THE DECADE TO DELIVER

A CALL TO BUSINESS ACTION

The United Nations Global Compact—Accenture Strategy CEO Study on Sustainability 2019

United Nations Global Compact

accenturestrategy

"We have to mobilize the private sector, it is 75% of the global GDP. Moving forward, collaboration with business - and the key CEOs in the world - is crucial when it comes to fighting climate change; but also, to meet sustainable development goals, eradicate all extreme poverty by 2030, and we're not on track on this."

H.E. António Guterres,
Secretary-General,
United Nations

United Nations Global Compact – Accenture Strategy

CEO STUDY ON SUSTAINABILITY 2019

THE DECADE TO DELIVER

In the world's most comprehensive CEO Study to date on the business contribution to the UN Sustainable Development Goals (also known as the Global Goals) conducted by the United Nations Global Compact and Accenture Strategy, more than 1,000 top executives across 21 industries and 99 countries candidly reflect on the opportunities and challenges to sustainability since the launch of the Global Goals.

At the same time as they acknowledge the opportunity for competitive advantage through leading on environmental, social and governance issues and report real progress, impressive innovation and impact; they recognize the business community could and should be making a far greater contribution to achieving a sustainable global economy and society by 2030. They also point to the barriers that are preventing business from doing more and the enablers that would unlock the potential of the private sector.

Not content with the status quo, these CEOs from across industries, geographies and companies large and small are sending a clear and unequivocal call to their sectors and peers to step up action and change market systems to drive a decade of delivery on the Global Goals.

September 2019

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 universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the mandate of the UN Global Compact is to guide and support the global business community in advancing UN goals and values through responsible corporate practices. With more than 9,500 companies and 3,000 non-business signatories based in over 160 countries, and more than 60 Local Networks, it is the largest corporate sustainability initiative in the world.

For more information, follow **@globalcompact** on social media and visit our website at **unglobalcompact.org**.

ABOUT ACCENTURE STRATEGY

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world's largest delivery network—Accenture Strategy works at the intersection of business and technology to help clients shape the future of their organisations and create sustainable value for their stakeholders. With more than 482,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives.

ABOUT THE CEO STUDY PROGRAM

The CEO Study program 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. Accenture and the UN Global Compact have established a solid and successful collaboration for this program, with the following CEO Study publications to date:

2010: A New Era of Sustainability

2013: Architects of a Better World

2015: Special Edition: A Call to Climate Action

2016: A Window of Opportunity

2018: Special Edition: Transforming Partnerships for the SDGs

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INTRODUCTION

This year marks the fifth triennial United Nations Global Compact – Accenture Strategy CEO Study, which in 2019 is a joint publication with the UN Global Compact 2019 Progress Report. As the latest milestone in over a decade of research, the 2019 CEO Study draws on insights from 1,000 CEOs across 21 industries and 99 countries, reflecting over 100 in-depth interviews, and a further 1,500-plus senior business leaders who responded to the UN Global Compact implementation survey.

As we approach 2030 and with ten years to achieve the Global Goals set out by governments with business and other stakeholders, it is clear that we are not on track. At the same time, business leaders told us that they face an ever more competitive and challenging business environment and set of pressures. From global trade uncertainties, to activist investors, to the pace and scale of the technology revolutions taking place in digital, biological and physical innovation, the intensity is unlikely to change in the decade ahead.

Against that backdrop, CEOs told us that they are making real progress, face growing expectations from consumers and employees, and are able to point to concrete innovative business models, partnerships and technologies that show it is possible to both drive competitiveness and real measurable progress on environment, social and governance issues.

But, in the most powerful self assessment yet seen globally from CEOs on the business contribution, this year's study finds that CEOs believe that business is not doing enough and that in many cases their own companies and industries are not stepping up. Those same CEOs gave an equally stark call to action for business to step up or risk a lost decade ahead for the Global Goals without the urgent and required business contribution. In this report we share the feedback from CEOs on both their assessment of the challenge but also their suggestions for what needs to be done at all levels to get us back on track.

The CEO Study follows two principal strands of research. First, we conducted a quantitative assessment of more than 1,000 CEOs through an online survey that was translated in 9 languages. In parallel, we further deduced insights from more than 1,500 business executives through the annual implementation survey. Second, we conducted more than 100 in-depth one-to-one interviews with CEOs, chairpersons and presidents of UN Global Compact companies around the world to understand the wider strategic context - from geopolitics to investment in technologies to challenges and opportunities on sustainability - for business.

In compiling this CEO Study, we are once again indebted to the UN Global Compact study leads Dan Thomas and Sean Cruse. We also recognize the leadership of the Accenture team, in particular, study leads Jessica Long and Jenna Trescott, lead author Apurv Gupta, as well as Akshay Raghunath. There have been many further contributions from colleagues too numerous to mention here, but without whom our analysis would not be compelling – in particular, Justin Keeble, Harry Morrison, Melissa Barrett, Mauricio Bermudez, Alexander Holst, Guanghai Li and Sundeep Singh.

On behalf of the United Nations Global Compact and Accenture Strategy, we would like to express our sincere thanks to the CEOs and chairpersons, business leaders and other stakeholders who participated in the study. The project team has endeavoured to understand and interpret their many ideas, reflections and case study examples in conducting the study and delivering this report.

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Executive Director and CEO
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ONE-TO-ONE INTERVIEWS

We would like to thank the following CEOs, chairpersons and presidents for their insights in shaping this study. While the views expressed do not necessarily represent the totality of opinions received from all contributors, their participation and guidance have been critical.

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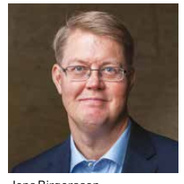
Werner Baumann, Chairman of the Board of Management, Bayer AG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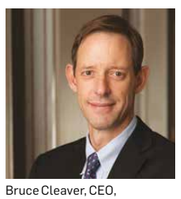
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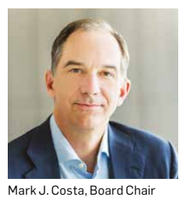
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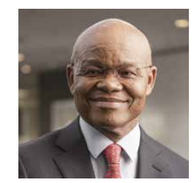
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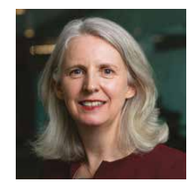
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REALITY CHECK:

Business' contribution to the Global Goals is not enough

This study is the fifth in a series conducted every three years that dates back to 2007. In the 2016 study, CEOs told us the Global Goals would provide a clear framework for their companies to lead on the sustainable development agenda.

This year, the 2019 study finds that CEOs believe that business execution is not measuring up to either the size of the challenge of the Global Goals or their previous level of ambition.

IN 2016

49% said business would be the most important actor in the delivery of the Global Goals

78% saw opportunities to contribute to the Global Goals through their core business

90% said they were personally committed to ensuring that their companies lead on the sustainable development agenda

IN 2019

48% are implementing sustainability into their operations according to the UN Global Compact Progress Report

Only 21% feel business is currently playing a critical role in contributing to the Global Goals

71% of CEOs believe that – with increased commitment and action – business can play a critical role in contributing to the Global Goals

THE DECADE TO DELIVER

CEOs call for bold action to accelerate the business contribution to the Global Goals

Economics constraints and business pressures are stalling corporate action

28%
cite "absence of market pull" as a top barrier to implementing sustainable business

43%
of the world's largest companies cite competing strategic priorities as a top barrier in implementing sustainability

55%
say pressure to operate with extreme cost-consciousness against investing in longer-term strategic objectives is a key trade-off that they are facing

63%
say political uncertainty across markets is the most critical global issue for their companies' competitive strategies, and 42% say it is reducing or stalling their sustainability efforts

CEOs say businesses should be making a far greater contribution to achieving a sustainable global economy and society by 2030

63%
see Fourth Industrial Revolution (4IR) technologies — digital, physical and biological — as a critical accelerator of the socioeconomic impact of their companies

78%
of CEOs from both, Asian and North American businesses believe we need to decouple economic growth from the use of natural resources and environmental degradation

76%
say citizen trust will be critical to business competitiveness in their industry in the next five years

88%
believe our global economic systems need to refocus on equitable growth

These CEOs are calling for their sectors and peers to step up impact and to course-correct the private sector contribution to 2030's targets, with three resounding calls to action:

CALL TO ACTION 1:

Starting at home: raising ambition and impact in their own companies and for their industries

Successful delivery of the 2030 Agenda requires engagement from all businesses to:

- Raise ambition through 'threshold' actions aligned with the 17 Global Goals
- Drive broader industry action by accelerating market and systems transformation
- Adopt new technologies to accelerate impact on the Global Goals

CALL TO ACTION 2:

Changing how we collaborate with more honesty about the challenges and real impact

To accelerate broader action and systems transformation, business leaders identify three areas for collective action:

- Shaping realistic, science-based solutions: key actors must come together in honest dialogue on the challenges and trade-offs
- Levelling the playing field: industry leaders need to step up non-competitively in coordination and exchange
- Driving local action: businesses have to elevate the role of local partnership moving between global and local implementation

CALL TO ACTION 3:

Defining responsible leadership to pinpoint what is needed from this generation of leaders

CEOs point to nine emerging qualities of responsible leadership that will enable business to be a leading actor in driving the Global Goals

For their organizations and markets
- Pioneer systems change
- Drive sustainable market demand
- Build cultures of responsibility and sustainability

Within their ecosystems
- Know the issues and engage in science-based leadership
- Extend responsibility to ecosystems and lift up industries
- Engage in non-competitive collaboration

As individuals
- Take sustainability personally
- Hold people to account and meaningfully engage investors
- Lead change with authenticity

EXECUTIVE SUMMARY

REALITY CHECK: BUSINESS CONTRIBUTION TO THE GLOBAL GOALS IS NOT ENOUGH

Our 2016 CEO Study signalled a high point for business commitment on sustainability. Seventy percent of CEOs believed the Global Goals – and their clear framework to 2030 - would help structure sustainability efforts for the private sector in partnership with other stakeholders, and nearly half (49%) of CEOs said business would be the most important actor in the delivery of the Goals.

In 2016, CEOs saw a clear opportunity to recalibrate their efforts in line with global milestones for sustainable development. Seventy-eight percent saw opportunities to contribute to the Goals through their core business. We heard numerous examples of how they are creating genuine value and advantage as they go about it - through new markets, products and services, resource productivity and efficiency, or the engagement and motivation of key stakeholders from employees to communities to consumers.

That followed ten years of growing commitment, belief and action from CEOs: In our 2010 CEO Study, 93% of executives told us sustainability was critical to their future success. That number has grown over the years, especially for the world's largest companies, where it hovers at nearly 100%.

For CEOs, in 2019 as in 2016, that commitment has never wavered. These leaders are stepping up to drive results through core business and embrace market opportunities for business advantage. In fact, just 26% of CEOs in 2019 cited "no clear link to business value" as a barrier to sustainability compared to 31% in 2016 and 37% in 2013. In addition, 40% of CEOs we surveyed in 2019 say sustainability is driving revenue growth and 35% are realizing value through cost reduction today. Leaders say an unprecedented shift in public expectations is driving them to get ahead on sustainability to build trust and competitiveness in their markets: 76% of CEOs say citizen trust will be critical to business competitiveness in their industry in the next five years.

While the CEOs we spoke to are making real progress and driving both business and sustainability impact, the CEOs themselves told us that their industries and business as a whole are not doing enough. Those same leaders agree that for the majority of businesses, awareness and commitment is not driving the level of urgency and concrete action required. They recognize – according to the numbers – that even their own businesses are not doing enough. The 2019 UN Global Compact Progress Report showed that 48% of companies are implementing sustainability into operations. In 2019, just 21% of CEOs believe business is playing a critical role in contributing to the Goals.

BEYOND INCREMENTALISM: A CALL FOR GREATER ACTION FROM BUSINESS AND REAL SYSTEMS CHANGE

While indicating a desire and willingness to do more, leaders say market constraints and an ever more challenging business environment and set of pressures continue to slow broad-scale transition to sustainable business – and that unless broader business is forced by a shift in economic incentives, action will stall. In fact, one in three CEOs of the world's largest companies cite "lack of market pull" as a top barrier to sustainable business. Further, political uncertainty is reducing or stalling their sustainability efforts for 42% of CEOs while a third (34%) specify market closures and limitations on free trade as hindrances. Over half (55%) of CEOs say that they are facing a key trade-off: pressure to operate under extreme cost-consciousness versus investing in longer-term strategic objectives which are at the heart of sustainability.

Not content with that status quo, CEOs agree the business community could and should be making a far greater contribution to achieving a sustainable global economy and societies by 2030. In the context of the pace and scale of change in the global economy across areas like digital and biological technologies, coupled with a sense of global instability on issues like global trade and populism, CEOs see a clearer need for business action than ever before: 63% see Fourth Industrial Revolution (4IR) technologies as a critical accelerator of the socioeconomic impact of their companies, and 88% of CEOs believe our global economic systems need to refocus on equitable growth. Further, 65% overall – and more than three-quarters of CEOs from Asian and North American businesses – believe we need to decouple economic growth from the use of natural resources and environmental degradation.

CEOs we spoke to hold firm to the idea that business can, and must, renew and double down on commitment and action to make a significant impact on the Goals. Promisingly, over two-thirds (71%) of CEOs in 2019 believe that business can play a critical role in contributing to the Goals.

For the first time, leaders in 2019 are calling for their sectors and peers to step up action and course-correct the private sector contribution to the Global Goals. To accelerate progress, CEOs identify three critical requirements:

1. An urgent need to raise corporate ambition within their own organizations through 'threshold' actions and also lead systems transformation more broadly against the 17 Global Goals, mindful that not all Goals will apply to all businesses in the same way.

2. The need for business, governments, regulators and nongovernmental organizations to come together to shape realistic, science-based solutions to the global challenges.

3. A new definition and emphasis on disruptive responsible leadership, as CEOs pinpoint what is needed from this generation of leaders to drive action and impact.

CALL TO ACTION 1: RAISING 'THRESHOLD' AMBITION AND SYSTEMS TRANSFORMATION

To achieve the Global Goals, CEOs say business leaders must step up action not only for their own firms but, just as critically, drive disruption of market systems.

- Leaders say that all businesses must raise ambition through 'threshold' actions aligned with the 17 Global Goals (see p.46).
- CEOs are further stepping up to be a competitive force in accelerating market drivers – including via adopting new technologies and engaging customers and consumers in sustainable business models – for their broader sectors: 54% of CEOs say environmental degradation is increasing their sustainability efforts.

CALL TO ACTION 2: COLLABORATING TO SHAPE REALISTIC, SCIENCE-BASED SOLUTIONS

For CEOs, the kind of systems transformation required is beyond the scope of any one company or industry. New forms of collaboration are essential to driving broad-scale action:

- Shaping realistic, collective solutions: key actors must come together in honest dialogue on the challenges and trade-offs, particularly business and government, to create the right market conditions.
- Levelling the playing field: in some cases, even where the right policy framework is not forthcoming, industry leaders need to step up non-competitively in coordination and exchange.
- Driving localized action and results: businesses have to elevate the role of effective, local partnership moving seamlessly between global and local.

Across our conversations, CEOs emphasize the role of the United Nations and UN Global Compact in facilitating collaboration and concrete action at scale, by: bringing actors together in dialogue on solutions; shaping and advocating consistent standards; and building bridges between business, national and local governments.

CALL TO ACTION 3: DEFINING RESPONSIBLE LEADERSHIP FOR 2030

This year, we observe a clear shift in CEOs' views as they identify a growing imperative to look beyond near-term profits and embrace their role as change agents to meaningfully drive forward the Global Goals. Fully 95% of CEOs say they are personally committed to ensuring that their companies lead on the sustainable development agenda.

Achieving systems transformation and collaboration in line with the ambition of 2030, can only be achieved with a new lens for responsible leadership, in which leaders drive disruptive change within and beyond the four walls of the firm and broader ecosystems. Across our conversations, we found that CEOs identify nine emerging qualities of responsible leaders toward 2030:

- **Pioneer systems change:** Business leaders are increasingly taking commercial risks, including accepting the less economical options in the short-term to propel the economics of sustainability forward through scale.
- **Drive market demand for sustainability:** CEOs acknowledge consumers may not be willing to pay for the better solution but say industry leaders must proactively drive sustainable behaviors and demand, making sustainability accessible for all.
- **Build cultures of responsibility and sustainability:** Leaders should act as catalysts to set expectations and embed purpose-driven mindsets through their strategy, organization and people.
- **Know the issues and engage in science-based leadership:** Business leaders will increasingly need to "get the issues" and engage with broader stakeholders in shaping and driving adoption of science-based solutions.
- **Extend responsibility to ecosystems:** It is no longer enough to lead within the firm and CEOs see a growing need to be "end responsible", extend responsibility to suppliers and ecosystems beyond their direct control, and lift up their industries through sharing of best practice.
- **Collaborate non-competitively:** To be successful, business leaders will need to engage in non-competitive partnership and strategic alliances as they have not in the past — changing the mindset to have "win-win" collaboration within and beyond their industries.
- **Take sustainability personally:** Personal motivation continues to rise as a driver of sustainability, and our research shows that leaders who are genuine in their concerns for society and the planet are most effective in driving sustainability and business performance.
- **Hold organizations to account and engage investors:** For global CEOs, responsible leadership means personally "walking the talk", holding their organizations financially accountable for sustainability, and meaningfully engaging investors on its value to business.
- **Lead change with authenticity:** Perhaps most cited by leaders across our conversations, CEOs emphasize future leaders will need to define a sense of authenticity and vulnerability to effectively embrace a growth mindset and engage in constructive collaboration.

AN UNCERTAIN OUTLOOK TO 2030

"It is abundantly clear that a much deeper, faster and more ambitious response is needed to unleash the social and economic transformation needed to achieve our 2030 goals."

António Guterres, Secretary-General, United Nations

AS WE APPROACH 2020 AND TEN YEARS TO ACHIEVE THE GLOBAL GOALS, IT IS CLEAR THAT WE ARE NOT ON TRACK

The global community witnessed a high point in 2015 as leaders around the world unanimously adopted the landmark Paris Agreement and crafted the 2030 Agenda for Sustainable Development. The creation of the 2030 Agenda is a testament to our united ability to develop the boldest of agendas. Similarly, the Paris Agreement is hailed as one of the world's greatest diplomatic successes. Signed by 195 member states, it negotiated a common front against greenhouse gas emissions (GHG), with the goal to hold global average temperatures to well below 2 degrees Celsius above pre-industrial levels.

In the four years since, there have been bright spots of progress: the global population live better lives than they did a decade ago, infant mortality under the age of five has declined from 77 to 39 per 1,000 births since 2000-17.[1] However, in a number of areas, advancement towards the Global Goals has been slow or even reversed. Today, more than 700 million people continue to live in extreme poverty[2]; over 170 million remain jobless[3]; and more than 70 million people seek refuge.[4] Famine, extreme climate events, overpopulation, water scarcity, gender-based violence and a rise in violent extremism and armed conflict continue to define lives around the world. The most vulnerable people and countries continue to suffer the most, and the global response has not been ambitious enough.

A plethora of recently published scientific studies highlights the implications of inaction. In October 2018, the Intergovernmental Panel on Climate Change (IPCC), warned that unless the world heeds the commitment set in Paris, even half a degree rise in global temperature would significantly worsen the risks of drought, floods, extreme heat and poverty for millions.[5] To avoid that scenario, GHG emissions must be slashed by 45% by 2030 and carbon neutrality achieved by 2050. Crucial action is needed, too, to reverse land degradation to avert the sixth mass species extinction in history and halt the approximately eight million tons of plastic litter that enters oceans.[6] This warning was raised by the United Nations Environment Programme (UNEP) in its sixth Global Environment Outlook (GEO-6) in March 2019.

GEOPOLITICAL, TECHNOLOGICAL AND SOCIOECONOMIC FACTORS CLOUD 2030 OUTLOOK

Amid a growing urgency to unlock action at an unprecedented scale toward 2030, business leaders told us that they face an ever more competitive and challenging business environment and set of pressures, and the intensity is unlikely to change in the decade ahead.

Geopolitically, fragmentation and volatility have led to political and economic uncertainty. The retreat from globalization and the concentration on domestic rather than international markets could shrink economies, spike unemployment and enhance protectionist barriers. UN Secretary-General António Guterres termed these conditions a "trust deficit disorder" plaguing the world as he addressed the 73rd United Nations General Assembly in 2018.

> **"Uncertainty and volatility are the areas where we are facing the most challenge. Uncertainty is significant and is creating more volatility."**
>
> Emanuel Chirico, Chairman and Chief Executive Officer, PVH Corp.

Socioeconomically, structural trends are driving greater environmental stress and social inequality. According to the United Nations, the global population will reach 9.7 billion by 2050 and the middle class is expected to grow to 5.3 billion by 2030.[7] To accommodate the impact of these shifts — and increasing demand for resource-intensive goods, such as protein consumption, housing and mobility — the global economy needs to be re-engineered in a manner that decouples it from resource use.

> **"We face exceptional challenges across many fronts; climate change, resource scarcity and growing inequality, just to mention a few. As a multinational company we have a big responsibility – and an opportunity – to make a positive difference on climate change."**
>
> Jesper Brodin, CEO, Ingka Group

Technologically, the world is entering the Fourth Industrial Revolution (4IR), and the pace and scale of digital, biological and physical innovation could accelerate our problems – or if deployed in a connected way and with the right business investment and policy frameworks – technology breakthroughs could be the key to achieving the Global Goals.

> **"The technological revolution is a unique opportunity, but one cannot ignore the issue of accessibility. The gap between those who are qualified and those who are not may lead to unprecedented crisis. Reducing this divide and making technology accessible to everyone must be a shared ambition for public and private organizations."**
>
> Florent Menegaux, CEO, Michelin

The global community is at an inflection point in balancing these geopolitical, technological and sustainable development challenges on the road to 2030. The opportunity is there. But real change is needed.

1. World Bank Database, Mortality Rate under-5
2. United Nations (2019), Goal 1: No Poverty
3. ILO (2019), World Employment and Social Outlook 2019
4. United Nations (2018), Refugees
5. IPCC (2018), Global Warming of 1.5 C Special Report
6. UNEP (2019), Global Environmental Outlook 6
7. WEF (2018), Global Gender Gap Report 2018

REALITY CHECK: **BUSINESS CONTRIBUTION TO THE GLOBAL GOALS IS NOT ENOUGH**

21%

of CEOs believe business is currently playing a critical role in contributing to the Global Goals

BUSINESS CONTRIBUTION TO THE GLOBAL GOALS IS NOT ENOUGH, SAY CEOS

In the 2016 study, business leaders' attitudes toward sustainability reached a peak as CEOs saw a window of opportunity to recalibrate their sustainability efforts in line with global milestones. Seventy percent of CEOs believed the Global Goals would provide a clear framework to structure sustainability efforts, and 90% told us they were personally committed to ensuring that their companies lead on the sustainable development agenda. Our conversations with CEOs reflected a broader commitment from the business community to sustainable development alongside national governments and international institutions to achieve our shared vision to 2030.

In stark contrast to these views, in 2019, business as a whole is not playing a leading role in advancing the Global Goals. Just 21% of CEOs believe business is playing a critical role in contributing to the Global Goals. And they recognize that even their own businesses are not doing enough. The UN Global Compact Progress Report finds that while 67% of signatories are committing to sustainability at the CEO level, 48% are implementing sustainability into operations.

