

# The UN Global Compact–Accenture CEO Study on Sustainability

Regional Insight: Africa



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The UN Global Compact-Accenture CEO Study is the largest CEO study on sustainability ever conducted, with insights from more than 1,000 CEOs across 103 countries and 27 industries. These Regional Insight reports are intended as companion pieces, to be read alongside the global Study to give a more in-depth perspective on business leaders’ views in key regions.

The CEO Study, together with further Regional Insight reports and forthcoming companion pieces on investor and consumer views on sustainability, is available at [www.accenture.com/ungcstudy](http://www.accenture.com/ungcstudy).

# Foreword



Georg Kell,  
Executive Director  
UN Global Compact

The United Nations has worked since its founding to achieve a shared, secure and sustainable future for all of the world's people. The vision and aspirations of the first United Nations members in 1945, as they set out to be the "architects of a better world," remain a beacon today—not just for governments, but also for the thousands of companies and civil society organizations that have become key partners in tackling our world's most pressing challenges. In recent years we have witnessed a remarkable broadening of the corporate sustainability movement, with growing commitment in every quarter of the world to achieving success while ensuring that business benefits economies and societies everywhere. This year, as the world's largest corporate sustainability initiative, the Global Compact has a unique role to play in linking the enduring, universal values of the United Nations with a global architecture that can unlock the full potential of business in contributing to global priorities.<sup>1</sup>

In collectively seeking to outline a pathway for business to contribute to global priorities, from environmental sustainability to labor standards, human rights and anti-corruption, we must first understand and communicate the views of business leaders. This year's study is the largest-ever CEO study on sustainability, representing the perspectives of more than 1,000 chief executives worldwide on the past, present and future of sustainable business, and on what it will take to harness sustainability as a transformative force in the global economy.



Bruno Berthon,  
Global Managing Director,  
Accenture Strategy and  
Sustainability Services

During our last study in 2010,<sup>2</sup> respondent CEOs across the world expressed a strong belief that a new summit, or "peak", was in sight for global capitalism and sustainable development: an era in which sustainability was to be embedded into companies globally and in which markets would align with development priorities to enable business to contribute at an unprecedented scale. But as business leaders have continued on their journey, many have found themselves stuck on their ascent, unable to scale sustainability at the pace required to address global challenges. During our conversations this year, business leaders described a plateau beyond which they cannot progress without radical changes in market structures and systems, driven by a common understanding of global priorities.

But among sustainability leaders—those companies achieving superior business performance and impact on sustainability challenges—we can see the beginnings of a collaborative, systems approach to sustainability, focused on value creation and the impact business can make. In the innovations of these leaders, we can see the seeds of a new approach: innovating new technologies and solutions, collaborating within and across industries and sectors, and working closely with stakeholders to develop the beginnings of transformational change.

We hope that this rich, authentic, firsthand voice of business can help to articulate a new set of global priorities, and engage companies and key stakeholders in an architecture that aligns business with sustainable development priorities leading up to 2015 and beyond.



William Mzimba  
Chief Executive,  
Accenture, South Africa

# Introduction

This year marks the Global Compact's third CEO study, and the latest milestone in nearly a decade of research. Over the course of our three studies, during which we have been fortunate enough to conduct one-to-one interviews with more than 200 CEOs from some of the world's largest companies, and collect the views of a further 2,000 through our online surveys, much has changed. There is reason to be optimistic: since our first study in 2007, the Global Compact has grown to include nearly 8,000 companies globally, demonstrating an unprecedented broadening of commitment among companies worldwide; sustainability has become firmly established on the leadership agenda of almost every leading business; and in the advances of the leaders we can see bright spots of real, transformational innovation that are allowing business to create value while having an ever-greater impact on global challenges. But there is also reason for caution. Evidence suggests that the global economy is not on track to meet the needs of a growing population with planetary boundaries, and our interviews this year suggest that business may collectively have reached a plateau in the advancement of sustainability. Without radical, structural change to markets and systems, CEOs believe, business may be unable to lead the way toward the peak of a sustainable economy.

In compiling this year's UN Global Compact-Accenture CEO Study, we followed two principal strands of research. First, we conducted more than 100 in-depth interviews with global business leaders. This included 77 CEOs, chairpersons and presidents of Global Compact companies across 28 countries and representing a broad spectrum of industry perspectives. An additional 30 interviews were conducted with other senior leaders: executive board members, civil society leaders, external experts and Global Compact board members.

Second, we conducted an online survey of 1,000 CEOs of companies participating in the Global Compact. Survey respondents were drawn from 103 countries across 27 industry sectors, including automotive, communications, consumer goods and services, energy, financial services, metals & mining, and utilities. Reflecting the global representation of Global Compact participants, 526 of the respondents were from companies primarily based in Europe; 201 from the Americas; 187 from Asia Pacific and Australasia; and 86 from the Middle East and Africa. This is the largest study of CEOs on sustainability to date, and while we must note that their views—from Global Compact participants, who freely gave their time to participate—may not be representative of the majority of businesses globally, and that female CEOs continue to be underrepresented among the global business community, our approach has assembled a rich and diverse set of insights, allowing us to explore, test and refine emerging themes and ideas.

With contributions from more than fifty CEOs from Africa, we are pleased to offer this insight, intended to be read alongside the global Study to give a more in-depth perspective on the views of business leaders in a region critical to the development of a more sustainable global economy.

We would like to acknowledge the extraordinary contributions of the Global Compact sponsors and project leads Georg Kell, Gavin Power, Carrie Hall, Sean Cruse and Kristen Coco. We also recognize the leadership of the Accenture co-author team, in particular lead author and project manager Rob Hayward, as well as Justin Keeble, Pranshu Gupta and Priyanka Abbi. There have been many further contributions from colleagues too numerous to mention here, but without whom our analysis would not be as compelling—in particular the project sponsors Sander van't Noordende and Bruno Berthon, as well as Olly Benzecry, Mark Spelman, David Thomlinson, Gib Bulloch, Nobuko Asakai, Ynse de Boer, Guanghai Li, Vishvesh Prabhakar, Alexander Holst, Serge Younes, Lisa Neuberger, Meng Meng Cui, Suzanne Rozier, Tina Senior, George Murray, Matthew McGuinness and Edward Robinson.

Last—and most importantly—on behalf of the United Nations Global Compact and Accenture, 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 endeavored to understand and interpret their many ideas, reflections and case study examples in conducting the study and delivering this report. Any insights are theirs, while any errors are our own.

