capable – it is up to companies to act and fill that gap."

CEOs recognize that the markets of the future require new skillsets focused on sustainability.[20] Krishna Mohan Puvvada, Regional President & Business Director, CB India, of Novozymes South Asia Pvt. Ltd., suggests, "The skill sets of tomorrow will be very different. We are already seeing it right in front of us, and it is going to be a dramatic shift in the workplace." To contend with this shifting environment, CEOs are investing in ensuring a just transition, which will lead to a net gain in jobs, alongside environmental improvements, reductions in social inequalities, and enhancements in job quality. Research from the International Labor Organization (ILO) has shown that implementing the necessary measures towards the Paris Agreement and investing in the circular economy could result in a net job gain of 24 million jobs by 2030.[21]

Investing in the workforce not only allows CEOs to access new markets and develop new products, but also makes them more resilient. CEOs are prioritizing workforce education as a sustainability priority, in turn making them more resilient, with 57% of CEOs placing skills development in their top three sustainability priorities, and 80% of larger companies[22] doing so. CEO of Crescent Enterprises, Badr Jafar, remarks, "Building resilience is securing the skills required to address the world's unforeseen challenges. The greatest challenge as a CEO is ensuring that we attract or cultivate the right skills to address various challenges and uncertainties." Mohammed Akoojee, Group Chief Executive Officer of Imperial and Group Chief Operating Officer of DP World Logistics, adds, "We sometimes forget that the human element is necessary. People are the core of business, and connecting with them, nurturing them, ensuring that they know a company takes care of them, is essential to promoting a strong culture, which leads to resilience."

Case Study

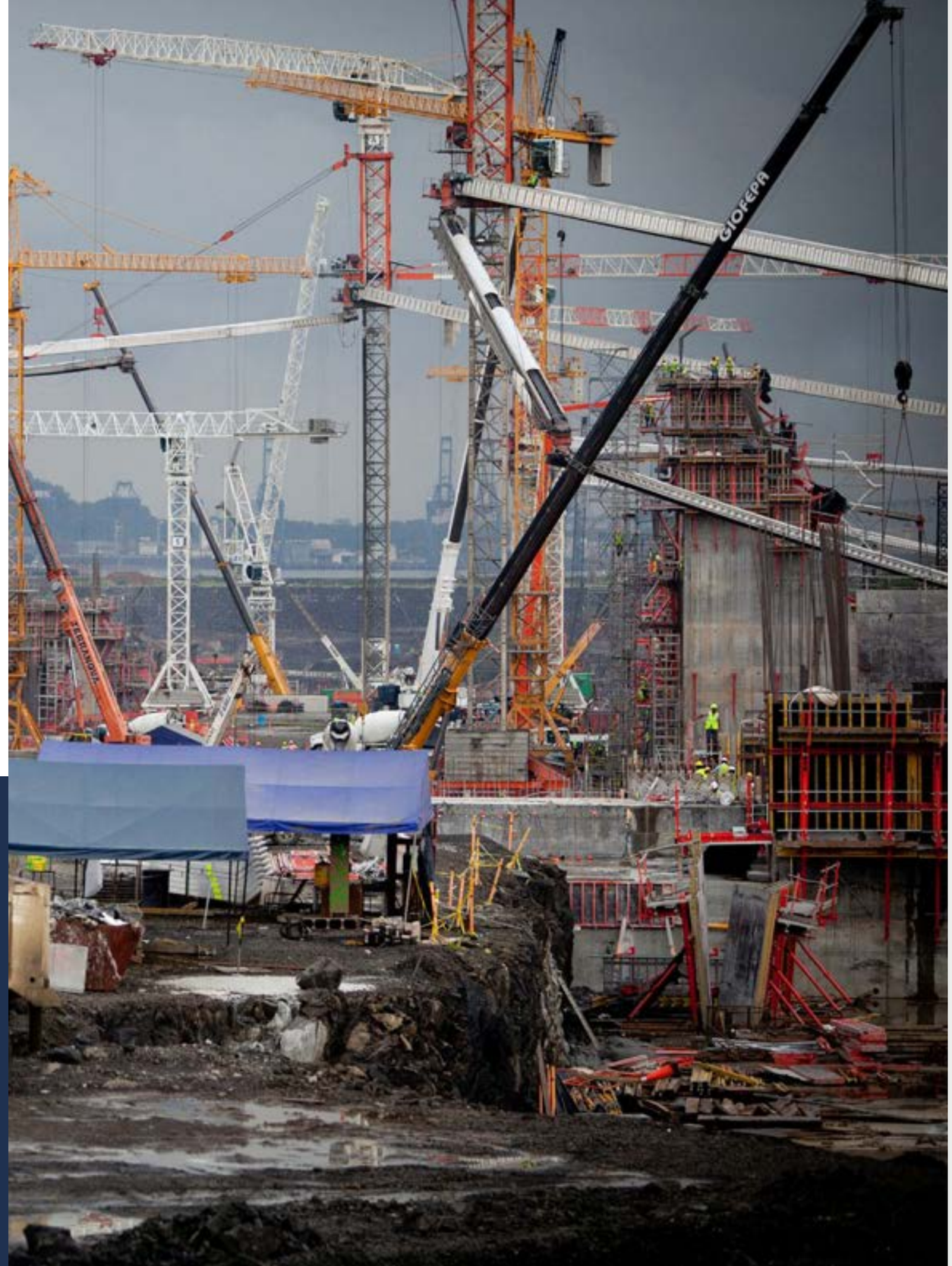
KAIZEN INSTITUTE

The Future of the Workforce

Kaizen Institute, a consulting firm headquartered in Switzerland, is piloting a four-day work week across its offices in the UK, France, Portugal and Spain to increase employee retention and productivity. As part of this program, employees can spend their time aiding small startups that have received investments from Kaizen Institute. Kaizen Institute invests in startups in related fields, allowing employees to develop relevant skills while pursuing creative outlets.

Beyond attracting, retaining, and educating employees, this initiative contributes to the wellbeing of Kaizen Institute's workforce by granting employees flexibility. In addition, this program supports the development of neighboring small and medium business and offers pathways to new potential revenue sources. This innovative program showcases new ways companies can engage with their workforce and build business resilience.

20. Gallup (2022) Culture Transformation. 21. International Labour Organization (2022) What is Just Transition?
22. Defined as companies with greater than 50K employees by headcount.



TO WITHSTAND THE VOLATILITY OF THE FUTURE, CEOS NEED THE RIGHT TOOLS AND STRATEGIES TO ENABLE RESILIENCE

CEOs have started to take action towards integrating sustainability to build their resilience. However, some express concern around the speed and scale at which change is occurring. As Ma Cher (USA) Inc., President, Derek Hydon, states, "I am deeply concerned that we won't take action until the last second. And this means that we will have to rely significantly on technology to solve some of these problems that can be handled with nature-based solutions and habit change today." To unlock change, CEOs are looking to step up in certain areas, while looking for support to achieve the progress necessary.

CEOS ARE HARNESSING AVAILABLE TOOLS AND TECHNOLOGIES, BUT ADVANCEMENTS ARE NEEDED TO WEATHER FUTURE CHALLENGES

CEOs have started to make progress in data management, scenario planning, and preparation. However, the adoption of these tools and technologies needs to be vastly accelerated to help with global business resilience.

Currently, 87% of CEOs say they need the tools for stronger scenario planning and analysis. According to CEO & Managing Director of Mirvac, Susan Lloyd-Hurwitz, "As a response to increasingly adverse climate events, we are making investments in robust climate risk assessments and scenario modeling to understand potential future realities. We are leveraging this to educate our executive team, and creating our overall organizational resilience strategy, which will feed into all other strategy-making at Mirvac."

The ability to implement scenario planning tools is not uniform. Although developing countries report scenario planning as the top enabler needed to build resilience, many do not have the resources to weave the practice into daily business operations.

Another barrier, according to CEOs, is the widespread implementation of technology.

Nine in ten CEOs (91%) report that insufficient technology solutions are a barrier to building resilience in their businesses. Yet, conversations with CEOs show that they have the tools they need, but lack the financial ability or people to implement these tools at scale. António Costa, CEO of Kaizen Institute (Kaizen Institute Global Group of Companies), describes, "We already have ideas and technologies on how to address sustainability. But it is putting them into practice that will prove to be challenging." Keiichi Iwata, Representative Director & President of Sumitomo Chemical Company, Ltd., adds, "Zeroing out emissions only a few years before 2050 wouldn't curb global temperature rise. We should immediately start implementing the world's best available technologies to cut as much emissions as possible until 2030. At the same time, we should also accelerate the development of breakthrough technologies and deploy them across the world beyond 2030. We need this two-pronged approach to achieve zero emissions by 2050 and limit temperature rise."

Although many CEOs are making strides on core technology actions, most are yet to take transformational action. Three fourths of CEOs (72%) are digitizing business processes – a strong initial step; however, only a few (17%) are implementing artificial intelligence (AI) for real-time risk analysis and less than half (48%) are transitioning to cloud infrastructure to enhance efficiencies. To address the gap in current technologies, most CEOs (88%) express the need for increased research and development (R&D) for technological innovation to enable greater resilience, with 40% of companies increasing their R&D funding for sustainable innovation. As Alexandre Ricard, Chairman & Chief Executive Officer of Pernod Ricard, shares, "A sustainability roadmap is only worth whatever the KPIs are worth. This is why it is so important to tie every single goal to clear, measurable targets and invest in tracking data." The ability to track progress and manage data is therefore a barrier as well as an opportunity for growth, as companies bring their sustainability to life.

"Business cannot succeed on its own, we must foster deep partnerships to sustain growth."

Sherif El Gabaly,
Chairman and CEO of Enara Group

"By enabling open-source tools and platforms and creating opportunities to build a local ecosystem and technological infrastructure, we can harness the full potential of the start-up ecosystem for digital, innovative, and sustainable transformation. Providing mentorship and partnership to co-create solutions can strengthen the global ecosystem of start-ups and unicorns."

CP Gurnani,
Managing Director and Chief Executive Officer of Tech Mahindra

"Governments and international organizations can help the innovation ecosystem by decentralizing support. Currently, in India, becoming a part of the innovation ecosystem requires a certain level of scale and resources. If resources & support (e.g., staff augmentation, capital, revenue opportunities) are offered more intentionally, this would benefit not only our company but also the broader innovation ecosystem."

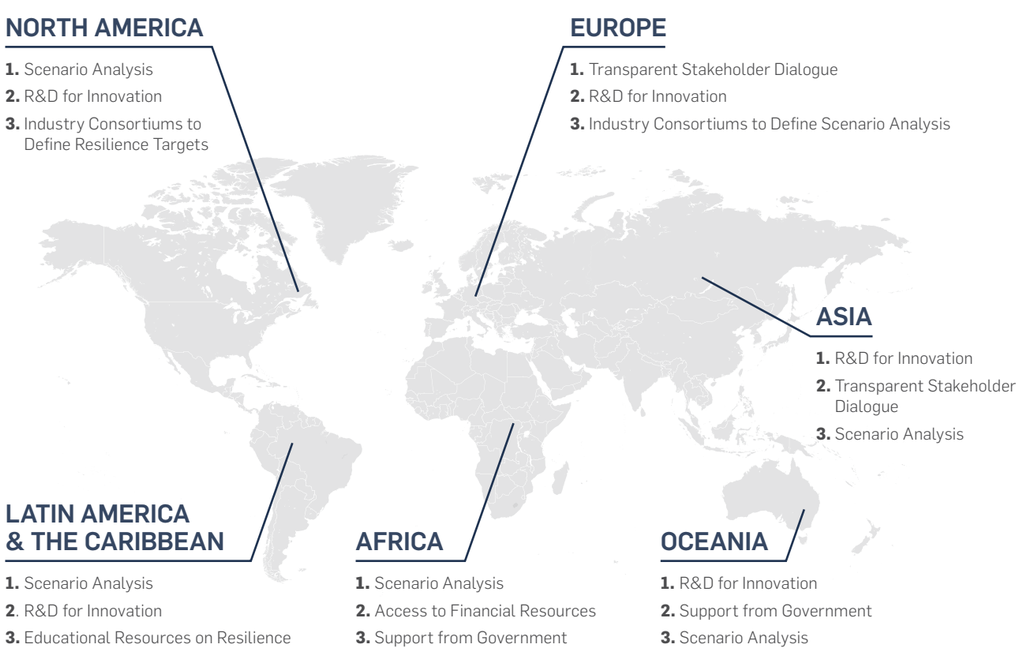
Gagandeep Bhullar,
Founder & CEO of SuperHuman Race

FIGURE 8: CEOS ACROSS THE GLOBE FEEL THAT THEY NEED STRONGER SCENARIO PLANNING AND ANALYSIS CAPABILITIES TO BUILD RESILIENCE

CEO Survey Question: *What do you need to make your business more resilient?*

TOP 3 NEEDS FOR CEOS TO MAKE THEIR BUSINESSES MORE RESILIENT ACROSS REGIONS

DEVELOPING COUNTRIES	DEVELOPED COUNTRIES
1. Scenario Analysis	**1.** Transparent Stakeholder Dialogue
2. R&D for Innovation	**2.** R&D for Innovation
3. Transparent Stakeholder Dialogue	**3.** Scenario Analysis



FOR SPEED AND SCALE, CEOS NEED TO UNLOCK THE POWER OF THEIR ECOSYSTEMS

CEOs realize the power of harnessing their broader ecosystem to foster open innovation, unlock unprecedented value, and accelerate progress on the SDGs. Haruo Naito, Representative Corporate Officer and CEO of Eisai Co., Ltd., shares, "Taking action is not limited to just one company. Cross-sector partnerships are important for solving social issues such as global health. It should involve the entire ecosystem, including international organizations, governments, and the private sector."

To start, most (87%) CEOs say they need more transparent dialogue to truly understand the needs of their stakeholders. As Geraldine Matchett, Co-CEO and Member of the Managing Board of Royal DSM, notes, "The only way we can truly move the dial and be resilient is through developing a much better ability to work with each other transparently."

To encourage open sharing of insights, some CEOs are turning to international coalitions. Héctor Hernández-Pons Torres, CEO of Grupo Herdez, notes, "Partnerships and engagements in global organizations such as the UN Global Compact have been an important source of inspiration as well as access to best practices and learning, which has allowed us to take advantage of others' experiences to advance with greater speed to face various challenges."

The only way the world will be able to make any progress on sustainability is together. As CEO of Braskem, Roberto Simões, explains, "In order to achieve the sustainability commitments that we defined, we have to work together with competitors, suppliers, the customers – everybody. And, for the first time, in every industrial sector, and the chemical and petrochemical sector especially, we have to find technological solutions in the very short term in order to address these challenges."

Case Study

ASAHI

Open Innovation For All

Asahi Group, the global beverage business from Japan, is not just pushing the envelope with innovation, but is sharing those innovations with the globe to build more resilient communities. Open sourcing innovation allows the private sector to be more agile and efficient in addressing the world's most pressing problems and catalyzes deeper innovation.

At the Ibaraki plant of Asahi breweries, a proprietary process has been developed that utilizes biomethane gas from the plant's wastewater to generate electricity using fuel cells. The company plans to open up this technology without patenting it to expand its impact, and many of the firm's partners and competitors have already shown interest.

Furthermore, Asahi group believes in government partnership to expand their impact, as there is a limit to what one company can achieve. The company established a partnership with a local government to use a biomaterial from their brewing process that improves the rooting of rice plants, and protects the plant from species that eat at the roots like the jumbo snail (channeled apple snail). This process is non-toxic and doesn't negatively impact biodiversity like some other fertilizers. Asahi has shared the process with Australian farmers that were having similar problems, multiplying its benefit globally.

UNLOCKING OPPORTUNITY

INITIATIVES FOR BUSINESSES TO BUILD RESILIENCE

CEOS WHO ARE EMBEDDING SUSTAINABILITY ACROSS THEIR BUSINESS WILL CHART THE COURSE FOR A STRONGER PRIVATE SECTOR

INGREDIENTS FOR RESILIENCE

To build true resilience, CEOs must embed protections across their business – in their strategy, workforce, supply chains, and greater ecosystems.

SUSTAINABILITY IS THE KEY TO BUILDING BUSINESS RESILIENCE AND UNLOCKING A NEW WAVE OF OPPORTUNITY

Global challenges will continue and likely rise in number and complexity in the years ahead. Companies therefore need a strong foundation to survive and grow in these uncertain times and weather the storm. By choosing to invest in sustainability, companies can build their own resilience and agility to respond to upcoming, unknown challenges. This strategy is critical for a company's ability to thrive in a competitive environment. As Rob Fauber, President and Chief Executive Office of Moody's, states, "Building a resilient business means embedding responsible and sustainable decision-making across our firm."

Adopting sustainability, however, moves beyond just building resilience. It offers opportunities for industry transformation, business competitiveness, and new growth. Redefining supply chains, rethinking production, and reimagining core business offerings catalyzes innovation, allowing companies who successfully embrace sustainability to gain a competitive edge. As Alan Jope, Unilever's Chief Executive Officer, shares, "In this decisive decade, we are redoubling our efforts on sustainability rather than backing down."

Embedding sustainability helps build a more resilient private sector, which is required for us as a society to take more aggressive actions towards reaching the SDGs by 2030. To achieve the Global Goals, CEOs recognize the importance of actionable, measurable steps for the Global Goal's achievement. As AIG, Inc.'s Chairman & Chief Executive Officer, Peter Zaffino, describes, "With sustainability, it's important to make short-term and medium-term commitments in addition to having long-term goals. Setting 2050 objectives is great, but if there's no measurement between now and then, are they really that meaningful?" Taking these steps towards the SDGs will allow CEOs to build resilience in the short-term, and the achievement of the SDGs will ensure a more resilient future.