This contrast is worth examining, and in the following pages we explore the reflections from CEOs on the reasons for this apparent crisis of broad-scale commitment and action across business as a whole.

UNDERSTANDING THE SCOPE OF SUSTAINABILITY:

Throughout this report, we use the term "sustainability" to encompass environmental, social and corporate governance issues as covered by the UN Global Compact's Ten Principles and by the United Nations Sustainable Development Goals (SDGs), also referred to as the Global Goals for Sustainable Development.

SUSTAINABILITY CONTINUES TO MOVE HIGHER ON THE AGENDA, WITH GROWING COMMITMENT, BELIEF AND ACTION FROM CEOS

Despite the lack of sufficient progress, companies at the forefront are galvanized around sustainability and intent on transforming their companies. The importance of sustainability to core business is stronger than ever for large, global companies. In 2019, 94% of CEOs say sustainability issues are important to the future success of their business, compared with 97% in 2016. While the overall drop is largely driven by small and medium-size enterprises, 63% of which cite lack of financial resources as the main impediment, nearly all (99%) of the CEOs of the world's largest companies say sustainability issues are important to the future success of their businesses. Over the past six years, we have observed an uplift in importance in North American and Asian companies: In 2019, 68% of CEOs of North American businesses rank sustainability as "very important", up from 57% in 2013. Similarly, the same numbers for business leaders from Asian companies increased from 52% in 2013 to 63% in 2019.

Sustainability continues to become embedded in overall corporate strategy, and in our one-to-one conversations, it is clear that CEOs that are serious about sustainability have brought it into the mainstream of their businesses. According to Axel A. Weber, Chairman of the Board of Directors of UBS Group AG, "You must be operating sustainably in all parts of your organization before you can become a credible player in the sustainability transformation."

BUSINESS LEADERS ARE EMBRACING MARKET OPPORTUNITIES TO DRIVE CORE BUSINESS

This group of CEOs believe there is real opportunity for growth, efficiency, reputation and innovation.

For business leaders, linking business value to sustainability has improved, and companies that are ahead drive improved results in their core business. The percentage of CEOs citing "no clear link to business value" as a barrier to sustainability has consistently dropped: from 37% in 2013 to 31% in 2016 to 26% in 2019. Unilever's Sustainable Living Brands, for instance, are delivering 75% of the company's growth.[8] Alan Jope, CEO of Unilever, commented, "Purposeful brands consistently outperform other brands; they are both faster growing and more profitable." In another example, Feike Sijbesma, CEO of Royal DSM, notes that it has been a journey for the company to build a profitable sustainable product portfolio: "About 12 years ago, several people thought sustainability would cost money and was nice to do. Now, 12 years later, our value creation, also financially and for shareholders have proved that sustainability, creating value for our society and planet can go hand-in-hand with business successes."

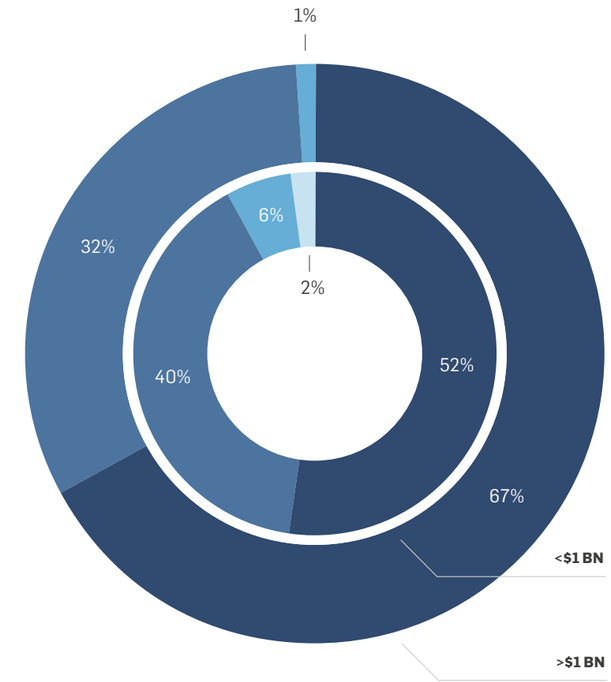
CEOs recognize that sustainability can drive competitive advantage. Forty percent are seeing business value through revenue growth, 37% through risk mitigation and 25% through cost reduction today. We heard numerous examples of how CEOs are creating genuine value and advantage, such

FIGURE 1:

99%

OF CEOS FROM COMPANIES WITH MORE THAN $1 BILLION IN ANNUAL REVENUES BELIEVE SUSTAINABILITY WILL BE IMPORTANT TO THE FUTURE SUCCESS OF THEIR BUSINESS

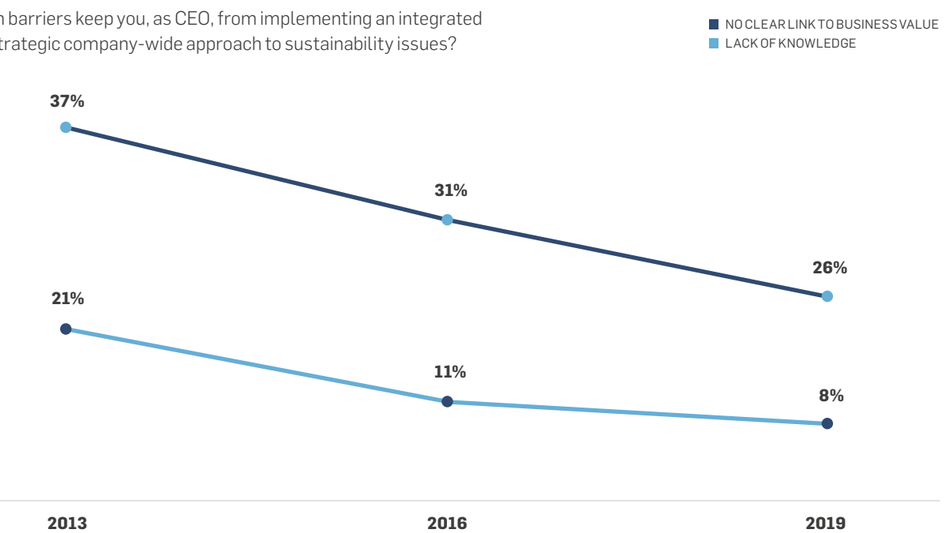
How important are sustainability issues to the future success of your business?



- VERY IMPORTANT
- IMPORTANT
- NEITHER IMPORTANT NOR UNIMPORTANT
- NOT IMPORTANT

FIGURE 2: CEOS INABILITY TO LINK SUSTAINABILITY TO BUSINESS VALUE HAS CONSISTENTLY FALLEN SINCE 2013

Which barriers keep you, as CEO, from implementing an integrated and strategic company-wide approach to sustainability issues?



as through new markets, products and services, resource productivity and efficiency. In South Africa, for instance, Woolworths Holdings Limited worked with their food manufacturers to introduce soil management practices that reduced water requirements and increased control over waste.[9] As a result, their suppliers were able to continue growing produce varietals in a period when others were not. It helped the business expand and take market share while also enhancing national food access in a period of drought.

Overall, direct to consumer (D2C) companies anticipate sustainability delivering greater value compared with business to business (B2B) companies: 58% of CEOs from D2C companies think sustainability will drive revenue growth overthe next five to ten years, compared to 53% of CEOs from B2B companies. Yet our conversations reveal that sustainability demands on B2B companies will intensify, as interest in sustainability makes its way upstream in the value chain. In the oil and gas industry, Bob Dudley, CEO of BP, observes, "There is more interest among B2B customers in environmentally sustainable products even if they have to pay a premium - this is a new and interesting development." In the construction industry, Anders Danielsson, President and CEO of Skanska AB, told us, "A large part of our revenue comes from green projects – almost half of our construction revenue."

GROWING EXPECTATIONS ARE INCREASING OPPORTUNITIES FOR BUSINESS ADVANTAGE

Rapidly increasing stakeholder expectations are driving business leaders to be more proactive on the sustainability agenda, and move ahead even if the market lags behind. Over the past few years, business leaders across industries have seen a tremendous increase in the level of public awareness and engagement on social and environmental issues.

Consumers and employees are among the top stakeholders, 53% and 44%, respectively, that CEOs recognize will be most influential in how they manage sustainability over the next five years. Consumers are holding companies to higher standards. For Mark Hunter, President and CEO of Molson Coors, "Our consumers and our customers are looking for assurances that we are doing business the right way. It's becoming table stakes and that creates a healthy tension, where we are trying to get ahead of their requirements, and they are holding us to account." Looking across industries, predominantly D2C businesses, such as retail and personal and household goods, are mostly driven by consumers; however, leaders of B2B companies also observe growing pressures. For instance, French food services company, Sodexo, notes that the voice of the consumers it serves – whether a hospital patient, a university student, or an employee in the workplace– is rapidly evolving, often in alignment with the Global Goals. Denis Machuel, Chief Executive Officer of Sodexo, told us, "We are a serving a variety of populations, and the voice of the consumer has tremendously evolved in line with the 17 UN SDGs and the expectations of new generations, will force a shift in the way business operates – it is a very positive trend."

The consequences of inaction is also a strong driver for business leaders to ramp up their efforts; license to operate and reputation are at risk if they don't. As one CEO told us, "Consumers quickly lose patience and can easily turn into protestors." Among CEOs interviewed, sustainability is nonnegotiable. In the words of Natura's CEO João Paulo Ferreira, "There is no doubt sustainability has become a must-have. Consumers are aware of global issues in a way they were not five years ago...If at any point, consumers learn that a company or brand cannot be trusted, those brands will be heavily damaged."

Calls for companies to be bolder and more ambitious on sustainability are coming from a widening range of stakeholders. Employees, for instance, are now an important influencer. In our one-to-one conversations, CEOs especially emphasized the role of younger generations in holding their employers to higher standards and demanding purpose-driven careers. Sustainability has become a key driver of recruitment and retention, especially with younger generations. According to T V Narendran, CEO & Managing Director of Tata Steel Limited, "Young people are looking at a company's approach to sustainability while deciding on which companies to work for." In the words of Patrick Decker, President and Chief Executive of Xylem, "The younger generation is drawn to higher purpose and mission – 'why are we doing this?' It's not purely the profit motive."

Leaders see a compelling argument to raise their ambition and drive sustainable growth for the planet, people and profits. Alex Ricard, Chairman & Chief Executive Officer of Pernod Ricard, told us, "As CEO, I need to recognize where consumers want us in ten years, and make those decisions today...I believe businesses that are only targeting profits, will die. Only those targeting all stakeholders will remain profitable in the future." Speaking on growing sustainability trends, Marco Tronchetti Provera, Executive Vice Chairman and CEO of one of the largest tire manufacturers, Pirelli, said "It [sustainable mobility] provides a competitive edge – we and our competitors are all moving in the same direction."

8. Unilever (2019) Sustainable Living Brands
9. Woolworths Holdings, Farming For the Future

FIGURE 3: CONSUMERS, EMPLOYEES RECOGNIZED AS KEY TO HOW CEOS MANAGE MANAGE SUSTAINABILITY GOING FORWARD

Over the next 5 years, which stakeholder groups do you believe will have the greatest impact on the way you manage sustainability?

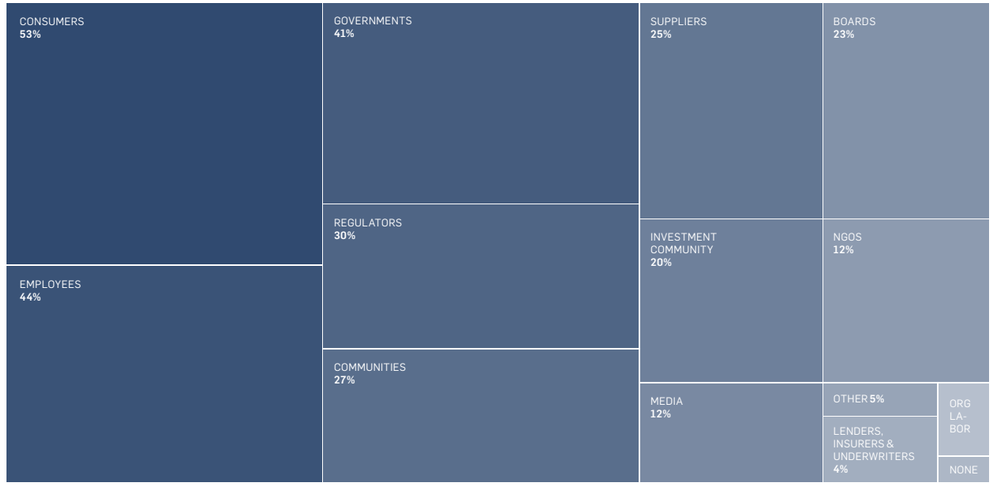
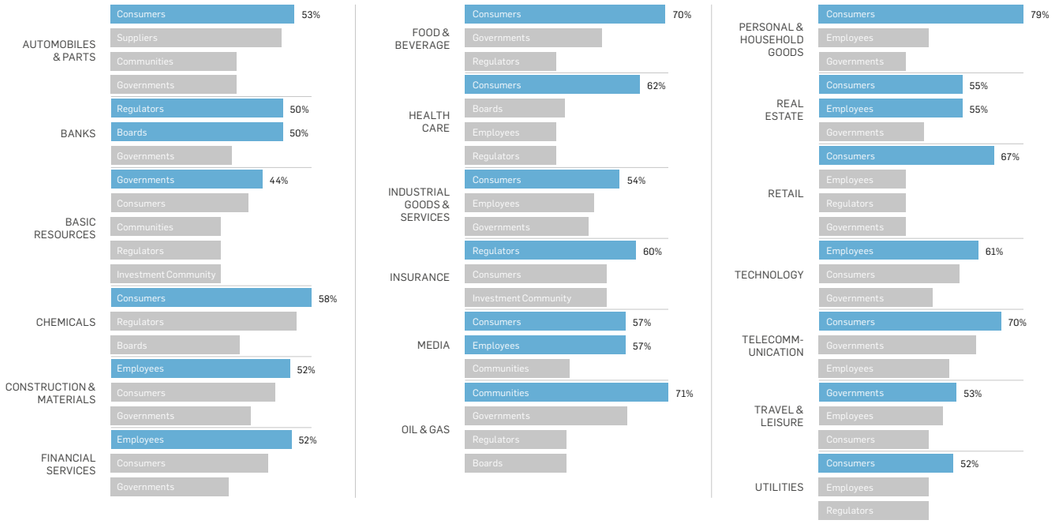


FIGURE 4: WHILE CONSUMERS CONTINUE TO DRIVE SUSTAINABILITY EFFORTS FOR D2C INDUSTRIES, EMPLOYEES, REGULATORS AND GOVERNMENTS ARE A MATERIAL FORCE FOR CHANGE AS WELL

Over the next 5 years, which stakeholder groups do you believe will have the greatest impact on the way you manage sustainability?



TRUST & PURPOSE:
LICENSE TO COMPETE

As expectations continue to rise, CEOs see a renewed imperative to ensure that their companies contribute positively to the communities in which they operate. Trust has become critical to remaining competitive. More than three-fourths (76%) of CEOs say citizen trust will be critical to their businesses, and almost half say it is fueling their enhanced sustainability efforts.

> **"Trust is such an important element in everything, and it is being broken down everywhere."**
>
> Kristin Skogen Lund,
> CEO, Schibsted Media Group

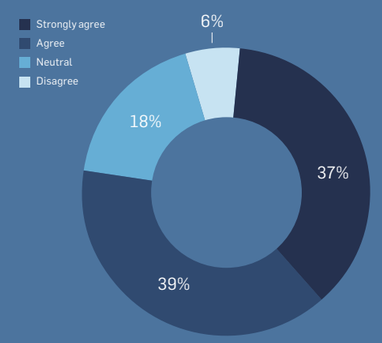
To build trust, companies are looking to better articulate and embed their societal purpose. The CEO of a 100-plus-year-old Fortune 500 brand, for instance, spoke of how the increasing pressure to define its value to society — primarily from young employees — spurred a bottom-up process to refresh the company's central purpose. Drawing inspiration from the 17 Global Goals, the company curated a framework that redefined a shared vision and strategic direction for the brand. Higher standards of transparency further compel companies to self-regulate their actions to remain resilient to trust failures. According to Yoshihiro Hidaka, President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd : "Unless a company discloses its sustainability initiatives and corporate value, the stock price will be affected."

Citizen trust is especially critical for CEOs from the telecommunications, insurance and banking sectors, reflecting recent scandals and data breaches: upwards of 90% of CEOs from those industries say trust will be critical to their businesses, especially given companies' delayed or inadequate responses to these types of failures reduce trust for the whole industry. While D2C industries that are closest to the consumer emphasize the importance of trust, we also observe the value of trust for B2B business leaders in other areas of sustainability. For example, 79% of CEOs in the chemical industry say trust on these issues will drive competitiveness in the industry. According to Eldar Sætre, CEO of energy company Equinor: "Trust is now a critical issue. It determines your relationship with society."

FIGURE 5: 76% OF CEOS SAY TRUST WILL BE CRITICAL TO COMPETITIVENESS IN THE NEXT FIVE YEARS

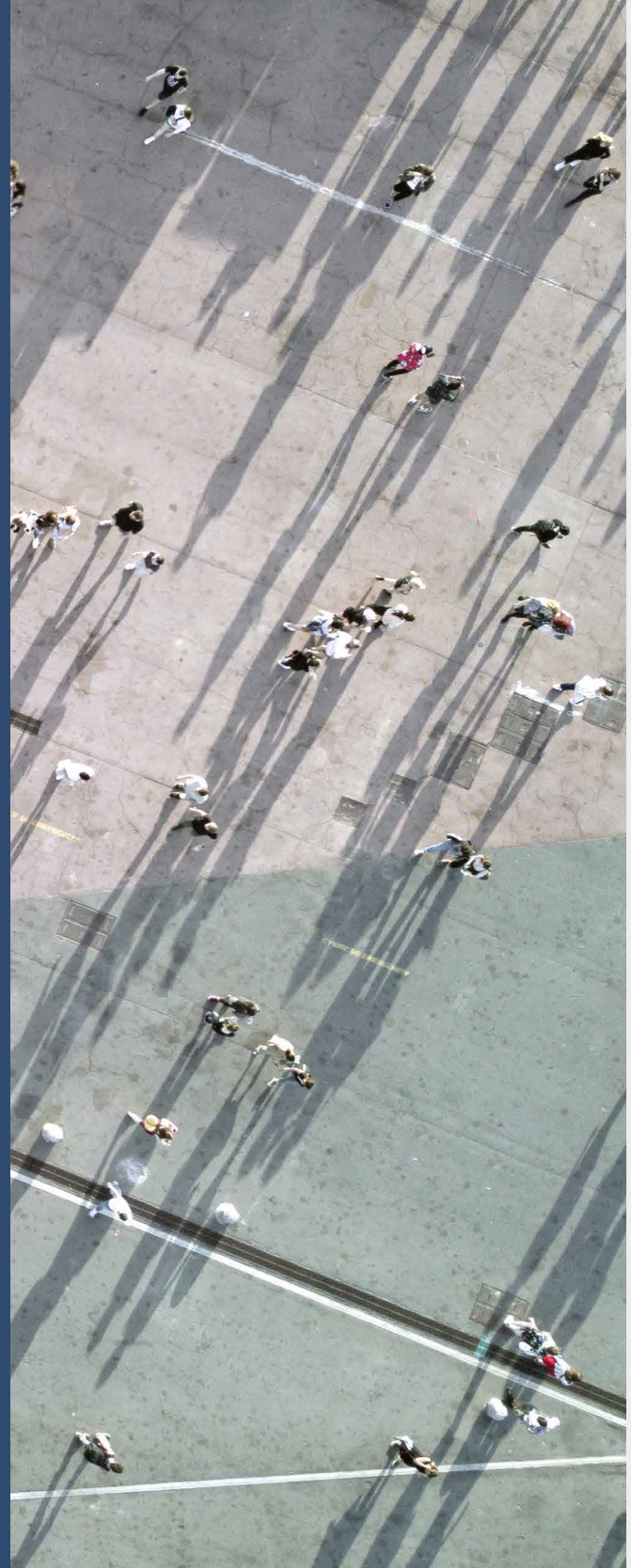
To what extent do you agree with the following statements on globalization, Fourth Industrial Revolution technologies and sustainable development?

Citizen trust will be critical to business competitiveness in my industry in the next five years



One common theme we have heard from CEOs this year is the re-emphasis on "license to operate" or rather "license to compete and partner," with a growing importance on the need for companies to be welcomed by communities where they operate. In the words of Stephen McCann, Group Chief Executive Officer and Managing Director of Lendlease Group, "Governments grant permits, but communities grant permission." Amazon's pull out from its plan to build its HQ2 campus in Queens, New York, following community backlash is just one example of the rising power of the voice of local citizens.

> **"We get a license from society to operate. There are plenty of ways that society can be punishing. We can't take that for granted - we have to continually earn the public's trust."**
>
> Douglas M. Baker Jr., Chairman
> and CEO, Ecolab, Inc.



> **"There is no difference between our business strategy and our sustainability strategy...they are totally integrated."**
>
> Alan Jope, CEO, Unilever

> **"The millennials and the younger generation are adamant; they are true believers in Sustainability."**
>
> Patrick Chalhoub, Chief Executive
> Officer, Chalhoub Group

> **"The time will come when there will be a threshold question that consumers will ask which is 'can I trust this brand?', and if the answer is 'no' they won't buy anything. It will become a binary question."**
>
> Bruce Cleaver, CEO, De Beers Group

> **"Our consumers want to engage with brands they trust. In some cases, in order to honor that trust, you need to be willing to raise the bar or take a stand, regardless of what the market is saying."**
>
> Emanuel Chirico, Chairman and
> Chief Executive Officer, PVH Corp.

> **"I believe businesses that are only targeting profits, will die. Only those targeting all stakeholders will remain profitable in the future."**
>
> Alex Ricard, Chairman & Chief
> Executive Officer, Pernod Ricard

SUSTAINABLE DEVELOPMENT AT A CROSSROADS: FOURTH INDUSTRIAL REVOLUTION (4IR) TECHNOLOGIES AND THE GLOBAL GOALS

The Fourth Industrial Revolution (4IR)* brings an array of innovations, across the digital, physical, and biological worlds. From electric mobility to product traceability to cellular and tissue engineering, technologies are sparking transformational change across global value chains, unlocking value while delivering outcomes for sustainable development. Water technology company Xylem, for example, developed a digital twin of the city of South Bend, Indiana's sewer system and used artificial intelligence (AI) to analyze and optimize storm water surges to avoid overflows that pollute local waterways – preventing more than 1 billion gallons of storm and sewer water from entering the St. Joseph River every year. This is expected to help the city reduce its construction budget by $500 million that would have otherwise been needed to build more underground tunnels to hold excess storm water, conserving energy and lessening human impact on the environment.

According to our survey,there is already significant investment in digital technologies to drive sustainability outcomes: 75% of CEOs say they are investing in digital to address sustainability challenges. There is also opportunity to further unlock the combinatorial effects of biological and physical innovation: for instance, 51% of CEOs say they are investing in physical technologies while 70% say they will be transformative for their industries, and just 17% are currently investing in biological technologies while 32% of CEOs say they will be able to tackle sustainability challenges.