This year's study is a unique opportunity to take stock as we stand at a crossroads in the global economy. Business leaders are committed to leading the way, but will require greater ambition and wider support as they work to align sustainability impact with value creation, and markets with sustainable development outcomes, such that business leaders can truly become the architects of a better world.



A handwritten signature in black ink, appearing to read 'P. Lacy'.

**Peter Lacy**  
CEO Study Lead  
Managing Director,  
Accenture Strategy  
& Sustainability,  
Asia Pacific



A handwritten signature in black ink, appearing to read 'P. Gurney'.

**Paul Gurney**  
Director,  
Accenture Sustainability  
Services, Africa







# Regional Insight

## Sustainability is firmly on the agenda of African CEOs, but business leaders are not satisfied with progress

The global economy is on the wrong track, and business is not playing its part in forging a sustainable future. This is the strong view from business leaders: of the fifty CEOs in Africa who contributed to this year's research, just 24% believe that the global economy is on track to meet the demands of a growing population within global environmental and resource constraints, and a clear majority—58%—do not believe that business is doing enough to address global sustainability challenges.

Through the lifespan of this study, first commissioned by the Global Compact in 2007 to examine progress since the millennium<sup>3</sup>, sustainability has become integrated into the mainstream business strategy and operations of companies worldwide. Back in 2010, at the time of our last study, our interviews with Global Compact CEOs demonstrated how companies were responding to sustainability pressures, and how leaders and innovators were driving business advantage through sustainability. CEOs were near-unanimous in their belief that the environmental, social and economic challenges posed by unsustainable growth will directly affect their company's ability to do business: 93% of CEOs globally – and 97% of those in Africa – believed that environmental, social and governance issues would be "important" or "very important" to the future success of their business.

Our conversations suggested a strong belief among business leaders that a new era was in sight: a summit of achievement in which sustainability would be embedded into companies worldwide and global markets would align to price in sustainability, allowing businesses to play the leading role as the innovators of a new wave of social, economic and environmental development.

## A two-speed world is emerging – and challenges remain

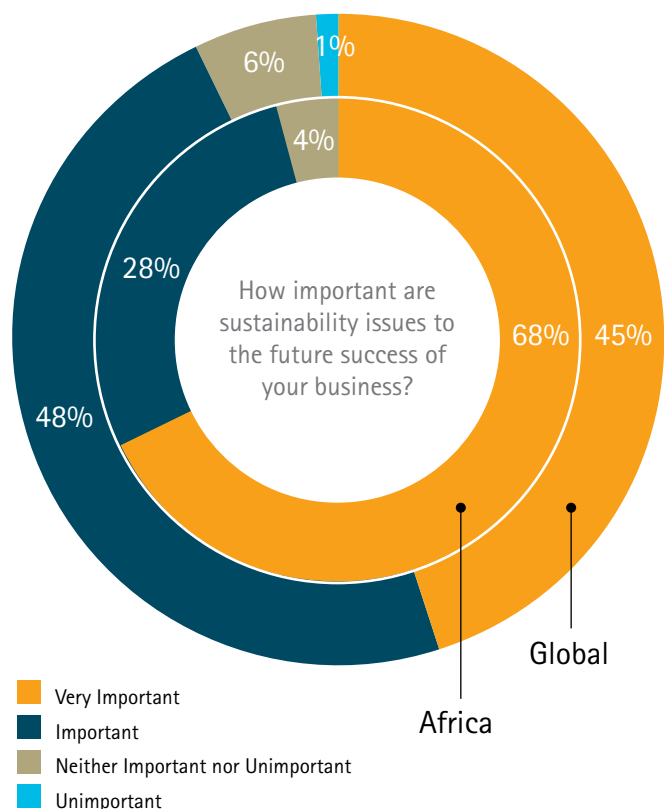
This year, our survey shows an apparently similar story: once again, 93% of CEOs regard sustainability as key to success. But beneath the headline, an important—and surprising—shift emerges. In 2010, 54% of CEOs reported that sustainability would be "very important" to the future success of their business; this year, the figure drops to 45%.<sup>4</sup> This drop is striking in the context of intensifying global challenges: a decline in the perceived importance of sustainability among global business leaders, while perhaps understandable in the current economic climate, is not encouraging for those working to align business with sustainable development. Our data suggests that we may be seeing the emergence of a "two-speed world" on sustainability. Many CEOs express a sense of frustration at the pace and scale of change: while the leaders are deepening and intensifying their commitments on sustainability, they are searching in vain for market rewards while others grow skeptical that addressing global sustainability challenges will ever become critical to their business success.

Among CEOs in Africa, however, we see a different picture. Uniquely among the major regions we surveyed, CEOs in Africa report a heightened awareness and commitment to sustainability. In 2010, 60% of African business leaders believed sustainability to be 'very important' to their future success; this year, in the context of rising social and environmental challenges, and growing concerns over effective governance, this figure rises to 68%. Collectively, African business leaders are calling for a new chapter in corporate sustainability, in which companies work together, both within industries and across sectors, in collaboration with governments, policymakers, consumers and civil society, to align global markets with development and allow business and society to prosper.

## Africa is poised to lead the next phase of growth of sustainable business

Africa is a continent with vast natural resources, fast-rising populations, and the fuel for unprecedented economic growth. Seven African countries are rated among the ten fastest-growing economies in the world since 2010, and the continent has already been attracting an unprecedented influx of capital investment: foreign direct investment (FDI) has grown at almost 20% per annum since 2007, with the number of projects rising by more than a quarter from 2010 to 2011 alone.<sup>5</sup>

Figure 1: 96% of CEOs in Africa believe that sustainability will be important to the future success of their business



Source: UNGC-Accenture CEO Study 2013, based on 1,000 completed responses.

Through our discussions with CEOs, it is clear that sustainability issues are firmly on the agenda. The near three-quarters of CEOs in Africa that see sustainability issues as integral to the future success of their business far outstrips the 45% globally, and business leaders are already putting their beliefs into action: 78% of CEOs in Africa report that they are incorporating sustainability issues into core business more than five years ago. CEOs are motivated by both responsibility and opportunity: 94% of CEOs in the region believe that business should lead efforts to define and deliver the next wave of sustainable development, and fully 88% believe that embedding sustainability into core business will drive revenue growth and new opportunities. As one global business leader with operations in Africa told us, "Sustainability has moved from something that's feel-good, to something that's far more integrated with what is required for our future success."

Despite the encouragement of economic growth and rising prosperity, the African continent faces mounting challenges. With rising populations placing greater pressure on food systems, infrastructure, human health and education, a new era of development will demand interventions from governments, NGOs, development agencies and businesses alike. At the core of the challenge is the need for governments and business to ensure that the proceeds of economic growth are shared with local communities; that growth benefits the many, not the few.