INGREDIENTS OF RESILIENCE

Based on the insights of over 2,600 CEOs, one theme came through clearer than any: ambitious commitments to the SDGs are a great first step, but now is the time to focus on how we achieve them and build resilience to the complex slate of challenges the private sector must navigate. This research yielded a set of core initiatives CEOs should look to embed across the strategy, workforce, supply chain, and greater ecosystem of their business that are critical to building resilience.

STRATEGY

ADOPT SUSTAINABLE BUSINESS MODELS

To embed sustainability into their core strategy, CEOs are adopting sustainable business models to transform their businesses for long-term growth. As Chairman of the Board of Directors and CEO of Aena, Maurici Lucena Betriu, explains, "Being part of the sustainable transformation is now necessary. Due to regulations, as well as the science of climate change, we know we need to be a reliable company for our clients and customers."

More than half of the CEOS (63%) are launching new products and service offerings for sustainability. Embracing sustainability is therefore not only spurring innovation, but also helping open new markets and attract or retain customers.

Other CEOs are making more transformative changes, transitioning to circular business models (49%). There are significant efficiency gains that come with a transition to a circular economy, with the United Nations Industrial Development Organization (UNIDO) estimating that by 2025, around $1 trillion could be saved in materials under circular business models.[23] Not only do these circular models reduce waste flows, but they also increase businesses' resilience to supply chain shocks through reducing their dependence on limited raw materials.

New, sustainable business models will also facilitate structural transformation, creating jobs in resource recovery, repair, and remanufacturing. However, it is equally important to ensure workers share in the benefits of these sustainable models, with an emphasis on living wages and sustainable skills.

ESTABLISH AMBITIOUS, SCIENCE-BASED CLIMATE TARGETS

In our 2021 CEO Study, Climate Leadership in the Eleventh Hour, 57% of CEOs felt they were making sufficient efforts to limit the global rise in temperature to 1.5°C above pre-industrial levels. Yet only 2% of those same CEOs had a validated target in line with the Science-Based Targets Initiative (SBTi). As Lucara Diamond Corp's President and Chief Executive Officer, Eira Thomas, shares, "It's easy to talk about your ambitions, but it's much more difficult to put in place tangible, achievable targets and programs that are realistic when it comes to balancing sustainable development with other company priorities."

To maintain a competitive edge and stay ahead of regulations and industry norms, business leaders must adopt sustainability targets aligned with the SBTi. SBTi reports that 35% of CEOs agree that setting science-based targets helps companies increase resilience against upcoming regulation.[24] Furthermore, 55% of CEOs share they've gained competitive advantages from setting science-based targets.[25] Going through this rigorous process ensures companies are taking the time to think about their holistic impact, track and gather data, and set a plan in motion to reduce emissions aligned with the 1.5°C target, helping them craft their overall sustainability strategy.

ADOPT A NATURE-POSITIVE BUSINESS STRATEGY

While biodiversity has been overlooked on the CEO agenda, leading CEOs are taking sustainable business models to the next level by championing nature-positive strategies. Leading examples holistically account for a business' potential impacts on biodiversity. Most CEOs (80%) currently feel that they have a strong understanding of how their business impacts biodiversity, and 72% of CEOs say that they understand how to leverage nature-based solutions within their company. However, only 35% of CEOs are initiating nature protection and/or restoration projects, indicating that this is a high-growth space. Adopting a systems-thinking approach that looks at relationships rather than components across an ecosystem helps companies understand their holistic impact and encourages long-term strategic planning. Embracing a nature-positive business strategy helps companies proactively address risks, evaluate their overall impact, and often encourages collaboration with other industry and government partners. As Keiichi Iwata, Representative Director & President of Sumitomo Chemical Company, Ltd., says, "Nature positive is a concept or approach that encompasses carbon neutrality. Mitigating and reversing the loss of the components of nature, such as air, water and soil, is a pressing issue faced by humanity, and we should meet this challenge head-on, placing utmost and equal importance on each of those components."

Recently, the Taskforce on Nature-related Financial Disclosures pilot program has launched with 23 member companies. The hope is that this standard can set the tone and assist companies in measuring and curbing their impacts on nature, and drive further uptake of nature-positive business strategies. As Atsushi Katsuki, President, CEO, and Representative Director of Asahi Group Holdings, Ltd., states, "As a group of companies that operates businesses using the blessings of nature, including water and agricultural products, we at Asahi show sensitivity to biodiversity. Now that the TNFD framework has been put in place, we are working to assess our impact on biodiversity to accelerate our efforts. However, biodiversity protection is something individual companies cannot do alone – we must work together as a whole industry and as whole society."

INCLUDE ESG IMPACTS IN INVESTMENT DECISIONS

To ensure that investment decisions are made with long-term value in mind, CEOs are reassessing how they evaluate capital allocations. In particular, leading CEOs are going beyond economic returns, and embedding ESG criteria in their investment decisions to deliver broader societal value from their capital. As Atsushi Katsuki, President, CEO, and Representative Director of Asahi Group Holdings, Ltd., states, "One way of building resilience is evaluating investments in a new way – not just the profit or cost reduction potential, but the value it provides for society and sustainability." Some CEOs are embedding this ESG mindset in internal projects – from developing sustainable products, to modernizing factories, to acquiring talent. In addition, some CEOs considering mergers & acquisitions (M&A) are integrating ESG criteria into their due diligence process – a lever companies can use to acquire the skills, products, and services they need to build a sustainable future. Consequently, CEOs can ensure all ventures have net-neutral or positive sustainability impacts, thereby proactively mitigating risks and building a compelling case for investment decisions.

23. United Nations (2021) The circular economy, cooperatives and the social and solidarity economy.
24. Science Based Targets (2018) Six business benefits of setting science-based targets. 25. Ibid.

Case Study

ECOLAB

Leveraging technology and expertise to enable circularity

Ecolab, the global leader in water, hygiene, and infection prevention solutions and services, is helping companies leverage the power of water to respond to climate change, water scarcity and the energy crisis, while also advancing sustainable profitable growth.

Water must be moved, heated, cooled and treated to be fit for commercial use, all of which require energy. Ecolab Water for Climate™ is a program that helps companies save water and energy—ultimately reducing greenhouse gas emissions and costs. The program provides holistic solutions including auditing, consulting, engineering, advanced chemistries and digital technologies that support water reduction, re-use, and recycling strategies across an enterprise.

By gathering data, improving water use and quantifying the impact on energy, greenhouse gas emissions and the bottom line, Ecolab customers can advance their climate and business goals all at once. In fact, Ecolab has helped many companies achieve their net zero goals through more efficient water management, saving 215 billion gallons of water and 3.6 million metric tons of greenhouse gas emissions last year alone.

WORKFORCE & ORGANIZATION

INVEST IN THE MENTAL AND PHYSICAL HEALTH OF EMPLOYEES

Part of building a resilient workforce today is addressing the mental and physical health needs of employees. More than half (58%) of CEOs are offering physical and/or mental health resources to their workforce in response to global challenges, with this number increasing to 71% for CEOs of large companies. As Royal DSM's Co-CEO and Member of the Managing Board, Geraldine Matchett, says, "We prioritized physical safety and resilience. However, we now realize that we need to also look at psychological safety and mental resilience. Strategies beyond the regular inclusion and diversity agenda are needed to remain resilient."

Taking these actions not only strengthens the current employee base, but also helps attract top-tier talent in today's discerning market. Carlos Roberto Rojas Aboumrad, CEO of Grupo Rotoplas S.A.B. de C.V., adds, "Today, it's very important to consider the wellbeing of your workforce, which requires a lot of empathy from leadership."

BUILD AND ENGAGE A REPRESENTATIVE WORKFORCE

Building a representative workforce, inclusive of different genders, ethnicities, and backgrounds, is key for companies to attract the best talent as well as cultivate the most innovative ideas. However, recruiting a diverse workforce is not enough – companies must engage their employees in problem-solving and solutions, to reap the benefits of having diverse experiences and thoughts at the table. In our 2021 CEO Study, Climate Leadership in the Eleventh Hour, 76% of CEOs said that they were building a representative workforce in the communities where they operate. Furthermore, in this year's UN Global Compact annual survey, 83% of companies surveyed noted that gender equality was embedded in their corporate sustainability strategy. Rohit Kapoor, Vice Chairman & CEO of EXL, shares, "The more diverse candidates we can attract, the more we are seen as a good home for diverse candidates."

Attracting and engaging a representative workforce also helps build ties with the community, which contributes to resilience in the long run. As Viviane Martins, CEO of Falconi, says, "Not only do our team members expect us to do concrete things to improve our diversity and inclusion polices and plans, but our customers expect this as well. The people we are recruiting also look to our practices and our diversity and inclusion (D&I) policies."

To fully benefit from having a diverse workforce, leaders must also be willing to adopt an open mindset, embracing ideas regardless of origin, especially when it comes to sustainability. As Lorenzo Simonelli, Chairman & CEO of Baker Hughes, notes, "As a CEO, as a leader, one of your key traits must be a willingness to learn, and be open to feedback. And sustainability is one of the key areas that you have to learn about these days, and you have to be open to the feedback." Noke Kiroyan, Executive Chairman & Chief Consultant of PT Komunikasi Kinerja (Kiroyan Partners), adds, "We have to constantly listen to what our team members say. A company that imposes top-down measures is doomed to fail." This learning mindset and open communication is not only key for innovation, but also resilience. As Marika Lulay, CEO of GFT Technologies SE, shares, "Including employees in conversations is a matter of resilience. Leadership cannot anticipate everything: therefore, by including employees, you strengthen your ability to brainstorm and identify promising ideas and potential risks."

Case Study

ENEL

Just Transition in Energy

Enel, the Italian energy provider, is a leader in the renewable energy transition, and is advocating for this transition to happen in a just and equitable manner for their workforce. As the ILO defines it, the just transition refers to "greening the economy in a way that is as fair and inclusive as possible to everyone concerned, while creating decent work opportunities."

Enel, in their transition to producing renewable energy, embarked on the challenge of gradually shutting down its coal power plants and replacing them with renewables. Instead of leaving their coal workers by the wayside, they rethought how the transition to a decarbonized economy will be offset by new opportunities for employment and for the requalification of various sectors of society. Enel reskilled the workforce from these historic coal plants, ensuring that their business maintained a strong culture and continuity, always committed to implementing reskilling programs during the transition.

UPSKILL AND RESKILL YOUR WORKFORCE FOR THE GREEN TRANSITION

Upskilling and reskilling their workforce are primary actions CEOs are taking to build resilience (74%). With industry shifts, digitalization, and rapidly changing workforces, companies need to invest in their people. This can benefit companies by (1) helping current employees stay competitive and valuable, (2) attracting high-quality employees looking to continue to build their own skill sets, and (3) educating the future generation of the workforce to ensure the skills needed for the future. As Takeshi Niinami, Chief Executive Officer of Suntory Holdings Limited, puts it, "The most important thing a workforce needs to build resilience is high quality training programs, to adapt to future markets and increase digital skill knowledge for greater innovation and efficiency."

With sustainability also being a top priority for CEOs, it is important that part of the upskilling and reskilling process includes educating the workforce on sustainability and equipping them with the skills needed for a green transition. As CEO of BDR Thermea Group, Betrand Schmitt, shares, "Unless we have sufficient HVAC installers with the right skills, the energy transition in heating isn't going to happen. The first step is upskilling HVAC installers so that they're able to do the work that's required. The second step is making the job more attractive for young people."

ALIGN LEADERSHIP INCENTIVES TO SUSTAINABILITY-BASED VALUES AND OUTCOMES

Sustainability needs to be one of the core values of a company today, and leaders need to reflect those company values – including sustainability. Already 98% of CEOs feel that it is their role to make their business more sustainable. To ensure that leaders are not only advocating for sustainability, but also taking the necessary actions to achieve concrete progress, CEOs recommend tying leadership incentives – such as bonus payments and promotions – to sustainability objectives and outcomes. Al Monaco, President, Chief Executive Officer and Director of Enbridge, Inc., says, "At Enbridge we've tied our sustainability objectives and priorities to compensation across the entire organization, demonstrating our commitment and accountability to what we believe in and the value of all Enbridge employees."

Case Study

APRIL GROUP

Workforce Sustainability Education

To create strong company alignment to a values-based culture, Singapore-headquartered forestry and paper company APRIL, engages all levels of their workforce in their sustainability commitments, not only those in the boardroom. Before setting its 2030 commitments and targets (APRIL 2030), the company ran a series of workshops with management teams focused on determining ambitious targets to ensure buy-in. This process helped educate the teams on how sustainability targets could sustain and even improve business performance and helped recognize the contribution APRIL 2030 makes to the SDGs.

APRIL completed workshops over 18 months, involving managers and their teams across the organization, to understand joint aspirations and innovate actions to achieve the firm's 18 ambitious targets, designed to have a positive impact on climate, nature, and people by 2030. This included the identification of champions to own each commitment and related targets. The company continues to track and demonstrate its performance against the targets as part of its commitment to transparency and disclosure, supported by cascaded awareness-driven communications.

In these ways, strong company alignment to a value-driven culture breeds resilience, with positive company change stemming from employees who are motivated by purpose.

SUPPLY CHAIN & DATA

ADVANCE THE COLLECTION OF STANDARDIZED, HIGH-QUALITY DATA

CEOs call for all companies to invest in the collection and standardization of data to enable visibility into their business and unlock the value of data-driven decision making. Nearly three fourths (72%) of CEOs are already digitizing their business, with 55% of CEOs enhancing sustainability data collection capabilities specifically across their supply chain to build resilience. President and CEO of S&P Global, Douglas L. Peterson, notes, "The most important competitive advantage in business, and specifically ESG reporting right now, is having access to high-quality, consistent data." Managing Director of Asia Pulp & Paper (APP) Sinar Mas, Bernard Tan, expands, "Data is key to tracking progress and empowering leaders."

Having a single source of truth is crucial for empowering CEOs to monitor data and KPIs, identify opportunities and vulnerabilities, and properly report progress to stakeholders. As Gagandeep Bhullar, Founder & CEO of SuperHuman Race, remarks, "Technology does not look at human stories, it looks at data. Organizations often use stories to show their impact, but that only leads to anecdotal impact. To really address systemic inequalities, we need data analysis, thoughtful understanding of key problems, and scalable solutions to cover larger populations."

ENHANCE SUPPLY CHAIN VISIBILITY AND ENGAGEMENT

Building on strengthening a company's data strategy, CEOs want greater visibility into their supply chain to help overcome current challenges and better prepare for future ones. Already, 54% of CEOs are strengthening visibility into the social impacts of their company's supply chain, as CEOs recognize the importance of a human-rights based approach to building resilience. Taking action helps businesses (1) map their supplier network, (2) identify social and environmental impacts and risks, and (3) identify geographic and resource risks. Greater visibility also helps companies collaborate across their supply chain, empowering them to make more sustainable and economical decisions.

Greater visibility also helps CEOs decide where to dedicate limited time and resources to build resilience, such as strategically introducing redundancy and potential regionalization at the greatest points of impact. To date, 37% of CEOs are already duplicating and diversifying their supply chains to strengthen their agility. CEO of Physical Risk Solutions, Richard Wilson, describes, "To build resilience, we must have a strong knowledge of existing threats, put mitigation plans in place, and build local relationships with companies and communities."

Case Study

BRISTOL MYERS SQUIBB

R&D with a Focus on Equity

Bristol Myers Squibb (BMS), an American multinational pharmaceutical company, is committed to addressing inequity in healthcare, through providing equitable access to medicines. For example, in 2020, BMS pledged to locate at least 25% of US sites participating in new BMS clinical trials in racially and ethnically diverse metro areas. By the end of 2021, the company exceeded its goal, locating 54% of US clinical trial sites in highly diverse communities. Ensuring diversity of clinical trials enables underrepresented communities to participate in the development of critical and potentially life-saving medicines, increasing healthcare accessibility and equity by helping address blind spots in the health system.[1]

Furthermore, the Bristol Myers Squibb Foundation, an independent charitable organization, started a trailblazing program committed to training at least 250 clinical trial investigators who are diverse and/or committed to increasing diversity in clinical trials in partnership with the Virginia Commonwealth University and the American Association for Cancer Research (AACR) – a $100+ million dollar investment over five years.[2]

1. https://www.bms.com/life-and-science/news-and-perspectives/fulfilling-out-role-in-increasing-clinical-trial-diversity.html
2. https://news.bms.com/news/philanthropy/2022/The-Robert-A.-Winn-Diversity-in-Clinical-Trials-Award-Program-Announces-the-Second-Group-of-Physicians-to-be-Trained-in-the-114-Million-Program/default.aspx

APPLY ANALYTICS-DRIVEN SCENARIO PLANNING INTO BUSINESS PROCESSES

Geopolitics, trade regulations, climate change and weather events are increasing the range and ambiguity of possible scenarios, driving CEOs to adopt analytics-driven scenario planning to prepare for the future. Currently, 62% of CEOs are strengthening their scenario planning and analysis capabilities, with a split of 57% for CEOs of SMEs and 69% of CEOs from larger companies. As Alejandro Carrillo, CEO of Masisa, says, "In the new norm, we need to perform more proactive risk analysis and learn quickly from our mistakes to empower our people to make decisions faster."

This serves the dual purpose of both helping CEOs prepare for potential scenarios, but also test the potential benefits and repercussions of different courses of action. For more advanced analysis, 17% of CEOs are implementing artificial intelligence for real-time risk analysis, with the financial services and high-tech industries leading the trend (28% each).