Throughout our discussions, business leaders spoke to the potential upside and downside of the 4IR, emphasizing that in a sense, the world is at a crossroads, and the choices made now could exacerbate challenges or potentially provide the only real pathway of solutions toward 2030.

Business leaders are managing the downside risks and focused on the opportunities

Enthusiasm about the upside of the technology revolution is met by unease on its unintended impacts, and if not carefully managed, new technologies can shake up the development agenda for the worse. Accenture's 2018 report, Inclusive Future of Work: A Call to Action, estimates that 57% of worker roles are highly susceptible to automation, threatening worker job security, unequal access to training and, lower proficiency in high-demand skills.[10] However, intelligent technologies - the same report finds - also bring opportunities for growth: AI alone is expected to boost revenues by 38% and employment by 10% by 2022. Rob Shuter, Group President & CEO of the South African telecommunications company MTN Group speaks to job disruption in developing economies, "If emerging markets don't get themselves organized, they will be on the wrong side of history in a world of automation, AI and machine learning." These downside risks warrant greater focus on lifelong learning, and CEOs note the important role for business. As Frans van Houten, CEO & Chairman of Royal Philips told us, "The future of work will have a major impact on the global population. As we live longer, we'll need to work longer. Providing people with lifelong learning and the skills required to adapt to technological change must become the norm. I don't think society is ready for this yet...Companies and employers have a responsibility to support continuous education. We have a clear view of the skills and capabilities required to be competitive and can plan for the future."

The majority of CEOs believe technology breakthroughs are the key to achieving the Global Goals

"The data will tell you it's all too late, but that's because that data does not take into account exponential improvement in technology," remarks Stephen McCann, Group Chief Executive Officer and Managing Director of Lendlease Group. This broadly captures the sentiment of CEOs as 63% see 4IR technologies as a critical factor for accelerating the socio-economic impact of their company. Across these technologies, CEOs highlight big data and analytics, artificial intelligence, internet of things (IoT), robotics and cloud and edge computing as their top five transformative – and most invested - technologies today (see Figure 7). According to Sandra Wu, Wen-Hsiu, Chairperson and CEO of Kokusai Kogyo Co.,Ltd., "Technological advancement is a 'pull' factor trend, that brings innovation to complex issues."

Investment varies across industries: the chemicals industry is most heavily invested in physical and biological technologies, 54% and 29% respectively. Braskem, for example, in partnership with the North American footwear company Allbirds, has developed Green EVA (Ethylene Vinyl Acetate copolymer) from a renewable source as part of the I'm green™ brand. GHGs are captured during the production process, reducing emissions. 1 kilo of EVA I'm green™ captures 2.51 kilos of CO_2 compared to 1 kilo of fossil EVA which releases 1.84 kilos of CO_2 into the atmosphere. In the energy industry, Maersk Drilling A/S, for instance, is launching the first hybrid, low-emissions rig on the Norwegian Continental Shelf. It uses batteries for large scale energy storage and cloud-based systems for continuous optimization.[11] Chief Executive Officer, Jørn Madsen, told us, "We are optimizing and using digital, which brings down diesel use and emissions."

*A term which has gained currency by Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, and his book, "The Fourth Industrial Revolution", 4IR technologies are characterized by a range of new technologies that are fusing the physical, digital and biological worlds.

10. Accenture (2018) Inclusive Future of Work: A Call to Action
11. Maersk Drilling (2019) Maersk Drilling to launch first hybrid, low-emission

FIGURE 6: WHILE DIGITAL DOMINATES BUSINESS INVESTMENTS OVERALL, INVESTMENTS IN PHYSICAL AND BIOLOGICAL TECHNOLOGIES VARY ACROSS INDUSTRIES

Which technologies are you investing in today to tackle sustainability challenges?

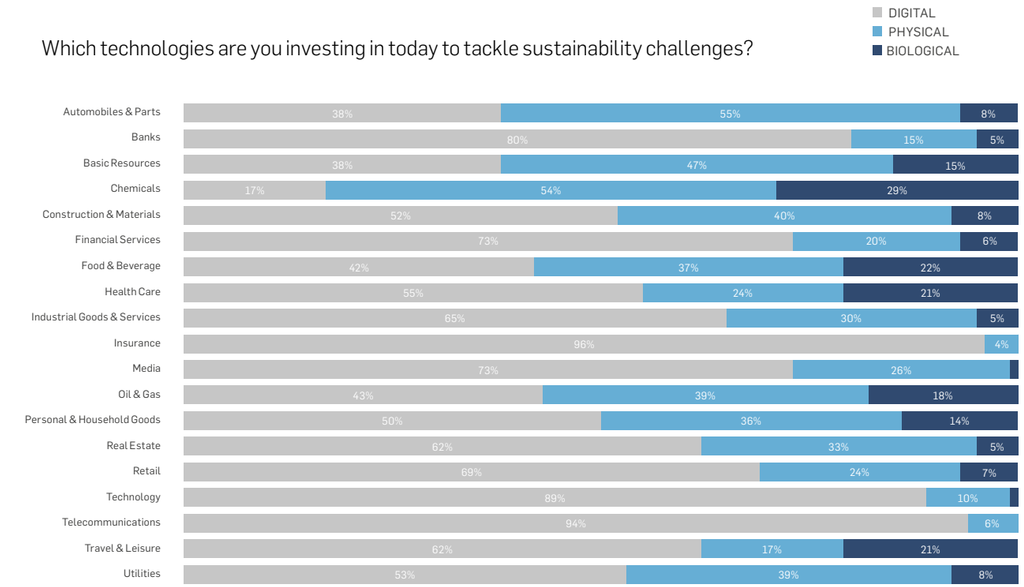


FIGURE 7: THE INVESTMENT GAP BETWEEN TECHNOLOGIES CEOS SAY WILL BE MOST TRANSFORMATIVE AND WHERE THEY ARE INVESTING IS GREATEST FOR PHYSICAL AND BIOLOGICAL TECHNOLOGIES

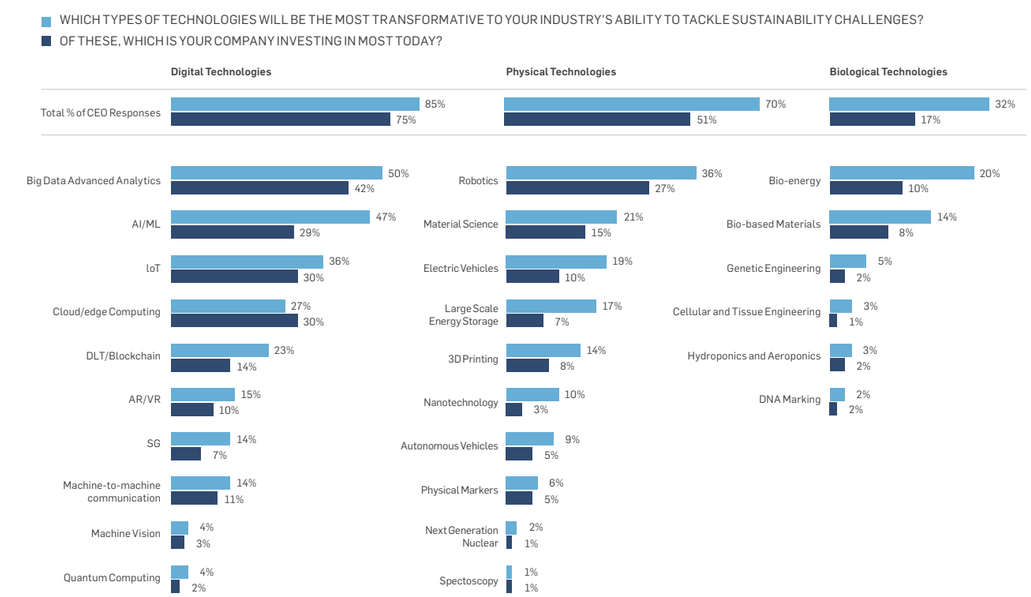
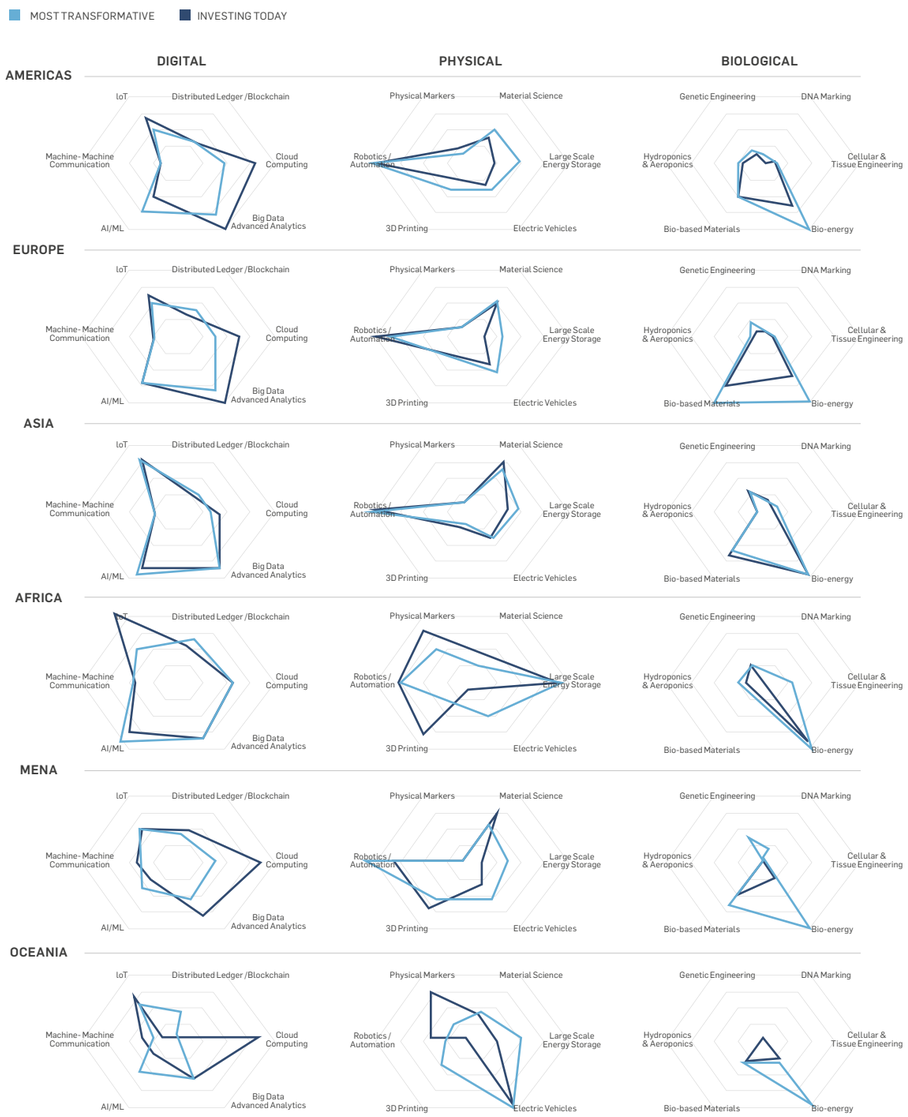


FIGURE 8:

REGIONAL ADOPTION OF TECHNOLOGIES TO DRIVE SUSTAINABILITY OUTCOMES VARIES ACROSS REGIONS



DIGITAL TECHNOLOGIES:
CEOs from Asian companies are ahead of the technology curve as they invest in AI and machine learning, while their European and American counterparts focus on big data and cloud computing

PHYSICAL TECHNOLOGIES:
Regional investment patterns emerge: robotics for Europe, America, Asia and MENA; energy storage for Africa and electric vehicles for Oceania

BIOLOGICAL TECHNOLOGIES:
Bio energy is considered the most transformative across regions, but few are committing capital to its development today

Reverse globalization trends could hinder application of technology at global scale, say CEOs

Increasing competition for technological advancement across regions is healthy for innovation. However, CEOs note the current geopolitical environment could hamper the ability to apply technology as a broad solution to global challenges. For instance, the provision of local healthcare services is strongly dependent on health-tech companies (e.g. for chips and materials), which have global supply chains and rely on aggregate data across the world to enhance diagnostic algorithms. Any breakdown in this global ecosystem, such as the emergence of a bipolar world, could hinder progress to 2030. In the words of Frans van Houten, CEO & Chairman of Royal Philips, "If we get lost in reversing globalization, we will lose the ability to apply technology to the world's unmet needs and overcoming the grand challenges at global scale."

> **"For the first time in history, we can all participate in a step change in efficiency and the rare opportunity to reconcile the paradox between progress for all, and a sustainable future for our planet."**
>
> Jean-Pascal Tricoire, Chairman & Chief Executive Officer, Schneider Electric

> **"Leaders will use new technologies to turn the sustainability agenda into a real agenda, not just for their own firm but also for what they do in the market."**
>
> Axel A. Weber, Chairman of the Board of Directors, UBS Group AG

Sustainability balanced with 4IR Disruption: Centrica Cornwall Local Energy Market

Centrica is exploring the use of blockchain technology to pioneer new ways to manage and trade energy in Cornwall, UK. The trial, delivered in partnership with LO3 Energy, provides a secure platform for consumers to buy and sell the electricity they generate to each other and to the distribution network. It will be implemented alongside the pioneering Cornwall Local Energy Market (LEM), which has seen 150-plus participating homes and businesses use battery storage, solar PV and monitoring equipment to enable excess energy to be aggregated and controlled remotely, providing a single block of power and flexibility to the local grid which makes it the largest working example of a domestic 'Virtual Power Plant' in the UK. Iain Conn, Group Chief Executive of Centrica said: "We are equipped and committed to help our customers' transition to a lower carbon future with capabilities to help them reduce their emissions."

HOWEVER, CEOS SAY THAT BUSINESS EXECUTION IS NOT MEASURING UP TO THE SIZE OF THE CHALLENGE

Since 2016, there has been an increase in business commitments aligned to the Global Goals. The 2019 UN Global Compact Progress Report findings indicated that 81% of companies say they are taking action on the Global Goals. Our conversations confirmed this commitment is driven at the CEO level. Given the large number of targets across the goals (169), CEOs say they focus their strategy on the areas that most align with the company's core business and its impact on the community. According to Grant F. Reid, CEO and President of Mars, Incorporated, "Instead of dabbling in all of the SDGs, businesses can more effectively contribute if they pick the ones that are most relevant to their core operations and make strong commitments to achieving those goals." CEOs say their companies are also adopting iterative approaches to better model the Global Goals in the context of their business environment. Rob Scott, Managing Director of the Australian Conglomerate Wesfarmers Limited told us, "Each year, we conduct a materiality study and identify the SDGs where we feel we can maximize our impact on a global scale."

Companies that are ahead are advancing the Global Goals by making ambitious commitments that drive tangible outcomes. According to Ilham Kadri, CEO of Solvay Group, "We committed to reducing our greenhouse gas emissions by a million tons by 2025, whatever our growth is. We do not have all the answers ready on how we'll get there, in all honesty, but it is important for companies like ours to lead the way and to push hard in finding solutions." Bill Winters, Group Chief Executive of Standard Chartered told us, "We want to be the leading bank facilitating financing that supports the UN Sustainable Development Goals in our markets."

But this surge in ambition is still coming from a small group of advanced companies – for the vast majority of businesses, awareness and commitment is not yet translating into the execution required for 2030. For example, just over 600 companies are taking science-based climate action, and 258 companies have approved science-based targets. Broader commitment on science-based climate action has actually declined since the Paris Agreement in 2015: this year only 35% of CEOs say they have or plan to set a science based target in the next year, compared with 43% of CEOs that told us reduction targets in line with science was one of the most important climate leadership behaviors for companies to adopt in 2015 (see p.50 for more CEO views on climate action). In many cases, keystone actions, which are challenging for companies to implement, are being postponed. While just a third of CEOs are willing to commit to a science-based target in the next year, more CEOs (44%) are comfortable with the statement "a net-zero future is on the horizon for my company in the next ten years".

This year's study finds that CEOs believe that despite the clear opportunities presented by sustainability, business execution is not measuring up to either the size of the challenge of the Global Goals or their previous levels of ambition. After ten years of strongly embracing the role of sustainability, according to our studies, for the first time ever, the aggregate number of CEOs reporting sustainability as 'important' or 'very important' has gone down (from 97% in 2016 to 94% in 2019). And one in three CEOs (29%) do not believe that – even with increased commitment and action – business can play a critical role in contributing to the Global Goals. As Dr. Rolf Martin Schmitz, CEO of RWE AG, told us, "Sadly too many people are only talking about it. What we really need is more action." In the words of Ian Moir, Group CEO of South Africa–based Woolworths Holdings Limited, "It is important to move away from motherhood statements so that we could not just 'say the right thing' but actually commit to 'do the right thing.'"

> **"The reason why certain global goals advanced more than others is because they attracted more attention from more companies."**
>
> Francesco Starace, CEO and General Manager, Enel S.p.A.

> **"Things are moving in the right direction, but too slowly."**
>
> Peder Holk Nielsen, President and CEO, Novozymes

> **"Long on words and short on actions approach will no longer work."**
>
> Eldar Sætre, President and Chief Executive Officer, Equinor

> **"In today's volatile and fast changing business scenario, the time for action is now rather than in the long term."**
>
> Guenter Butschek, CEO and Managing Director, Tata Motors Limited

BEYOND INCREMENTALISM: A CALL FOR GREATER ACTION FROM BUSINESS AND REAL SYSTEMS CHANGE

"We have these examples where we see the world is moving, but it's not fast enough."

Eric Rondolat, CEO and Chairman of the Board of Management, Signify

DESPITE GROWING COMMITMENT, BUSINESS LEADERS FACE AN EVER MORE CHALLENGING BUSINESS ENVIRONMENT

Rising global instability is prompting participating CEOs to push for business action. Global economic tensions and volatility are creating an environment of uncertainty that negatively affects the entire private sector. According to Peter Huntsman, Chairman, President and CEO of Huntsman Corporation, "If companies don't make money and economies aren't robust, climate change, environmental concern and gender equality fall by the wayside." Approximately two-thirds (63%) of CEOs say political uncertainty across markets is the most critical global issue for their companies' competitive strategies, and 42% say it is reducing or stalling their sustainability efforts. CEOs highlight the potential implications for their businesses and sustainable development, such as shifting supply chains, restrictions to market access and uncertainty of consumer demand. About a third (34%) of CEOs specify market closures and limitations on free trade as hindrances to sustainability. As one CEO told us, "It's forcing the industry to take our eye off the ball and focus more on sourcing location." While companies with localized supply chains are not as directly impacted by tariffs, they still worry about the impacts of market slowing on consumer confidence. In the words of one CEO, "It's not a moving factories issue for us, it's a reduction in aggregate consumer demand."

ECONOMICS CONSTRAINTS AND BUSINESS PRESSURES ARE STALLING BROAD-SCALE COMMITMENT AND ACTION

With the exception of a small group of advanced companies, sustainability seems to be a 'tomorrow' opportunity and the horizon we never reach. For instance, many leaders continue to look towards the future for an "unlocking" of mainstream value as market forces align in favor of sustainability. Some 57% of CEOs say sustainability will drive revenue growth in the next five to ten years versus 40% today. About half (51%) expect to see the value of potential cost reductions emerge in the next five to ten years, compared to 35% who say they are realizing it today.

Across the lifespan of the UN Global Compact and Accenture CEO Study, CEOs have always said that sustainability is a priority which is reshaping their industries and will be crucial to future success. Yet each new study reveals factors that are preventing broad-based action. This year is no different.

While the desire and willingness to do more is evident, structural challenges continue to inhibit more sweeping action. CEOs believe we have a tough decade ahead of us, and the market simply isn't driving action. Weak market forces – and the lack of global regulatory frameworks to overcome them — restrain progress on the Global Goals, CEOs point out. For instance, nearly a third (28%) of CEOs of the world's largest companies say "lack of market pull" is a top barrier to sustainable business.

Even the most committed and innovative companies are being held back by poorly structured policy and incentives. For example, recycling building materials into paving applications could significantly address construction and demolition waste.[12] But, Brian Chambers, President & Chief Executive Officer of Owens Corning, told us: "It's going to come down to economic drivers in any state, city or country— what's the economic viability of putting it in a landfill versus another product use? Unfortunately, in many countries, landfill is the most financially viable option and there is not a financial stimulus to find an alternative – that's the root of the challenge."

Lack of global norms and standards and instability of the context in which sustainability is regulated has long held back the economics of change. Almost half (44%) of CEOs rank governments and 30% rank regulators as key stakeholders that will affect the way they manage sustainability in the next five years. Jørn Madsen, Chief Executive Officer of Maersk Drilling A/S, told us, "It's not small stuff like changing a lightbulb, it's massive investment. From a societal perspective, politicians need to put up the regulatory framework that equals the commercial playing field." And in the words of James Quincey, Chairman and CEO of The Coca-Cola Company, "The climate goals can only be achieved by increasing the energy intensity of the economy, and some form of forced efficiency is necessary." In past years CEOs called for stronger government intervention to align public policy with sustainability. In 2013, for instance, amid prolonged economic pressures, CEOs called for active intervention by governments and policymakers: 83% of CEOs believed greater efforts by governments and policymakers would provide an enabling environment for the private sector to advance sustainability. In 2015, 84% of CEOs called for a robust carbon price to accelerate action on climate change. However, this year, our conversations with CEOs show leaders are unsure of regulatory frameworks at a global level: As one CEO from the automotive industry told us, "We don't see regulation forcing a level playing field."

12. Europa (2019) Eurostat: Waste Statistics

FIGURE 9: THE VALUE POTENTIAL GAP: CEOS RECOGNIZE THE VALUE OF SUSTAINABILITY TO BUSINESS, BUT SEE GREATER POTENTIAL IN THE NEXT 5-10 YEARS

To what extent is sustainability and trust creating business value across these areas for your company today? To what extent do you believe sustainability and trust will be a critical driver of business value across these areas in the next 5-10 years?

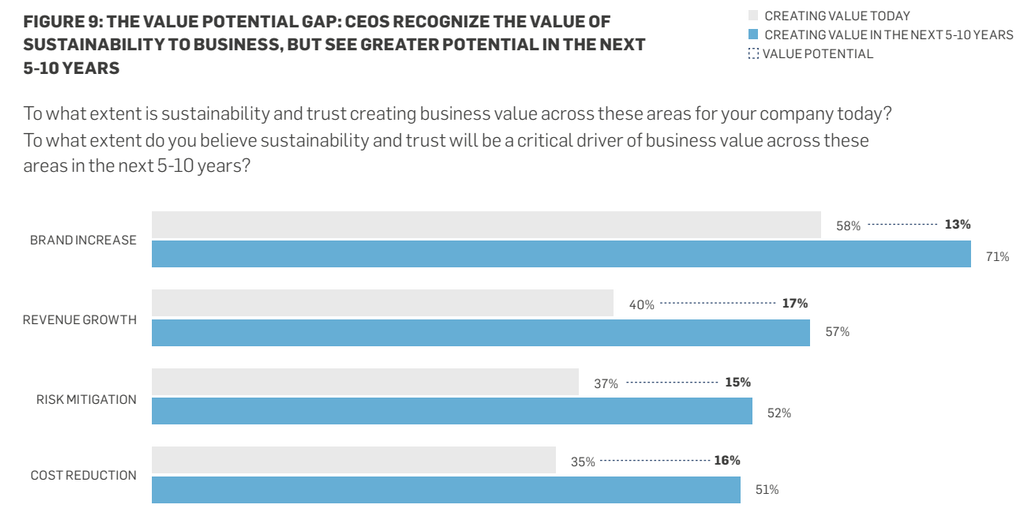


FIGURE 10: GLOBAL ISSUES ARE HOLDING BACK AND PROPELLING THE SUSTAINABILITY AGENDA, IN THE MIND OF CEOS

Which of the following global issues are most critical for your company's competitive strategy?