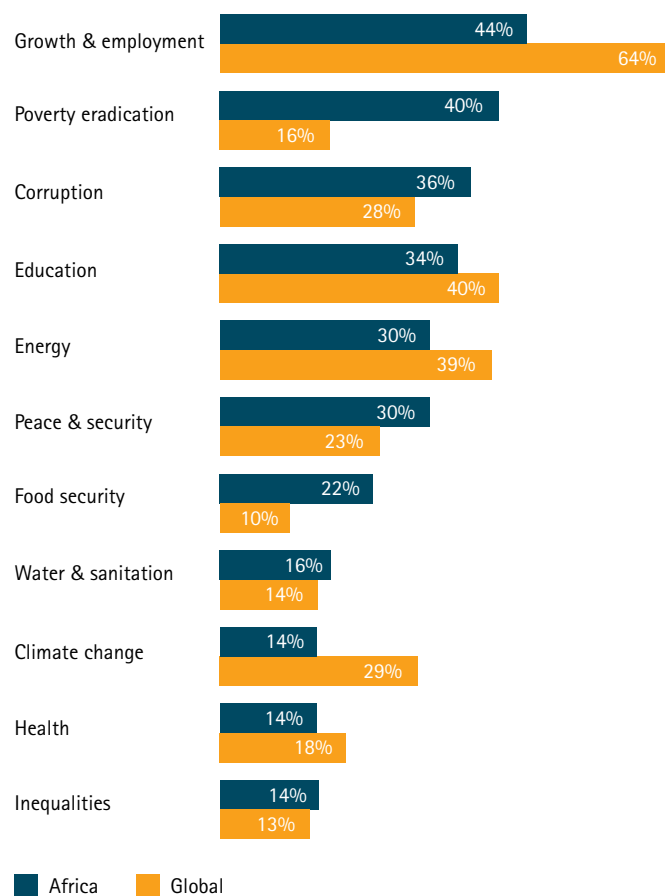
Despite Africa's abundance of natural resources, for example, including some of the world's most lucrative sources of rare earth metals, local communities in Africa have not always benefitted from the natural prosperity of their countries; foreign investment in Africa's natural resources has necessitated ongoing negotiations on the right way to share the proceeds of exploration. African CEOs see the management of these ongoing issues as critical to future prosperity, not only for the future of their companies, but for the communities in which they operate: more than half of CEOs in Africa identify local communities as a key stakeholder in guiding their action on sustainability, and 34% of the CEOs see impact of development gaps as a motivation for taking action on sustainability issues. In the words of one African business leader, "We measure our success not by the profit we make, but by the difference we make".

Significant challenges remain. As might be expected, African business leaders report that 'difficulties due to operating environment' remain the biggest barrier to embedding sustainability into their companies and industries. In order to accelerate progress, CEOs call for government intervention to create an enabling environment for the private sector. 92% of CEOs in Africa believe that governments need to provide stronger support and market signals to support green growth, and fully 94% call on governments to promote economic development within the planetary boundaries of environmental and resource constraints.

## Leading companies are adopting a new approach to innovation and growth

Rapid growth in the African economy, driven primarily by natural resources, has seen sustainability firmly established on the CEO agenda. But despite tangible and well-established links between sustainability and business success, underlying our in-depth conversations with CEOs this year is a sense of frustrated ambition. Business leaders see sustainability reshaping their business environment, and are committed to reorienting their companies to take advantage as they scale up their contribution to global priorities. But even as they make progress in embedding sustainability through their business, it is becoming increasingly apparent that they are constrained by market expectations, and are struggling to quantify and capture the business value of sustainability.

Figure 2: CEOs in Africa see development issues as the key challenges to address for the future success of their business



Note: Percentage represents the proportion of CEOs in each region numbering each issue among their top three most important sustainability challenges to address for the future success of their business

Source: UN Global Compact-Accenture CEO Study 2013; survey data based on 1,000 responses.

Leading companies, though, are beginning to adopt a new approach, going beyond mitigation and incremental improvement to harness sustainability as an opportunity for growth and differentiation. At the centre of this new approach is a shift in mindset, from business-as-usual strategies adjusted to comply with the requirements of environmental legislation and public perception, to an innovation agenda focused on new products and services that can grow new markets through directly addressing sustainability challenges. In the words of Bob Collymore, CEO of Safaricom, "There's a fast shift in our industry from compliance to an opportunity to transform lives."

## Sustainability offers a competitive advantage for the Transformational Leaders

In the context of rising global challenges, leading companies are placing sustainability at the centre of their strategies for growth, moving beyond business-as-usual and beginning to promote transformational change in their industry.

In this year's study, for the first time, we have been able to trace links not only between sustainability leadership and business performance, but to connect success in these areas with the attitudes and approaches of individual business leaders.

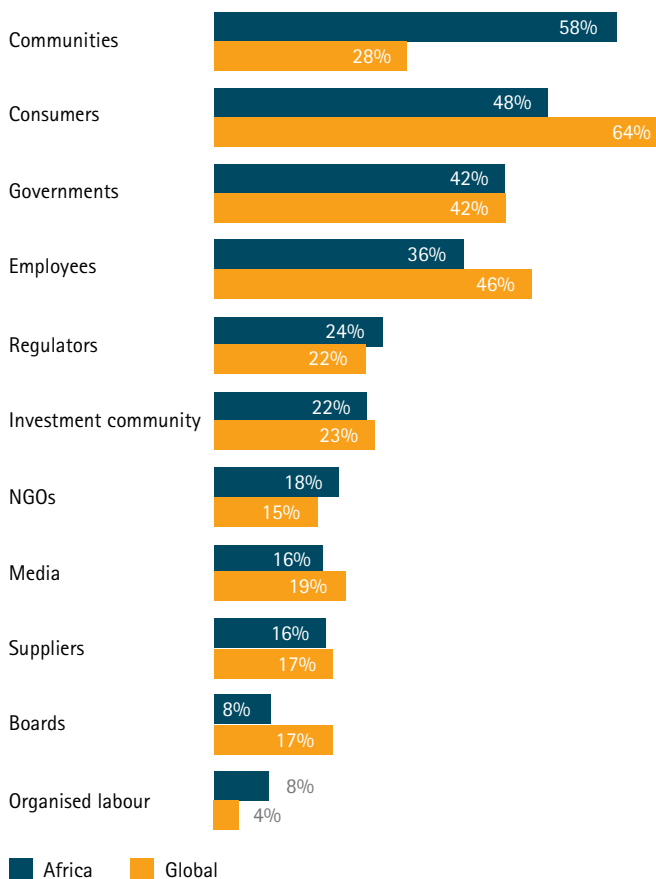
Our analysis suggests that these leaders are approaching sustainability differently, with different priorities, different motivations, and different areas for investment. At the heart of this new approach is a commitment to harnessing sustainability as an opportunity for growth and differentiation, driving value creation through new approaches to tackling global challenges.