President of CTC Group [The Central Trading Company], Ahmed Abdellatif, shares, "We need stronger planning tools and analysis. We need models that show, over a longer timeline, what is the impact you can have and how you are driving towards it. That will help drive sustainability implementation and building resilience."

EMBED SUSTAINABILITY CRITERIA INTO RESEARCH & DEVELOPMENT

Research & development (R&D) is a clear driver of growth and innovation in any company. It is therefore imperative that sustainability is embedded in R&D criteria, to ensure all new innovations, as well as updates to existing products, have sustainability at their core. Already, 40% of CEOs are increasing their R&D funding for sustainable innovation, with the automotive and chemical industries leading (58% agree in both). As CEO & Managing Director of Mirvac, Susan Lloyd-Hurwitz, elaborates: "We would like to see sustainability requirements driving research and development and innovation. For example, we are keen to see more R&D into creating lower-carbon materials to reduce industry emissions."

For CEOs to maximize the benefits of sustainable R&D, however, they will need to assess their full value chain from a sustainability perspective, not only their material sourcing and production. Leading CEOs are looking to reduce the footprint of their products across the lifecycle including procurement, manufacturing, distribution, product use, and reverse logistics phases. Malek Sukkar, CEO of Averda, shares, "There is a transformation happening in materials. We cannot treat materials the same way. We will have to look at how we can reuse materials at every stage of the journey." With the full product lifecycle in mind, companies may explore paths such as refurbishing, reusing, and product sharing models, which can reduce resource intensive manufacturing activities and dependence on virgin raw materials. This wider scope of assessment further opens the door for innovation, as companies can iterate throughout the entire process.

ACCELERATE ADOPTION OF RENEWABLE ENERGY TO SECURE YOUR ENERGY SUPPLY

With cutting carbon emissions at the center of many sustainability plans, CEOs need to also secure green sources of energy and ensure the sustainability of their energy supply chain. Renewable energy generation is a promising solution, both offering affordable energy and removing dependence on fossil fuels – a volatile commodity in regard to pricing. As Arturo Gonzalo Aizpiri, Chief Executive Officer of Enagás, comments, "Security of supply and decarbonization are two sides of the same coin."

CEOs recognize this promising opportunity, with 49% of CEOs investing in renewable energy sources to reduce dependency on fossil fuels. Fleetwood Grobler, Executive Director and President and CEO of Sasol, states, "At the heart of our pivot away from carbon-intensive fossil fuels is the advent of economically viable sustainable energy sources. We can now rely on renewables to produce the same products in a more sustainable way."

Case Study

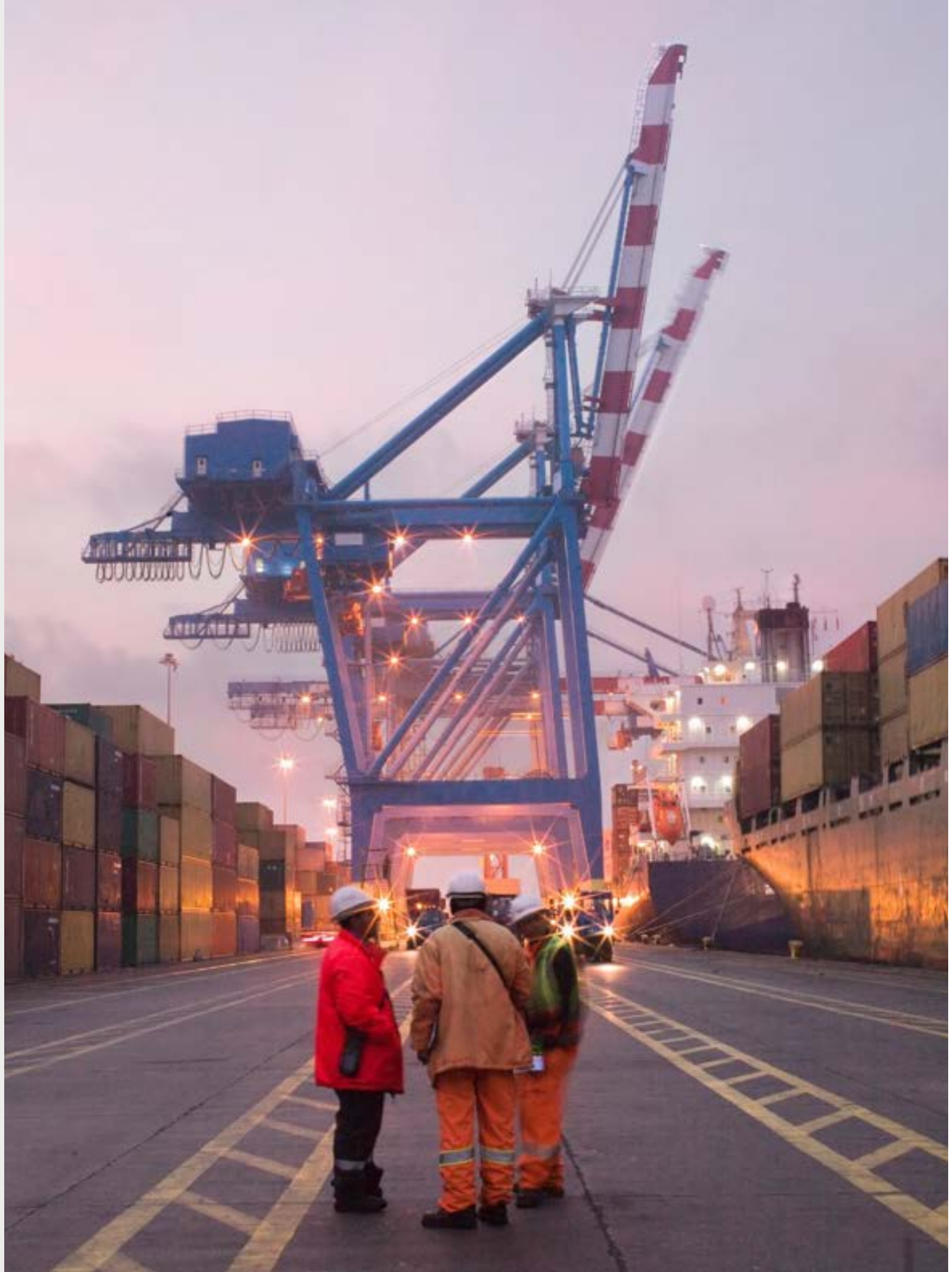
VERIZON

Renewables in Telecommunications

To help meet its climate-related commitments and facilitate the transition to a greener grid, Verizon, the global telecommunications company, embarked on an ambitious renewable energy purchase program and has become a leading corporate buyer of U.S. renewable energy. Verizon has entered into more than 20 renewable energy purchase agreements (REPAs). Verizon's REPAs are long-term virtual power purchase agreements and generally are expected to help finance the development of new third-party solar and wind facilities. The facilities associated with Verizon's REPAs span 12 states and have a projected aggregate capacity of approximately 2.8 GW.

Funding for these agreements is substantially supported by Verizon's USD 4 billion green bond program, which is one of the largest among corporate issuers in the USD market. The program operates in accordance with Verizon's Green Financing Framework that aligns with internationally recognized green financing principles and advances relevant U.N. Sustainable Development Goals. Verizon has fully allocated the net proceeds from the first USD 3 billion of issuances primarily to finance REPAs for new renewable energy projects and provided related impact reporting.

Verizon's REPAs position it to achieve its goal to source or generate renewable energy equivalent to 50% of its total annual electricity consumption by 2025.



ECOSYSTEM ENGAGEMENT

ENGAGE IN STRATEGIC PARTNERSHIPS

Companies are engaging in collaborative partnerships within their industry, across other industries, as well as throughout their entire supply chain. Already 66% of CEOs are engaging in long-term strategic partnerships, with SMEs[26] engaging in partnerships most to build resilience (69% engage relative to the 62% of large companies).[27] Richard Wilson, CEO of Physical Risk Solutions, explains: "As a SME, the relationships we build within our network is key for our survival and resilience."

Businesses also need to increase their engagement with competitors and industry partners to foster a collaborative environment that enables innovation and the sharing of ideas, especially when it comes to addressing sustainability and building resilience for the private sector. Companies are recognizing that joint collaboration can unlock unprecedented value that is not possible when operating in silos. As South East Water (Australia) Managing Director, Lara Olsen, says, "Industry associations and partnerships are key for gaining access to pockets of innovation." Mary Barra, General Motors' Chair and Chief Executive Officer, expands, "We can't make this transition on our own. We need to work very closely with governments and policymakers to ensure that we are coming up with solutions that are not just good for the businesses, but also for the people, the country, and the environment."

ADVOCATE FOR STRONGER SUSTAINABILITY AND RESILIENCE POLICY

To fully live up to their company's values, CEOs must also take the lead in advocating for policies that align with their values and encourage sustainable development. The majority (87%) of CEOs feel they need greater government support to build a more resilient business. Yet, in areas including corruption, climate change, warfare, and refugee crises, where the private sector requires government intervention to make meaningful progress, it is equally necessary for business leaders to advocate for what they believe in to help where governments should focus their attention. Margaret Michaels, Founder of Ezra Joel Group Corporation, notes, "If we come together, set aside our differences, and allow common sense to prevail, we can solve the problems we've created."

Often industry consortiums and international governing bodies like the United Nations can play an intermediary role, translating business asks to government officials. Engaging in these forums will allow for more nuanced policy discussions and greater, more effective collaboration. The private and public sectors must operate in lock step to build a world where we have a chance at achieving the SDGs.

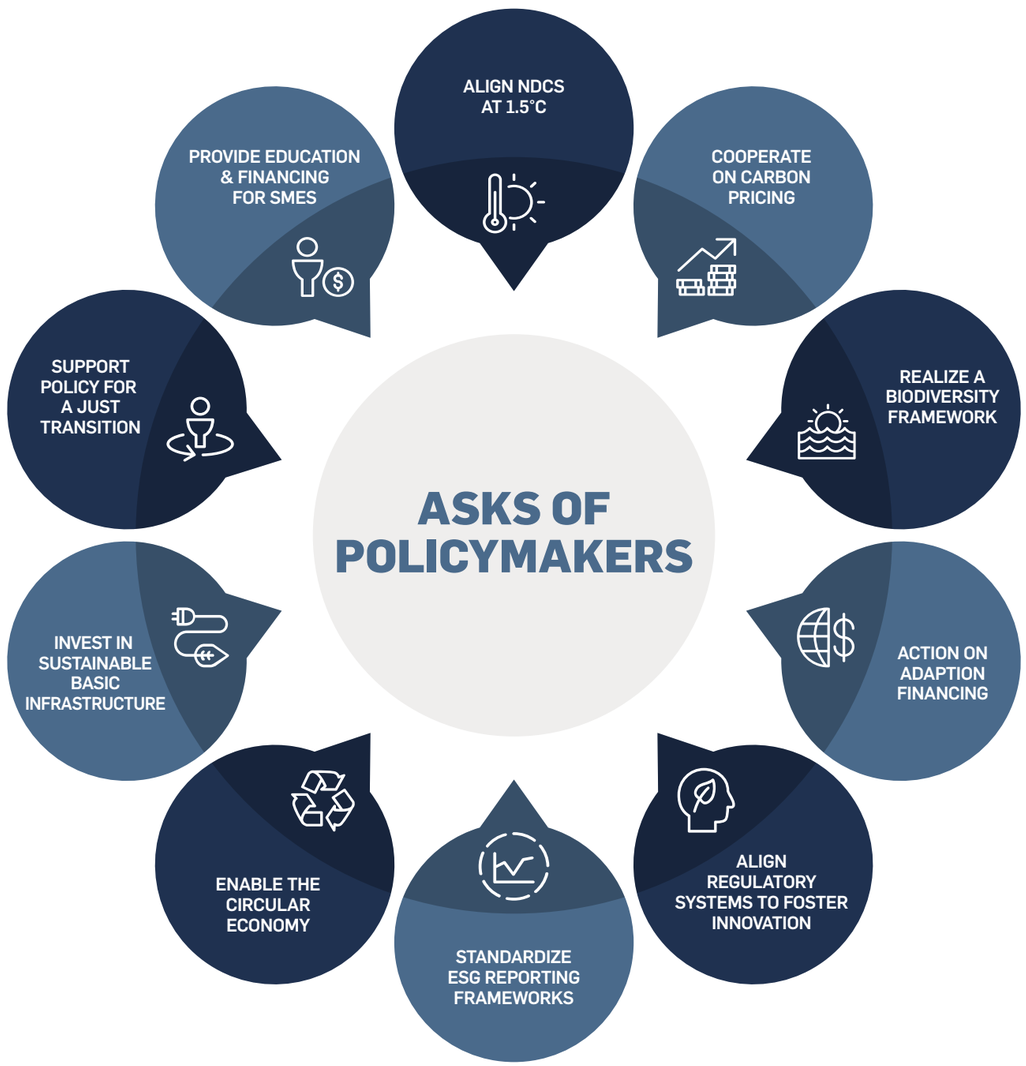
26. Defined as companies with less than USD 25 million in annual revenue.
27. Defined as companies with greater than USD 1 billion in annual revenue.

THE ROAD TO 2030

BUSINESSES ASKS OF POLICYMAKERS

ASKS OF POLICYMAKERS

CEOs are calling on governments to support and enable the private sector to achieve ambitious sustainability targets.



ROAD TO 2030: BUSINESS ASKS OF POLICYMAKERS

The voice of private sector CEOs is clear – government must establish a transparent, equitable, and actionable playing field in which businesses can take the reins and innovate. Without collaboration between the public sector, private sector, international governing organizations, and NGOs, the hope of making any type of meaningful progress toward the SDGs will almost certainly be lost. CEO of MK Partners, Inc., Matt Kaufman, notes, "I want more accountability. I want regulation. I want the pressure to have businesses report on how we are meeting our goals regularly to hold us accountable."

While there is significant progress to be made, the European Union (EU) is serving as a guiding light for how clear policy objectives can spur private sector action. Through the recently released Taxonomy Regulation, experts hope that investment will be accelerated massively into climate action to support the transformation of the EU economy to meet its European Green Deal objectives. The Taxonomy outlines six core objectives: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.[28] Through this ambitious framework, a common language has been established between investors, policymakers, and business leaders. This helps investors to assess the alignment of their investments to robust climate plans and targets.

While it is true that some countries have adopted new regulations and are investing in a sustainable future, outcomes from COP27 show that we still have a long way to go. Building on the policymaker asks of the 2021 CEO Study, we have refreshed CEOs asks for policymakers to advance resilience and sustainability in today's climate.

28. Principles for Responsible Investment (2022) EU Taxonomy.

"I believe the market plays an important role that is often overlooked. Government needs to set the boundaries and allow the private sector to work within those rules, so that the best solution comes forward."

Ronald Wuijster,
Executive Board Member of APG Group NV and Chief Executive Officer of APG Asset Management

"If you're following good governance, you will be more environmentally conscious and that will motivate you to address critical issues and deliver on your purpose commitments. But right now, the G in ESG is overlooked. So, until the time we sort out the governance part, the rest will not get resolved."

Nitin Mantri,
Group CEO of Avian WE

"We need more effective roundtables that are held accountable. The UN and other global organizations need to help keep companies accountable."

Francisco Estupiñán,
CEO of Fexlaw Lawyers

"We are moving towards a global context in which strong public-private policy networks are big contributors to a more resilient world that is prepared for an uncertain future. The private sector must lend its expertise to help the public sector shape policy."

Arturo Gonzalo Aizpiri,
Chief Executive Officer of Enagás

"As regulations and governmental policies shift, it is paramount that businesses worldwide come together to help each other thrive. If we come together and collectively address policymakers, we will be able to drive positive change."

Margaret Michaels,
Founder of Ezra Joel Group Corporation

ALIGN NATIONALLY DETERMINED CONTRIBUTIONS (NDCS) TO A 1.5°C WARMING TRAJECTORY

The ambition of global climate pledges needs to be raised. At today's level of commitment, the world is on track to increase temperatures 2.5°C above industrial levels by the end of the century, which could have disastrous repercussions. CEOs are therefore demanding more from governments, asking them to align NDCs to the 1.5°C targets.

Over 70 countries have pledged to reach net zero emissions, including some of the world's largest emitters – such as the United States, China, and the European Union – amounting to approximately 76% of global emissions.[29] Despite these pledges, few governments have solidified NDCs that are ambitious enough to make a 1.5°C future a reality. Recognizing this gap at COP26, the Glasgow Climate Pact called on countries to strengthen their NDCs when returning the following year to COP27. This effort fell short, however, with only 24 new or updated climate plans at COP27, a strong contrast to the 163 countries offering no updated target. This highlights the need for governments to take bold action and strengthen their NDCs immediately.

COOPERATE TO ESTABLISH A GLOBAL CARBON PRICE

CEOs consistently note that without a common, equal set of standards, the world will never be able to achieve the Global Goals, and climate impacts will continue to intensify. Alexandre Ricard, Chairman & Chief Executive Officer of Pernod Ricard, explains, "We have a basic sustainability framework globally, but the playing field is not level still. We have work to do."

To encourage global action – and accountability – on carbon emissions, CEOs are requesting governments cooperate to establish a global carbon price. The International Monetary Fund (IMF) notes, "An international floor price for carbon could speed the world's transition to green energy without compromising countries' competitiveness."[30] This would ensure equal impact across sectors, and encourage sustainable action through market methods. As Ana Botín, CEO of Banco Santander, states, "If we want habits, decisions to be changed, we need to change incentives, pricing and signals to the market."