How are these issues impacting your company's ability to address global environmental, social and economic sustainability challenges?

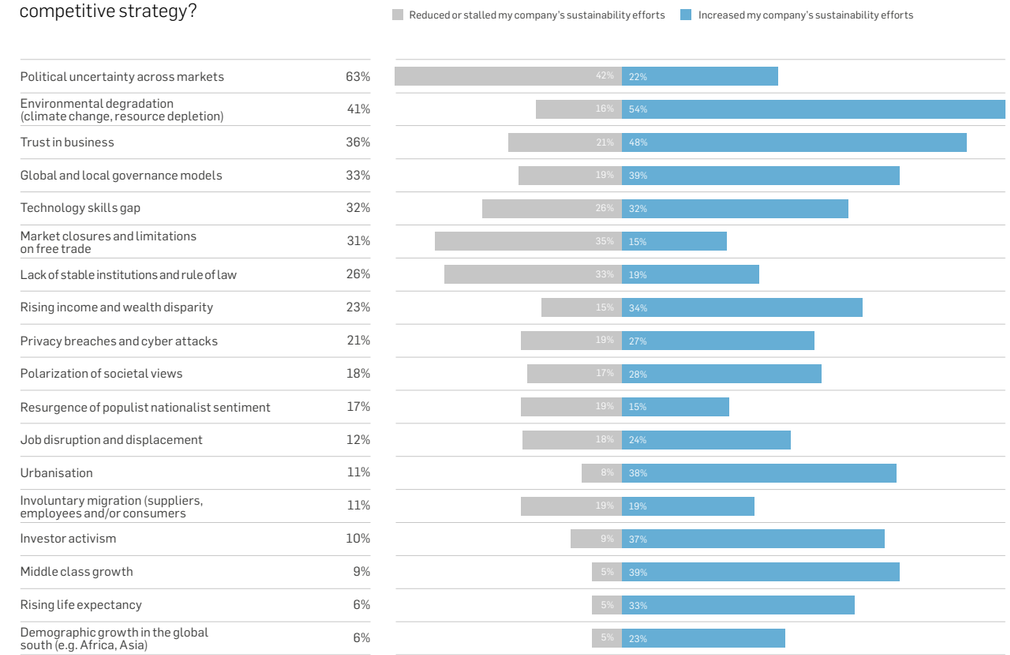


*Figure 10 represents responses to global issues which are either "increasing" or "reducing or stalling" sustainability efforts. Respondents selecting "no impact" have not been incorporated.

As environmental challenges grow in complexity, the economics of business become more difficult, setting up an apparent trade off between ethical, social and environmental commitments and profitability. Forty-three percent of CEOs of the world's largest companies cite competing strategic priorities as their top barrier in implementing sustainability. More than half (55%) of CEOs say they face a key trade-off in the pressure to operate under extreme cost-consciousness while seeking to invest in longer-term strategic objectives. Speaking to current political and socioeconomic uncertainties, one CEO told us, "It takes resources away from fixing the future. The more the world disrupts, the less money there will be to fix the world's challenges because everyone will go into survival mode first."

HOWEVER, CEOS RECOGNIZE BUSINESS COULD AND SHOULD BE MAKING FAR GREATER CONTRIBUTION TO ACHIEVING A SUSTAINABLE GLOBAL ECONOMY

While acknowledging a very real dilemma, CEOs told us their perspective is quite the opposite, and actually economic and societal development need to be re-coupled. Fully 88% of CEOs believe our global economic systems need to refocus on equitable growth, warning that the current economic growth model is part of the problem. As one CEO told us, "We have an entire subset of countries which have clearly been abandoned because of overcapacity being created in other parts of the world that have been growing too fast for others to adjust and compete. We have created populism, but we're not managing and adjusting the pace of globalization." Increased inequality in the world is a threat to everyone, and contrary to our expectations of globalization, our current trajectory will only make matters worse for business.

As one CEO put it, "Unleashed capitalism has created extreme poverty, terrible social conditions and a difficult situation for our planet. If we cannot manage a better social transition of the wealth, we will be in trouble."

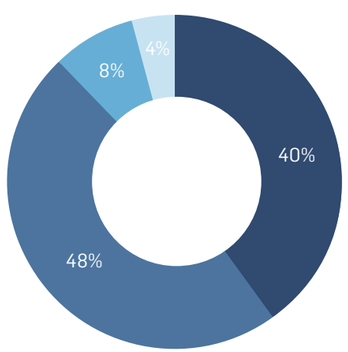
From a social perspective, large public entities have an opportunity to engage with social issues when they overlap with the ability to 'sustain their business', and if a company is part of sustaining a system that people feel is manifestly unjust, it will confront problems. As James Quincey, Chairman and CEO of The Coca-Cola Company, told us, "A vibrant business can only survive in a vibrant community. If you take that starting point, you say, 'Well, what do I need to do to make sure I'm in a vibrant community?'" For example, Cisco recently made a $50 million contribution to Destination: Home to launch the Supportive Housing and Innovation Fund to address the critical issue of homelessness in Santa Clara County, California by spurring the development of new housing for formerly homeless and extremely low income households, and for supporting programs that prevent homelessness before it occurs. In the words of Chuck Robbins, Chairman and Chief Executive Officer, "At Cisco, we've always believed that when we can get people connected to the internet, we can then get them educated, giving them an opportunity to participate in society. What we now realize is that you have to stabilize people with a strong foundation before you can even connect them. That means we have to address hunger, housing and homelessness in addition to connectivity."

Looking at key environmental issues, business leaders believe that achieving the 2030 Agenda would strengthen resilience to physical effects of climate extremes and the indirect impact of shifting consumer demands. More than half (54%) of CEOs say environmental degradation and resilience are actually driving their sustainability efforts. Gaurav Dhawan, Executive Chairman of Phoenix Group and Chair, Global Agribusiness Alliance, told us, "Environmental depletion will be one of the biggest factors in rising food costs around the world."

FIGURE 11:

88%

OF CEOS BELIEVE OUR GLOBAL ECONOMIC SYSTEMS NEED TO REFOCUS ON EQUITABLE GROWTH



To what extent do you agree with the following statement on globalization and sustainable development?

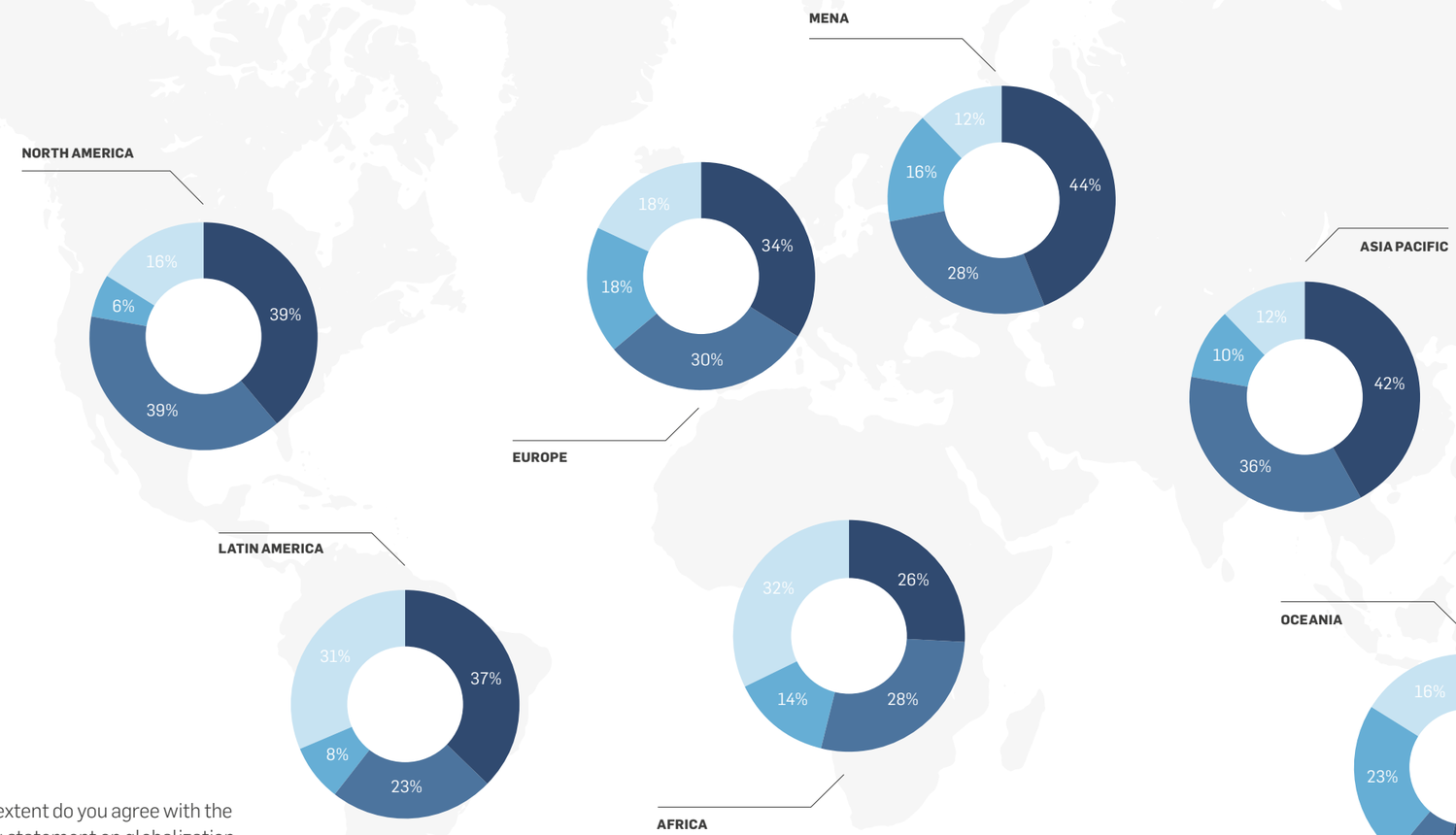
Our global economic systems needs to refocus on equitable growth

- STRONGLY AGREE
- AGREE
- NEITHER AGREE NOR DISAGREE
- DISAGREE

FIGURE 12:

CEOS CALL TO DECOUPLE ECONOMIC GROWTH FROM USE OF NATURAL RESOURCES AND ENVIRONMENTAL DEGRADATION

Regionally, more than three-quarters (78%) of CEOs from both, Asian and North American, businesses feel we need to decouple environmental impact from growth, which is not surprising given the regions' rapid growth and relatively low biocapacity.



To what extent do you agree with the following statement on globalization and sustainable development?

We need to decouple economic growth from the use of natural resources and environmental degradation

- STRONGLY AGREE
- AGREE
- NEITHER AGREE NOR DISAGREE
- DISAGREE

"No society can develop – economically, politically, or socially – when half the population is marginalized."

Kawthar Makahlah, Founder & CEO, BCI Group

"Mother Earth doesn't look at individual countries or regions, it's the overall picture and the current system simply doesn't work."

Peter Oswald, CEO, Mondi Group

"Macrotrends force change...the key is it can either be good change or bad change based on whether it's designed to engage industries in solving problems."

Mark J. Costa, Board Chair and CEO, Eastman

"We are not a development agency. It's only with profitability that we can contribute to sustainable development."

Jean-Sebastien Jacques, Chief Executive, Rio Tinto

"The trouble is that most of these transitions are not high return, so you must find either a way of making them less risky or making the system less risk hungry."

Wiebe Draijer, Chairman of the Managing Board, Rabobank

TO COURSE-CORRECT BUSINESS CONTRIBUTION TO 2030, CEOS ARE CALLING FOR THEIR SECTORS AND PEERS TO STEP UP ACTION AND LEAD SYSTEMS CHANGE

With 2030 only ten years away, CEOs acknowledge that unless we achieve sufficient systemic change to force the broader business community to move beyond incremental actions, achieving the Goals will remain out of reach. Business is sometimes portrayed as defenders of the status quo, anti-regulation and market interference. Yet CEOs say they want more radical solutions that create a level playing field that drives broader action and enables committed companies to accelerate impact without facing shareholder revolts. In other words, they want to shift sustainable business from a choice for the committed to a necessity for all. According to Jesper Brodin, CEO of Ingka Group, "We only have one planet and our future depends on all of us taking action, now. It is important that we come together in action and we call upon other business to take ambitious action, such as by setting science-based targets on greenhouse gas reduction or gender equality."

During the CEO Study program, a recurrent theme to 'reshape' the future of markets has consistently emerged, at the cost of concrete action required today. This year, leaders acknowledge that the current system is not going to lead business into a sustainable future, and that companies themselves will have to lead the disruption and reinvent the system collectively. For the first time, leaders call for business and industries to step up ambition for their own companies and to reshape systems from within, via three clear calls for action, which we will explore in the next chapters:

1.

Raise corporate ambition with 'threshold' corporate actions and help move whole sectors forward in transformation.

2.

Change the way we collectively collaborate with more science-based dialogue, non-competitive partnering and local action.

3.

Elevate the responsibility of leaders in driving action and impact on the road to 2030.

71%

of CEOs believe that – with increased commitment and action – business can play a critical role in contributing to the Global Goals

"I think businesses can create a demand for renewable energy. Creating that market pressure would be the most obvious thing for businesses to do."

Rachel Watson, Chief Executive Officer of PHPL and Chief Operating Officer, Corporate Office

"To achieve the SDGs, we need transformational and systemic changes – not just within an industry, but across industries and stakeholders – this is what is missing."

Joe Kaeser, President and Chief Executive Officer, Siemens AG

"Collaboration arises by recognizing that change has to happen, that change isn't happening fast enough, and we need to get to the tipping point and spearhead the effort."

Grant F. Reid, CEO and President, Mars, Incorporated

"All of the SDGs require collective action - the task ahead of us is complex and ambitious: it cannot be the sole responsibility of any one single player. Government, business, academia and communities all have a role to play and collaboration is key."

Christine Holgate, Group Chief Executive Officer and Managing Director, Australia Post

"Companies may not always be able to draw a straight line between the business and what's good for society, but healthy communities are what help businesses and people thrive. We must all take action and use the tools at our disposal."

Chuck Robbins, Chairman and Chief Executive Officer, Cisco

"Being at the forefront of solving some of the most intractable problems the world is facing is the morally right choice. And we know what we do today – individually and collectively – will tell the tale about humanity, well into the future."

Steve Cahillane, Chairman and CEO, Kellogg Company

CALL TO ACTION 1: **RAISING 'THRESHOLD' AMBITION AND LEADING SYSTEMS TRANSFORMATION**

TO RAISE AMBITION AND FOCUS IMPACT, CEOS AGREE 'THRESHOLD' ACTIONS ARE NEEDED TO ADVANCE THE GLOBAL GOALS

In our one-on-one conversations, business leaders emphasized that first and foremost, companies need to think about the things they can move through their core business. In the words of Jean-François van Boxmeer, Chairman of the Executive Board and CEO of Heineken, "CEOs are responsible for their own business, and they should concentrate on where they can make a difference. I cannot on my own improve the world, but I can improve Heineken."

While CEOs say the Global Goals provide a useful framework, they expressed the need for clear, unambiguous direction on what is needed from business to help achieve the Global Goals. To address this gap, we analyzed UN indicators, the UN Global Compact 2019 Progress Report findings and recommendations from our conversations with CEOs. This exercise identified threshold actions across the Goals, which companies can implement through their core operations to have a substantial impact toward closing the gap to 2030. For instance, according to the Institute for Women's Policy Research, business could deliver a $447 billion gain for women and their families by ensuring equal pay and representation among employees globally and could significantly improve the living conditions of more than 450 million people working in supply chain–related jobs.[13] Given the interconnected nature of the 2030 Agenda, these actions would have impact across the Goals. For instance, a company enforcing a living wage throughout its supply chain globally would not only advance Goal 8 on decent work but would also have a knock-on effect on Goal 1 to end poverty, Goal 2 to reduce hunger, Goal 3 on improved health and well-being, and Goal 4 on quality education for workers and their families.

Impact through core operations, products and services. The actions first focus on the impact companies can have through their direct business. The Chemours Company, for example, is moving towards carbon positive operations and products. Mark Vergnano, President and CEO of The Chemours Company, told us, "We are striving to improve our operations and deliver new products that take CO_2 out of the world, like new refrigerants in vehicles, air conditioning units, and other products. That is how you get to carbon positive." In our conversations, there was also a clear call from CEOs for business to extend their responsibility over products and packaging beyond consumer use, to ensure responsible disposal or promote circular models. One CEO from the consumer goods industry told us, "Companies have to make that additional commitment past ensuring their packaging is recyclable to making sure that their packaging is actually recycled."

When advanced actions span global operations, companies can make significant inroads in helping deliver on the Goals. Telenor, for instance, has extended its progressive policy that provides six-month maternity leave to its workforce in Asia, exceeding the norms in the countries in which they operate.[14] According to Douglas M. Baker, Jr. Chairman and CEO of Ecolab, Inc., "Global companies are probably one of the prime vehicles in driving equality in most of the world. There are some parts of local cultures we are not willing to adopt."

Extending impact to broader ecosystems. Further extending practices beyond direct operations to a company's broader ecosystem could also drive impact. The Coca-Cola Company, for example, intentionally sets goals for products to drive the wider ecosystem of suppliers and bottlers. James Quincey, Chairman and CEO of The Coca-Cola Company, explains: "It goes up and down the chain. When we set ourselves targets, we don't set them just for the company, we set them for the products that are an ecosystem of many companies." And business leaders can propel sustainable markets, through their own procurement of renewable energy or sustainable alternatives. For example, Sydney Airport signed a renewable energy Power Purchase Agreement covering 75% of their current electricity load, contributing to the ongoing development of renewables in Australia.[15]

Multinational companies with global footprints and global manufacturing can advance the agenda — from diversity and inclusion to climate action — in countries that may not have the same capacity to make the investments. For instance, Novo Nordisk, the world's leading diabetes drug producer, began sourcing wind power from Inner Mongolia for its manufacturing plant in Tianjin, China, which mobilized local demand for wind power.[16] "There is a role for big companies and cities to drive more change than we have done in the past," says Lars Fruergaard Jørgensen, President and CEO of Novo Nordisk A/S.

> **"I'm hopeful. With the groundswell of support from the next generation, the cumulative impact of companies and their sustainability goals - we'll be amazed by the impact."**
>
> Marc Doyle, Chief Executive Officer, DuPont Company

13. National Organisation for Women (2019) Women deserve equal pay
14. Telenor (2015) Maternity Leave Policy
15. Renew Economy (2018), Sydney Airport turns to wind energy
16. Novo Nordisk (2017) Going 100% renewable

17 THRESHOLD ACTIONS AND SYSTEMS CONSIDERATIONS TO ADVANCE GLOBAL GOALS

(EXTRAPOLATED FROM UN INDICATORS AND DISCUSSIONS WITH CEOS)

GOAL	CURRENT LEVEL OF BUSINESS ACTION[17]	RELEVANT TARGET	THRESHOLD ACTION	LEADING COMPANY EXAMPLE	SYSTEM CHANGE QUESTION
1 NO POVERTY	25%	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day	Implement and promote living wages where we operate	H&M's fair living wage strategy covers more than 930,000 garment workers – 84% of product volume – across their supply chain. Covered factories are implementing wage management systems that improve wage grids and often lead to higher take-home wages for workers, as well as establish democratically elected worker representatives. In parallel, H&M Group works together with other brands and trade unions to establish industry-wide collective bargaining agreements to review and adjust wages regularly in fair negotiations.[18]	How are we ensuring more people in our ecosystem have the means and access to essential goods and services?
2 ZERO HUNGER	20%	By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	Increase productivity, efficiency and nutrition profile of all food in our operations and portfolio	MasterCard, in partnership with the World Food Programme, launched 2KUZE, a product that empowers small-scale farmers in East Africa by digitalizing the agricultural supply chain, providing access to market and transparent payment gateways. The mobile commerce solution targets those who have less that 1-2 acres of land, which is 80% of farmers in Africa.[19]	How are we transforming our supply chains to deliver more productive, inclusive and sustainable food production?
3 GOOD HEALTH AND WELL-BEING	60%	By 2030, ensure universal access to sexual and reproductive healthcare services, including for family planning, information and education, and the integration of reproductive health into national strategies and programs	Provide healthcare for all employees, including access to contraception and family planning	Bristol-Myers Squibb's Secure the Future - a $240 million initiative with more than 250 programs – is the worlds largest pediatric HIV treatment network in the world. It trains tens of thousands healthcare providers, increases capacity for care in hospitals and clinics and raises awareness about HIV prevention; strengthening the companies HIV therapies portfolio in Sub-Saharan Africa.[20]	How are we improving the health and well-being of more people in our ecosystem?
4 QUALITY EDUCATION	47%	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	Work with institutions where we operate to define needed skills and help build the future workforce pipeline	Chemours started the Future of Chemistry scholarship to train and develop a diverse talent pipeline from groups under-represented in STEM fields. The scholarships are part of the company's commitment to deliver $400,000 over three years and broadly, part of their pledge to invest $50 million by 2030 in safety and sustainability programs and access to STEM education.[21]	How are we supporting the continuous education, skills and capability development for the future?
5 GENDER EQUALITY	61%	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	Commit to gender equality in our workforce and publish representation Require a minimum of three women on the board	Rabobank's initiative of cross-mentoring women employees with senior executives through a dedicated coaching program has enhanced gender equality. In 2018, 44% women were represented in the supervisory board, 40% in the managing board and 31% in the first level below the managing board.[22]	How are we ensuring inclusive growth and development of women in our ecosystem?
6 CLEAN WATER AND SANITATION	32%	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	Maintain water-neutral operations Strive to be water positive (providing water beyond our value chain to the communities and ecosystems where we operate)	The Coca-Cola Company is a water positive business that replenishes 115% of water used in finished beverages. This is achieved through local community water projects, that have improved the lives of ~800,000 people. Between 2010-18, The Coca-Cola ecosystem replenished over 1 trillion liters of water and invested $124 million in W.A.S.H initiatives.[23]	How are transforming our products and services to be entirely circular and water positive?
7 AFFORDABLE AND CLEAN ENERGY	40%	By 2030, increase substantially the share of renewable energy in the global energy mix	100% renewable energy operations Strive to be energy positive (supplying energy to the grid, markets, and communities where we operate)	Unilever receives 67% of its total grid electricity consumption from renewables, with a target of 100% by 2020. Additionally, 35 manufacturing plants generate electricity on-site from solar and hydro power, 51 sites use biomass or biogas, which has reduced annual CO_2e by over 250,000 tonnes. [24]	How are we transforming our supply chain and business portfolio to be carbon neutral or positive?
8 DECENT WORK AND ECONOMIC GROWTH	66%	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Mandate equal pay for equal work in our company Prepare my workforce for lifelong growth Extend workforce policies to contractors and broader supply chain	Starbucks achieved 100% equal pay for its U.S. employees of all races and genders and is working "with deliberate speed" to do the same globally. Since 2018, the company has implemented practices to ensure equal pay, such as a calculator that objectively determines pay range based off experience and a tool that analyzes bonuses before they are finalized to ensure there is no bias in the process.	How are we transforming our processes and cultures to improve quality of work and work-life balance?