These companies are outperforming their peers on measures of traditional economic performance, and on metrics of sustainability leadership. On measures of profitability, for example, these Transformational Leaders, on an average outperform 59% of their respective sectors, and 65% of their sectors on total shareholder returns, over three- and seven-year time horizons. Even more striking is the pace at which these companies are decoupling growth from environmental impact: on average, our Transformational Leaders reduced absolute carbon emissions by 13% from 2008 to 2012, and improved their carbon intensity – the carbon 'cost' per unit of revenue – at a rate more than four times faster than their peers.

Through moving beyond incremental approaches and finding new ways to combine sustainability impact with business advantage today, these companies are seizing an early advantage in the race to be the leaders of tomorrow.

**Figure 3: CEOs in Africa see local communities as the primary stakeholder in guiding their approach to sustainability**

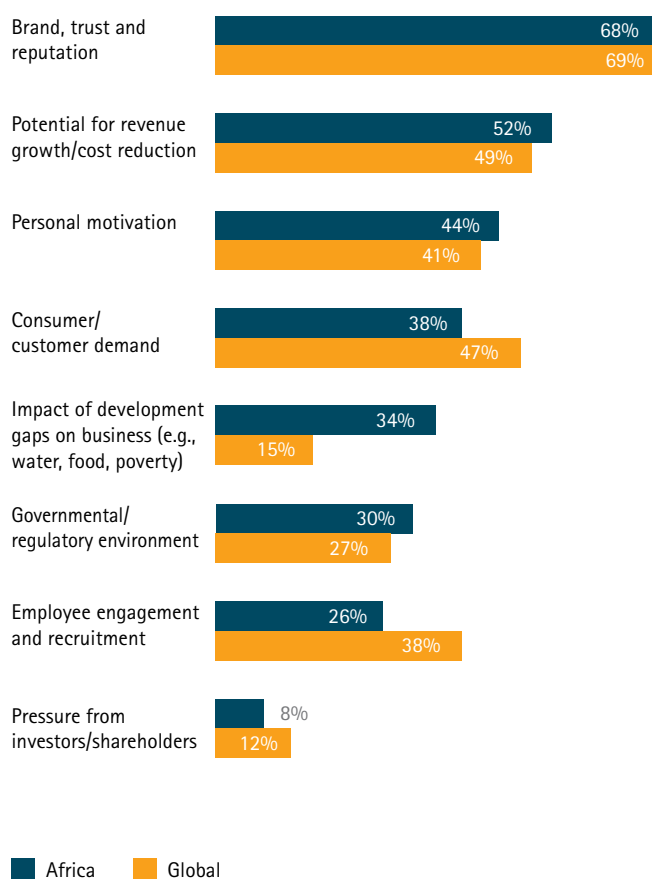
Over the next five years, which stakeholder groups do you believe will have the greatest impact on the way you manage societal expectations? Respondents identifying each factor among their top three choices



Source: UNGC-Accenture CEO Study 2013, based on 1,000 completed responses.

**Figure 4: CEOs are increasingly market-focused in their motivations to invest in sustainability**

Which factors are currently driving you, as a CEO, to take action on sustainability issues? Respondents identifying each factor among their top three choices



Source: UNGC-Accenture CEO Study 2013, based on 1,000 completed responses.



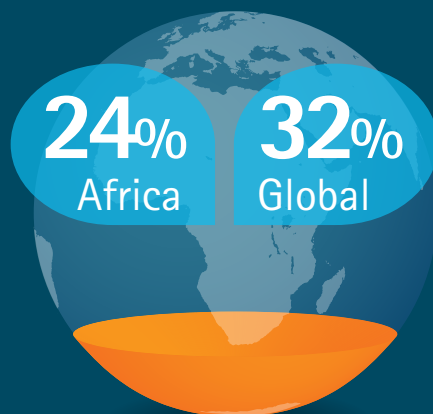


# By the numbers

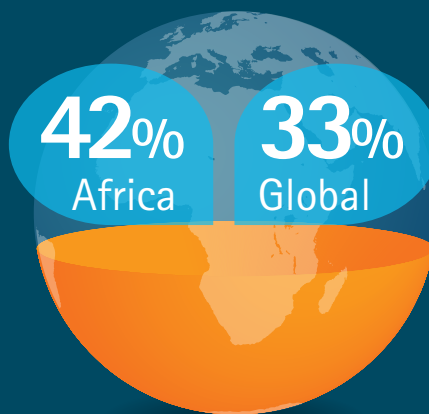
## A New Global Architecture

Our survey of 1,000 CEOs across 103 countries and 27 industries gives a unique insight into business leaders' views on the pathway towards a sustainable economy.

Among CEOs in Africa:



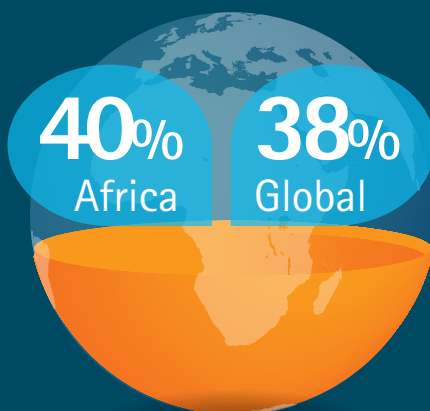
**24%** feel that global economy is on track to meet demands of growing population



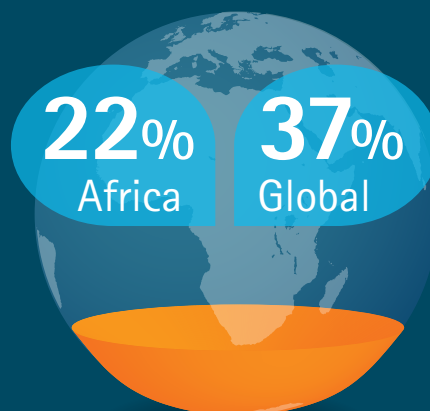
**42%** believe that business is making sufficient efforts to address global sustainability challenges



**94%** believe that government policymaking and regulation will be critical to progress



**40%** report that they can accurately quantify the value of their company's sustainability initiatives



**22%** see lack of link to business value as a barrier to accelerating progress

# Seven Steps to Sustainability and Success

This year, unique insights from CEOs, supported by analysis from Accenture's High-Performance Business research, have identified seven themes that are enabling leading companies to achieve both value creation and impact on global sustainability challenges.