REALIZE A GLOBAL BIODIVERSITY FRAMEWORK THAT SETS AMBITIOUS TARGETS TO HALT BIODIVERSITY LOSS

The majority of CEOs (80%) recognize that their business impacts biodiversity, yet only 35% are initiating nature protection and restoration projects in response to global challenges. As Bank al Etihad CEO, Nadia Al Saeed, says, "Loss of biodiversity is an economic and financial risk. They both depend on the ecosystem services provided by biodiversity and the environment. In turn, our investment decisions affect the biodiversity around us, and more companies need to adopt that lens when making investment decisions."

CEO inaction can be traced back to the uncertainty around the biodiversity business case as well as how to measure biodiversity impacts and actions. As Representative Director and President of Nippon Koei Co., Ltd., Hiroaki Shinya, says, "Regarding biodiversity, there is no definite as well as universally (commonly) accepted criteria yet for judging which direction to proceed for maintaining/conserving diversity. Therefore, I feel that the majority of companies are still not sure how to act in relation to biodiversity."

While the Taskforce on Nature-related Financial Disclosures (TNFD) is a start, there is a need for a globally accepted standard, supported by governments, to kickstart company action on biodiversity conservation. Fortunately, at COP15, nearly 190 countries approved a new United Nations agreement to prevent further biodiversity loss. Among a suite of 23 measures to protect nature, the most notable is the 30x30 target, which aims to safeguard 30% of the world's land and sea by the end of the decade. Though the agreements at COP15 are a step in the right direction for biodiversity protection, further government regulation is needed to mobilize private sector contributions.

29. United Nations (2022) For a livable climate: Net-zero commitments must be backed by credible action
30. IMF (2022) Why Countries Must Cooperate on Carbon Prices

Case Study

IBERDROLA

Birds, Biodiversity and Wind Energy

Iberdrola, the Spanish renewable energy company, has announced a new objective of achieving a net positive impact on biodiversity by 2030. They are applying a comprehensive approach to new infrastructure construction, and integrating nature considerations into the impact assessment of new projects moving forward.

As a leader in offshore and onshore wind development, Iberdrola is focusing on its impact on birds and bats for all projects moving forward. By adopting more ambitious monitoring programs, Iberdrola is able to better understand how different species are interacting with their assets. They are also looking to improve these monitoring systems, exploring how to deploy the latest available technology and invest in emerging solutions, such as pairing cameras and radar with AI, aerial monitoring, and GPS technology.

As an example, in their wind farm in Southern California, Iberdrola has implemented geofencing technology to monitor the risks to the California condor. A majority of condors in the southern California population have been equipped with radio frequency and GPS technologies to track their movements. When a condor fitted with a transmitter crosses the geofence boundary, a third party remotely supervising the condor's movements notifies the Avangrid Renewables National Control Center and by tracking the birds' flight trajectory can decide to stop a particular wind turbine to avoid a possible collision. Furthermore, Iberdrola looks to shutdown energy generation in certain hours when bats are active to avoid collisions. These measures not only protect species, but also allows the company to better understand the ecosystem and how species interact with its infrastructure. This information helps Iberdrola, in collaboration with conservation organizations, regional and national governments, and research institutions, develop better mitigation tactics to protect biodiversity.

DELIVER ON THE COP26 GOAL TO DOUBLE INVESTMENT IN ADAPTATION FINANCING FROM 2019 LEVELS BY 2025

Companies around the world do not have equal access to finance that will help them achieve their sustainability goals. In fact, 34% of CEOs in developing countries feel that a lack of financial resources is a high impact barrier to building a resilient business, relative to just 18% of CEOs of businesses in developed countries. Clearly, this financing gap must be addressed, otherwise, even with action in the developed world, the world will still experience significant climate impacts. However, the question is not purely about the amount of finance, but also where the funds are flowing.

To meet the COP26 goal of doubling investments from 2019 levels by 2025 to help finance adaption, specifically from climate impacts and related effects, there need to be a significant acceleration. The annual adaptation gap report just released by UN Environment Program (UNEP) at COP27, estimates this gap to be USD 160 billion to USD 340 billion by the end of the decade, and up to USD 565 billion by 2050. Secretary General Guterres reiterates, "Adaptation needs in the developing world are set to skyrocket to as much as USD 340 billion a year by 2030. Yet adaptation support today stands at less than one-tenth of that amount." Even with this drastic increase, financing must go to the right sources to build a more resilient future. Accelerating adaption and resilience finance is key to make sure that countries can keep up with and protect themselves from the worst climate impacts.

ALIGN INCENTIVE MECHANISMS AND REGULATORY SYSTEMS TO FOSTER INNOVATION

Today's regulatory system perpetuates old habits and cycles, often prolonging existing problems by propagating harmful subsidies, such as those for fossil fuels, stifling innovation, creativity, and progress. As Krishna Mohan Puvvada, Regional President & Business Director, CB India of Novozymes South Asia Pvt. Ltd., states, "We need to stop the subsidies of the past because that is not our future. We need a future that is very different. It's a paradigm shift that we need to make – governments, society, and other stakeholders – so that we can work towards this new future." The IMF estimates that on our current trajectory, fossil fuel subsidies will increase to over USD 7 trillion by 2025,[31] an astronomic sum that remains one of the greatest financial barriers to the clean energy transition. It is therefore imperative that global governments remove harmful subsidies of fossil fuels and coal.

In addition to removing harmful barriers, companies are calling on governments to take an active role in setting up incentive systems that support the development of sustainable practices and spur innovation, while allowing for the market to determine the best path for achieving the desired outcome. Incentivizing programs like renewable energy infrastructure, disease discovery and prevention, sustainable food systems, and water conservation will drive towards delivery of a cleaner, more sustainable world. As Gimena Peña Malcampo, CEO of Pier2 Marketing, explains, "I really think that government encouraging businesses to follow sustainability principles would make a difference. A lot of organizations voluntarily do it because they are passionate about it. Even if the government cannot change laws and regulations in the short-term, creating incentives to encourage behavior change is critical."

STANDARDIZE SUSTAINABILITY REPORTING FRAMEWORKS FOR GLOBAL ACCOUNTABILITY

Companies are finding that multiple sustainability frameworks are not only confusing, but also taxing, as companies look to report information through multiple formats. Vaishali Nigam Sinha, Chief Sustainability Officer of ReNew Power & Founding Chair of ReNew Foundation, sums it up, "We need to find a commonly accepted framework that works for most people, otherwise all we will be doing is translating one framework and reporting standard to another, wasting limited resources." CEOs hope that these new standards will extend globally, not just to a country or region, to make sure that everyone is working towards the same goal. Luis Maroto, President and CEO of Amadeus IT Group S.A., explains, "Uniform sustainability standards are necessary to move everyone in the same direction. Different standards allow for different interpretations. To be able to keep everyone aligned and accountable, we need one unified standard. The ideal scenario would be if governments released those global standards." Sanjay Banka, Executive Chairman of Banka Bioloo Limited, adds, "There has to be standardization of standards – both nationally and globally." A standard framework would not only help companies clarify what data and KPIs to track themselves, but also increase transparency and ensure companies are fairly evaluated on their performances. Pat McCafferty, Managing Director of Yarra Valley Water, Melbourne, Australia, remarks, "What gets measured get done. Efficient measurement and governance systems, holding countries and companies accountable, and providing roadmaps and progress reports will be key to unlocking the change, pace, and scale we need."

31. IMF (2022) Fossil Fuel Subsidies

Case Study

SASOL | AMEX GBT

Sustainable Aviation Fuel

Sustainable aviation fuel (SAF), made from renewable energy and sustainable carbon sources such as renewable biomass, waste resources and industrial carbon, has the potential to deliver the performance of petroleum-based jet fuel, but with a fraction of its carbon footprint. SAF could have a massive impact on the future of transportation, but significant investment, R&D, and innovation are still required to make the widespread use of SAF a reality.

Sasol, the integrated energy and chemicals company from South Africa, is investing further in catalyst research for production of SAF. According to Sasol's Executive Director and President and CEO, Fleetwood Grobler, "Sasol's proprietary, commercially proven Fischer Tropsch technology, agnostic to the source of the carbon or hydrogen, and our expertise in catalysts makes us the ideal partner to help the world decarbonise the aviation sector and make it sustainable over the long-term". This process may eventually allow for sourcing of carbon through direct air capture of CO_2.

American Express Global Business Travel (Amex GBT), together with Shell and Accenture, recently launched Avelia, one of the world's first blockchain-powered book-and-claim digital platforms for SAF. Avelia is the largest pilot at launch with one million gallons of SAF to start – a meaningful step in the right direction for the industry. However, nearly 100 billion gallons of jet fuel were consumed in 2019 (prior to pandemic), proving that progress requires acceleration by all.

CEOs in the industry agree that government must step up to create the infrastructure for the SAF industry to take off. As Paul Abbott, CEO of Amex GBT, notes: "Sustainable technologies and innovations, such as sustainable aviation fuels, are the only way we can make significant progress. And that won't happen unless there is massive investment in infrastructure, primarily from governments, to drive long-term structural change." Indeed, public-private-partnership is mission critical.

ENABLE THE CIRCULAR ECONOMY THROUGH ESTABLISHING STANDARDS FOR TRANSBOUNDARY MOVEMENT

Businesses are increasingly trying to move to a more circular business models to not only counter current geopolitics, economic uncertainty, and increasing costs, but also proactively address future concerns, such as resource shortages or upcoming regulations.

Governments are a key player in the circular transition and have multiple levers to pull, including raising standards for recycling and repairing products, providing incentives for sustainable products and services, and removing regulatory barriers. As CEO of Braskem, Roberto Simões, says, "Support from governments and international bodies in supporting the circular economy and sustainability initiatives is key to speeding up the implementation of strong actions for carbon reduction."

Specifically, CEOs are calling on governments to develop standards for transboundary movement – the movement of products/waste products across country or regional borders. Without internationally accepted standards for transboundary movement, companies struggle with reclaiming their products, even if they are designed to be circular. These regulations, while put in place to protect the public from toxic materials, are having an unintended consequence of limiting the viability of a global, circular economy.

INVEST IN SUSTAINABLE BASIC INFRASTRUCTURE, INCLUDING ROADS, BRIDGES, AND ENERGY SYSTEMS

One of the most impactful levers that governments can pull is investing in sustainable infrastructure. With this investment in sustainable, equitable infrastructure, there is not only an opportunity to make a positive environmental and social impact, but also the possibility of creating new markets for sustainable products, services, and processes. As Paul Abbott, CEO of American Express Global Business Travel (Amex GBT), says, "At the moment, sustainable technologies and innovations, such as sustainable aviation fuels, are the only way we can make significant progress. And that won't happen unless there is massive infrastructure investment, primarily from governments, to drive long-term structural change."

However, governments alone are not solely responsible – businesses must be ready to do their part as well. President and CEO of S&P Global, Douglas L. Peterson, expresses, "We need to see a much bigger emphasis on rebuilding, upgrading, and modernizing infrastructure, but to finance this, we're going to need public-private partnerships – a combination of public sector financing and private investment.

INCORPORATE WORKER AND COMMUNITY IMPACTS INTO POLICY DECISIONS

To support business actions in the just transition, CEOs are calling on governments to step up and facilitate a just transition for the global workforce. As Lucara Diamond Corp's President and Chief Executive Officer, Eira Thomas, says, "Companies need to design sustainability programs in collaboration with governments and local communities to ensure they are working together to address their priorities and needs."

A truly just transition can only be achieved with collaboration. Government, businesses, and workers must cooperate to ensure that, as the economy transitions to embrace renewables and sustainability, the people currently powering our economy are not left behind. CEOs highlight the criticality of the just transition being community and worker-led. Dr. Bisi Bright, CEO of LiveWell Initiative LWI, notes, "The problem with governments is that people at the top often do not see the bottom clearly. To include the people's voice, there needs to be more collaboration between the leaders of communities and government, for example, through town hall meetings."

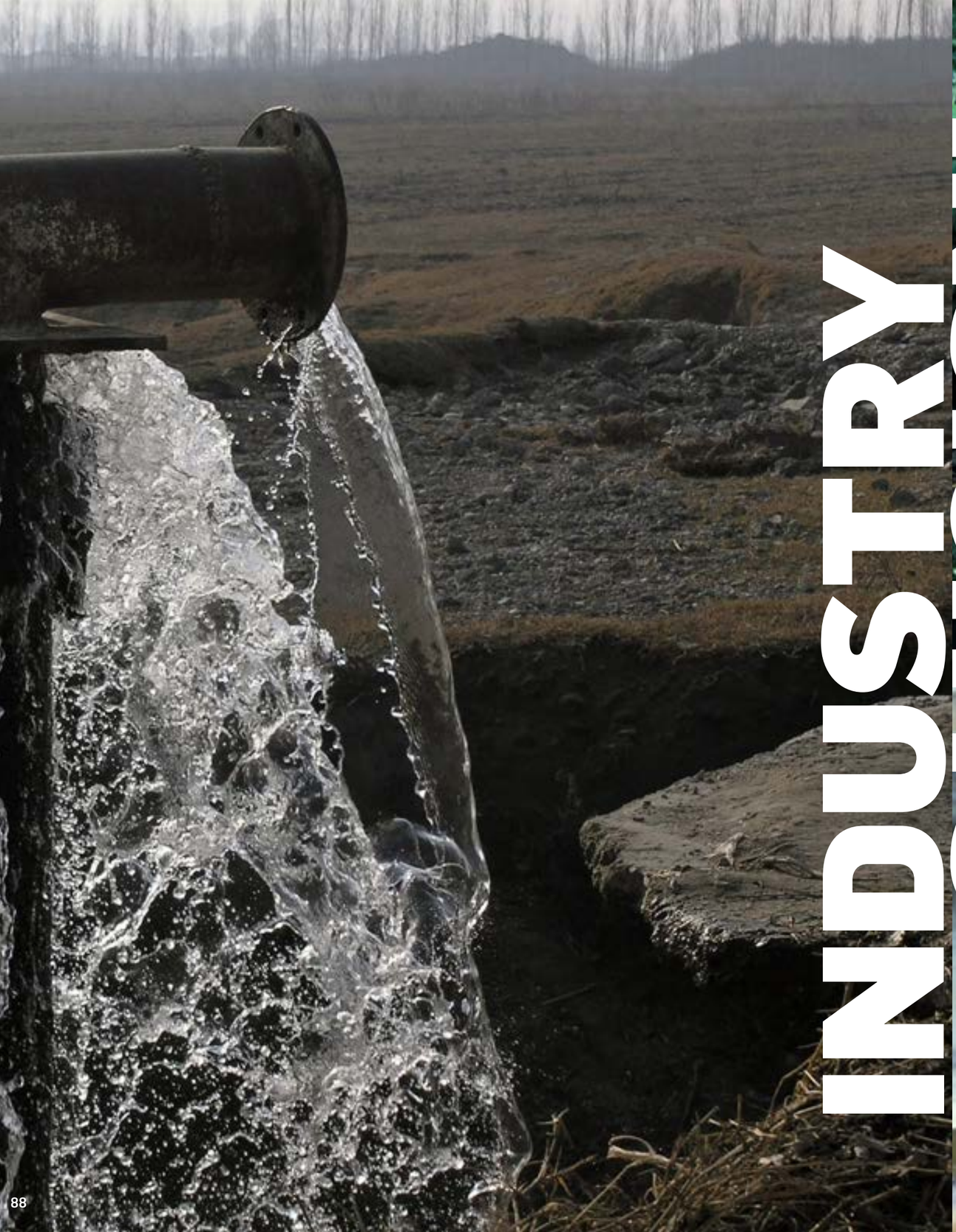
PROVIDE EDUCATION AND FINANCING FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SMES)

Business leaders are looking to governments to support the private sector as a whole, not only by engaging with the largest companies, but by supporting SMEs. CEOs of SMEs feel that support has been limited: 82% of SMEs[32] feel that they need increased access to financial resources to build resilience (relative to 72% of the largest companies),[33] and 85% feel they need educational resources on business resilience (relative to 78% of the largest companies).[34] As Krishna Mohan Puvvada, Regional President & Business Director, CB India of Novozymes South Asia Pvt. Ltd., explains, "The SMEs do not have the resources, and it becomes a responsibility of industry bodies, governments, and trade associations to recognize that we need to learn and develop a language where [SMEs] can connect with us. Today, the language of sustainability is still quite complex and not everybody can understand it. If you're able to translate sustainability into impact, sustainability action into financial terms, and articulate measurement criteria, sustainability starts to resonate a lot better."

Green Touches' CEO, Adrienne Doolan, concurs, "SMEs are the backbone of the economy," but currently they are at risk of being left out of the picture. Without SMEs, the SDGs will remain out of reach; governments therefore need to prioritize assisting small and medium-sized business owners to incorporate sustainable practices into their operations.

For more information on the role of business in ensuring a just transition, please refer to the United Nations Global Compact's Introduction to a Just Transition Business Brief.

32. Defined as companies with less than USD 25 million in annual revenue. 33. Defined as companies with greater than USD 1 billion in annual revenue. 34. Defined as companies with greater than USD 1 billion in annual revenue.