17. UN Global Progress Report 2019, percentage of companies taking action

GOAL	CURRENT LEVEL OF BUSINESS ACTION[14]	RELEVANT TARGET	THRESHOLD ACTION	LEADING COMPANY EXAMPLE	SYSTEM CHANGE QUESTION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	48%	Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	Ensure sustainability of all business infrastructure and capital projects, in accord with established criteria Extend core expertise to improve national infrastructure	BMW Group and the city of Hamburg have signed an MoU to provide 400 pure electric and 150 plug-in hybrid carsharing vehicles in the city by 2019; including 200 BMW i3s. The partnership also expands to constructing 1,150 charging points and developing intelligent traffic systems.[26]	How are we transforming our infrastructure and facilities to eliminate resource use?
10 REDUCED INEQUALITIES	39%	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Ensure diversity of our workforce is representative of the communities in which we operate Ensure our products and services are accessible to persons with disabilities	L'Oréal Foundation runs the Beauty for a Better Life program that enables socially and economically vulnerable women, victims of conflicts or violence and young people to benefit from a free high-quality vocational training program in the beauty industry. Approximately 4,000 people obtain recognized qualifications and access meaningful and sustainable employment each year.[27]	How are we transforming our portfolio and supply chain to empower and promote inclusion?
11 SUSTAINABLE CITIES AND COMMUNITIES	34%	By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	Ensure our business is positively contributing to the communities in which we operate	Citi helped to raise $862 million to help finance the Panama Metro, Central America's first urban rail system which now transports 30,000 commuters per hour—a figure expected to rise by a third over the next two decades. Citi also worked with the local government to enhance its existing social programs to ensure that any economic displacement of local businesses was mitigated and managed in line with international standards.[28]	How are we collaborating locally to ensure improved quality of life in the communities in which we operate?
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	50%	By 2030, achieve the sustainable management and efficient use of natural resources	Reduce or reuse all waste in production and operations, including food waste Shift to circular models for consumption	Tesco removed best before dates from 185 lines of fruit and vegetables to prevent customers from discarding food safe for human consumption. In 2018, as an ecosystem enabler, Tesco encouraged 27 of their largest suppliers to publish food waste data for their own operations and take concrete steps to halve food waste by 2030.[29]	How are we transforming our full ecosystem of suppliers and customers to eliminate waste and achieve full circularity?
13 CLIMATE ACTION	48%	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Set a 1.5 C science-based target	Enel – Europe's largest power utility company that set an SBT in 2015 – released the first SDG-linked bond in September 2019 raising $1.5 billion to finance critical sustainability solutions. The capital will advance four Global Goals, including a commitment to reducing CO_2 emissions below 0.350 kg/kWheq in 2020 and 100% decarbonization by 2050.[30]	How are we transforming to be carbon negative and ensure science-based leadership throughout our ecosystem?
14 LIFE BELOW WATER	13%	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	Extend producer responsibility through the end of life of products Ensure that operational waste (inputs and outputs) does not end up in the oceans	Ahold Delhaize in partnership with WWF, is mapping the impact of fishing in the Mediterranean, which is a hotspot for 4-18% of all marine species and dependent on the livelihoods of more than 10,000 fishermen. The initiative created the first MSC certified fishery aimed at ensuring the long-term viability of fish stocks and responsible aquaculture practices.[31]	How are we ensuring the absolute protection of marine bodies in our ecosystem?
15 LIFE ON LAND	21%	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	Agree to no deforestation in threatened areas (including via suppliers)	Cargill has pledged to eliminate deforestation across their entire agricultural supply chain, halving it by 2020 and ending it completely by 2030. For example, in palm oil, Cargill is on track to a fully traceable, transparent and sustainable supply chain by 2020. Today, 94% of their supply is traceable to the mill; and 42 percent is traceable to the plantation.[32]	How are we transforming our supply chains and portfolios to require less land and eliminate deforestation?
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	28%	End abuse, exploitation, trafficking and all forms of violence against and torture of children	Support strong institutions and apply progressive non-discriminatory practices to all countries in which we operate	Herbert Smith Freehills established the Fair Deal Sierra Leone program to support the creation of legislation and attract foreign investment into the country; providing over £5.5 million worth of pro bono legal advice.[33]	How are we ensuring our products, services and policies prevent violence and abuse?
17 PARTNERSHIPS FOR THE GOALS	39%	Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries	Co-invest with communities where our people live and work	Suncor has a joint venture with Fort McKay First Nation and Mikisew Cree First Nation on the East Tank Farm Development project, an oilsands storage facility. The two indigenous nations have a 49% equity interest - amounting to approx. $380 million - raised on the bond market.[34]	How are we leading pre-competitive partnerships to change systems and drive broad-based impact?

18. H&M Group (2018) CSR Report. 100% Fair & Equal 19. Mastercard (2017) Mastercard to Digitalize East Africa's Agricultural Sector 20. Bristol-Myers Squibb (2018) Annual Report 21. The Chemours Company (2019) Future of Chemistry Scholarship 22. Rabobank (2018) Rabobank's Contribution to the UN Sustainable Development Goals 23. The Coca-Cola Company (2018) Annual Report 24. Unilever (2019) How we're becoming carbon positive in our operations 25. Starbucks Newsroom (2018) Starbucks announces 100 percent gender, racial pay equity for U.S partners 26. BMW Group (2017) Press Release on strategic partnership electro-mobility options all across the city of Hamburg

27. L'Oréal Foundation (2019) Beauty for a Better Life 28. Citi Group (2017) Sustainable Growth at Citi 29. BBC (2018) Tesco removes 'best before' dates on some fruit and veg 30. Enel (2019) Press Release: General Purpose SDG Linked Bond 31. Ahold Delhaize (2019) Partnering to source sustainable from the Greek Seas 32. Cargill (2019) Ending Deforestation 33. Herbert Smith Freehills (2017) Investing in Sierra Leone 34. CBA Canada (2017) Mikisew Cree and Fort McKay First Nations close $503M deal on oilsands project

TIPPING POINTS: **CLIMATE ACTION AND GENDER EQUALITY**

The UN Global Compact has identified corporate impact on climate and gender as "tipping points" for business to advance the Global Goals. We turned to CEOs to understand their views on these key priorities in terms of corporate progress, challenges and opportunities.

CEOS ON CLIMATE ACTION

CEOs acknowledge their industries could play a greater role in mitigating climate change

A majority of CEOs (86%) acknowledge that action on climate change is critical to achieving the Global Goals, and business leaders across industries note its physical disruptions on operations and sourcing. Mark Steinert, Managing Director and Chief Executive Officer of Stockland, told us, "Our assets are being impacted by severe weather events like flooding and cyclones, so we have to consider climate change resilience across our assets." According to Martin Brudermüller, Chairman of the Board of Executive Directors of BASF SE and Chief Technology Officer (CTO), "We are already experiencing the impact of climate change today, and virtually every day. It is therefore our corporate responsibility to contribute to climate protection efforts."

In 2015, we conducted a survey of Caring for Climate participant companies in which 80% of CEOs told us action on climate change was an urgent priority for their businesses. Four years on, less than two-thirds (64%) of CEOs say climate action is prioritized in their company mission, strategy and core values. When asked about specific climate actions, commitment appears to drop off with level of ambition: 59% of CEOs say they are deploying low-carbon and renewable energy across their operations, yet only 44% see a net-zero future for their company in the next ten years, and even fewer (41%) are looking into decarbonization strategies across their supply chain.

Science-based leadership has backtracked since COP21

This year, just 35% of CEOs say they have or plan to set a science-based target (SBT) within the next year, in comparison to 43% of CEOs, who in 2015 ahead of COP21*, said science-based reduction targets were one of the most important leadership behaviors to adopt. Across our data, only three industries surpass 50% commitment from CEOs to set science-based targets in the next year: basic resources, telecommunications and, oil and gas. According to Eric Rondolat, CEO and Chairman of the Board of Management of Signify – who set an SBT in 2018 – "At the end of the day, there's a lot of talk without much action. Can we push the people who say they are strong supporters of sustainability to commit to carbon neutrality?"

CEOs are distinguished in their commitment to mitigate climate change. Telia Company, for example, has stepped up its ambition on climate impact through their 'Daring Goals' approach, committing to be a zero CO_2 and zero waste company by 2030. Importantly, they expect the same from all of their suppliers. In the words of President and CEO, Johan Dennelind, "In the future, we will not work with companies who don't address the climate crisis in a meaningful way. It is essential that all organizations move from words to actions to deliver real impact."

CEOs feel digital technologies and circular business models will play a critical role in addressing climate change

The digital revolution can reduce global emissions – by up to 15%[35] till 2030 – as well as spur action to stabilize global temperatures in line with the Paris Agreement. Magnus Hall, President and CEO of Vattenfall says, "Electrification is a solution for the climate neutral agenda and a very good business opportunity." For instance, growing electrification trends coupled with 5G connectivity, can drastically reduce the impact of the transport sector with the emergence of low-carbon mobility, especially for short journeys which represent 73% emissions of the transport sector. The financial services sector also plays a critical enabling role for these innovations. According to Noel Quinn, Group Chief Executive of HSBC Holdings, "Climate change represents significant risks but also opportunities for us and our clients. We support the transition to a low-carbon economy by assisting our customers, driving market innovation and demonstrating leadership. HSBC is committed to providing $100bn of sustainable financing by 2025 and sourcing 100% of our electricity from renewable sources by 2030."

Throughout our discussions, CEOs emphasized the critical importance of moving beyond incremental initiatives and stepping up transformative change.IKEA's ambition, for instance, is to become climate positive by 2030, reducing more greenhouse gas emissions than their value chain emits, while growing the business. In the words of Jesper Brodin, CEO of Ingka Group, "Climate change is no longer a distant threat but a living reality. To truly turn things around, action and transformation is required from all parts of society – all efforts count."

> **"Climate change has serious consequences for the planet and society if left unaddressed. We are approaching a limit in reductions that cannot be achieved through traditional incremental improvements."**
>
> Jim Fitterling, Chief Executive Officer, Dow

* UNFCCC Conference of the Parties 21, Paris, France
35. Word Economic Forum (2019) Digital Technology can Cut Global Emissions by 15%

FIGURE 13: COMPANY COMMITMENTS ON CLIMATE CHANGE NOT YET TRANSLATING TO BOLD, BROAD-BASED ACTION

To what extent do you agree with the following statement on climate action?

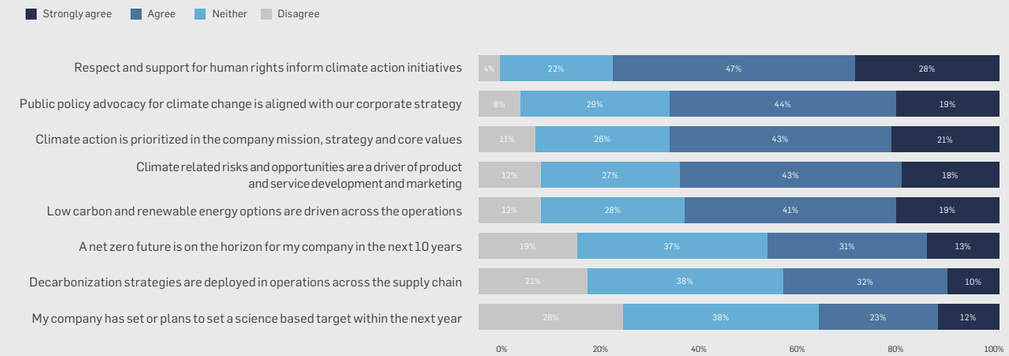


FIGURE 14: 86% OF CEOS AGREE CLIMATE ACTION IS CRITICAL TO ACHIEVING THE GLOBAL GOALS

To what extent do you agree with the following statement on climate action?

Without action on climate change the Global Goals won't be achieved

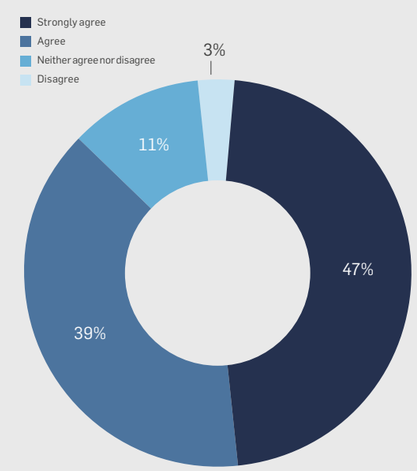
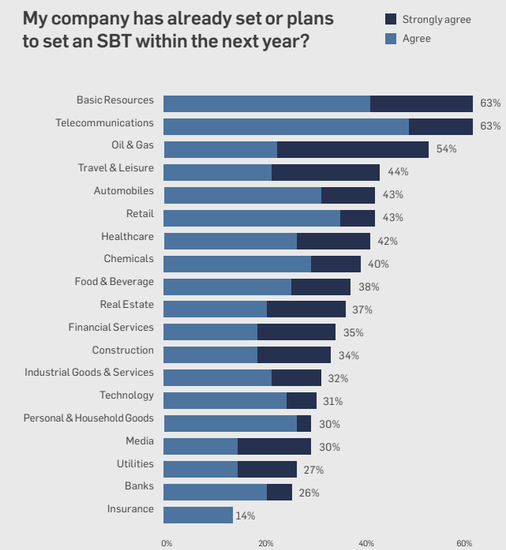


FIGURE 15: FEW INDUSTRIES ARE STEPPING UP SCIENCE-BASED ACTION ON CLIMATE CHANGE

To what extent do you agree with the statement?

My company has already set or plans to set an SBT within the next year?



CEOS ON GENDER EQUALITY

While progress has been slow, business leaders recognize gender equality to be a key priority and are taking action on topics like equal pay, gender balance and women's leadership

CEOs across industries state that they see clear business value in diversity, with 80% agreeing that women's participation and leadership is a critical driver of performance. Despite its importance, progress on gender equality is much slower than expected, and the World Economic Forum estimates that, with current trends, it will take over two centuries to close the gender gap. Given the estimated gap is 200 years, it is encouraging that over two-thirds (69%) of CEOs believe that business is on track to achieve gender equality by 2030.[36] Across industries, leaders are scaling up action on topics like equal pay and gender balance to place the 2030 deadline within reach. Some 82% say executives are committed to and accountable for gender balance.

Our conversations with CEOs draw attention to areas that require greater action and attention, with particular emphasis on: increasing women representation in senior management, growing the pipeline for science, technology, engineering and mathematics (STEM) and non-traditional jobs, and importantly, addressing systemic barriers to women's labor force participation.

Leaders are focused on building the pipeline of female leaders, but note that deliberate interventions are needed to achieve gender balance

Despite progress at the junior and most senior levels, CEOs say they are struggling one "click below" the top at the management and senior management levels. As Lars Fruergaard Jørgensen, President and CEO of Novo Nordisk A/S told us: "We are not where we should be. We are struggling at the senior management level to have proper gender diversity." The pipeline of interested and qualified female candidates is the biggest issue noted by CEOs, especially in fields that do not tend to attract women, such as technology or engineering, or those that have historically relied on manual labor. CEOs from these industries are struggling the most: just 62% of CEOs in the industrial goods and services industry and 61% of utilities industry CEOs believe their industries are on track to achieve gender equality by 2030.

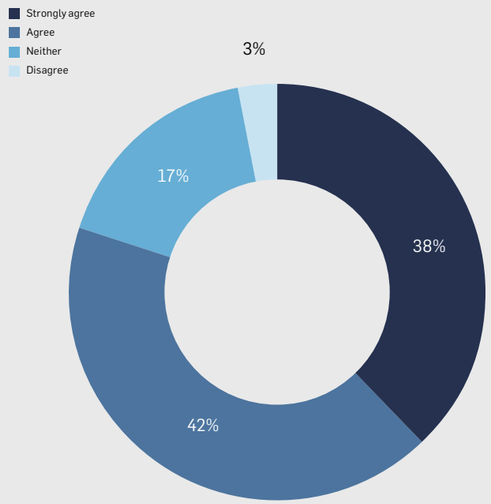
CEOs emphasize the need for "bottom-up" actions that focus on early recruitment of women into STEM fields and manual labor careers to build a larger supply of women for the workforce. Rachel Watson, CEO of PHPL and Chief Operating Officer, Corporate Office of Pacific Hydro, told us, "The underrepresentation of women in the engineering and quantitative fields is a roadblock for finding female talent." Women represent fewer than one-third of researchers across the world, and only around 30% female students pursue higher education in STEM-related fields.[37]

However, CEOs note that to some extent, it is a timing issue that should resolve itself in the next five to ten years as more women progress through the ranks. Dominic Blakemore, Group Chief Executive of Compass Group PLC, told us, "We have an unbelievable opportunity and responsibility to pull through our overrepresentation of females into junior, middle and senior management positions, but it will take time to build that pool of talent."

FIGURE 16: MOST CEOS AGREE GENDER DIVERSITY IS KEY TO COMPANY PERFORMANCE

To what extent do you agree with the following statement on gender equality?

Women's participation and leadership in business is a critical driver of company performance



In parallel, leaders are deploying strategies to retain and promote women

Once they get women into the workforce, CEOs emphasize the importance of retention and promotion. To accelerate representation of women in senior management positions, leaders are proactively engaging or instituting policies and practices that ensure a level playing field for men and women. Bristol-Myers Squibb, for instance, is mandating diversity in candidate pools and interview panels. As Giovanni Caforio, Chairman and Chief Executive Officer of Bristol-Myers Squibb, explained, "If you have three females in the interview panel, the probability of hiring a female goes up exponentially. The diversity of the panel and the diversity of the slate has to be more than one person."

To change behaviors, CEOs say action on gender equality must come from very senior levels, beyond intellectually buying into the idea to valuing it enough to act upon it. As one CEO told us, "I learned with inclusion and diversity that if I was just saying it because it sounded good, we would fail. If people really believed I cared about it, it would happen." CEOs note that setting clear targets and holding the organization to account are critical to accelerating results. As one CEO told us: "Our CEOs are responsible for diversity and inclusion financially. Their compensation is tied to it."

Addressing systemic barriers to women's participation in the workforce is a critical challenge

Our conversations with CEOs also uncovered the challenges of the broader societal context, which can't be ignored. Even as societal structures shift in many countries, women continue to carry a disproportionate burden at home. For instance, childcare is a persistent challenge to women's representation. As one CEO noted, "Giving birth is still only for the female, and that sets us up in an unequal way in terms of childcare and nursing."

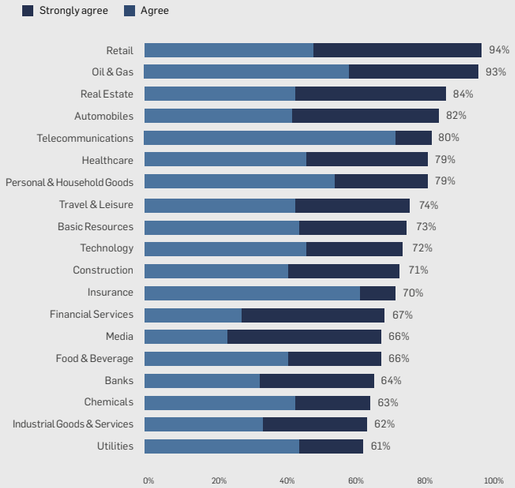
Taking on greater responsibility in work often forces women into a trade-off between family, career advancement and work-life balance. The US Bureau of Labour Statistics reports that employed women cumulatively spend more time than men on household-related activities and spend less time than men on leisure and sports activities.[38] In the words of Clara Arpa, CEO of Arpa EMC: "Women face barriers to taking on leadership positions due to the pressures of balancing work and family. Many things influence women in taking on greater responsibility...During one period of life, women look forward to having standard requirements to be able to take care of their families or house or parents."

CEOs emphasize the importance of creating an inclusive culture that supports all workers, including working parents. Flexibility is one way leaders are tackling this challenge; however, CEOs note that when considering "equality of performance," flexible working arrangements can affect a woman's career progression, with men who work longer hours being more quickly rewarded and promoted. As one CEO told us, "It is all about performance and only performance." One way to address this challenge is to make work itself less demanding and more manageable for all employees. Treasury Wine Estates, for example, introduced "Simplify for Growth" in 2017, an ongoing program that focuses people on the activities that deliver the most value for the company, aiming to cut down on unnecessary tasks and improve work-life balance for all. In the words of Michael Clarke, Chief Executive Officer of Treasury Wine Estates: "People always have a sense of 'being busy.' But how do you take bureaucracy out of the organization and drive efficiency? How do you simplify and try to get people to be intellectually honest and take pressure off one another? If we don't address this for the long term, it's going to come at a cost. We have a huge focus on removing duplication and complexity of work, which in turn leads to efficiency."

Other inclusion strategies include unconscious bias training, skill building and career support. Soraya Narfeldt, CEO of RA International, elaborated: "A lot of women are uncomfortable in their own skin, as they've been told for so many years that they aren't worthy. It's all about breaking that mindset."

FIGURE 17: TWO-THIRDS (69%) OF CEOS BELIEVE THAT BUSINESS ON TRACK TO ACHIEVE GENDER EQUALITY BY 2030

To what extent do you agree with the statement, **"Business is on track to achieve gender equality by 2030"?**



Accelerating gender equality globally

In addition to driving forward these tipping points, businesses with global supply chains have a tremendous opportunity to help promote gender equality globally. For instance, the fashion industry, which employs roughly every third manufacturing worker across key Asian production countries, has an opportunity to create large-scale social change for women in its supply chain. Karl-Johan Persson, CEO of H&M Group, said: "We can create a better livelihood for women in marginalized economies through our supply chain... In garment factories, gender equality is far from where it should be. The industry can bring learnings and new aspects of equality into the supply chain."

> **"In Asia, women face a stronger expectation to assume a dual role – juggling family and work – so business has a duty to recognize this reality."**
>
> Meshvara (Mei) Kanjaya, Chief Executive Officer, PT. Supra Boga Lestari Tbk.

36. World Economic Forum (2019) Global Gender Gap Project
37. United Nations (2019) International Day of Women and Girls in Science
38. US Bureau of Labour Statistics (2018) American Time Use

SYSTEMS TRANSFORMATION WILL BE ESSENTIAL TO ACHIEVING THE GOALS BUT IT RELIES ON CHANGE BEYOND A SINGLE COMPANY OR INDUSTRY, SAY CEOS

Macro forces are intensifying pressures on our ability to meet basic human needs for food, energy, health, mobility and infrastructure, among other things. The growing global population, the expanding middle class, and the shift from rural to urban life are tightening the yoke on already constrained systems, affecting our ability to meet people's basic needs. If we examine the outlook across four essential systems — food, energy, mobility and infrastructure, and health — the scale of the challenge is daunting and increasing demands can be met only with leadership from the business community.

