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## **News release**

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<i>Contact</i>	<b>Rowena Mearley</b> PwC Global Media Relations Tel: + 1 646 313 0937 E-mail: rowena.j.mearley@pwc.com
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## **Business planning on Sustainable Development Goals needed to action CEO concerns about stakeholders**

CEOs who believe companies will prioritise long-term profitability over the short-term within five years need to identify how they impact positively or negatively on the sustainable development goals in the near term, according to a new paper by PwC.

*Business through a new lens* examines the changing role and position of business in society, reflecting the recent views of over 1400 CEOs to PwC's 19<sup>th</sup> Annual CEO Survey and their implications for the relationship between business and government, and their combined impact on society.

The paper discusses findings in PwC's CEO Survey that within five years, 87% of CEOs believe companies will prioritise long-term over short-term profitability, and that customer and other stakeholder needs will become increasingly important in successful organizations.

Business strategies will therefore need to identify early on how they are contributing to, or reducing their negative impact on, national commitments to the Sustainable Development Goals (SDGs). These actions could in fact accelerate CEOs long term focused business strategies, according to the paper by PwC.

The SDGs were agreed in 2015 by 193 countries, to tackle 169 goals across 17 areas of economic, environmental and social impact, creating a new framework for how government and business work together. It has been estimated independently that over \$11.5trillion is needed to achieve the goals through investments, in large part driven by the private sector, including the potential for upgrades to existing technology, processes, skills and wages.

The Global Goals agenda will play a significant role in business strategies and investments, as national and international action plans are implemented, regulation and policies enforced, and a wider expectation of businesses' role in society emerges. Already, 84% of CEOs recognise that their business is expected to address wider stakeholder needs; and 52% say that they are converting a focus on wider stakeholders into profit.



Malcolm Preston, global leader, sustainability & climate change, PwC comments:|

“CEOs told us they believe that customer and other stakeholder needs will become increasingly important in successful organizations in five years’ time. Strategic planning needs to start now with a greater emphasis on many of the targets behind the Sustainable Development Goals. Identifying early on how a company’s core operations impact a Goal’s achievement, positively or negatively, is a key way to shift from a shareholder to wider stakeholder model. It will inform how a business can adapt its strategy and respond to changing expectations of its role, and could substantially reduce regulatory risk shocks and unpredictability.”

Debates around business’ role and purpose are amongst the forces driving a shift from the short, to a longer term focus in strategy and investment decisions. The paper discusses findings in the CEO Survey that 27% of CEOs say that their customers want relationships with organisations that address wider stakeholder needs now, rising to 44% in five years’ time. This could be accelerated at a local level by national and international policies to achieve the goals that consumers see filtering down to business.

Louise Scott, director, PwC comments:

“As targets and indicators are put in place, and action plans implemented, they will start to shape business strategy too. This will further contribute to breaking down the barriers between short and long term planning that CEOs told us has already started and helping businesses connect to their wider societal contribution. For some countries, for example, where they have specific targets to reduce impacts on the environment, or increase skills and economic growth, there is the potential for local government policies to ask more of business to help them achieve them.”

Malcolm Preston, global leader, sustainability & climate change, PwC comments:

“To achieve the Global Goals, business, government and society will have to come together in a way that’s not been seen or tried before. The emphasis on achieving these goals will start to define business as the critical element in the solution that delivers them. Investment across these priorities will no doubt support governments to achieve their goals.”

**Notes:**

1. Business through a new lens can be downloaded here. <http://www.pwc.com/gx/en/services/sustainability/business-drives-a-thriving-society-and-environment/sharpening-focus.html>
2. The paper highlights findings from the CEO survey that show CEO concerns about risk and regulation still remain. Over two thirds (69%)of CEOs recognize that governments and regulators have a significant impact on their business strategy; and 79% said they are concerned about over-regulation being a threat to business growth. This rises to more than 80% of CEOs in Argentina, and South Africa reporting a high or very high impact of government regulation on business strategy. The Goals have implications not just for domestic organizations in the country where targets are set, but also for those seeking to expand operations overseas. National level government regulation, policy, incentives and measurement will play a critical role in delivering the goals, with implications for businesses’ ability to cope with new national and cross border regulations, or incentives.



3. PwC's 19th Annual CEO Survey found that in five years' time, more than three quarters (77%) of CEOs believe technological advances will have transformed expectations of businesses on communication, reporting, investment and planning. In addition, 71% of CEOs believe that in five years' time, successful companies will be guided by a purpose centred on creating value for wider stakeholders. 87% say companies will prioritise long-term over short-term profitability. Overall they believe that customer and other stakeholder needs will be more important than shareholders' in successful organisations.

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