INDUSTRY INSIGHTS

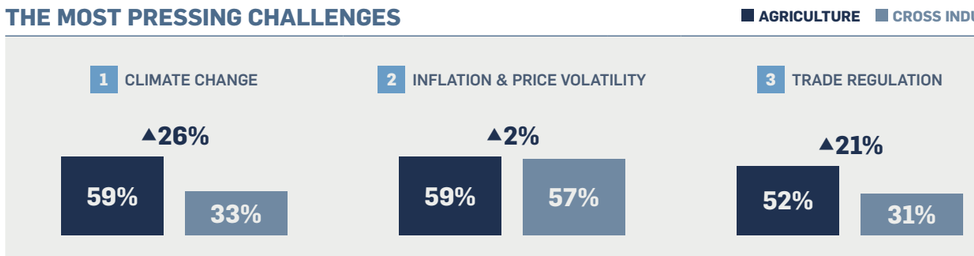
THE FUTURE OF INDUSTRIES WILL BE SHAPED BY CEOS' ABILITY TO TRANSFORM THEIR BUSINESSES AND EMBRACE SUSTAINABILITY

AGRICULTURE

Climate change, resource scarcity, and land deterioration, coupled with an increase in demand due to a rising population, creates a challenging environment for agriculture CEOs to provide affordable, high-quality food for a growing world. Factors such as supply chain disruptions and price volatility, exacerbated by geopolitical tensions, are compounding the pressure, highlighting the need for a fundamental transformation of the global food system.

> **"The reality is we will have to produce more food in the next 40 years than potentially the last 1,000 years, which is an incredible challenge."**
>
> Juan Luciano,
> Chairman & CEO of ADM

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR AGRICULTURE CEOS

- **81%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **73%** of CEOs are enhancing sustainability data collection capabilities across their value chains
- **73%** of CEOs are engaging in long-term strategic partnerships

The agriculture industry operates on the front lines of the climate crisis, facing droughts, floods, and extreme weather patterns, along with biodiversity loss, arable land deterioration, and growing water scarcity. All these factors impact daily operations, not only damaging crops, but also straining food system infrastructure. Agriculture CEOs are looking to technology to inform their decision making, starting by focusing on digitization and real-time data collection to identify risks and be more efficient in their use of natural resources. As Sanjay Gupta, MD and CEO of National Commodities Management Services Limited (NCML), describes, "Value chain concerns have been mitigated to some extent by advancements in technologies, such as internet of things, drones, mobility, cloud computing, big data, remote sensing, machine learning and logistics in agriculture and agri-bots which are playing a transformative role in converting traditional agriculture into data-driven, precision farming for generating sustainable profits."

Connected technologies, such as drones or blockchain-based solutions, are transforming the industry to be able to react to impacts in real time. However, for a large-scale transformation, companies are cognizant that they must upskill their workforce on these new ways of working and engage with the smaller farmers who make up the majority of the supply chain. CEOs are, therefore, investing in strengthening their partnerships with suppliers to enhance visibility and support the adoptions of digital and sustainable practices.

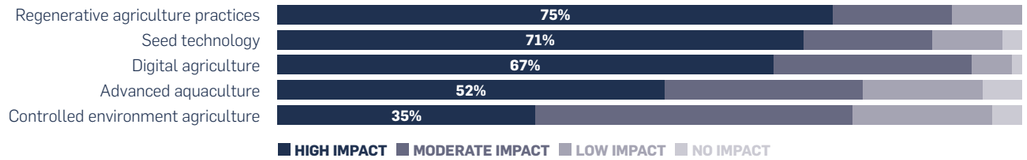
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR AGRICULTURE CEOS

- **56%** of CEOs are constructing a responsible supply chain
- **48%** of CEOs are protecting and restoring biodiversity
- **48%** of CEOs are lowering GHG emissions

The future of agriculture calls for healthier, sustainable practices that create more food to satisfy the needs of rising populations with less impact on the natural environment. While digital practices are a strong first step, a wide-scale transformation is needed. Bold actions, such as adopting regenerative agriculture practices that take into consideration the entire ecosystem, are necessary to this transformation. Regenerative practices not only reduce soil erosion and water usage, but also help protect and restore biodiversity.

TRANSFORMATIVE INNOVATIONS

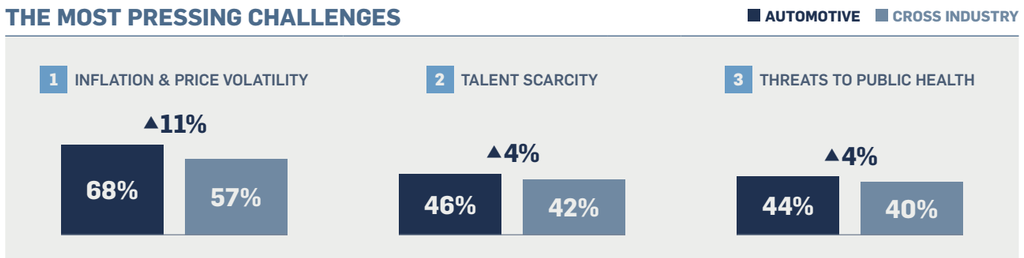


AUTOMOTIVE

Global decarbonization efforts, fueled by climate change concerns and fuel price changes, are shaping the long-term outlook for the automotive industry. While companies are struggling with logistics in the short term, including price volatility, supply chain disruptions, and infrastructure needs, they remain committed to trends like electrification and circular product management to unlock the green transition.

> **"The automotive industry is experiencing an irreversible trend in electrification. This is key to achieving a net zero economy. The magnitude of change electrification brings may have parallels drawn only to the transition from horse-drawn carriages to internal combustion engines in the early 1900s."**
>
> Girish Wagh,
> Executive Director of Tata Motors Limited

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR AUTOMOTIVE CEOS

- **78%** of CEOs are digitizing business processes
- **76%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **69%** of CEOs are enhancing sustainability data collection capabilities

The energy crisis, rising gas prices, limited access to materials such as nickel and lithium, coupled with consumer pressure to address climate change and increasing restrictions from governments, is fueling change in the automotive industry. As a first step, CEOs are looking to increase their digital and data capabilities to build a more resilient supply chain, as well as upskill their people to support a just transition. Companies are also investing in affordable and accessible EV charging infrastructure. As Mary Barra, General Motors' Chair and Chief Executive Officer, states, "We want to help make sure that the transition to a more sustainable economy is inclusive, focusing especially on offering EVs across price points and segments, as well as convenient access to the charging infrastructure." Yet, they are calling on government to support the broad infrastructure investments needed. To truly transform, the automotive industry will need to take an ecosystem approach, not only collaborating with governments, but also partnering with the utilities and energy sectors to make EVs convenient and affordable for consumers.

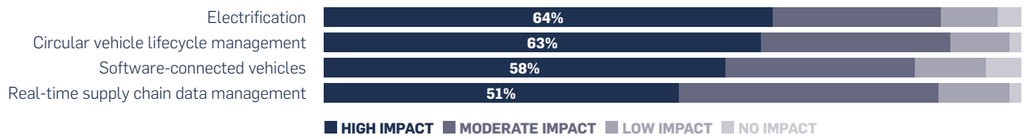
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR AUTOMOTIVE CEOS

- **79%** of CEOs are upskilling their workforce for the future labor market
- **69%** of CEOs are prioritizing lowering GHG emissions
- **59%** of CEOs are prioritizing constructing a responsible supply chain

In the future, sustainability in the automotive industry will go beyond switching from fossil-fuel engines to EVs, to addressing the entire lifecycle of a vehicle, from design and manufacturing through to end-of-life. Circular product management, supported by strong digital and data management capabilities to enable traceability, is a promising solution for CEOs. It not only satisfies the growing focus on sustainability, but also addresses issues such as resource scarcity and price volatility of raw materials.

TRANSFORMATIVE INNOVATIONS

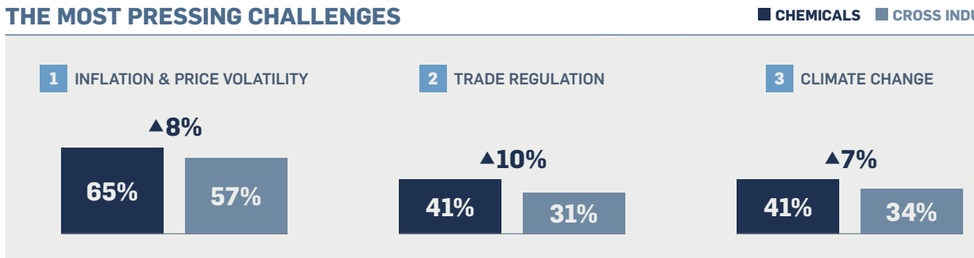


CHEMICALS

As a large emitter of greenhouse gases, the chemical industry is facing intense pressure to reduce its environmental footprint. At the same time, as an energy-intensive industry, it is disproportionately impacted by the volatility in the energy and resources markets. CEOs are, therefore, looking to sustainable business models and materials as a resilience booster and growth path.

> **"Climate neutrality, nature conservation, and social inclusion are critical for business. This is a transformational paradigm shift in business management, and we need to move from ambition to action."**
>
> Ilham Kadri,
> CEO and President of the
> Executive Committee of Solvay

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR CHEMICALS CEOS

- **79%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **73%** of CEOs are engaging in long-term strategic partnerships
- **69%** of CEOs are digitizing business processes

Digitization, new technologies, and innovations across the sector are at the heart of the sustainable transformation of the chemicals industry. Actions such as embedding software-connected components into the manufacturing system help to better identify risks and decrease material waste, while investing in new materials with lower-emission footprints helps the industry decarbonize.. In particular, plastics producers are developing new reusable and recyclable materials, addressing public scrutiny over plastic pollution. To enable these industry shifts, chemical CEOs are taking a people-first approach, upskilling and reskilling employees to develop expertise in sustainable production processes to ensure that their R&D and technology investments are implemented quickly and effectively.

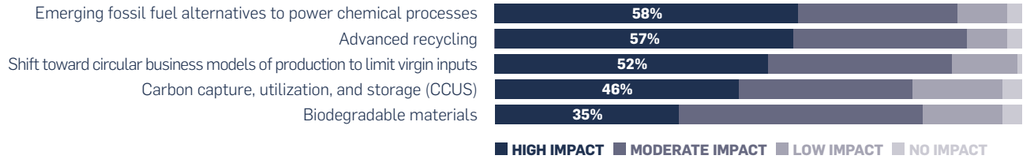
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR CHEMICALS CEOS

- **72%** of CEOs are lowering GHG emissions
- **59%** of CEOs are introducing new and sustainable business models
- **53%** of CEOs are reducing waste from products and operations

The demand for green alternatives to traditional chemical products will continue to grow, as companies face increasing consumer and regulatory pressure. As Sarfaraz Ahmed Rehman, Managing Director and Chief Executive Officer of Fauji Fertilizer Company Limited, (FFC), states, "The reality is we don't know if our industry will exist in 30 years' time. We need to pursue a path of adaptability in a rapidly changing world." To contend with this shift, chemicals CEOs are exploring new ways to harness renewable energy to fuel chemical processes for the short term, while looking towards larger-scale shifts, such as advanced recycling and circular business models, for the long-term. Not only will this unlock new avenues of sustainable growth for the chemicals industry, but will also accelerate overall sustainability transformation in other industries as chemicals are a core component of most materials.

TRANSFORMATIVE INNOVATIONS

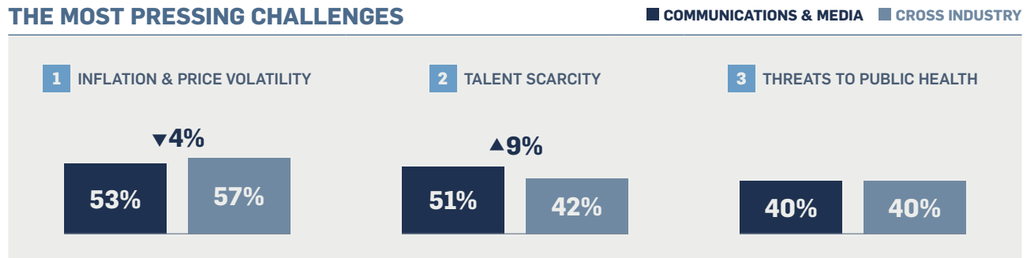


COMMUNICATIONS & MEDIA

The shift to digital has placed the communications & media industry under severe stress. To address the rise in demand, CEOs are investing heavily in building resilient and efficient infrastructure, as well as fostering a strong workforce and underlying governance to be able to provide affordable, equitable access to all.

> **"It is imperative that we bridge the digital divide, but the answer isn't just more broadband, it's accessibility and affordability of devices, digital education, digital infrastructure – those are the things that will change the world."**
>
> Hans Vestberg,
> Chairman and CEO of Verizon

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR COMMUNICATIONS & MEDIA CEOS

- **77%** of CEOs are digitizing business processes
- **76%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **75%** of CEOs are launching new product and service offerings for sustainability

The COVID pandemic has elevated connectivity as a necessity to the global economy and the individual. Industry CEOs are therefore tasked with providing this basic necessity in an affordable and equitable manner. As Joost Farwerck, CEO and Chairman Board of Management of Royal KPN N.V., explains, "Our business comes with the responsibility of making our infrastructure available, accessible, and secure. Internet has become a lifeline. It serves as an engine for progress to connect everyone to a sustainable future." Yet, talent scarcity issues can inhibit progress. CEOs are, therefore, investing heavily in upskilling and reskilling their current workforce, while investing in enhancing diversity and inclusion initiatives to attract more top-tier talent in a competitive environment. CEOs are also advancing sustainability efforts, particularly new product and service offerings, to attract new customers and employees, thereby strengthening their competitiveness.

WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR COMMUNICATIONS & MEDIA CEOS

- **69%** of CEOs are advancing digital transformation
- **66%** of CEOs are investing in skills development
- **59%** of CEOs are enhancing diversity and inclusion

In a rapidly evolving market, communications and media CEOs are investing in advancing their digital abilities, particularly in cloud-based capabilities, to grow at speed and scale. However, there are also rising governance concerns that the industry is navigating, including responsible media consumption, cybersecurity, and information validation to protect against misinformation.

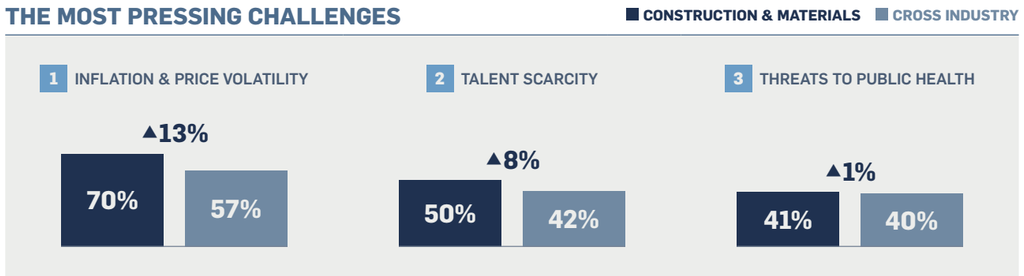
TRANSFORMATIVE INNOVATIONS

CONSTRUCTION & MATERIALS

As one of the greatest consumers of raw materials globally, as well as a major carbon emitter, the construction & materials industry is radically altering their business models, from the materials they use to the design of the buildings. Material shortages and price volatility, coupled with stakeholder pressure, are incentivizing a sustainable revolution within the industry.

> **"We need to demonstrate that our industry has a future in a carbon neutral or low carbon economy, which is a tremendous challenge"**
>
> Fernando Gonzalez,
> Chief Executive Officer of CEMEX

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR CONSTRUCTION & MATERIALS CEOS

- **77%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **71%** of CEOs are digitizing business processes
- **63%** of CEOs are strengthening scenario planning and analysis capabilities

As supply chain disruptions hit the construction & materials industry, resulting in significant delays and backorders, CEOs are investing in digital tools and processes to strengthen their supply chain visibility, enable better scenario planning, and better prepare for inflation and price volatility. In addition to challenges with sourcing raw materials, the industry is also facing talent shortages linked to the pandemic, hindering the industry's ability to recover. Along with the disruption to the ways of working caused by the pandemic, construction & materials companies are focusing on building strong, resilient cultures, fostering employee well-being, and adapting to hybrid work environments.

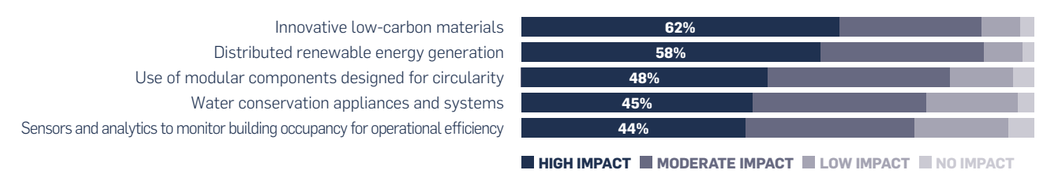
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR CONSTRUCTION & MATERIALS CEOS

- **59%** of CEOs are investing in skills development
- **56%** of CEOs are introducing new sustainable business models
- **55%** of CEOs are lowering GHG emissions

The United Nations Environment Programme estimates that the built environment accounts for 37% of CO_2 emissions, pressuring the construction & materials industry to adopt low-emitting materials and practices to reduce their footprint.[1] Construction & materials CEOs are responding by investing in green alternatives to basic materials such as aluminum, steel, and concrete. To further accelerate their path to net zero, construction & materials CEOs are unlocking the power of innovative technologies, such as digital twins, to improve resource efficiency – from energy to water usage – across the entire lifecycle of infrastructure.[2] These technologies and innovations are also fueling a modular component trend within the industry, enabling a more circular model to emerge as items can be disassembled, adapted, or reused for renovations or the construction of new buildings.

TRANSFORMATIVE INNOVATIONS



1. Accenture (2022) Sustainability in engineering and construction: The way forward.
2. UNEP (2022) 2022 Global Status Report for Buildings and Construction.