Overall, structural trends are driving business to take greater action on sustainability. Of the global issues prompting business to prioritize sustainability, 54% of CEOs name environmental degradation; 39% cite the growing middle class and 38% list urbanization among the top macro trends. In our one-to-one conversations, questions such as, *How can we bring energy to the world? How will we feed the rapidly growing population? How can we ensure that the technology revolution remains inclusive? dominate CEO intentions.*

For instance, many of the CEOs we engaged across industries raised the importance of transforming our food systems as one critical way to tackle multiple system-level issues. Eric Rondolat, CEO and Chairman of the Board of Management of Signify, told us: "There are problems linked to the growing population — like food security and water scarcity — that are affecting our industry. We're going to have to solve more problems that are going to be major issues for the planet." In another example, Frans Muller, President & Chief Executive Officer of Royal Ahold Delhaize, speaks to the opportunity to address global health crises through food and diet: "We know that healthy food is the best way to prevent diseases like obesity and diabetes, which are growing in Europe, America and Asia and we'd like to play a role to prevent those trends." More on the CEO perspective on transforming food systems can be found on page 56.

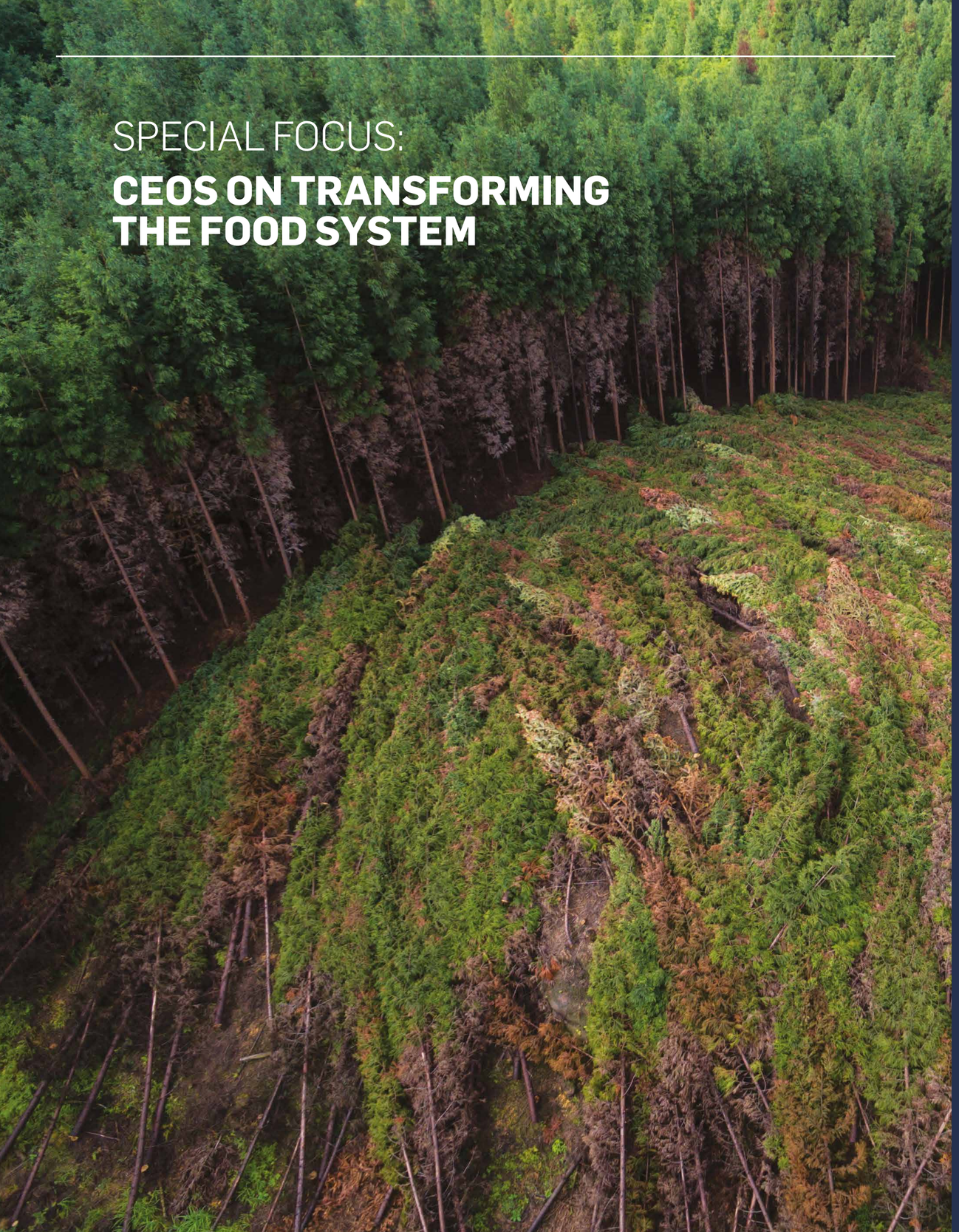
CEOs told us that they have embraced their role as a competitive force in accelerating market drivers for their sectors. For example, energy leaders discussed the opportunities to drive the transition to lower-carbon businesses. The Spanish oil and gas company Repsol l is building the capabilities to compete in the renewable power generation business. J. Jon Imaz, CEO of Repsol, told us: "There are some doubts in the market about whether Repsol, as an oil and gas company, can also be efficient and profitable in alternative businesses. We are working to demonstrate that we are able to do that such that we accelerate our business goals by attracting capital and investment. It is not an experiment, but the market is trying to better understand what we are doing as a player and actor in this business."

> **"The big picture is clear: no one person – or single company – can transform alone."**
>
> Jean-Pascal Tricoire, Chairman & Chief Executive Officer, Schneider Electric

ILLUSTRATIVE SYSTEM-LEVEL CHALLENGES

			DIRECTLY AFFECTED GLOBAL GOALS
Food	By 2030, food demand will grow by over one-third (35%) and will double by 2050, increasing pressure to improve productivity of the agricultural system while avoiding land conversion, loss of biodiversity and increases in greenhouse gas emissions.	"If we're going to both feed 9 billion people by 2050 and reduce greenhouse gas emissions, we must innovate and enhance agricultural practices without expanding our land footprint" WERNER BAUMANN, CHAIRMAN OF THE BOARD OF MANAGEMENT, BAYER AG	
Energy	Global energy demand is expected to increase by 25% by 2040,[39] increasing pressure on the global energy system to meet the need at an affordable cost and with a declining carbon and emissions footprint.	"Population growth — going from seven billion to nine billion people — is one of the biggest challenges to sustainability." PATRICK POUYANNÉ, CHAIRMAN OF THE BOARD & CEO, TOTAL	
Mobility and Infrastructure	By 2030, 61% of the population (five billion people) will live in cities,[40] passenger traffic is expected to double and freight volume is forecast to grow by 70%,[41] creating new demands for infrastructure that will safely accommodate the demand for housing and mobility while reducing greenhouse gas emissions and protecting air quality.	"Buildings and homes contribute about 40% of the world's greenhouse gas emissions, and the best way to combat that is to design energy-efficient infrastructure." BRIAN CHAMBERS, PRESIDENT & CHIEF EXECUTIVE OFFICER, OWENS CORNING	
Health	Chronic noncommunicable diseases — such as diabetes, cancer and heart disease — are responsible for over 70% of deaths worldwide,[42] with inequitable impacts on middle- and low-income populations in particular. Issues facing the three other systems are exacerbating health problems.	"Dematerialization of infrastructure will help support global goals for health. As we reinvent the methods for diagnosis and treatment, we can link healthcare capacity remotely and support universal access to care." FRANS VAN HOUTEN, CEO & CHAIRMAN, ROYAL PHILIPS	

39. World Energy Outlook 2018, published by the Organisation for Economic Co-operation and Development and the International Energy Agency
40. UNESCO (2010) Global Trend towards Urbanization
41. Sustainable Mobility for All: The Global Mobility System Today
42. WHO (2018) NCD Key Facts



SPECIAL FOCUS:

CEOS ON TRANSFORMING THE FOOD SYSTEM

UN INDICATORS UNDERSCORE THE URGENT NEED TO OVERHAUL THE GLOBAL FOOD SYSTEM

The importance of food, agriculture and land use to sustainable development is clearer than ever. Transforming the entire food production system could significantly help to mitigate climate change, improve human health, promote economic development and reduce poverty. Published in 2019, the **United Nations' Intergovernmental Panel on Climate Change (IPCC) report on** *Climate Change and Land Use* underscored the *urgent need to overhaul the global food system to help control climate-warming emissions,* emphasizing that food, agriculture and land use patterns could have the greatest impact in the rapidly closing window of time that remains for preventive action.[43]

The food system faces an unprecedented set of challenges, such as meeting the growing demand for food, avoiding deforestation, reducing rates of diet-related diseases and controlling rising temperatures. Current food production comes with significant social and environmental costs, including water scarcity, soil degradation, ecosystem stress and biodiversity loss. Decades of intensive farming and expansion of agriculture have led to "unprecedented rates of land and freshwater use," according to the report. As the population grows, the food gap (the delta between the amount produced and the amount required to meet demand) is expected to more than double the required crop calories in 2050 compared with 2010 levels. According to the World Resources Institute, if today's production levels were to remain constant through 2050, feeding the planet would entail clearing most of the world's forests and wiping out thousands of species, and emissions would contribute to global temperatures raising above the 1.5°C warming target, even if emissions from all other human activities were eliminated.[44]

Impacts from the current system will get worse as the global population and middle class continue to grow, and an increase in extreme weather is projected to disproportionately affect the tropical and subtropical parts of the world, where worsening conditions could lead to increased displacement, disrupted food chains and threatened livelihoods. One industry CEO notes that the implications for agricultural production are already here: "The reality is that storms and weather events have become more extreme, and with that it becomes more difficult to get predictability with crops for demand that continues to grow."

Transforming the food system also presents tremendous opportunities for gains in health, environmental sustainability, and economic development. A report from the Lancet and EAT estimates that the adoption of a planetary health diet — rich in plant-based foods with fewer animal-sourced foods — would minimize severe environmental degradation and prevent approximately 11 million deaths annually.[45] Furthermore, the World Bank estimated that achieving the targets of undernutrition will only require $70 billion over a ten-year period, while creating $850 billion in economic returns.[46]

The IPCC assessment underscores the urgency for systemic changes to food production as a global priority that engages all actors, and business has an essential role to play. Therefore, in this year's study, we set out specifically to increase participation in the food sector, both in our survey and in our interviews with CEOs, to better understand the unique perspective of business leaders in a sector that is ripe for transformation and can have meaningful impact on the Global Goals.

> **"We see a phenomenal challenge and opportunity to help the global food supply chain transition to a sustainable food system where by 2050 we can feed a global population of 10 billion sustainably with food that is nutritious and that also satisfies the need for biodiversity protection and fair income for all people involved."**
>
> Wiebe Draijer, Chairman of the Managing Board, Rabobank

FOOD INDUSTRY LEADERS SEE A RESPONSIBILITY AND AN OPPORTUNITY TO TRANSFORM FOOD PRODUCTION AND CONSUMPTION

The importance of sustainability is rising on the agenda of CEOs in the food industry. The percentage of food industry CEOs citing sustainability as "very important" (72%) is much higher than for other industries (53%) and is also a striking jump from 55% in 2016. One driver may be rising awareness and interest from consumers on food-related sustainability and health issues. Seventy percent of industry CEOs say consumers are the most important stakeholder driving

their sustainability efforts, compared with 52% from other industries. As one CEO told us, "You see increasing unrest and protest from younger people on their expectations from the food industry." Expectations are translating to purchasing behavior, and CEOs say market trends — toward plant-based proteins, for example — are shifting to real business opportunities. In the words of Ian Moir, group CEO of Woolworths Holdings Limited, "We have seen the consumer moving into plant-based food, and we are seeing an increase in those categories. We already see this as a real opportunity."

Our conversations reflected encouraging engagement from industry leaders taking preliminary steps towards global food supply chain, and overall, we detected a growing realization among CEOs that they "must" address these challenges for the long-term viability of their businesses.

"We are increasingly thinking about dependencies," one CEO said. "If we don't think about the sustainable production of food, our business model is dead. If we don't think about the responsible consumption of food, our market opportunities suffer." Across our conversations, CEOs noted several areas where they see growing opportunities for the entire food production system to change, such as better land use, less intensive diets and elimination of food waste.

> **"One area I'm really excited about is plant-based foods. It's an area that has a significant potential impact on the world."**
>
> Marc Doyle, Chief Executive Officer, DuPont Company

ILLUSTRATIVE OPPORTUNITIES FOR INDUSTRY ACTION

KEY INDUSTRY PRIORITIES		CASE EXAMPLE	CEO INSIGHTS
Transforming agricultural production	Deploying agricultural developments to improve productivity, reduce inputs and raise crops in ways that add carbon to the soil (see Trade-offs discussion on p 66)	Mars, Inc., is focused on improving agricultural practices as a key initiative to drive climate action and address land use challenges. The company supports genomics to pinpoint how to produce more resilient and higher yielding crops. And it is working with farmers to evaluate the benefits of composting agricultural waste for use in soil enrichment, rotating crops and multi-cropping – planting, for example, shade trees, cacao trees and other plants that together are better for soils and better for the farmer because she/he has more stable and diversified income.	"The addition of regenerative agriculture and carbon-zero or carbon-positive soils is something we must get more focused on. We're not saying that we can do that on our own but we need to explore solutions in partnership with others." GRANT F. REID, CEO AND PRESIDENT, MARS, INCORPORATED
Managing food demand and altering consumption	Supporting the shift to low-impact and more nutritious diets by innovating and growing demand for alternative food options	Tesco's "Helpful Little Swaps" program encourages customers to try healthier alternatives to their normal product purchases through price incentives and promotions. In-store communication highlights the health and financial benefits of their purchases (e.g. less sugar, less salt, less fat and less money). During the September 2018 edition of the program a basket of 'helpful little swaps' cost 12% less than a standard basket. Sales of these comparable products increased by 17% year on year. As a result, Tesco saw improvements in the health profile of customer baskets, particularly amongst lower affluence families.	"Food-related health problems are growing – we need to look at the quality and quantity of diet and find much more convenient ways to provide food to families." DAVE LEWIS, GROUP CHIEF EXECUTIVE, TESCO
Eliminating food waste	Preventing waste across the food supply chain from harvest to consumption, including shortening of supply chains	Sodexo has committed to reducing food waste by 50% by 2025 and is deploying its WasteWatch program to all food operation sites by then, with a first wave of 3,000 starting this year. WasteWatch is a physical initiative powered by a digital platform, Leanpath, that identifies ways to reduce food waste. Beyond data, the program is a revolutionary approach to food services with a focus on behavioral changes. Sodexo's chefs, supply experts, site managers and frontline teams are trained and encouraged to innovate in the way they plan, use and serve food to reduce avoidable waste. On average, the program reduces 50% of food waste, drives profitability for Sodexo's clients by reducing food and raw material costs; whilst having a positive impact for consumers and the planet.	"We are an actor in food waste, but we aren't the only one. It's a matter of being connected with the rest of the value chain from the farmer to the consumer." DENIS MACHUEL, CHIEF EXECUTIVE OFFICER, SODEXO

Despite areas of progress and growing momentum, industry leaders emphasize that the sector is still "on the verge" of large-scale transition. Given industry dynamics, collaboration across the full value chain and partnership with governments will be essential to driving meaningful change.

ACTIVATING THE FULL VALUE CHAIN

The food industry is highly disaggregated, involving many dependencies that must adjust at each step up and down the value chain, from agribusiness to retail and consumer packaged goods. For instance, if a consumer goods company wants to introduce higher standards, it must place greater demands on farmers upstream. Industry leaders say most of these topics are bigger than their company, and in the words of Frans Muller, President & Chief Executive Officer of Royal Ahold Delhaize, "In the food industry, there are a number of topics we cannot solve individually by ourselves. We have to get this done together. We have to make international or at least national agreements." The consumer also plays a vital role in changing behaviors. From a renewed push to address food waste to a shift toward low-impact diets, consumers will drive change and place upward pressure on suppliers.

CEOs cite long-standing competitive dynamics as a key barrier to progress and say collaboration is in its early days. One CEO told us, "We are learning how to work together as an industry due to concerns about anti-competition." We also heard a definitive call for collective action from industry leaders. Said Frans Muller, "We're tired of apologies from food producers and retailers for wasting food; we want action." And in the words of another industry leader, "My hope is that we can get full value chain collaboration and make an impact."

ENGAGING GOVERNMENTS

After consumers, food industry CEOs say the challenge of effectively engaging governments is the next biggest issue for how they manage sustainability (49% compared with 40% for other industries). For example, to support the expansion of food production through productivity gains rather than land conversion, CEOs emphasized the need for governments to link efforts to boost crop and pasture yields with conservation efforts and legal protection of lands. CEOs call for greater engagement and initiative from governments and emphasize the importance of engaging key economies. As one industry CEO told us, "We need to have realistic discussions with governments for a plan forward." For instance, the Champions 12.3 initiative is actively establishing national-level public-private partnerships on food loss and waste reduction, with new partnerships established in the Netherlands and Indonesia.[47]

Nestlé:
A platform to combat food waste in Latin America and the Caribbean

More than 115 million tons of food is lost and wasted in Latin America and the Caribbean every year – in some regions, losses of fruits and vegetables exceed 50%, and, in homes, about 28% of all food goes to waste. At the same time, nearly 42 million people in the region suffer from acute under-nutrition. To help fight food waste in Latin America and the Caribbean, Nestlé helped launch #SinDesperdicio ('No food loss, no food waste'), a platform led by the Inter-American Development Bank and supported by other major food and technology companies, including Coca-Cola, IBM, Dow Chemical, the FEMSA Foundation, Grupo Bimbo and Oxxo. Laurent Freixe, Executive Vice President Chief Executive Officer Zone Americas (United States of America, Canada, Latin America, Caribbean) at Nestlé, said: "We recognize that no one can solve the problem of food waste alone. We have to work together to turn the tide for people and the planet."

Over the coming months, the UN Global Compact and Accenture Strategy will be delving deeper into the insights from our conversations with industry CEOs across key sectors for systems change, such as food, energy and mobility; engaging leading actors across their value chains to examine the barriers and shape strategies that can be implemented to accelerate transformation.

43. IPCC (2019) Climate Change and Land Special Report
44. Reference: World Resources Institute (2019) Creating a Sustainable Food Future
45. Reference: The Lancet (2019) Food in the Anthropocene: the EAT-Lancet Commission on Healthy Diets from Sustainable Food Systems
46. World Bank (2015) An Investment Framework for Nutrition
47. Champions 12.3 (2018) Champions 12.3 Progress Update
48. President & Chief Executive Officer, Owens Corning

FOOD INNOVATION AS A POTENTIAL ACCELERATOR

Innovation will play a key role in reimagining the food system, and CEOs are ready to embrace a revolution in "food tech" that creates new opportunities for transformation across the food supply chain and beyond. As one CEO said, "There's more tech startups in the food industry than I could imagine, and there's loads more coming."

New technologies promise to advance virtually every priority area for the sector, from extracting higher yields from lands and inputs to changing what we eat by altering the composition of food. Opportunities include weather analytics to forecast yields, improved fertilizer forms, crop field management to reduce nitrogen runoff and DNA sequencing to improve soil health. Mars Inc. has used DNA sequencing to map the cacao genome, accelerating the cacao breeding process from between 12 and 18 years to between seven and eight years. The project is expected to affect the lives of millions of small cacao growers through better land use efficiency, larger bean size and increased resistance to pests and extreme weather. Mars anticipates a massive 500% increase in yield, helping to bridge the 1-million-ton demand-supply gap for cocoa this decade. They also helped launch the African Orphan Crops Consortium to map the genomes of 101 food crops to make the crops more nutritious and more productive in a collaborative effort to end chronic hunger and malnutrition in Africa.

Waste tracking technologies will support advances in reducing food that gets lost or wasted, which currently accounts for a third of global production. In the words of Dominic Blakemore, Group Chief Executive of Compass Group PLC, "Our scale allows us to have a huge impact, but the challenge is measuring food waste to establish a baseline to execute against and demonstrate change."

Urban farming, in vitro and 3-D printed foods could bring production closer to consumption, shrink distribution and remove waste from the supply chain. Vertical aeroponics growing systems, such as AeroFarms, use only 10% of the space that traditional farming requires, and they are 30 times more productive while reducing water and pesticide use by 90% and 50%, respectively. In another example, Signify, the world leader in lighting, partnered with Russia-based Agro-Inwest to expand the greenhouse produce company's use of LED lighting for growing tomatoes from its current 25 hectares to 68.5 hectares — an area of greenhouses equivalent to 100 soccer fields. The efficient LED lighting has reduced energy use by almost 50% and improved growth predictability, crop appearance and yield.[48]

Third-generation plant proteins, algae and synthetic biology sources also offer substantial efficiency gains over animal-based ingredients. As Juan R. Luciano, Chairman of the Board of Directors, President and Chief Executive Officer, Archer Daniels Midland Company told us, "If we are going to continue to sustainably feed a growing and evolving global population, we need innovative solutions – like plant-based and other alternative proteins." These opportunities are blurring industry boundaries, and CEOs from adjacent industries are excited to support evolution of the food sector, especially in the growing intersection of food and healthcare. CEOs from the chemicals industry are making the emulsifiers, texturants, plant-based proteins, enzymes and other ingredients to provide the building blocks for highly nutritious alternative foods. Marc Doyle, Chief Executive Officer of DuPont Company, told us: "One area I'm really excited about is plant-based foods. It's an area that has a significant potential impact on the world."

> **"I am optimistic about technology and the power of innovation – when you see the confluence of computer science, physics and biology, we are at the beginning of the transformation for what you can do to sustainably provide a growing global population with food and nutrition."**
>
> Juan R. Luciano, Chairman of the Board of Directors, President and Chief Executive Officer, Archer Daniels Midland Company

AB InBev 100+ Accelerator: Pairing global resources and small farmers

AB InBev is using its global reach to attract start-ups from all over the world to solve specific global sustainability challenges through its 100+ Accelerator program. For instance, the brewing giant has partnered with startup BanQu to track the supply of barley and cassava to small farmers in Africa and India using a blockchain-based digital identity that would enable them to secure access to finance and sell their produce to buyers like AB InBev. BanQu aims to scale up to 10,000 farmers in 2019.

CALL TO ACTION 2: **COLLABORATING TO SHAPE REALISTIC, SCIENCE-BASED SOLUTIONS**

CEOS EMPHASIZE THAT SYSTEMS TRANSFORMATION CALLS FOR DEEPER COLLABORATION

CEOs emphasize that many of these global development challenges are bigger than any one company: to truly solve these issues, collaboration is a necessity. Entire industries and sectors will need to drive systems-level transition: from fossil fuels to renewables, animal- to plant-based diets, or single-use to recyclable plastic, as just a few examples. For instance, CEOs say stakeholders collaborating along the value chain is crucial for achieving the Global Goals; industry players at each step will need to adjust and work together. "A lot of the problems happen in the big ecosystems," says one CEO. "We're moving in the right directions and building trust to open up to each other, but there are natural competitive threats that get in the way."