1



## **Realism & context:**

Understanding the scale of the challenge—and the opportunity

2



## **Growth & differentiation:**

Turning sustainability to advantage and value creation

3



## **Value & performance:**

"What gets measured gets managed"

4



## **Technology & innovation:**

New models for success

5



## **Partnerships & collaboration:**

New challenges, new solutions

6



## **Engagement & dialogue:**

Broadening the conversation

7



## **Advocacy & leadership:**

Shaping future systems



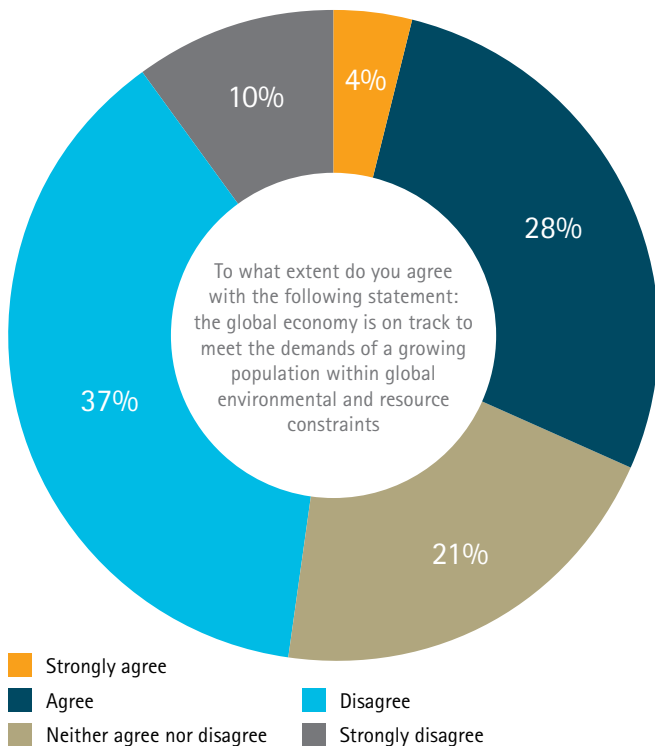
# CEO Study: Global Insights

## The global economy is not on track, say CEOs—and business is not doing enough

Our survey of 1,000 global CEOs, from 27 industries across 103 countries, reveals that business leaders are not satisfied with business progress in tackling global sustainability challenges. Just 32% believe that the global economy is on track to meet the demands of a growing population within global environmental and resource constraints, and a clear majority—67%—do not believe that business is doing enough to address global sustainability challenges.

During the first CEO Study in 2007, business leaders appeared to be beginning to align core strategy, operations and supply chains with active efforts to improve performance on social and environmental impacts. In 2010, our conversations suggested that a new era was in sight: a summit of achievement in which sustainability—the active management of social, environmental and governance issues as a part of core business—would be embedded into companies worldwide. CEOs saw the global economy progressing towards a “peak”, where markets would be aligned with the requirements of sustainable development, and sustainability leadership would be incentivized and rewarded.

Figure 5: CEOs do not believe that the global economy is on track to meet the needs of a growing population within planetary boundaries



Source: UNGC-Accenture CEO Study 2013, based on 1,000 completed responses.

But three years later, in 2013, our survey of 1,000 global CEOs, from 27 industries across 103 countries, supported by in-depth interviews with more than 75 CEOs globally—the largest study to date—reveals that business efforts on sustainability may have reached a plateau. It is clear that the corporate sustainability movement is broadening, with a deeper awareness and commitment evident in every quarter of the world, but many business leaders express doubts about the pace of change and the scale of their impact. Far from continuing to a new peak of achievement, many companies have become stuck on their ascent, unable to scale sustainability at the pace required to address global challenges and achieve business success. To build upon individual pockets of real innovation, as companies large and small find new ways to combine sustainability impact with value creation, CEOs now call for a global architecture that can enable business to scale sustainability efforts from individual, incremental achievement toward new structures and systems that can tap into the evident commitment of business leaders around the world and unlock the full potential of business in contributing to the world's most pressing challenges.

## Sustainability is firmly on the CEO agenda, but CEOs express a sense of frustrated ambition

Some 63% of CEOs expect sustainability to transform their industry within five years—and 76% believe that embedding sustainability into core business will drive revenue growth and new opportunities. But underlying our in-depth conversations with CEOs is a sense of frustrated ambition. Business leaders see sustainability reshaping their business environment and are committed to reorienting their companies to take advantage as they scale up their contribution to global priorities. But even as they make progress in embedding sustainability through their business, it is becoming increasingly apparent that they are constrained by market expectations, and are struggling to quantify and capture the business value of sustainability.

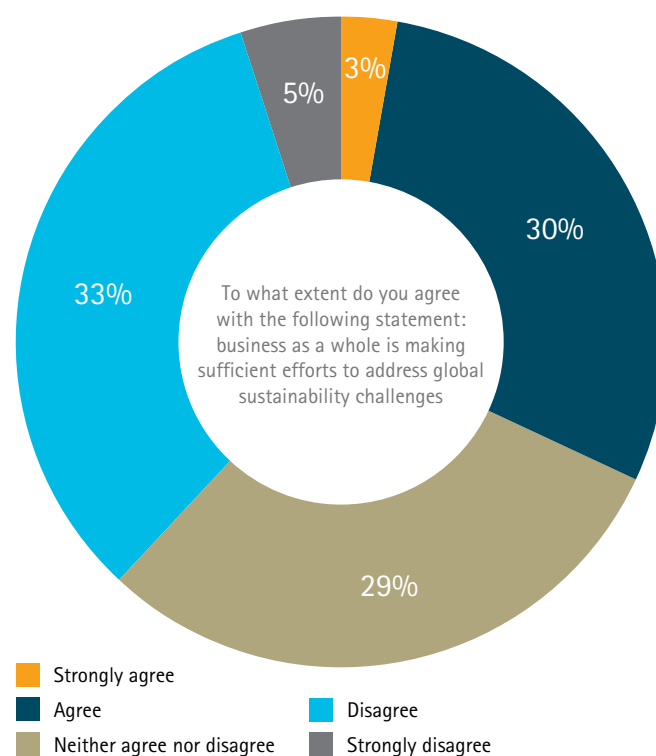
In 2010, CEOs questioned as part of our study expressed a bullishness that, with action on the part of business, investors, governments and other stakeholders, markets would begin to align with sustainable development priorities. As sustainability became an ever-greater factor in determining success, CEOs were confident that business could lead the way in tackling sustainability challenges. This year's study exposes a more cautious perspective. CEOs remain convinced that sustainability will transform their industries; that leadership can bring competitive advantage; and that sustainability can be a route to new waves of growth and innovation. But beneath this commitment, frustration is clearly evident: business leaders are in many cases unable to locate and quantify the business value of sustainability; are struggling to deliver the business case for action at scale; and see market failure hindering business efforts to tackle global challenges. CEOs see business caught in a cycle of "pilot paralysis"—individual, small-scale projects, programs and business units with an incremental impact on sustainability metrics—and while they see a role for business in promoting sustainable development, their responsibilities to the more traditional fundamentals of business success, and to the expectations of markets and stakeholders, are preventing greater scale, speed and impact.