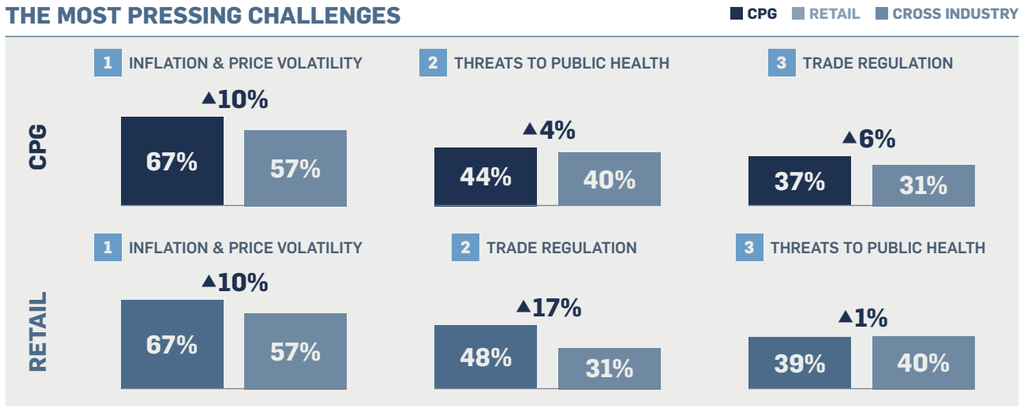
CPG & RETAIL

With consumer pressure putting sustainability front and center for the consumer-packaged goods (CPG) and retail industries, CEOs are increasingly looking to launch new sustainable products and offerings to increase competitiveness. Paired with supply chain disruptions, which are creating resource instability and price fluctuations, the concept of circularity is becoming increasingly viable and attractive for both sectors to build resilience and embrace sustainability.

"Changing our business to fit the needs of clients and the times is how we're looking to build resilience. If we adapt to changes in that way, we can also induce changes in our supply chain and make sure we share a vision with the suppliers who support us."

Ryuichi Isaka,
President & Representative Director
of Seven & i Holdings Co., Ltd.

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR CPG & RETAIL CEOS

CPG

- **72%** **of CEOs are** upskilling or reskilling their workforce for the future labor market
- **70%** **of CEOs are** digitizing business processes
- **64%** **of CEOs are** launching new product and/or service offerings for sustainability

RETAIL

- **81%** **of CEOs are** upskilling or reskilling their workforce for the future labor market
- **78%** **of CEOs are** digitizing business processes
- **75%** **of CEOs are** engaging in long-term strategic partnerships

Rising costs of goods, inconsistent trade regulations, labor shortages, and shifting consumer demand have placed pressure on the CPG and retail industries. However, sustainability offers a solution by providing new avenues for growth, enticing consumers while attracting employees, and even proactively addressing trade regulations. To innovate and launch these new products and service offerings, CEOs are investing in strategic cross-industry and cross-value chain partnerships to build networks of shared knowledge. These networks allow CEOs to plan for risks more effectively and scale their innovations to broader markets. In addition, CEOs are focused on upskilling their workforce to respond to the changing business environment and run their new, sustainable business models.

WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR CPG & RETAIL CEOS

CPG

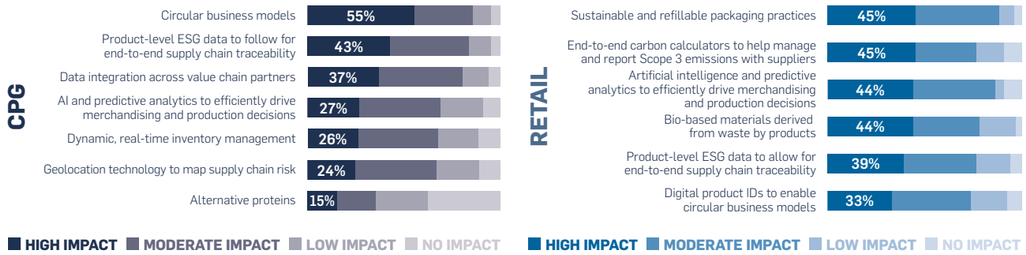
- **55%** **of CEOs are** introducing new sustainable business models
- **55%** **of CEOs are** reducing waste from products and operations
- **55%** **of CEOs are** constructing a responsible supply chain

RETAIL

- **59%** **of CEOs are** constructing a responsible supply chain
- **58%** **of CEOs are** investing in skills development
- **50%** **of CEOs are** introducing new sustainable business models

As consumer-facing industries, CPG and retail CEOs are under intense pressure to transform to more sustainable models. To unlock the promise of sustainability, a responsible value chain is the first step. CEOs are looking to map fully their supply chains, leveraging data to track ESG metrics down to a product level for holistic transparency and to enable end-to-end traceability. Some CEOs are looking to take it a step further, embracing circularity from product design to adopting bio-based materials to using digital product IDs to enable these circular practices.

TRANSFORMATIVE INNOVATIONS



ENERGY

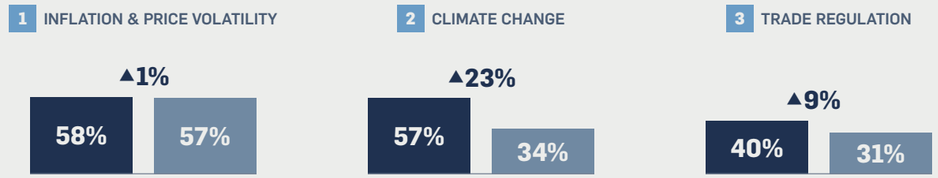
The energy industry is enduring massive disruption, with the pandemic and the war in Ukraine triggering spikes in energy prices and threatening the security of supply. This disruption presents a unique opportunity for CEOs to accelerate their adoption of low-carbon fuels, invest in innovations to decarbonize, and expand energy access and equity.

"Ten years ago I'm not sure how many CEOs would have said sustainability is something they would discuss with their board at every meeting, or even something they would focus on with their employees. Now, it's an essential part of doing business."

Lorenzo Simonelli,
Chairman & CEO of Baker Hughes

THE MOST PRESSING CHALLENGES

■ ENERGY ■ CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR ENERGY CEOS

75% **of CEOs are** upskilling or reskilling their workforce for the future labor market

73% **of CEOs are** digitizing business processes

71% **of CEOs are** investing in renewable energy sources to reduce their dependency on fossil fuels

Mounting pressure from geopolitical conflicts, as well as regulatory changes and consumer pressure to address climate change concerns, are accelerating the energy sector's sustainability transition and decarbonization efforts. The volatile supply of fossil fuels is prompting the industry to reimagine a cleaner, more secure energy system for the future. To tackle the challenge of decarbonizing energy production, companies are embracing renewables, exploring cleaner production methods, and investigating carbon-capture methods. Taking action towards decarbonization in the energy industry in particular addresses both the demand and supply side of the net-zero equation. As part of the transformation, a top priority for CEOs is to ensure that they promote a just transition, not only for employees – which companies are prioritizing reskilling for clean energy jobs – but also for the wider society by striving to avoid new forms of inequity or infrastructure poverty.

WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR INDUSTRIAL CEOS

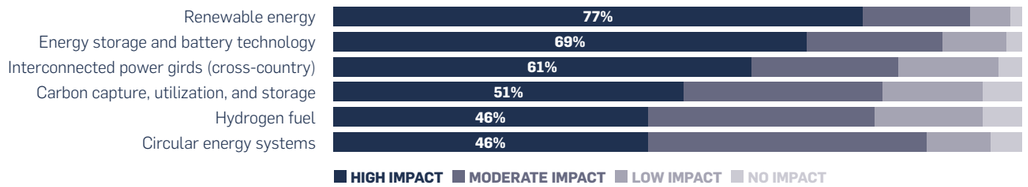
69% **of CEOs are** lowering GHG emissions

49% **of CEOs are** enhancing diversity and inclusion

49% **of CEOs are** investing in skills development

Energy sector CEOs are also looking at transformative ways to diversify their fuel sources, aiming to build a diversified, distributed energy system. In terms of diversification, CEOs are especially embracing low-carbon fuel sources like clean hydrogen fuels, and biofuels (including sustainable aviation fuel). To further decarbonize the industry, the energy sector is exploring innovative avenues like carbon capture and storage (CCS) to produce and distribute energy as cleanly as possible. The removal of carbon from the energy system with CCS and industrial efficiency technologies provides significant potential in terms of emissions reduction and economic value. These innovations are redefining the energy industry, setting the stage for a more diverse, multi-fuel system.

TRANSFORMATIVE INNOVATIONS



FINANCIAL SERVICES

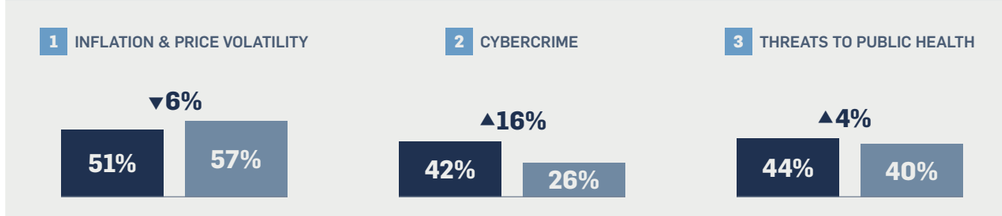
CEOs in the financial services sector are in a unique position to drive sustainability action, as they have the power and capital to fuel progress on global sustainability goals, which are often hindered by a lack of access to finance. While significant progress has been made in deploying capital for sustainability progress, it is not uniform and is largely yet to reach the Global South.

"We are entering a new era where the S side of ESG is on the rise. Investors and regulators are accelerating their demands on reporting and disclosures on both climate change and social impact. Investors' consciousness has been raised, and now the reporting and disclosure bar is being raised."

Suni Harford,
President Asset Management and
UBS Group Executive Board Lead for
Sustainability and Impact

THE MOST PRESSING CHALLENGES

■ FINANCIAL SERVICES ■ CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR FINANCIAL SERVICES CEOS

- **75%** of CEOs are digitizing business processes
- **74%** of CEOs are launching new product and service offerings for sustainability
- **73%** of CEOs are upskilling or reskilling their workforces for the future labor market

Climate risk is here, and financial capital is needed to address the associated problems more urgently than ever before. The financial services sector is in a distinct position to contribute through investment decisions. As Ana Botín, Executive Chair of Banco Santander, notes, "We are engaging with our customers in aviation, steel, oil & gas, and power generation because we want to support them in this transition, and we're willing to help. However, we do have decarbonization targets, which means that we need to be prepared to say no to customers or projects that do not fit our targets." In addition, the financial services industry can accelerate the green transition and address the sustainable finance gap between developed and developing nations. The UN estimates that developing countries alone need $1 trillion per year to stave off the worst effects of climate change, with an additional USD 40 trillion investment by 2030 in infrastructure alone.[1] Advancing digitization of the financial services industry will be an important enabler to address this gap, as it improves financial accessibility for previously excluded groups and regions in the world. Christos Megalou, Chief Executive Officer and Executive Member of Piraeus Bank's Board of Directors, explains, "As we digitize the economy, I think finance will become more equally available to all. The digital footprint helps democratize access to banking."

WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR FINANCIAL SERVICES CEOS

- **61%** of CEOs are investing in skills development
- **61%** of CEOs are enhancing diversity and inclusion
- **60%** of CEOs are advancing digital transformation

As risks become more interconnected, complex, and volatile, financial services companies are investing in stronger risk analysis tools and methodologies to make better decisions. CEOs have also begun to integrate ESG assessment into these tools, which has proven challenging given the fragmentation of frameworks and standards globally. In addition, reporting requirements are becoming more robust, with significant focus being placed on social impacts. As an effective, global framework is developed, financial services CEOs will further embed data-driven innovations, from real-time portfolio risk analysis to AI-powered scenario analysis for climate change impact, to better understand the risks they face. These insights will allow financial services CEOs to be able to allocate capital and report to their stakeholders more effectively.

TRANSFORMATIVE INNOVATIONS

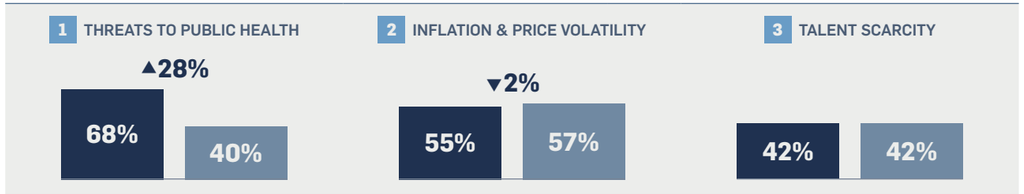
HEALTH & LIFE SCIENCES

The healthcare and life sciences (LS) industries are undergoing a period of compressed transformation, driven by the global pandemic. In health, these changes focus on a more resilient, equitable healthcare system, that provide access to all. The LS industry is focused on technology-enabled drug discovery and development that provides better health outcomes and relieves pressure on the global healthcare infrastructure.

> **"Healthcare in the future should be personalized, and the basis of that is data. Proper collection and management of that data is instrumental to our industry."**
>
> Isao Teshirogi, Ph.D.,
> Chief Executive Officer of Shionogi & Co., Ltd.

THE MOST PRESSING CHALLENGES

■ HEALTH & LIFE SCIENCES ■ CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR HEALTH & LIFE SCIENCES CEOS

HEALTH

- **76%** **of CEOs are** upskilling or reskilling their workforce for the future labor market
- **73%** **of CEOs are** engaging in long-term strategic partnerships
- **71%** **of CEOs are** strengthening scenario planning and analysis capabilities

LIFE SCIENCES

- **81%** **of CEOs are** upskilling or reskilling their workforce for the future labor market
- **77%** **of CEOs are** digitizing business processes
- **74%** **of CEOs are** enhancing sustainability data collection capabilities across our value chain

In recent years, health and life sciences CEOs have been forced into the spotlight as the global pandemic spurred question on the world's ability to protect the human right of health in a safe, affordable, and equitable way. As Giovanni Caforio, MD, Chairman of the Board and Chief Executive Officer of Bristol Myers Squibb notes, "The pandemic has highlighted in a very clear way, to policymakers, governments and to the private sector, the extent to which inequities of access can create challenges within individual countries, and then how those impacts ripple around the world." The pandemic clearly exposed the limits of the world's global health infrastructure, with talent shortages leading to long wait times, facility closures, and ultimately lack of healthcare access. To strengthen the system, CEOs are engaging in cross-industry and public-private collaborations, as well as embedding data at the core, strengthening their scenario planning efforts to better predict the types of drugs and therapies they will need to provide, and how to deliver them more effectively. Furthermore, CEOs are embracing technologies like artificial intelligence and machine learning to improve R&D productivity and efficiency. CEOs in health and life sciences are extremely focused on the human element of their work, with leaders embedding diversity within their drug development, clinical trial, and disease diagnosis capabilities to enable a more inclusive and resilient health ecosystem.

WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR HEALTH & LIFE SCIENCES CEOS

HEALTH

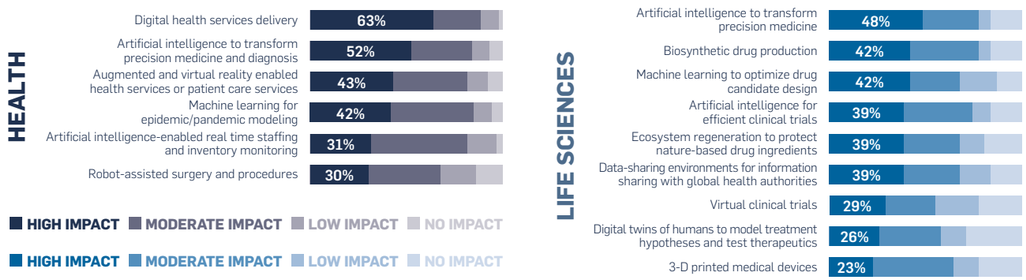
- **65%** **of CEOs are** constructing a responsible supply chain
- **61%** **of CEOs are** investing in skills development
- **52%** **of CEOs are** introducing new sustainable business models

LIFE SCIENCES

- **61%** **of CEOs are** investing in skills development
- **58%** **of CEOs are** lowering greenhouse gas emissions
- **52%** **of CEOs are** enhancing diversity and inclusion initiatives

Precision medicine – tailored, predictive medicine based on unique individual characteristics enabled by data – is the future of the healthcare industry. With the massive investment placed on understanding the human genome over the past two decades, the industry is beginning to reach a point where precision medicine is viable – both from the perspective of tailored treatment options and for pharmaceutical production that is better tied to demand. The ability to unlock this shift hinges on the ability to collect high-quality, consistent data, and translate into usable insights. Data is also transforming the patient experience. Providers are using data to rework the patient process – triaging patients to telehealth platforms where applicable – reducing pressure on the healthcare infrastructure and delivering faster, more affordable care.

TRANSFORMATIVE INNOVATIONS



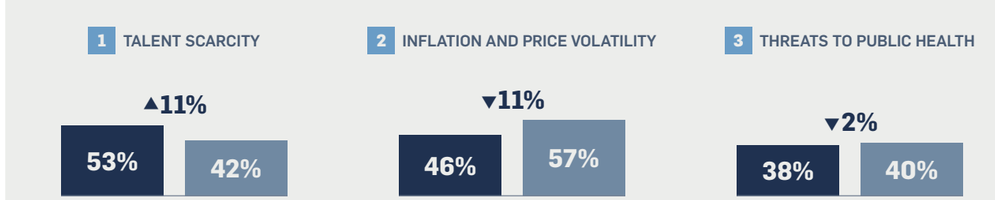
HIGH TECH

High tech CEOs face ongoing supply chain disruptions, inflationary pressure, trade wars, and geopolitical conflicts impacting profitability and business operations. In response, CEOs plan to decouple their business from volatile regions by re-networking supply chains, doubling down on talent and focusing on raw material procurement to strengthen their business resiliency.