The challenge extends to demand, and market pull is a critical factor. Jens Birgersson, President & CEO of ROCKWOOL International A/S, which offers sustainable alternatives and 'SDG positive' rated products, told us: "Every material has its place in the market. If builders want to use non-recyclable synthetic materials, that's up to them." Beyond their industries, CEOs further emphasize ecosystem dependencies, such as advancing innovation and prerequisite infrastructure. In the words of one automotive CEO, "We are transforming into a company that can work successfully with strategic corporations and alliances."

CEOs recognize that collective action is essential to driving transformation. Especially in the absence of global regulatory incentives that would force transition, coordinated effort across industries and sectors will be a key factor in building the economic foundations that create "tipping points" for systems-level transitions. That includes the transition to sustainable mobility. According to John Pettigrew, Chief Executive Officer of National Grid plc: "Electric vehicles are now a matter of not 'if' but 'when'," and Guenter Butschek, CEO and Managing Director of Tata Motors Limited, told us, "We are working in a collaborative manner to facilitate faster adoption of electric vehicles - to build a sustainable future for India."

However, to remove the barriers to action and drive effective change, CEOs say we must fundamentally alter how we collaborate across three key areas: rethinking how we approach these challenges, where leadership comes from and how solutions get implemented. In the words of Wiebe Draijer, Chairman of the Managing Board of Rabobank, "Our deep belief is that collective solutions provide the economic foundation for the types of transition that we are now facing: creating collective solutions that bring the system to a new equilibrium."

> **"Collective action by leading business will push fence-sitting businesses into action, resulting in acceleration."**
>
> Sandra Wu, Wen-Hsiu, Chairperson and CEO, Kokusai Kogyo Co.,Ltd.

> **"Getting everyone around the table to take concrete action is fundamentally important. Collaborative effort is going to come to the fore in the future."**
>
> Denis Machuel, Chief Executive Officer, Sodexo

> **"We need to transcend legislation and create our own steering groups that develop acceptable industry standards."**
>
> Dominic Blakemore, Group Chief Executive, Compass Group PLC

> **"We need to create more, stronger bridges between the private and public sectors."**
>
> Florent Menegaux, CEO, Michelin

CHANGING HOW WE PARTNER IS CRITICAL TO SHARED SUCCESS

SHAPING REALISTIC, COLLECTIVE SOLUTIONS: KEY ACTORS MUST COME TOGETHER IN HONEST DIALOGUE ON THE CHALLENGES AND TRADE-OFFS

Given the complexity of the problems we face, CEOs emphasize the need to shape realistic and science-based solutions in collaboration with key actors from within and beyond their industries, including governments, regulators and nongovernmental organizations. In 2016, 85% of CEOs said cross-sector efforts to develop integrated solutions to global challenges would be critical to enabling business to be a transformative force for achieving the Global Goals. However, our conversations with CEOs this year uncovered polarization across issues and actors as a key impediment to serious and effective dialogue. "Achieving the Sustainable Development Goals requires a science and fact-based discussion rather than one rooted in the fear of new technologies and new approaches," says Werner Baumann, Chairman of the Board of Management, Bayer AG.

CEOs say all actors must work cooperatively to come up with solutions to global challenges which are grounded in fact and science to achieve true scale. Eastman, for example, has partnered with The Woods Hole Oceanographic Institution to advocate for sound ocean science and to better understand how ocean processes impact both climate and weather variability. "If you want to solve these global problems, you have to come up with solutions that can be scaled on a global level, and collaboration is important," says Mark J. Costa, Board Chair and CEO of Eastman.

MICHELIN:
MOVIN'ON LABS TO ACCELERATE SUSTAINABLE MOBILITY

Michelin is accelerating innovation on sustainable mobility through an initiative called Movin'On Lab – an ecosystem of more than 250 automotive, materials and technology companies. The mission is to experiment new mobility solutions – such as electric vehicles, biomaterials, autonomous driving, and battery storage – within this community of key actors. The initiative also has a dedicated African Mobilities Observatory based in Uganda and the Ivory Coast that researches mobility trends for the Continent. Efforts are coalesced annually at the Movin'On Summit – termed "the Davos of Mobility"- which brings together more than 4,000 mobility experts across sectors to share learnings and innovation. In the words of Florent Menegaux, CEO of Michelin, "Sustainable mobility is an incredible factor of progress and should be considered as a Human Right, accessible to everyone."

LEVELLING THE PLAYING FIELD: INDUSTRY LEADERS NEED TO WORK NON-COMPETITIVELY TO ACCELERATE ECONOMIC CHANGE

In the global political and economic climate, CEOs say companies have, to some extent, retreated back into their own worlds to areas under their direct control; however, in some cases, even where the right policy framework is not forthcoming, the need for industry leadership is greater than ever. CEOs see an opportunity for business leaders to come together pre-competitively, develop industrywide solutions and agree to set common standards that will move their industries forward – transcending legislation, and ultimately, driving competitiveness. Dave Powers, President and CEO of Deckers Brands explains, "We need to level the playing field, be it regulation or everyone just doing it."

Sharing and exchange of practices will also enable industry-wide momentum and impact. For example, airlines around the world are working to drive down emissions through ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and there are 49 airports worldwide that are recognized as carbon neutral by the Airports Council International's Airport Carbon Accreditation program. According to Geoff Culbert, Chief Executive Officer of Sydney Airport, "As an industry we need to continue this push and work together with the broader business community to drive down emissions."

NATURA:
CREATING ECOSYSTEMS FOR UPSTREAM INNOVATION AND VALUE CREATION

Natura constructed a $75 million industrial complex named Ecoparque across 172 hectares in the Amazonian city of Benevides. It serves as a manufacturing facility for Natura's soaps and fixed oils that are entirely procured from the Amazon forest and supplied by families of indigenous communities. Natura invites companies and researchers to use the Ecoparque and facilitates a circular ecosystem. For instance, Symrise partnered with Natura to install a €5 million facility in the Ecoparque that worked with over 2,000 families in the region to produce oils and butters, which are further used by Natura for their perfumery and personal care businesses. Speaking to the Ecoparque's contribution to the social and economic development of the region, CEO João Paulo Ferreira remarks, "We work with our suppliers to increase the value of the ingredients we source from the rainforest, which generates more employment, development, taxes and even attracts scientists to the region." [49 50]

49. Cosmetics Business (2014), Natura Ecoparque inaugurated
50. The B Team (2015) Symrise joins forces with Natura

DRIVING LOCALIZED ACTION: ELEVATING THE ROLE OF EFFECTIVE, LOCAL PARTNERSHIP

While CEOs clearly see the role for global norms and standards, they also say local engagement is central to shaping solutions tailored to a specific place and situation. In 2016, 85% of CEOs said partnerships with governments, NGOs and international organizations that can connect business to local communities would be critical to enabling business to be a transformative force for achieving the Global Goals. This year, our conversations with CEOs reinforced that solutions to many global issues only become relevant at the local level, such as collection of waste and recyclables. However, lack of trust in the altruistic motives of business or anti-industry bias is a barrier to partnering with governments and development organizations, CEOs emphasized. In the words of Fani Titi, Joint Chief Executive Officer of Investec Group, "Trust deficits make it very difficult to scale development solutions."

CEOs see a growing need to work below the national and state levels to drive action and to move seamlessly between global and local implementation. Working with cities, in particular, CEOs believe, can help move the needle from high-level dialogue to greater action on the ground. As one CEO explains: "It doesn't succeed unless there is a strong willingness at the city, regional or governmental level, but the higher up you go, the larger the consensus that is needed to move forward." Goh Lin Piao, Managing Director of APP Sinar Mas, told us, "We would like to see discussions on sustainability issues translate into genuine programs on the ground."

NOVO NORDISK:
PARTNERING WITH THE CITY OF HOUSTON TO COMBAT TYPE 2 DIABETES

In 2014, Novo Nordisk – in partnership with the Steno Diabetes Center Copenhagen and University College London – launched the Cities Changing Diabetes initiative to address the cause and halt the surge of type-2 diabetes in urban environments. It is estimated that of the 422 million people worldwide who have diabetes, nearly two-third live in urban areas and populations in cities are 2 to 5 times more at risk of having diabetes. The initiative in partnership with the City of Houston – where 1 in 4 adults are projected to be diagnosed with diabetes by 2040 – conducted a vulnerability assessment of sociocultural factors and intervention strategies. Over 400 stakeholders, from patients to employers to public health institutions, were mobilized to reduce risk factors and barriers to diabetic care. The initiative estimates diabetes to be maintained at 17% prevalence in Houston by 2045, saving ~$1.5 billion in healthcare expenditures.[51] Speaking to the benefit of partnering at the city level, Lars Fruergaard Jørgensen, President and CEO of Novo Nordisk A/S remarks that, "Big cities are a center of gravity in driving change in many countries. They are closer to their populations and have a more acute, aligned interest with stakeholders."

51. Cities Changing Diabetes (2017), The diabetes challenge in Houston

CONFRONTING COMPLEXITY AND GENUINE TRADE-OFFS

As one CEO told us, "Sustainability is complex, as you may think you're solving one problem, but you could be creating another one." Across our conversations, business leaders emphasized the complexity of global issues and consistently highlighted the need to shape collective solutions that: account for complexities, trade-offs and unintended consequences across solutions, especially at the country level; are holistic and science-based; and credibly engage consumers and regulators to align action most effectively.

IN SOLVING GLOBAL CHALLENGES, CEOS SAY WE MUST ACKNOWLEDGE THE COMPLEXITY AND TRADE-OFFS

In our one-to-one conversations, CEOs said it was important not to "oversimplify" global challenges. In reality, many of the societal problems we face, CEOs emphasize, are incredibly complicated and involve trade-offs, with potential unintended consequences that must be understood to inform decisions. As Peter Oswald, CEO of Mondi Group, told us: "Sustainability is an awfully complex topic. It's about how you weigh different things." CEOs also note that it is often not as simple as "flipping the switch" on solutions. In the case of mobility, infrastructure for electric vehicles is not developed enough to support broad transition in most countries, and there are challenges that need to be dealt with, such as the environmental and human rights issues associated with the mining of lithium and cobalt upstream, or the recyclability of batteries at end of life.[52] As one leading automotive CEO put it, "These cannot be solved overnight, and we have to be very realistic and science-based." In the words of Florence Sempebwa Makada, Managing Director of Motorcare Uganda, "Electronic vehicles will curtail emissions, but there needs to be functioning infrastructure for the industry to increase investments."

CEOs note that the "demonizing" of options, while useful for uniting action, can also have unintended consequences or detract from bigger issues. The global movement to reduce the use of plastic straws, for example, may have unintended consequences by driving consumers to use more plastic lids or reusable containers that may actually use more resources, or by taking attention away from other problems, such as reducing the disposal of plastic waste into the world's waterways (90% of the plastic pollution in the oceans comes from only ten rivers[53]). In a related example, shifting to recyclable plastic could lead to greater consumption of plastic if consumers assume it is OK to use more, when 91% of the plastic produced is not currently recycled.[54] Leaders highlight the importance and complexity of evaluating trade-offs between solutions. In the words of Mick Wilkes, President and CEO of OceanaGold: "We need to devise a holistic approach and work together to find solutions. I don't think there is a magic wand."

Geopolitical considerations and country-level trade-offs must also be taken into account to ensure that economies prosper. According to the UN Food and Agriculture Organization, trade-offs between environment and food security must be carefully balanced. Gaurav Dhawan, Executive Chairman of Phoenix Group, told us, "Halting biodiversity loss while reducing poverty is an important trade-off to consider." CEOs emphasized the importance of balancing industrial and societal needs to transition economies to low-carbon energy, considering the asset levels in place and implementing parallel strategies for transition and efficiency. For instance, Investec actively invests to support diversification of the energy sector in South Africa, while reducing economic dependence on coal. Fani Titi, Joint Chief Executive Officer of Investec Group, speaks to the role of policy, "If policies are liberalized, private capital will find a way to support alternative energy in South Africa."[55,56]

> **"Societal problems are complicated. There are trade-offs and unintended consequences to understand."**
>
> Fernando Musa, CEO, Braskem SA.

> **"Producing more food on less land — a trend to reduce GHG emissions — increases fertilizer use, which releases nitrogen, which also contributes to global warming."**
>
> Gaurav Dhawan, Executive Chairman, Phoenix Group

52. World Economic Forum (2019) The Dirty Secret of Electric Vehicles
53. World Economic Forum (2018) Plastic Polluting Our Oceans comes from just 10 Rivers
54. Geyer et. al. (2017) Production, use, and fate of all plastics ever made
55. UN FAO, Minimizing Trade-Offs between Environment and Agricultural Development
56. World Economic Forum (2018) Balance conservation and science

ENGAGING REGULATORS AND CONSUMERS IN HOLISTIC, SCIENCE-BASED SOLUTIONS

Consumer behaviors are not always aligned with their intentions. For instance, the CEO of one retailer told us, "We definitely see a rising interest among the consumers (in sustainably produced products), but we still see an increase in demand for speed and convenience. Those might not always go directly hand in hand, which is a challenge for the industry." While consumers increasingly want to stay informed and make sustainable choices, with growing access to information and social media, they must continually navigate competing views. To that end, CEOs say regulators can be too quick to follow consumer perceptions. As one CEO said, "There is a challenge with emotions versus science. Decisions may look very smart on the surface, but the unintended consequences can be significant."

Therefore, CEOs emphasize the need to shape credible independent solutions, perhaps informed by emotions or perceptions, but grounded in science. It will be important to educate and engage all actors — from regulators to consumers — on all facts and realities of sustainability issues in order to drive the right incentives and behaviors.

ILLUSTRATIVE TRADE-OFFS: SUSTAINABLE AND CIRCULAR MATERIAL FLOWS

The waste stream for plastics, and more generally material flows, is perhaps the most cited challenge for its complexity. The root of the problem, as one CEO from the food and beverage industry noted, is that "plastic is the most efficient packaging for handling beverages, but if it is littered, it is a catastrophe for the oceans." Some potential substitutes for single-use plastics may have even worse environmental footprints, so the industry is also focusing on solutions to address end of use. This is not a trivial problem; it relies on creating and improving recycling infrastructure and collection systems, while also changing consumer behavior at the local level. Once plastic is collected, there are technical limitations to recycling it. Many of the attributes that make plastic a great material — it's inexpensive and there are many different types for different purposes — also make it challenging to separate and process for recycling. With technologies available today, consumers may need to compromise on the quality of recycled products, while brands may need to accept a higher price of recycled plastics. In the words of Antoine Frérot, Chairman & Chief Executive Officer of Veolia: "The economics of recycled plastic are completely different, and brands must commit long term for it to develop into a real investment... New technologies need to be developed in recycling packaging, in mechanical recycling and optimizing economic models."

UNLOCKING COLLABORATION: **THE ROLE OF THE UNITED NATIONS AND UN GLOBAL COMPACT**

This year, as business calls for new levels of collaboration and partnerships to advance the Global Goals, they also see a more active role for the United Nations and UN Global Compact. Across our conversations, CEOs emphasize the need to embrace the unique strengths of the United Nations system – as a neutral convener, credible independent organization and connecter to national governments – to drive forward concrete action. In the mind of CEOs, three key responsibilities could make the difference: bringing actors together in dialogue on solutions; playing a more active role in setting consistent standards; and building partnership and alignment across business, national and local governments.

BRINGING ACTORS TOGETHER IN DIALOGUE ON SOLUTIONS

As business leaders call for greater dialogue and systems-level solutions to overcome barriers to sustainability, the United Nations can amplify its longstanding role as a neutral convener to bring key actors together and provide a platform for the honest discussion on what can collectively be achieved. CEOs spoke to the voice the UN Global Compact can bring to address complex issues, balancing engagement beyond industries and across actors to drive action on global challenges. According to one CEO, "We work within a long value chain and we need someone to help us facilitate the process – the structure of the UN could be the right tool for that."

SHAPING AND ADVOCATING CONSISTENT STANDARDS

The Ten Principles of the UN Global Compact, say CEOs, has been instrumental in establishing standards for conduct and reporting. According to the UN Global Compact Progress Report, 67% business executives say "the UN Global Compact has played an important role in guiding our corporate sustainability reporting." Our conversations revealed a desire amongst business leaders for the UN Global Compact to play an even greater role in helping business to construct and advocate higher standards that all companies will be compelled to adopt. In the words of Werner Baumann, Chairman of the Board of Management of Bayer AG, "The UN should link the SDGs with standards of business conduct." CEOs also highlighted the potential role of the UN in facilitating transparency and accounting systems: "The UN can play a role by universally creating transparency of financial markets and systems that will classify products based on their degree of sustainability, where people can be held accountable for the products that they buy."

One theme from our conversations with CEOs is the accelerating role that a global price on carbon could have in making sustainability competitive. Business leaders expressed frustration with patchwork carbon pricing schemes and emphasized the need for a global solution that aligns jurisdictions and directs resources to the places where they can have the greatest impact. As one CEO told us, "As a global company we operate in some places that have instituted a carbon tax and others that have not. If there is a price for CO_2 for just one country it will not work. It has to be everywhere." The UN Global Compact calls companies to set an internal $100 minimum price on carbon per metric ton as part of the Caring for Climate initiative.

BUILDING BRIDGES BETWEEN BUSINESS, NATIONAL AND LOCAL GOVERNMENTS

CEOs believe national governments can play a key role in helping address sectoral gaps and identify an opportunity for the UN Global Compact and Local Networks to enhance its role facilitating industrywide collaboration with central governments. For example, partnering with national governments could play a key role in reshaping educational systems to prepare a new generation of talent that is gender balanced and dexterous in science, technology, engineering and mathematics. For instance, at the Hackathon High Level Political Forum (HLPF), the South African Minister of Tourism, HE Minister Mmamoloko Kubayi-Ngubani spoke of the government developing Coding and Robotics curriculums for high school grades 1-3 and are training 72,000 teachers to teach coding to primary school learners.

> **"It's about regulation, convening power to get industries to agree to things and investments in innovation and infrastructure."**
>
> James Quincey, Chairman and CEO, The Coca-Cola Company

> **"The UN needs to broker an honest conversation about the trade-offs. For example, people want a smart phone full of metals but not a mine in their backyard. There is a disconnect between what people want and what they are prepared to do. We need the platform for the honest discussion."**
>
> Jean-Sebastien Jacques, Chief Executive, Rio Tinto

A TURNING POINT FOR INVESTOR ENGAGEMENT ON SUSTAINABLE DEVELOPMENT?

CEOs say investors are not the primary drivers of the sustainability agenda today, but they will be in the future

Investors stand at a critical junction as CEOs place faith in their ability to drive action in the future but acknowledge the company-investor relationship is not the primary factor driving sustainability today. Only 12% of CEOs – and 26% of the world's largest companies –say that pressure from investors and shareholders motivates them to act on sustainability. Our trend data narrates a similar story: no more than a quarter of CEOs have ever, since 2010, cited investors in one of their top three motivating factors on sustainability. As one CEO told us, "As long as investors see good business fundamentals, they are supportive of sustainability, otherwise they would say stop." However, while investors are not considered the most important stakeholder, growing investor interest in sustainability is having a visible impact: the number of CEOs citing lack of recognition from investors as a barrier dropped from 34% in 2010 to 13% in 2019. As one CEO told us, "I have seen an acceleration in the last 12 months that I haven't seen before. A normal conversation with an investor or prospective investor used to have zero content on ESG or CSR, and now it's 15%-20%." In the words of Mark Rigotti, Chief Executive Officer of Herbert Smith Freehills, "Sustainability is important for investors as they do not want to invest in companies with ESG issues."

The confluence of technology and sustainability has enhanced ESG valuation in investment decisions

The quantitative analysis of sustainability – methodology constructed on big data and machine learning – promises to be a leapfrog development providing investors credible, empirical data on sustainability performance. For instance, Arabesque S-Ray® monitors over 7,000 of the world's largest corporations to combine over 200 ESG metrics with over 50,000 news sources to provide investors actionable information on a company's extra-financial performance. Refinitiv, for instance, holds ESG data from 70% of global market cap companies to inform sustainable investment decisions. However, an ESG data deficit between developed and emerging markets and lack of disclosures hinders the growth of responsible investment. According to David Craig, CEO of Refinitiv, "For ten years the data has been ahead of the problem, now the problem is ahead of the data."

CEOs say better engagement from investors can forge a relationship between capital and development

The next step, say CEOs, needs to come from the investment community to better engage companies on their sustainability performance and understand the trade-offs they face. According to Alex Ricard, Chairman & Chief Executive Officer of Pernod Ricard, "Investors should recognize that sustainability is a cost beyond the cost of doing business and that cannot be easily absorbed." Furthermore, majority CEOs cite investor short-termism as a wider barrier to appreciating the value of sustainability. According to one CEO, "Investors who hold stock for 3 to 9 months are not concerned about what will happen in 2030." Shifting the sustainability discussion from, as one CEO put it, "a nice-to-have conversation to a performance metric" has tangible benefits: according to the World Bank, businesses stand to gain at least $12 trillion a year in market opportunities by adopting sustainable practices, more than the $7 trillion annual investment – including $4.5 trillion in developing countries – needed to achieve the Global Goals. [57]

> **"There is a great disparity between the public statements put out by banks and investors and their apathy towards sustainability behind closed doors."**
>
> Simone Rossi, Chief Executive Officer, EDF Energy

> **"Like Suncor, long-term institutional investors care deeply about sustainability and ESG performance. If we didn't care about it, we wouldn't have those investors. You get the investors you deserve."**
>
> Mark Little, President & CEO, Suncor Energy

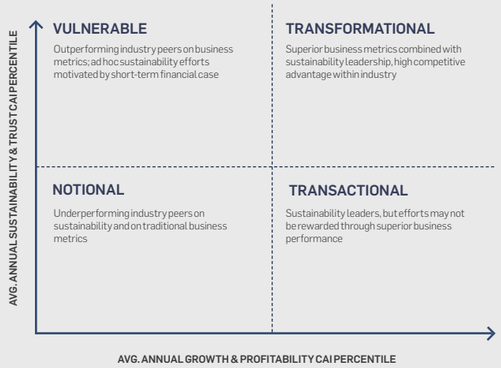
57. IFC (2018) Sustainability: A $12 Trillion Opportunity for Business

SPECIAL FOCUS: RESPONSIBLE LEADERSHIP PERFORMANCE ANALYSIS

In 2013, we performed a 'High Performance Business and Sustainability Leadership' analysis which categorized companies in four segments – Transformational, Vulnerable, Transactional and Notional – on their path to combining sustainability leadership with superior market performance.

This year, our analysis builds on that assessment, but with two important differences. First, using the Accenture Strategy Competitive Agility Index (CAI) – a robust dataset that scores 7,030 companies using more than 4 million data points and innovative sustainability and trust measures powered by Arabesque S-Ray® – we assessed the performance of 57 of the largest companies that responded to this year's survey against indicators on growth, profitability and, sustainability and trust. We then ranked the CAI scores of the companies in our sample against the entire database of companies to isolate their industry competitive rank. Second, we used trend data dating back to 2014 to evaluate their performance sustainability and business metrics over six years. The results confirmed that responsible leadership can build competitiveness over time, demonstrated by three key insights:

FIGURE 18: TRANSFORMATIONAL LEADERS BALANCE SUSTAINABILITY & TRUST, GROWTH AND PROFITABILITY TO DRIVE COMPETITIVENESS OVER TIME



INSIGHT 1: "TRANSFORMATIONAL" LEADERS CONTINUE TO HOLD POSITIONS OF MARKET COMPETITIVENESS

Leaders we described as "transformational" in 2013 (characterized by strong sustainability and business performance) have retained their leadership positions, and continue to balance sustainability & trust, growth and profitability to drive competitiveness in their industries.