### CEOs are committed to taking action on sustainability – but may be restricted by the economic climate

In many cases, business leaders feel that given the structures, incentives and demands of the market, they have taken their companies as far as they can. While a few leading companies are deepening and intensifying their commitments on sustainability, others are growing skeptical that addressing global sustainability challenges will ever become critical to their business success within current economic systems and markets. In our 2010 study, 93% of CEOs reported that sustainability would be "important" or "very important" to the future success of their business. This year, our survey of 1,000 CEOs shows an apparently similar story: once again, 93% of CEOs regard sustainability as key to success. But beneath the headline, an important—and surprising—shift emerges. In 2010, 54% of CEOs reported that sustainability would be "very important" to the future success of their business; in 2013, this figure falls to 45%. This drop is striking in the context of intensifying global challenges: a decline in the perceived importance of sustainability among global business leaders is not encouraging for those working to align business with sustainable development.

Additionally, there appears to be a refocusing—perhaps understandable in the current economic climate—among global business on short-term issues close to home. Nearly two-thirds of responding CEOs, 64%, selected "growth and employment" among their top priorities to address for the future success of their business, a reflection of the economic priorities foremost in the minds of many business leaders. Other challenges closely related to core business are also uppermost in the minds of executives: education (40%) and energy (39%) make up the top three, followed by those issues more closely tied to social and environmental development. This year, 29% of CEOs regard climate change as one of the most important sustainability challenges for the success of their business, while 18% report health to be a priority, 16% include poverty eradication among their top three issues, and 14% regard water and sanitation as an important issue for their business to address.

Figure 6: CEOs do not believe that business is doing enough to address sustainability challenges



Source: UNGC-Accenture CEO Study 2013, based on 1,000 completed responses.

# Innovating for impact and success: Safaricom

Innovation and technology have a critical role to play in stimulating and enabling the next wave of sustainable development in Africa. Safaricom, the leading telecom player in the Kenyan market, is one of the leaders in this space, developing new innovations and leveraging its existing technology to build new markets while addressing sustainability challenges. Renowned worldwide for its pioneering M-PESA mobile money platform, Safaricom has enabled nearly twenty million people to transfer money through local cell phone networks in a first-of-its-kind financial inclusion initiative.

As the reach of M-PESA has grown, the platform has been used to provide tailor-made solutions targeted directly at customer needs. Safaricom's collaboration with M-KOPA, for example, resulted in the first GSM-enabled pay-as-you-go solar lighting solution in the world. Underlying this innovation is the challenge presented by a rapidly growing Kenyan economy, which despite strong growth still lacks investments in key infrastructure across the energy sector, leading to frequent power shortages. As a result, an estimated three million Kenyan homes living off the power grid – fully 80% of the population – spend an average of KShs.70 (US\$0.80) daily on kerosene to light their homes. Kerosene burnt in houses for illumination is a key contributor to air pollution, presenting both social and environmental challenges. Similarly, despite strong growth in mobile phone ownership driven by Safaricom's success, many users have to rely on local mobile bureaus to charge their phones.

Solar technology offers an ideal solution for such a situation, but with relatively high set-up costs solar lighting solutions were previously unaffordable for many who could benefit from the technology. The Safaricom M-KOPA "Solar Home System", powered by d.light lighting solutions, couples machine-to-machine technology with a micro-payment solution. The embedded GSM technology in the system helps in monitoring and metering usage, while its pay-as-you-go service removes the need for a large initial outlay. Payment for the service is flexible, allowing customers to adapt payments to their income. This system can provide both lighting and phone charging facilities, with a cost that compares favourably to what a typical Kenyan would spend on kerosene alone.

This collaborative effort has proved to be an immediate success. By the end of 2013, M-KOPA Solar had reached 40,000 customers in Kenya, while helping Safaricom to enhance its corporate reputation and enable more consumers to own and operate mobile phones. Consumers benefit not just from a cheaper and cleaner lighting solution, but have also reported an increase in monthly incomes by as much as 50% from the extended workday. Solar lighting has helped to eliminate the poor lighting and noxious fumes of kerosene lanterns which hinder the ability of children to study effectively: a World Bank project study showed that pass rates of an entire school in the region increased dramatically after students studied with solar lighting.

Safaricom's technology platforms have enabled further advances in business models that support Kenyan livelihoods. Kilimo Salama, a Swahili phrase meaning 'safe farming', is an insurance product designed for Kenyan farmers so they may insure their farm inputs against drought and excess rain. A partnership between Safaricom, the Syngenta Foundation for Sustainable Agriculture(SFSA) and UAP Insurance, the programme offers farmers insurance policies to shield them from significant financial losses when drought or excess rain are wreak havoc on their harvests.

Previously, few smallholders could afford insurance cover, since the requirement for insurance adjustors to make personal visits meant that the premium to insure a 200-acre farm was the same as a one acre smallholding. Through the provision of automated weather stations to determine drought conditions, and mobile payments through M-PESA, the programme has dramatically reduced administrative costs, enabling a premium that millions of farmers can afford. Launched in Kenya in 2008, Kilimo Salama is now the largest agricultural insurance program in Africa. By the end of 2013, the program insured 187,000 farmers in three countries, helping the penetration of Syngenta's farm products in the smallholder community, creating and developing a previously unexplored market, while bringing more rural farmers into Safaricom's mobile network.

The success of M-KOPA and Kilimo Salama, and the benefits it has brought to both business and society, demonstrate the power of innovation and collaboration in directly addressing some of the world's most pressing social and environmental challenges. Through technology innovation, Safaricom has moved beyond sustainability as corporate social responsibility, and towards an opportunity to transform business and transform lives.