> **"We have been driving significant geographic diversity in our supply chain to eliminate reliance on any country – a complicated action, especially in the semiconductor industry."**
>
> Chuck Robbins,
> Chair and CEO of Cisco

THE MOST PRESSING CHALLENGES

■ HIGH TECH ■ CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR HIGH TECH CEOS

- **80%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **74%** of CEOs are digitizing business processes
- **68%** of CEOs are engaging in long-term strategic partnerships

The high tech industry creates foundational hardware and technologies for our increasingly connected and digital world. However, there's a limited pool of available hardware engineering talent, challenging high tech companies to retain, upskill and grow talent within the currents ranks by becoming an employer of choice in career path, corporate values, diversity partnerships and product innovation. The Representative Director, President & CEO of Tokyo Electron Limited, Toshiki Kawai, agrees, "Ultimately, our corporate growth is enabled by people, and our employees both create and fulfill company values." High tech CEOs put weight behind their words by ensuring that their workforce has the right skills to grow in a hypercompetitive market and investing in corporate values such as diversity, equity, and inclusion.

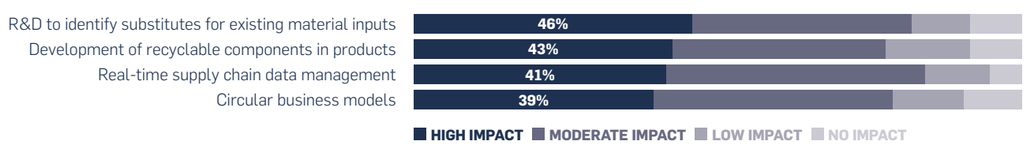
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR HIGH TECH CEOS

- **70%** of CEOs are investing in skills development
- **63%** of CEOs are enhancing diversity and inclusion
- **53%** of CEOs are advancing digital transformation

High tech companies face urgent calls to use more sustainable inputs to create greener outputs. The industry is natural resource-intensive, consuming a tremendous amount of raw materials. The rising scarcity of core inputs like rare earth metals, an increasingly fragmented global supply chain, and pressure to report on Scope 3 emissions are driving high tech CEOs to focus on innovative solutions to create a more resilient, transparent, and data-driven materials sourcing program. Innovation powered by AI and analytics to help drive sourcing and supply chain management, coupled with continued R&D investment, promotes industry resilience in the short-term. Longer-term initiatives such as circular business models require more time and investment. Toshimitsu Taiko, President & CEO of Konica Minolta, Inc., observes, "Circular business models can have a significant impact for our industry, but we need them to be more economically viable." Core to this viability is having visibility into supply chains to understand where various inputs are coming from, which processes can be made circular, which inputs can be replaced, and gain insight into their Scope 3 emissions footprint.

TRANSFORMATIVE INNOVATIONS



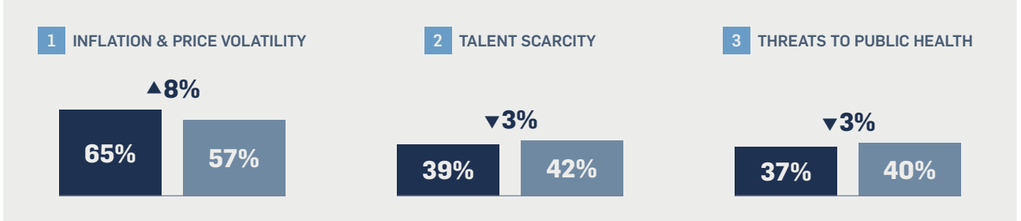
INDUSTRIAL

Inflation, supply chain instability spurred by the pandemic, and increasing consumption of technology products have converged in the industrial sector to create a difficult, volatile operating environment. To weather the storm, CEOs are turning to sustainable business models powered by strong sustainability talent and responsible supply chain practices.

> **"My understanding of a resilient business is 'responsive to change'. There are two types of responsive to change; one is abnormal (challenging) time and the another is normal (quiet) time. Resilient business must be able to respond to both, but I think that resilience is more on how to deal with it in normal times in order to prepare for the challenges ahead."**
>
> Hiroaki Shinya, Representative Director and President of Nippon Koei Co., Ltd.

THE MOST PRESSING CHALLENGES

■ INDUSTRIAL ■ CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR INDUSTRIAL CEOS

- **75%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **70%** of CEOs are digitizing business processes
- **60%** of CEOs are launching new product and service offerings

Industrial CEOs were severely impacted by the pandemic. Shortages of key raw materials, compounded by limited slack in the system and price volatility, shed light on the weak spots of the industry's value chains. CEOs are, therefore, reshaping their business models to reduce their dependency on volatile markets by embracing sustainability, and launching new products while simultaneously improving existing products and processes. To support these new business models, CEOs are investing in skills development opportunities for the workforce. In addition, many CEOs are focusing on building a responsible supply chain, harnessing renewables for industrial manufacturing processes, and increasing transparency in supply chains through real-time tracking and data monitoring to predict capacity issues.

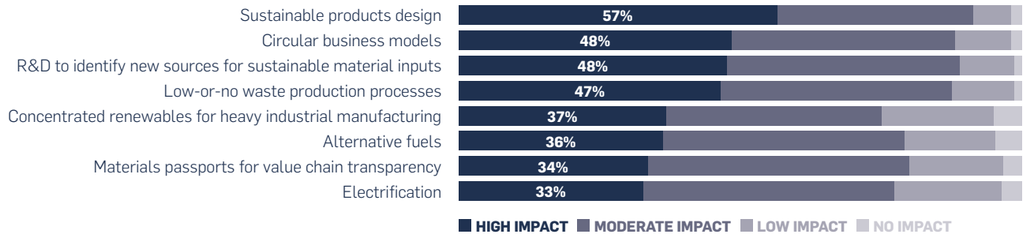
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR INDUSTRIAL CEOS

- **64%** of CEOs are constructing a responsible supply chain
- **56%** of CEOs are lowering greenhouse gas emissions
- **55%** of CEOs are introducing new and sustainable business models

To build the future of the industry, industrial CEOs believe in the transformative power of sustainable product design – reimagining their products to reduce environmental impact across the product lifecycle. To enable the development of these sustainable products, some industrial CEOs are investing in artificial intelligence (AI) and digital twin capabilities to understand where there may be sustainable improvements across the production chain. This end-to-end approach does not just focus on sourcing sustainable materials that reduce environmental impact, but also allows CEOs to understand product performance across the lifecycle down to product remanufacturing and recycling at the end of life.

TRANSFORMATIVE INNOVATIONS



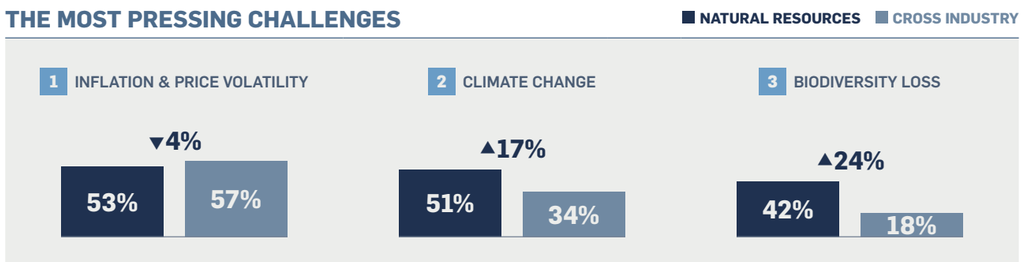
NATURAL RESOURCES

The natural resources industry is facing a massive transformation – once a historically human-intensive industry, the industry is now rapidly embracing technology. The adoption of drones, robotics, and data analytics are radically changing the way the industry can manage raw materials in real time.

"It's important that geopolitics doesn't stall the climate agenda. As companies, we need to keep climate change front and center as an issue that we all must address."

Praveen Singhavi,
President of APRIL Group

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR NATURAL RESOURCES CEOS

- **73%** of CEOs are engaging in long-term strategic partnerships
- **66%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **66%** of CEOs are strengthening scenario planning and analysis capabilities

Climate change and biodiversity loss are two core challenges particularly top of mind for natural resources CEOs. As a resource-intensive industry, many companies are engaging in restoration efforts to halt and reverse further degradation. With greater scrutiny from the public, natural resources companies are also extending their reach to engage meaningfully with communities. Since most natural resource companies' plants or manufacturing locations are contingent on a region's landscape, it is critical that companies engage with their communities to help mitigate potential social, economic, or environmental risks from operations. T V Narendran, CEO & MD of Tata Steel, notes, "The steel industry is an integral part of the global economy and as a responsible corporate citizen, we will continue with our efforts to engage with different stakeholders to spearhead development of new technologies to decarbonise steel." Further, to gain trust from the global community, natural resource companies are increasing their collaboration with supply chain partners to operate with greater transparency.

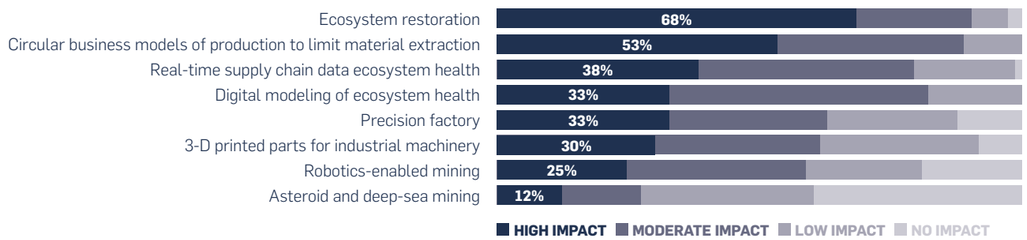
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR NATURAL RESOURCES SERVICES CEOS

- **59%** of CEOs are investing in skills development
- **56%** of CEOs are minimizing water usage
- **56%** of CEOs are lowering greenhouse gas emissions

The natural resources industry is particularly focused on reducing its environmental impacts, specifically around water usage and GHG emissions, and restoring biodiversity and ecosystems. Leveraging technologies, such as drones and geospatial mapping, can help businesses use resources more efficiently and precisely while promoting healthier ecosystems. Circularity is also a rising topic, with mining companies leading the charge, embedding circularity within site operations to eliminate mineral waste streams and limit raw material extraction.

TRANSFORMATIVE INNOVATIONS

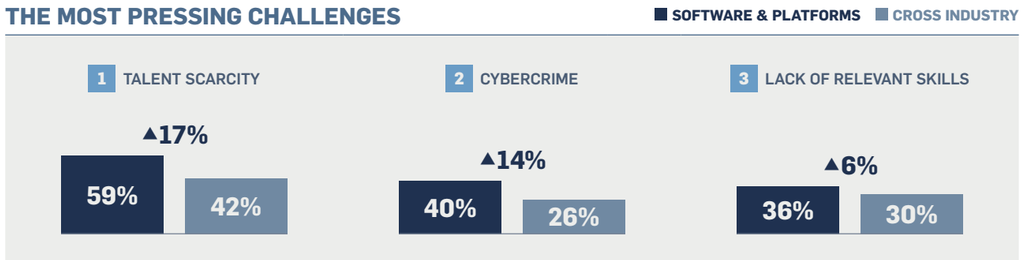


SOFTWARE & PLATFORMS

While the software and platforms industry drives a more efficient, interconnected market, CEOs are looking to raise their ambition and lead in sustainability and security. Protecting the world's data, using it responsibly, and doing so in a climate-friendly manner will define whether the software and platforms industry can continue to deliver the outsized returns it has generated over the last two decades.

> **"Companies' ability to train and upskill employees in the newest technology skills – such as coding for AI and robotic process automation – ensures employee retention, as well as employer attractiveness."**
>
> Rohit Kapoor, Vice Chairman & CEO of EXL

THE MOST PRESSING CHALLENGES



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR SOFTWARE & PLATFORMS CEOS

- **77%** of CEOs are digitizing business processes
- **73%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **68%** of CEOs are engaging in long-term strategic partnerships

With the global pandemic forcing the world online, industry CEOs are experiencing significant growth as economies become increasingly reliant on digital infrastructure. Core to meeting this demand is a skilled, productive workforce. However, high competition for talent – compounded by a lack of skilled employees to meet this demand – has severely impacted the software and platforms industry. CEOs are, therefore, focusing on upskilling their workforce on topics such as AI, machine learning, and computer vision skills, to ensure that they have the right set of skills to address upcoming needs. To scale their impact and minimize their footprint, CEOs in software and platforms are engaging in strategic partnerships with their upstream and downstream value chain partners to tackle their scope 3 emissions. Leaders see this as core to their decarbonization strategy.

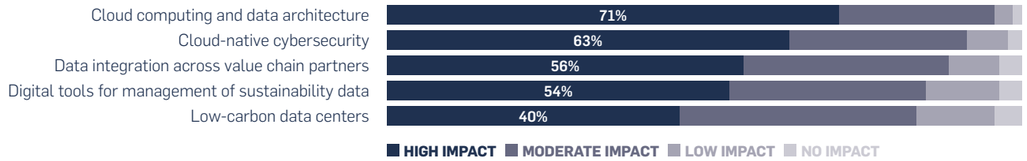
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR SOFTWARE & PLATFORMS CEOS

- **70%** of CEOs are investing in skills development
- **64%** of CEOs are advancing digital transformation
- **61%** of CEOs are enhancing diversity and inclusion

While the software and platforms industry remains in near-constant evolution, a few trends are certain: the green transition is underway, big data will continue to get bigger, and demand for software-based efficiencies will only grow. As CEOs develop their strategies, sustainability sits at the center of leaders' approaches. Those furthest along are integrating sustainability directly into their business models – whether by developing tools to better manage carbon footprints, transitioning to green hardware and efficient data centers, or adopting energy-efficient cloud systems. As pressures continue to mount on the infrastructure deployed by the software and platforms industry through the adoption of artificial intelligence, the internet of things, blockchain, and the metaverse, these sustainable evolutions will transform the industry to be more resilient through limiting dependency on volatile energy markets.

TRANSFORMATIVE INNOVATIONS



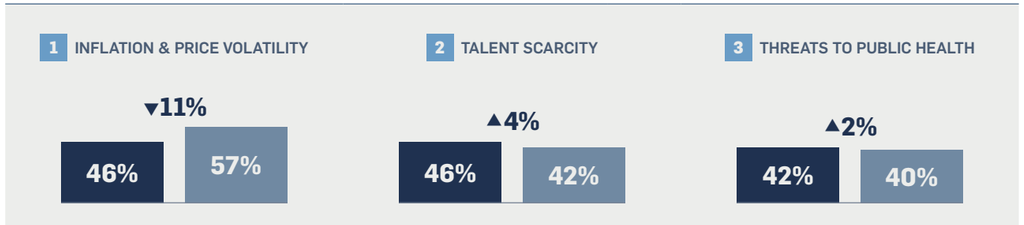
SUPPORT SERVICES

As industries across the world struggle with the results of the pandemic, economic volatility, and geopolitical tensions, support services CEOs are focusing on building resilient workforces and leveraging the power of technology to meet the ever-changing needs of their clients.

> **"Education is key to building a resilient business. Leaders need more training as the business environment has become more complex, especially with globalization and geopolitics."**
>
> Grace Kwok May Han, Chairman and Executive Director of Allied Sustainability and Environmental Consultants Group Limited

THE MOST PRESSING CHALLENGES

■ SUPPORT SERVICES ■ CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR SUPPORT SERVICES CEOS

- **74%** of CEOs are upskilling or reskilling their workforce for the future labor market
- **73%** of CEOs are digitizing business processes
- **67%** of CEOs are engaging in long-term strategic partnerships

In order to contend with an ever-changing business environment, CEOs in the support services industry are laser-focused on taking a people-first approach. As the private sector evolves and the skills that clients require to address their most pressing challenges shift, CEOs are heavily investing in attracting, retaining, and upskilling their talent. Sustainability is rising in importance, not only for business performance but also for talent retention, as employees search for purpose and value in their everyday work in addition to monetary benefits. To brace for an economic downturn, CEOs are looking to strengthen partnerships to gain a competitive advantage and scale their impact. As sustainability becomes a top priority for companies across industries, support services CEOs are utilizing partnerships to build offerings and technologies to support their clients.

WHERE IS THE INDUSTRY GOING?