INSIGHT 2: "VULNERABLE" LEADERS HAVE PIVOTED TO POSITIONS OF BUSINESS COMPETITIVENESS

Leaders we described as "vulnerable" in 2013 (characterized by strong sustainability performance, but weak business performance) have maintained their sustainability performance and witnessed growth and profitability – demonstrating that sustainability leadership may actually help to "move up" companies to positions of business competitiveness over time.

INSIGHT 3: "NOTIONAL" LEADERS HAVE NOT BEEN ABLE TO IMPROVE BUSINESS PERFORMANCE

Leaders we described as "Notional" (characterized by weak sustainability and business performance) have not been able to transform their companies towards paths of growth, profitability or competitiveness over time – indicating that ignoring the value sustainability could hinder business improvement over time.

Over the coming months, Accenture Strategy and Arabesque will be delving deeper into these insights, and will publish additional detail on the analysis and its implications for responsible leadership.

CALL TO ACTION 3: **DEFINING RESPONSIBLE LEADERSHIP FOR 2030**

Responsible CEOs see their obligations evolving. CEOs say that business leaders that are serious about sustainability must guide their companies and sectors toward a more stable and sustainable world. From our analysis and conversations, CEOs point to nine emerging qualities of responsible leaders that are individually driving change – across their organizations and ecosystems – to enable business to be a leading actor in driving the Global Goals.

NINE QUALITIES OF RESPONSIBLE LEADERS THAT WILL DRIVE DISRUPTIVE CHANGE AND IMPACT TOWARD 2030

ORGANIZATION	EXAMPLE ACTIONS	
Pioneer systems change	Lead with purpose Accept less economical options in the short-term to propel the economics through scale	**94%** CEOs feel a personal responsibility for ensuring their company has a core purpose and role in society
Drive market demand for sustainability	Develop superior sustainable and responsible options "Nudge" responsible behaviors via product design and marketing	Emerging quality – No data available
Build cultures of responsibility and sustainability	Build sustainable, responsible and purpose-driven cultures	**96%** CEOs say it is in their and the company's best interests to embed a transparent and ethical mind set
ECOSYSTEM		
Know the issues and engage in science-based leadership	Understand sustainability challenges Engage with broader stakeholders in shaping science-based solutions	**35%** CEOs have already set or plan to set a science-based target within the next year
Extend responsibility to ecosystems and lift others up	Be "end-responsible" for products and extended operations (e.g. contractors) Extend best practices to raise standards in your industry	Emerging quality – No data available
Collaborate non-competitively	Collaborate to drive higher standards and scale action in your industry Share best practices and innovation to accelerate industry action	Emerging quality – No data available
INDIVIDUAL		
Take sustainability personally	Personally believe responsibility is good for business Lead by example – walk the talk Take stands on important issues	**85%** CEOs are personally committed to ensuring that their company leads on the sustainable development agenda
Hold the organization to account and engage investors	Hold the organization accountable for sustainability (tie to performance and compensation) Force the discussion with investors	**62%** CEOs would agree to have their renumeration linked to independent measures of the firm's performance on sustainability
Lead change with authenticity and vulnerability	Acknowledge what is not working well and prioritize it Be human, not "superhuman"	Emerging quality – No data available

LEADERSHIP QUALITIES: PIONEER SYSTEMS CHANGE

Growing expectations from consumers, employees and the public are placing new demand on leaders to serve a higher purpose in helping ensure a sustainable and equitable future. Business Roundtable, an association of CEOs from nearly 200 of America's most prominent companies, recently changed its formal statement of purpose since 1997, recognizing the interest of all stakeholders, not just shareholders. This year, we observe a clear shift in CEOs' views as they identify a growing imperative to look beyond near-term profits in order to meaningfully drive forward the sustainability agenda. In the words of Kawthar Makahlah, Founder & CEO of BCI Group, "Responsible business is not about optimizing financial sustainability but ensuring purpose beyond profit."

Being a leader means being a front-runner, which could entail taking commercial risks or choosing a less cost-effective model today, in order to push the economics of the sustainability agenda forward. In the words of Ilham Kadri CEO of Solvay Group, "A multinational like ours will have to take the risks, and not look primarily at NPVs as we do for other investments, because this is for the long run, for the future generations."

> **"I can give a nice speech and put the responsibility on consumers, 'they are not willing to pay, we have to make them aware', or we can turn it around – we are going to do what is right and if it costs more, we tell that to consumers and if they are willing to pay, that is great, otherwise we are going to reduce our cost margin somehow and find efficiencies elsewhere."**
>
> João Paulo Ferreira, CEO, Natura

LEADERSHIP QUALITIES: DRIVE MARKET DEMAND FOR SUSTAINABILITY

CEOs say the role of business must move past "responding to the consumer" to actually driving the demand for more sustainable offerings and making responsible decisions on their behalf. This starts with innovation and product development of sustainable alternatives that appeal to consumers. For instance, Juan R. Luciano, Chairman of the Board of Directors, President and Chief Executive Officer of Archer Daniels Midland Company told us, "Our goal is always to deliver the highest-quality products to consumers. If we can match taste and texture, then we can ease people into eating better for the environment and for themselves."

And while consumer willingness to pay is often cited as one of the main challenges to sustainability, CEOs say part of their role is communicating the value proposition to customers to bring down this barrier. For instance, Ian Moir, Group CEO of Woolworths Holdings Limited told us, "We do charge a little bit more for organic cotton, so we need to tell them it's organic and why it is better and why we are doing it."

CEOs further see a tremendous opportunity via redirecting the core marketing skill set to propel sustainable and responsible behaviors. Michael Roth, Chairman and Chief Executive Officer of Interpublic Group, explains the power of purpose-driven advertising: "Smokey the Bear is one of our iconic campaigns. The power of what we do is so enormous that we need to leverage it for the greater good." Jean-François van Boxmeer, Chairman of the Executive Board and CEO of Heineken, spoke to the need be proactive in messaging: "It's simple: when you drive, you never drink, and when you drink, you never drive." Heineken is also developing more no and low-alcohol products; as van Boxmeer told us, "It is more relevant for consumers when you increase the brand offerings."

> **"It's about the consumer. We can use the influence of our brands to engage consumers on key issues."**
>
> Carlos Brito, CEO, Anheuser-Busch InBev

LEADERSHIP QUALITIES: BUILD CULTURES AROUND RESPONSIBILITY AND SUSTAINABILITY

As they turn their attention to the power of purpose, business leaders are moving it beyond an ideal and embedding into the ethos of their workforces. Nearly all (96%) of the CEOs surveyed agreed with the statement "It is in the best interests of myself and my company to embed a transparent and ethical mindset." In the words of Rob Shuter, Group President & CEO of MTN Group, "Successful companies of the future will have to connect their people with their purpose."

Embedding culture into management practices provides clarity in the workforce. Employees trust that a company is managed on good judgment rather than command-and-control rules. CEOs say leaders should act as catalysts to set expectations and motivate their organizations to be more value-driven. Embedding a certain mindset and behaviors requires leadership to set the right tone. According to Masaki Miyauchi, Chairman and CEO of Fuji Media, "It is the leader's job to create an environment where employees, staff, and individuals can feel their mission and share it."

> **"Instilling sustainability in each employee has a ripple effect on their actions outside the workplace."**
>
> Julie-May Ellingson, Chief Executive Officer, Cape Town International Convention Centre

LEADERSHIP QUALITIES: KNOW THE ISSUES AND ENGAGE IN SCIENCE-BASED LEADERSHIP

Business leaders see a growing need for CEOs to personally "get the issues" and proactively engage their broader ecosystems. The need for industry leaders to "stand up and join in the conversation" to find solutions will become more urgent — not just from an economic perspective but to resolve environmental issues and benefit the broader social good. "CEOs of the future need to have a better understanding of stakeholder management. It is not a corporate affairs job anymore and CEOs need to understand and treat these topics seriously. It cannot be delegated,"says Sigve Brekke, President & CEO of Telenor Group.

Given the nature and complexity of these issues, science-based leadership will be essential. As one CEO put it, "We have to move beyond the speeches about climate change into consequential actions, because if you look at the world around you and the statistics, words aren't getting the job done."

> **"The Goals can help us as a society to go around the noise, around the emotion and have science-based dialogue."**
>
> Fernando Musa, CEO, Braskem SA

LEADERSHIP QUALITIES: EXTEND RESPONSIBILITY TO ECOSYSTEMS AND LIFT UP OTHERS

A clear theme of our discussions with CEOs this year has been the role business should play in extending responsibility to their suppliers and ecosystems that are beyond their direct control — from being "end responsible" for the services being given by others to taking responsibility for their product or packaging after consumer use. Eric Rondolat, CEO and Chairman of the Board of Management of Signify told us, "We are auditing all of our suppliers, and we make sure our ecosystem is made responsible at our point of contact."

CEOs also stress the need to take the high road and "raise the bar for the industry" to build trust in industry at large. In the words of Gary Goldberg, Chief Executive Officer of Newmont Goldcorp, "At the end of the day, the industry is viewed by the lowest common denominator – any mining company's actions can come back to effect the whole industry's reputation." One way to lift up industries could be through purpose-driven acquisition. As João Paulo Ferreira CEO of Natura told us, "Any company that becomes part of Natura & Co will have to abide by our principles. If a company we partner with has issues, it is a great opportunity to improve."

> **"Companies that have global footprints can drive the climate agenda so it becomes a global movement in countries that may not have the same will or capacity to make the investments."**
>
> Lars Fruergaard Jørgensen, President and CEO, Novo Nordisk A/S

LEADERSHIP QUALITIES: COLLABORATE NON-COMPETITIVELY

CEOs say they need to be successful in non-competitive partnerships and strategic alliances as they have not in the past — changing the mindset to have "win-win" collaboration within and beyond their industries. In the words of Dr. Martin Brudermüller, Chairman of the Board of Executive Directors of BASF SE and Chief Technology Officer (CTO), "The collaboration of stakeholders along the value chain is crucial for achieving the Sustainable Development Goals."

Given the vital role of collaboration in advancing sustainable business for the Global Goals, CEOs emphasize that leaders must stop thinking of industry partnering as "pre-competitive" and start viewing it as "competitive" in enabling leaders to meet the growing expectations on business. Grant F. Reid, CEO and President of Mars, Incorporated told us, "I think we'll see more noncompetitive partnerships, which when dealing with environmental and social issues, is more important than having a competitive advantage." As co-chair of the Consumer Goods Forum, Reid is galvanizing 400 of the world's biggest consumer companies to work together on a pre-competitive basis to eradicate slavery from the entire value chain.[56]

56. Consumer Goods Forum (2017) Business actions against forced labour

> **"Collaboration is key, we need it. We need to work together to have a multiplying effect."**
>
> J. Jon Imaz, CEO, Repsol

LEADERSHIP QUALITIES: TAKE SUSTAINABILITY PERSONALLY

Personal motivation continues to rise as a driver of sustainability, and fully 95% of CEOs say they are personally committed to ensuring that their companies lead on the sustainable development agenda. Our data suggests that the prime differentiating factor for CEOs who believe sustainability is "very important" to the success of their companies (versus just "important") is personal motivation. While responsibility to the business and its shareholders remains at the forefront, this year, in our conversations with CEOs, we detected a genuine sense of responsibility to the broader society and the planet. In the words of Rosamaría Lázaro Ordaz, CEO of Lazzar: "The CEO has to be personally committed to sustainability to drive action through the company."

Leaders who are genuine in their concerns for society and the planet are most effective. Denis Machuel, Chief Executive Officer of Sodexo, observes: "The highest performers typically have a leadership team with strong convictions around sustainability beyond a business case or strategic alignment. They approach capitalism with a clearly defined mission to bring value for people and society." In the words of Julia Tsetis, CEO of Tsetis Group of Companies (Uni-pharma SA, Intermed SA, Pharmabelle Ltd), "It is all a matter of how CEOs change their mindset. You are not just a producer, you are somebody who contributes to the health of people globally."

This means taking a stand for what you and your company believe in, even if it means trade-offs in meeting stakeholder expectations. For instance, Michael Roth, Chairman and Chief Executive Officer of Interpublic Group explains, "We take positions that may be politically incorrect for certain clients. It is the responsibility of CEOs of major corporations to have a voice, and our employees now expect us to have a voice." In a concrete and powerful example, Roth told us, "The NRA is looking for an advertising agency, and I told them we won't pitch in. That's the kind of stuff that you have to do as a company. Are you going to lose a client or two? Maybe."

> **"I cannot bear the fact that there may not be more cod in the oceans, I cannot ignore when I see satellite pictures of deforestation in South America because the production must increase so beef and cattle can be fed — I talk about these things with people inside and outside the company."**
>
> Frans Muller, President & Chief Executive Officer, Royal Ahold Delhaize

LEADERSHIP QUALITIES: HOLD THE ORGANIZATION TO ACCOUNT AND ENGAGE INVESTORS

For global CEOs, responsible leadership means personally demonstrating action and holding the organization to account. "Creating change in a company is about leadership. It's about leaders meaning what they say, walking the walk and talking the talk," says Bruce Cleaver, CEO of De Beers Group. This includes tying compensation to sustainability performance: Nearly two-thirds (66%) of CEOs from the world's largest companies say they would agree to have their remuneration linked to independent measures of the firm's performance on sustainability. According to one CEO, "Renumeration and benefits are tied to sustainability performance – when we do well sustainably, everybody's remuneration is affected."

CEOs increasingly believe it is their role to meaningfully engage investors on sustainability. While 61% of CEOs say investors expect their company to have a positive impact on the Global Goals, 48% say their investors actually engage them on their impact specifically. Dave Powers, President and CEO of Deckers Brands told us, "My goal is to start weaving this more into the conversation with shareholders and make sure we speak to these things on a regular basis." In the words of one CEO, "I tell investors that we are giving customers what they really want [to eat healthier]. The topline sales number may be weaker, but what's the problem with that? The metric you are looking at is not appropriate."

> **"It is the responsibility of the CEO to set the standard for values of the company. You have to take stands on issues that are important to your employee base and clients. You have to hold people financially accountable for making it happen."**
>
> Michael Roth, Chairman and Chief Executive Officer, Interpublic Group

LEADERSHIP QUALITIES: LEAD CHANGE WITH AUTHENTICITY

As CEOs assume a deeper role in driving the sustainability agenda, they emphasize the growing importance of authentic leadership. This includes acknowledging mistakes and limitations, engaging in genuine, constructive dialogue on solutions, and embracing a growth mindset. As Mark Little, President & CEO of Suncor Energy puts it, "Being authentic leaders is important. We need to be able to stand up, be accountable and join in the conversation on solutions." And in the words of Mark Steinert, Managing Director and Chief Executive Officer of Stockland, "High levels of anxiety, depression and a trust deficit demand genuine leadership, coordination and outcomes."

Further, CEOs say that leading with a sense of vulnerability and integrity does not just build trust with stakeholders; it also can create healthier workplaces. In the words of Peter Huntsman, Chairman, President and CEO of Huntsman Corporation, "Mental health and removing the stigma surrounding mental illness is something we must focus on." Mark Hunter, President and CEO of Molson Coors further described the importance of "being human" in addressing work-life balance and supporting employee well-being: "I'm prepared to talk about the fact that I'm wrestling with it. Leaders recognizing they're human beings and are not super human beings sets a healthy tone and has positive impacts across the organization."

> **"We need to put a stake in the ground, hold ourselves to account, and engage consumers and employees in a way that is authentic and meaningful."**
>
> Dave Powers, President and CEO, Deckers Brands

> **"Sustainability needs more than a few green initiatives. We need a social and corporate culture adjustment to ensure sustainability is embedded in our corporate and social DNA. How we do business today most certainly impacts IF we will be in business tomorrow"**
>
> Mohammed Mohomedy, Acting Group Chief Executive, Transnet SOC Ltd

Across these areas, CEOs are pushing for greater responsible leadership from the business community to raise the ambition of corporate sustainability and scale the contribution of the private sector to the Global Goals. As Bruce Cleaver, CEO of De Beers Group, told us, "People in leadership positions have an obligation to do this. It is no longer a nice-to-have, but is mission critical to your business. It's a source of competitive advantage if you do it well and authentically."

22.

"We hold firm to our own beliefs and try to influence, educate and engage with clients, governments and regulators across our markets to be a force for good."

Bill Winters, Group Chief Executive, Standard Chartered

"We are focused on mainstreaming impact investing and doing it at a scale."

Giles Gunesekera, Group Chief Executive Officer and Managing Director, Global Impact Initiative

"Whatever we do it must be good for the community, country, climate and customers, only then it will be good for the company."

Praveen Singhavi, President, APRIL Group

"The importance of profits is immensely overstated. They may indicate that a business is well run, but a business's purpose is to do its job well, and that includes being conscious of the environmental impact of operations."

Simone Rossi, Chief Executive Officer, EDF Energy

"Achieving equality is not just about gender, it is also about privilege."

Gizeshwork Tessema Bizachew, CEO, Gize PLC

"Seeing my employees build an income and future is a strong motivating factor for me to do right."

Sawsan Wazzan Jabri, General Manger and Co-owner of Nutrition and Diet Center

"Driving change and advancing the SDGs is not about spending more money – rather, changing how we spend money and shifting how we earn it."

Christine Holgate, Group Chief Executive Officer and Managing Director, Australia Post

"It's more personal for me now than ever. We owe it to this generation and the generation behind them not to have 1.8 billion people in 5 years living in regions with absolute water scarcity."

Patrick Decker, President and Chief Executive, Xylem

"L'Oréal will continue to be a high-performing company if, and only if, it generates sustainable growth while creating shared value. It's the condition inherent to the company's long-term success and to safeguarding our planet. Our future as citizens of the world hangs in the balance."

Jean-Paul Agon, Chairman and CEO, L'ORÉAL

"We have to be open to creative approaches to stakeholder engagement and include people that we don't normally engage with."

Gary Goldberg, Chief Executive Officer, Newmont Goldcorp

"You need to find your purpose, articulate it and make sure that everyone in the company knows it."

Douglas M. Baker, Jr. Chairman and CEO, Ecolab, Inc.

"We have ambitious sustainability goals and actively support the implementation of the SDGs, the 17 goals for sustainable development. We align our activities with the main global and national priorities, and ensure that we achieve continued progress in terms of our business sustainability."

Hans Van Bylen, CEO, Henkel

"We need to show how the industry can be a positive partner for development and part of the solution."

Jean-Sebastien Jacques, Chief Executive, Rio Tinto

"Sustainability is a real investment opportunity."

Joseph Dharmabrata, CEO, PT Trans Javagas Pipeline

"We are committed to doing our part of help achieve the SDGs. We also firmly believe that no one can accomplish these ambitious goals alone. Which is why we forge partnerships with our employees, supplier partners, customers, government leaders, NGOs and the people who enjoy our foods to improve lives and the planet we all share."

Steve Cahillane, Chairman and CEO, Kellogg Company

"It's important to work closely with suppliers and the broader ecosystem to tackle systemic issues such as plastics."

Meshvara (Mei) Kanjaya, Chief Executive Officer, PT. Supra Boga Lestari Tbk

"It's more and more important for business leaders to stand up and join in the conversation – not just within the economic envelope of the industry but also for the broader social good and to resolve environmental issues."

Mark Little, President & CEO, Suncor Energy

"Whatever we do, we expect from our partners."

Patrick Chalhoub, Chief Executive Officer, Chalhoub Group

"Responsible leadership is about knowing the right thing to do and creating challenging goals to drive towards it, even when you don't immediately understand exactly how to get there."

Mark Vergnano, President and CEO, The Chemours Company

"We see a rising interest in sustainability amongst our customers, while at the same time the demand for speed and convenience further increases. Our job is to make the most sustainable choice also the most convenient."

Karl-Johan Persson, CEO, H&M Group

"To position their organization for a sustainable future, leaders must take a broad view of business performance, and provide genuine leadership on challenging issues."

Geoff Culbert, Chief Executive Officer, Sydney Airport

"The Global Goals are not just a nice thing to do – they are a path to a prosperous world."

Alan Jope, CEO, Unilever

"There is an increasing role for CEOs to personally care about, understand, and speak to these issues."

Sigve Brekke, President & CEO, Telenor Group

THE DECADE TO DELIVER

A CALL FOR LEADERSHIP TO ADVANCE THE GLOBAL GOALS

As business leaders across the world reflect on the role that business will play in achieving the Global Goals, there is a clear and unequivocal call to their sectors and peers to step up impact. However, accelerating progress demands new commitment to leadership and collaboration that will transform market systems from within, and push the broader business community into action. As Jim Fitterling, Chief Executive Officer of Dow said, "The business community's contributions to mankind are just beginning; there are countless innovations still to be developed and boundless challenges to tackle. But, we have to be willing to collectively drive change."

This year, CEOs recognize that commitment needs to get back on track as we move even closer to 2030. Ten years on from our earlier CEO study where 93% of CEOs told us sustainability was critical to their future success, and three years on from widespread agreement that business for the first time had a shared roadmap for action that would enable them to be the leading actor in driving the Global Goals – this year, less than a quarter (21%) of CEOs believe business is playing a critical role in contributing to the Global Goals.

While advanced companies are taking these issues seriously and doing more to transform their companies, broader commitment appears to be retracting. Only a third (35%) of CEOs say they have or plan to set a science-based target in the next year, compared with the 43% of CEOs that, in 2015, told us it was one of the most important corporate leadership behaviors for companies to adopt. While the desire and willingness to do more is there, structural and geopolitical challenges continue to hold back broader action, and CEOs say the market simply isn't forcing action. In the words of Eric Rondolat, CEO and Chairman of the Board of Management of Signify, "Are the actors around the table really incentivized? I'm not sure there is that incentive, and with the growth of consumption, we're never going to be able to fix the equation."

With 2030 only ten years away, CEOs say it's time for their industries to stop thinking about sustainability as future-proofing or a competitive opportunity for the future, and start to position it as an imperative for action right now. Not content with the status quo, these CEOs are calling on their sectors and peers step up efforts, lead the charge and force action from within.

We can see pockets of leadership and a clear shift underway in the minds of CEOs as they begin to look beyond near-term profits and embrace their role as change agents– personally taking a stand and pioneering change within the firm and beyond its four walls – to drive the broader systems transformation required to achieve the Goals. In the words of Dave Lewis, Group Chief Executive of Tesco, "One of the nice things about a business the size of Tesco is that we can be a market maker. When we decide to change the economics, it's not just for us, but for everybody." It's clear: we are now entering the Decade to Deliver.

"With less than 4,000 days remaining until the 2030 target, leaders are not content with current progress and calling for their sectors and peers to step-up and turn commitment into action.

The scale of the challenge is unprecedented and requires all stakeholders, including governments, policymakers, business leaders, investors, shareholders, civil society and academia, to work together to accelerate change."

Lise Kingo, Executive Director and CEO of the 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.