## Business leaders see a plateau effect in sustainability—and are struggling to make the business case for action

Amid prolonged economic pressures and multi-speed recoveries, this skepticism in the influence of sustainability, and the refocusing on short-term priorities, may translate into a slackening of individual efforts to embed sustainability into core business—and a collective plateau in the impact of business on global challenges. Business, CEOs believe, is not leading on sustainability in the way that was predicted three years ago. And our data suggests a disconnect between CEOs' perceptions of global progress and their opinion of their efforts and achievements: fully 76% of CEOs are satisfied with the speed and effectiveness of execution on their own company's sustainability strategy, and nearly two-thirds believe that they are doing enough to address sustainability challenges. CEOs clearly recognize the scale of the global challenge—but may not yet see the urgency or the incentive for their own businesses to do more and to have a greater impact. This disconnect suggests that a gap persists between the approach to sustainability of the majority of companies globally—an approach centered on philanthropy, compliance, mitigation and the license to operate—and the approach being adopted by leading companies, focused on innovation, growth and new sources of value.

When asked about the barriers to further progress in embedding sustainability into their organizations, CEOs see one factor rising more than any other over the past decade: the lack of a link between sustainability and business value. In 2007, just 18% reported a failure to trace such a link; in 2010, this rose to 30%, and this year more than a third—37%—report that the lack of a clear link to business value is a critical factor in deterring them from taking faster action on sustainability.

Our conversations suggest a complex and rocky journey as companies seek to identify and quantify the business value of sustainability: those companies at the very beginning of the journey are finding it hard to make the link to value for their business, seeing sustainability instead as a primarily philanthropic or charitable enterprise. As companies mature, the opportunities for value appear boundless: if they can engage consumers, communicate with investors and forge better relationships with governments, the reward for leadership on sustainability will be lucrative.

But as companies adopt a genuinely leading position on sustainability, going beyond the demands of external stakeholders to adopt sustainability as a core element in their strategies and positioning for advantage, they once again encounter significant challenges in forging links to quantifiable business value. Despite the search for new conceptions of value—"shared value" for example—CEOs are clear that action must be justified against traditional measures of success. The more adept companies become at measuring and tracking their own sustainability performance, the more their frustration

grows at an apparent inability to tie performance improvements and industry leadership to the fundamentals of business value beyond incremental gains. Signals from consumers are mixed, they discover; investor interest is patchy. During our last study in 2010, many of these companies appeared to be heading toward the peak; now, beyond a few leading companies that have struck out alone, they find themselves on a plateau, often unable to see the path to the summit.

## CEOs call for a global architecture to unlock the full potential of business

In this year's study, 84% of CEOs believe that business should lead efforts to define and deliver new goals on global priority issues. Unlocking the potential of the private sector, CEOs believe, demands a step change in ambition and action: companies can have more impact on global challenges not simply individually through new products, services and business models, but collectively through innovating new systems, markets and structures. At the heart of this transformation will be a new commitment to collaboration, as businesses look beyond the firm to forge new systems that can establish a global architecture.

To move beyond the plateau and enable business to lead the way to the peak, CEOs see two essential elements on the agenda for action. First, CEOs call for active intervention by governments and policymakers, in collaboration with business, to align public policy with sustainability at global, national and local levels, including hard measures on regulation, standards and taxation. In parallel, business leaders point to the need to learn from those companies already leading the way, harnessing sustainability as an opportunity for innovation and growth, delivering business value and sustainability impact at scale.

## The agenda for action: CEOs call for government intervention to align public policy with sustainability

There is strong and vocal support among CEOs for governments to play a leading role in shaping the landscape for sustainability at global, national and local levels: 83% of CEOs see an increase in efforts by governments and policymakers to provide an enabling environment for the private sector as integral to advancing sustainability. Some 85% of CEOs demand clearer policy and market signals to support green growth, and, in the context of the discussions on the United Nations post-2015 development agenda, 81% of executives emphasize the need for governments to set a policy framework for "economic development within the planetary boundaries of environmental and resource constraints" for the global economy. Business leaders believe that only with greater government intervention—at global, national and local levels—can sustainability move from sporadic incremental advances to a collective and transformative impact.



This unequivocal call for greater government intervention in the market, from 1,000 CEOs in the largest study of its kind ever conducted, may mark a watershed in the progression of corporate sustainability. The transition toward companies promoting sustainability through the business case promised a new era of market solutions to global challenges, but in the face of limited progress business leaders are beginning to express doubts over the potential for greater scale and speed without active government intervention. From our discussions, it is clear that CEOs have not lost faith in the role of business; far from it. Rather, we see a strong recognition that market rules need to be shaped to create a level playing field and a race to the top that rewards sustainability performance.

## The agenda for action: Seven steps to sustainability and success

Leading companies are not waiting for policymakers to act. Our conversations with CEOs suggest that in the absence of government intervention, some are beginning to harness the potential of sustainability: moving from a reactive approach of responding to societal expectations and regulatory demands, leading companies are now driving sustainability as an engine for innovation and growth. The advances of these leading companies, and their adoption of large-scale, collaborative projects targeted directly at value creation through addressing the priorities of global sustainable development, are beginning to demonstrate how business impact can be scaled beyond incremental advances and efficiency gains.

This year, the Global Compact and Accenture study team set out to investigate the links between CEOs' attitudes and the performance of their companies against traditional business performance metrics and sustainability leadership indicators. To our knowledge, this is the first time that this has been undertaken with a CEO-level group. While extensive work has been done on the correlations between a commitment to sustainability and traditional metrics of business performance, the CEO Study presents a unique opportunity to examine how business leaders' beliefs, attitudes and behaviors influence their strategies and investments, as well as set the trajectory of their companies in driving advantage through sustainability.

An examination of survey responses from those companies covered by this year's study and by Accenture's long-term High-Performance Business research program produces the early indications of a potentially striking conclusion. CEOs of companies that combine externally-recognized sustainability leadership with market-leading business performance, as measured by traditional metrics including revenue growth, profitability and shareholder returns, approach sustainability in markedly different ways to those who are failing to achieve this distinction—with different motivations, different influencers and different areas prioritized for investment, innovation and action.

## Transformational Leaders are approaching sustainability differently, providing a model for greater impact and value creation

Together with the insights from our in-depth conversations with CEOs, our findings may begin to lay the foundations of a deeper understanding of how companies can drive sustainability to competitive advantage. At its heart is a different approach, moving beyond reactive, incremental responses to external pressures and toward a new understanding of sustainability as an opportunity for innovation, competitive advantage, differentiation and growth. Leading CEOs are already uncovering strategies for sustainability that allow them to deliver both value creation for their companies and impact on global challenges; they are not waiting for others to act, but are actively creating real value for consumers, investors and society. From our research, CEOs see seven key themes that can guide their own thinking and actions, as well as transforming their companies' strategies, business models, value chains and industries in order to achieve sustainability leadership and high performance.