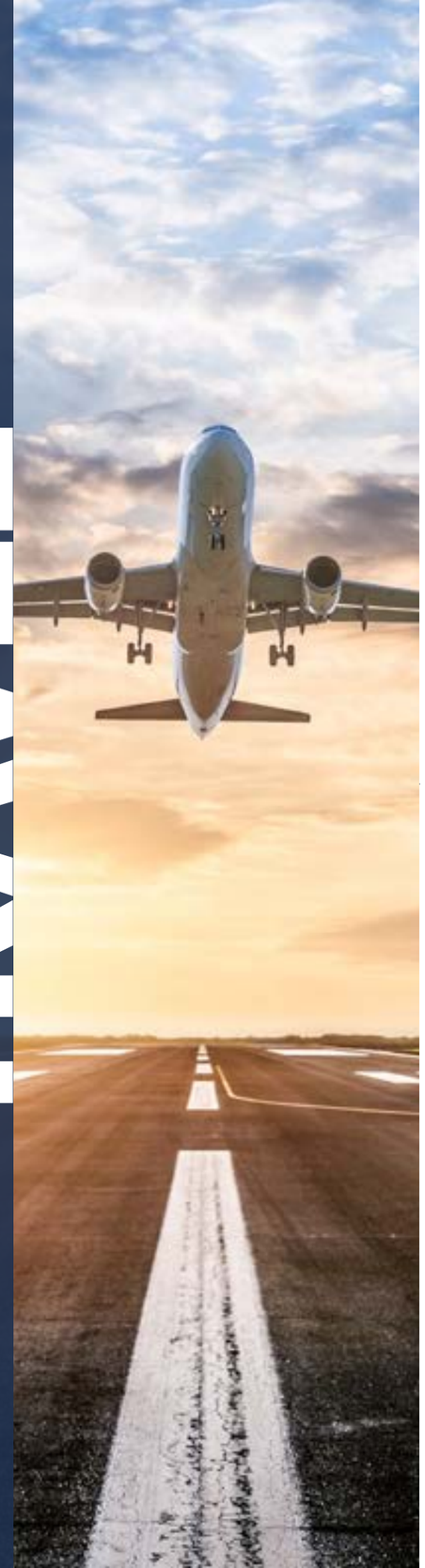
TOP SUSTAINABILITY PRIORITIES FOR SUPPORT SERVICES CEOS

- **68%** of CEOs are investing in skills development
- **58%** of CEOs are advancing digital transformation for sustainability
- **56%** of CEOs are introducing new sustainable business models

As COVID-19 changed the way the support services industry interacted with clients, digitization became a focus point for CEOs. Technologies, such as artificial intelligence, machine learning, and predictive intelligence allow for increased efficiency and accuracy through the automation of repeatable tasks. Emerging technologies, such as virtual reality and the metaverse, provide nascent opportunities for reshaping client interactions. In addition, as the world transitions towards a more sustainable future, support services companies are key partners for both the private and public sector to accelerate their goals. As Susan Chodakewitz, President and CEO of Nathan Associates, notes, "Governments and society at large don't have the resources to invest in the capital projects and fundamental shifts that are necessary to meet climate change challenges right now. And this is where public-private partnerships are going to be crucial – getting like-minded organizations, regardless of business models, to collaborate on certain key objectives such as infrastructure."

TRANSFORMATIVE INNOVATIONS

TRAVEL

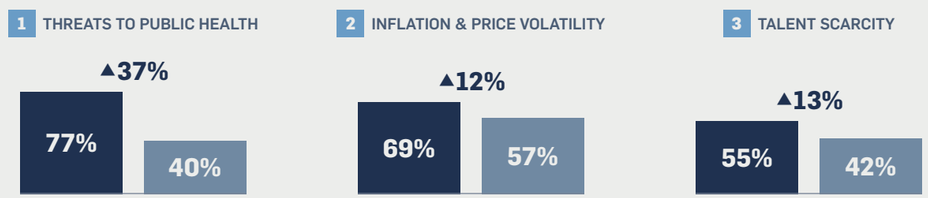


With shutdowns and travel restrictions, the travel industry has been one of the hardest hit by the impacts of the pandemic. As travel bounces back, the industry is struggling to keep up with increased demand for domestic and international travel as it builds up its staff and faces increasing operating costs for labor and energy. Travel CEOs are embracing sustainable business models as they rebuild, focusing heavily on renewables and circular models to transform the future of the industry.

> **"The challenge for tourism is how to balance the responsibility to protect and preserve nature while allowing more people to access it."**
>
> James Thornton,
> CEO of Intrepid Travel

THE MOST PRESSING CHALLENGES

TRAVEL | CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR TRAVEL CEOS

- **80%** of CEOs are digitizing business processes
- **74%** of CEOs are engaging in long-term strategic partnerships
- **71%** of CEOs are upskilling or reskilling their workforce for the future labor market

Travel levels are returning back to pre-pandemic rates, but the nature of this travel is changing, with shorter trip durations and remote working blurring the lines between leisure and business trips. Travel companies are looking to staff up to meet this demand; however, CEOs are facing extreme talent shortages, causing operational issues and straining trust with customers. To help address staffing shortages, CEOs are turning to digital tools, such as contactless check-in and artificial intelligence-powered customer service. To survive during the early days of the pandemic, many travel companies put their sustainability investments on pause. Now, sustainability efforts are picking back up and being leveraged to help de-risk supply chains and secure energy costs. With a growing trend for sustainable travel among customers, travel CEOs are looking into close partnerships with local communities to support them as they recover from pandemic impacts, as well as provide unique experiences for travelers.

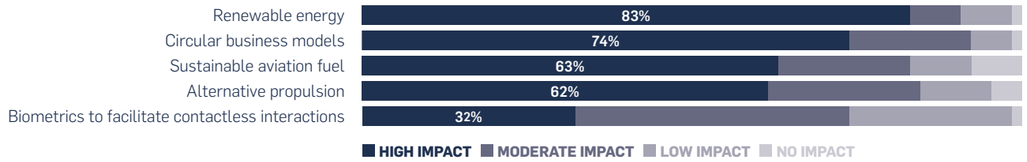
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR TRAVEL CEOS

- **56%** of CEOs are lowering GHG emissions
- **55%** of CEOs are investing in skills development
- **55%** of CEOs are constructing a responsible supply chain

Sustainability is a key challenge and top priority for the future of travel as travel companies are already experiencing the physical risks of climate change with increasing frequency. Hospitality CEOs are most focused on addressing the physical impacts of climate change, while those in transportation are more focused on decarbonizing. Hospitality companies are looking at circular business models to incorporate waste management frameworks and bio-based products into their offerings. Transportation CEOs are exploring innovative paths to decarbonize, such as embracing renewable energy and investing in sustainable aviation fuel. The travel industry's appetite for green solutions is there, yet significant investment in infrastructure and economic incentives are needed to achieve widespread adoption.

TRANSFORMATIVE INNOVATIONS



UTILITIES

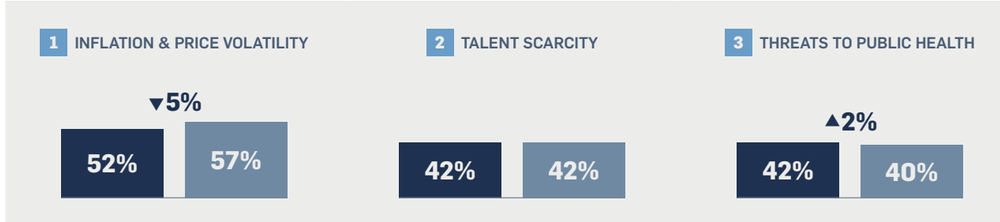
The utility industry must continue to deliver on its obligation to serve – ensuring reliability of basic resources, such as water and electricity, at an affordable rate – while facing new challenges, such as climate change and decarbonization pressure, which have quickly risen to the top of CEO agendas. A radical transformation to a modern, more flexible grid is imperative to support a clean energy future.

"I see us increasing our pace of investment in renewables and networks to allow for the energy transition. From a climate perspective, there are new solutions emerging and opportunities to invest in a more sustainable economy."

Solange Ribeiro,
Vice-president of Neoenergia
and Vice-chair of the Board
of the UN Global Compact

THE MOST PRESSING CHALLENGES

■ UTILITIES ■ CROSS INDUSTRY



CURRENT LANDSCAPE

TOP RESILIENCE ACTIONS FOR UTILITIES CEOS

- **69%** of CEOs are digitizing business processes
- **69%** of CEOs are offering physical/mental resources to their workforce
- **64%** of CEOs are engaging in long-term strategic partnerships

Utility businesses sit at the forefront of private sector decarbonization and sustainability. In the short term, companies are investing in digital processes and technologies to better understand resource usage to make more informed decisions and empower customers to make more sustainable choices. For example, water utilities are working to bring attention to the ongoing water crisis. Paddy Padmanathan, Vice Chairman & CEO of ACWA Power, notes, "We need to elevate this water crisis into the global consciousness and create a level of attention and recognition that this is going to become a big, all-consuming issue as time goes by." One way water utilities companies are making strides to safeguard the water supply is by leveraging technologies such as Internet of Things, which helps proactively monitor leaks and water security issues, as well as make suggestions for usage changes to consumers. In addition, to transition the industry towards a digital, tech-enabled future, CEOs are focused on their people, leading the industry to focus more than most on the physical and mental well-being of their workforce.

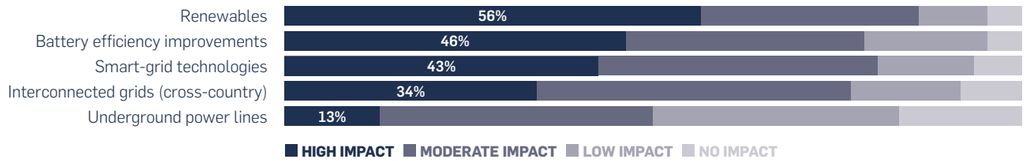
WHERE IS THE INDUSTRY GOING?

TOP SUSTAINABILITY PRIORITIES FOR UTILITIES CEOS

- **64%** of CEOs are investing in skills development
- **54%** of CEOs are lowering GHG emissions
- **53%** of CEOs are advancing digital transformation for sustainability

As the industry shifts to embrace renewables, utilities are evaluating different opportunities to strengthen the grid and bring more renewables online, from battery efficiency improvements to interconnected grids. One area of interest is distributed energy resources (DERs), alternatives that enable utility companies to bring electricity production closer to the end user through options such as rooftop solar panels and wind-generating units. To unlock the true power of smart-grid technologies, utilities are undergoing a massive digital transformation to adopt advanced distribution management systems (ADMS), which provide real-time visibility and control over multiple devices – including DERs, such as renewable facility plants or batteries for storage – to enable smart decision-making and load control.

TRANSFORMATIVE INNOVATIONS



GLOSSARY

CORPORATE SUSTAINABILITY

As defined by the UN Global Compact, corporate sustainability starts with a company's value system and a principles-based approach to doing business.[35] This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

DEVELOPING AND DEVELOPED COUNTRIES

Developed and developing countries definitions are not geographical boundaries and are distinguished on the basis of Gross National Income (GNI) per capita. High-income economies with USD 12,535 or more of annual GNI per capita are referred to as developed. Upper-middle income, lower-middle income, and low-income economies within the range of USD 1,035 and USD 12,535 annuals GNI per capita are referred to as developing.

JUST TRANSITION

A just transition leverages the net-zero transition to advance decent work, promote social inclusion and eradicate poverty.[36] Putting people at the center of climate action secures the support and participation required for the climate transition itself.

RESILIENCE

A company's ability to withstand, adapt and prosper through uncertainty and volatility — to ultimately emerge stronger and strengthen competitive advantage.

35. United Nations (2015) Guide to Corporate Sustainability.
36. United Nation Global Compact (2022) Just Transition Business Brief.

PHOTO CREDITS

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ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment and anti-corruption. Our ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals through accountable companies and ecosystems that enable change. With more than 17,000 companies and 3,000 non-business signatories based in over 160 countries, and 62 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world. For more information, follow @globalcompact on social media and visit our website at unglobalcompact.org.

ABOUT ACCENTURE

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Technology and Operations services and Accenture Song — all powered by the world's largest network of Advanced Technology and Intelligent Operations centers. Our 738,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. Visit us at www.accenture.com.

ABOUT THE CEO STUDY PROGRAM

The CEO Study Program, developed by the UN Global Compact and Accenture, is an effort to enhance understanding and commitment between the United Nations and the private sector. The program is an extensive review of the advancing corporate sustainability movement, and the publications coalesce dominant views of CEOs, business leaders and UN executives to track developments in sustainability.

DISCLAIMER

The inclusion of company names and/or examples in this publication is intended strictly for learning purposes, and does not constitute an endorsement of the individual companies by the UN Global Compact or Accenture. While reasonable steps have been taken to ensure that the information is correct, neither UN Global Compact or Accenture give any warranty or make any representation as to its accuracy nor accept any liability for any errors or omissions.

United Nations Global Compact

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THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption

ACKNOWLEDGMENTS

EXECUTIVE SPONSORS
Sanda Ojiambo
Peter Lacy

PROGRAM LEADS
Sean Cruse
Michael Hughes

STUDY LEAD
Emilia Hull

ANALYTICS LEAD & AUTHOR
Grant Lurie

INTERVIEW LEAD & AUTHOR
Małgorzata Pietrzyk

STUDY TEAM
Emily Weaver
Lorenzo Lewis

UN GLOBAL COMPACT CONTRIBUTORS
Bo Yang
Claudia Kirwald
Wynne Boelt
Lyubava Kroll

ACCENTURE CONTRIBUTORS
Apurv Gupta
Rinrei Saito
Sundeep Singh

ADDITIONAL ACKNOWLEDGMENTS

We would like to thank the following leaders for their invaluable support:

Ana Salazar, Aena
Maria Jose De Martini, Alpargatas S.A.
Loek Dalmeijer, APG Group NV
Geeta Ramachanran, APRIL Group
Brett Lutz, ADM
Shenoy Mathew, Arya.ag
Takako Asayama, Asahi Group Holdings, Ltd.
Letchumi Achanah, Asia Pulp & Paper (APP) Sinar Mas
Suresh Rathod, Avaada Group
Denis Baptiste, AXA
Thomas Millas, Baker Hughes
Natalie Alnaber, Bank al Etihad
Arijit Banerjee, Bayer South Asia
Dennis Mikkelsen, BDR Thermea Group
Beatriz Eugenia Tumoine Munoz, CEMEX
Ashley Pearlman, Cisco
Pippa Maloney, Coty
Holly Coutoumas, DAI Global, LLC
Kenza A. El Kerdoudi, Diana Holding
Laura Becker, Ecolab
Sayoko Sasaki, Eisai Co., Ltd.
Elena Blanco Lozano, Enagás
Pete Sheffield, Enbridge, Inc.
Francisca Hernández Uriz, ARPA
Ajay Ayyappan, EXL
Muhammad Ali Bin Shahid, Fauji Fertilizer Company Limited, (FFC)
Emily Sampedro Morales, FexLaw Lawyers
Kristen Siemen, General Motors
Daniela Kielmann, GFT Technologies SE
Jazel Eugenia Ayala Núñez, Grupo Herdez
Maria Fernanda Hermosillo Gatica, Grupo Rotoplas S.A.B. de C.V.
Lara de Mesa, Banco Santander
Gangaa Charan Sharma, Harman Finochem Limited
Pradeep Singh, Hindustan Zinc Limited
Carlos Zarco, HLA Group
Gonzalo Saenz De Miera, Iberdrola
Roberto Fernandez, Iberdrola
Iñigo Olaizola Arguiarro, Iberdrola
Miguel Muñoz Rodriguez, Iberdrola
Rafiek Sharfuddin, Imperial
Youssef Mahmoud, ACWA Power
Prashant Patil, Indo Count Industries
Jessica Johnson, Intrepid Travel
Michael Isaac, Johnson Controls
Yoshiko Abe, Kokusai Kogyo Co., Ltd.
Hiroko Kirihara, Konica Minolta, Inc.
Arco Ottenhof, Royal KPN N.V.
Bartho Boer, Royal KPN N.V.
Ben Brighouse, Lendlease
Kaeli Gattens, Lucara Diamond Corp
Sitanshu Narad, National Commodities Management Services Limited (NCML)
Ricardo Vargas, Masisa
Alex Müller, Merck KGaA
Sarah Clarke, Mirvac
Julian Knapp, Moody's
Yasmine Djellal, Nathan Associates
Verena Vorrath Araujo, Neoenergia
Yasuhiro Ninomiya, NGK Spark Plug Co., Ltd.
Mari Takahashi, Nippon Koei Co., Ltd.
Antonios Sagris, Piraeus Bank
Juan Carlos Suchite Moran, Progreso
Anuja Shams, Rohan Builders
Achim Hupperts, Royal DSM
Crista Merendino, S&P Global
Mayumi Tsuryu, Seven & i Holdings Co., Ltd.
Takahiro Tokui, Shionogi & Co., Ltd.
Harry Verhaar, Signify
Matthew Nicholson, SoftBank Corp.
Mandy Hay, South East Water (Australia)
Yoshihisa Takasaki, Sumitomo Chemical Company, Ltd.
Yuko Koshiishi, Suntory Holdings Limited
Pragati Kapoor, SuperHuman Race
Peter D'souza, Tata Motors Limited
Somesh Biswas, Tata Steel
Sandeep Chandna, Tech Mahindra
Tomoko Koarai, Tokyo Electron Limited
Anastasia Zhivulina, TotalEnergies
Pushpa Goswami, Transworld Group
Christian Leitz, UBS Group AG
Sanjana Vaidya, ZenSar Technologies

We would like to thank the following leaders for their additional input and insights:

Alexander Aizenberg, Anna Tondevold, Atsushi Yamaji, Casey Wells, Chris Roark, Claudia Galea, Clinton Moloney, Dai Hamaoka, Daishi Miyao, Debbie Van Der Hyde, Gaetano Salierno, Gemma Baker, Hakuto Watanabe, Hiroki Kitagawa, Kareemah F. Mohamed, Jackie Brody Tavitas, Jan-Willem Jannik, Jean-Marc Ollagnier, Joichi Ebihara, Lauren Rooney, Louise May, Matthew Robinson, Marie Georges, Masakata Ishikawa, Naoki Inoue, Oliver Wright, Pavitra Solanki, Priyanka Abbi, Rachael Bartels, Regina Maruca, Sandro Orneli, Shruti Goel, Takafumi Nakashima, Wesley Spindler

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