### 1. Realism & context

#### Understanding the scale of the challenge—and the opportunity.

Throughout our interviews, it was clear that companies taking the most ambitious action on sustainability were also the most realistic about the scale of the challenge—and are more likely to admit that business is not doing enough. Understanding the challenge also allows these companies to appreciate the opportunity for future growth in providing solutions to sustainability issues and to target strategies to achieve it.

### 2. Growth & differentiation

#### Turning sustainability to advantage and value creation.

One of the clearest insights from this year's study is the emergence of a two-speed world in sustainability, between those companies still reacting to external expectations on sustainability and focusing on incremental mitigation, and those that see sustainability through the lens of growth and differentiation. For leading companies, many CEOs told us that the urgency of global challenges provides an opportunity to differentiate their products and services; to access new market segments; and to grow into new regions, countries and areas where their products can meet a pressing need.



### 3. Value & performance

"What gets measured gets managed."

From carbon emissions to water footprints, tracking environmental measures is now commonplace across industries. Our research suggests that, for companies seeking to go beyond incremental change and tackle global sustainability issues, the challenge is two-fold: not just to measure and manage metrics of reduction and mitigation, but also to quantify the value of sustainability initiatives and more sustainable business models to the company, and to track their impact on the communities in which they operate.

### 4. Technology & innovation

New models for success.

Our data suggests that leading companies are turning to innovation and technology. Environmental and resource constraints, and growing social pressures, are acting as a stimulus for innovation. From investment in renewables, to intelligent infrastructure enabled by machine-to-machine communications technology, to new closed-loop business models, leading companies are securing business advantage through innovative R&D and the deployment of technologies ranging from cloud computing to analytics.

### 5. Partnerships & collaboration

New challenges, new solutions.

We have seen a growing confidence from CEOs over the last decade that business can provide solutions to tackle global challenges. This year, in the context of intensifying pressures and flagging efforts, CEOs more readily acknowledge the role of collaboration and partnerships in meeting their ambitions on sustainability. Business can lead the way, they believe, and can maximize companies' impact through close partnerships with governments, policymakers, industry peers, consumers and NGOs.

### 6. Engagement & dialogue

Broadening the conversation.

Business leaders are increasingly conscious of the need to establish a constructive, two-way dialogue with consumers and local communities; regulators and policy makers; investors and shareholders; employees and labor unions. Rather than simply acting and then communicating, CEOs are actively engaging stakeholders to negotiate the role of their business in addressing global challenges.

### 7. Advocacy & leadership

Shaping future systems.

Leading CEOs are clear that business efforts are not sufficient to set the global economy on track—but believe strongly that business should lead the way toward defining and delivering a sustainable global economy, not least through the post-2015 development agenda. They are realistic that individually they can only have so much impact, but recognize a need to play a part in collaborative solutions with governments and other stakeholders. Business leaders' advocacy and public commitment will be integral to further progress.

## Architects of a better world: Aligning business action with global priorities

In our 2010 study of CEOs participating in the Global Compact, we investigated individual companies' progress in integrating sustainability into core business and turning environmental, social and governance issues to business advantage. As we approach the target year of the Millennium Development Goals in 2015 and turn our attention toward the leading role that business can play in defining and delivering the post-2015 development agenda, CEOs believe that we should judge progress by a different standard.

While we can celebrate the individual achievements of sustainability leaders pushing the boundaries of what is possible within current structures, markets and industry models, there is a growing recognition that even the success currently achieved by the most advanced companies is happening within an unsustainable system. As business leaders across the world come together this year to set out an architecture to align business action with global priorities, there is a clear and unequivocal call for greater ambition, greater speed and greater impact.

CEOs see the Global Compact at the center of this architecture. The Global Compact now comprises nearly 8,000 companies and 4,000 civil society organizations, making it the largest corporate sustainability initiative in the world today. But numbers tell only a part of the story. Through the Global Compact, issue platforms have taken shape on women's empowerment, children's rights, climate and energy, water management, and anti-corruption; its Women's Empowerment Principles and Caring for Climate initiatives, for example, are the world's largest business platforms for action on these issues. In this year's survey, the Global Compact's role in collecting and sharing good practice examples, developing tools and guidance materials, and establishing platforms for collective action are the most powerful actions called for by CEOs, signifying a recognition that to accelerate progress and achieve greater impact, companies will have to learn from others within and across industries and actively collaborate "on the ground."

CEOs are unequivocal in their belief that the global economy is not on the right track—and that business is not doing enough to address global sustainability challenges. They see their companies stuck on a plateau of good intentions, uncertain of the way to the summit. But among sustainability leaders, we can see the beginnings of a collaborative, systems approach to sustainability, focused on the impact business can make. These companies are seizing opportunities at speed through building skills, measuring value and performance, and improving the dialogue with consumers, investors and governments. In the innovations of these leaders, we can see the seeds of a new approach to sustainability, with pockets of real innovation beyond the four walls of the firm: collaborating within and across industries and sectors, and working closely with stakeholders to develop the beginnings of transformational change that can unlock the full potential of business in contributing to global priorities.

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## About the UN Global Compact

The UN Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues. By doing so, business can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

Endorsed by chief executives, the UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate policies and practices. Launched in 2000, it is the largest corporate sustainability initiative in the world—with over 12,000 signatories from business and key stakeholder groups in 145 countries, and more than 100 Local Networks. For more information, visit [www.unglobalcompact.org](http://www.unglobalcompact.org).

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Accenture Sustainability Services helps organizations achieve substantial improvement in performance and value for their stakeholders. We help clients leverage their assets and capabilities to drive innovation and profitable growth, while striving for a positive economic, environmental and social impact. We work with clients across industries and geographies to integrate sustainability approaches into their business strategies, operating models and critical processes.

Our holistic approach encompasses strategy, design and execution to increase revenue, reduce cost, manage risk and enhance brand, reputation and intangible assets. We also help clients develop deep insights into sustainability issues based on our on-going investments in research, including recent studies on consumer expectations and global executive opinion on corporate sustainability and climate change. To find out more about how Accenture can help you meet your sustainability imperatives and chart a course toward high performance, visit [www.accenture.com/sustainability](http://www.accenture.com/sustainability). Please also join our on-going conversation about sustainability, business and policy by following us on Twitter @ActSustainably and on Facebook at [www.facebook.com/accenturesustainabilityservices](http://www.facebook.com/accenturesustainabilityservices).

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