PwC's 28th Annual Global CEO Survey:
Sub-Saharan Africa perspective

Climate resilience

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Executive summary

As we progress through 2025, the global focus on climate and sustainability continues to intensify. Key global trends include the acceleration of the energy transition, the increasing importance of climate finance and the integration of sustainability into corporate strategies. The urgency to address climate change is driving innovation and reshaping industries worldwide.

In Sub-Saharan Africa, the impacts of climate change are particularly pronounced, affecting agriculture, water resources and overall economic stability. The region faces unique challenges, including high vulnerability to extreme weather events and limited adaptive capacity. However, there are also significant opportunities for growth and development through climate-smart investments and sustainable practices.

Key insights:

1. Economic viability and diversification:
   i. Over 50% of Sub-Saharan Africa CEOs have started competing in new sectors, significantly contributing to their companies' revenues.

   ii. 61% of regional CEOs are optimistic about their companies' long-term viability, surpassing the global average.

2. Climate-friendly investments:
   i. A majority of CEOs have initiated climate-friendly investments, viewing them as strategic opportunities.

   ii. 49% report little to no impact on overall business costs, with some observing cost efficiencies or initial increases due to green technologies.

3. Revenue and indirect benefits:
   i. 32% of CEOs have experienced a net increase in revenue from climate-friendly investments.
   ii. These investments also enhance brand reputation, customer loyalty and regulatory compliance.
4. Challenges and barriers:
   i. Limited government incentives, regulatory complexity and lack of stakeholder demand are significant barriers.
   ii. Despite these challenges, 68% of CEOs tie a portion of their personal incentive compensation to sustainability metrics.

The responses from Sub-Saharan Africa CEOs in PwC's 28th Annual Global CEO Survey highlight a proactive approach to integrating climate considerations into business strategies. These leaders are not only acknowledging the critical nature of climate-related risks but are also viewing climate action as a strategic opportunity. By investing in climate-friendly initiatives, they can mitigate risks, drive innovation and unlock new revenue streams. Addressing regulatory and financial challenges will be crucial for sustainable development. The survey responses underscore the importance of internal buy-in and the alignment of personal incentives with sustainability goals, demonstrating a mature and forward-thinking approach to achieving long-term success in the face of climate change.

Table of contents

Contents

Introduction

Climate-related risks and opportunities are becoming increasingly critical for businesses and society. As companies navigate the complexities of a changing climate and other megatrends, it is essential to recognise the importance of integrating climate considerations into strategic planning and decision-making processes. In fact, a study by the World Economic Forum (WEF) found that physical risks from climate change could reduce annual EBITDA (earnings before interest, taxes, depreciation and amortisation) for businesses in Africa by 5-25%, depending on the industry [1].

This impact is already evident through supply chain disruptions caused by extreme weather events and other climate-related factors, leading to increased costs, reduced productivity and ultimately, lower profitability. Moreover, climate change is increasingly intertwined with critical business operation's success. Issues such as the cost and security of natural resources, human health, food sources, livelihoods and safety (including heat stress and diseases) are all being affected.

Recognising these challenges, it is essential to view investing in climate actions and sustainability not solely as risk management but as a strategic opportunity. Our 28th Annual Global CEO Survey highlights the perspectives of leaders in Sub-Saharan Africa on climate-friendly investments, diversification opportunities and more. By focusing on these areas, businesses can not only mitigate risks but also seize new opportunities for growth and innovation.

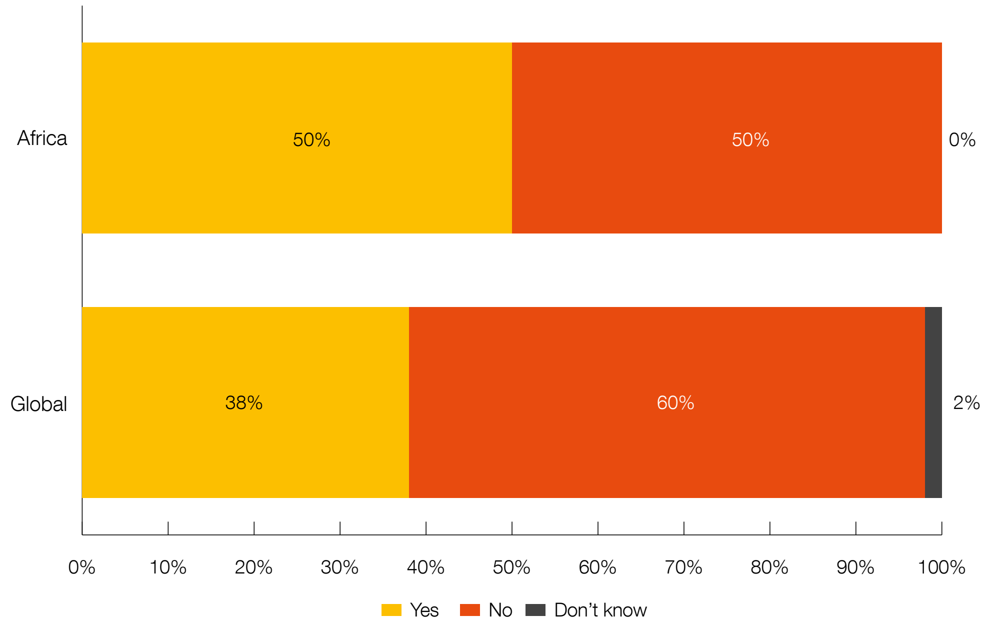
Furthermore, the opportunities in addressing climate-related impacts are substantial, underscoring the imperative to 'act now'. A study by the Global Centre for Adaptation (GCA) found that for every dollar invested in climate adaptation, companies can expect to see a return on investment of between two and 12 times the amount [2]. This demonstrates that proactive investment can therefore drive innovation, enhance resilience and unlock new revenue streams.

1 WEF, 2024. The Cost of Inaction.
2 Global Commission on Adaptation, 2024. Trends in Climate Adaptation Finance.

Africa CEOs are opportunity focused

In Sub-Saharan Africa, CEOs are embracing new opportunities. Results from our global survey show that 50% of Sub-Saharan Africa CEOs say they started competing in new sectors over the past five years. This trend highlights the dynamic nature of today's business environment, where businesses are increasingly seeking growth opportunities beyond their traditional industries to de-risk their portfolios and adapt to changing consumer preferences.

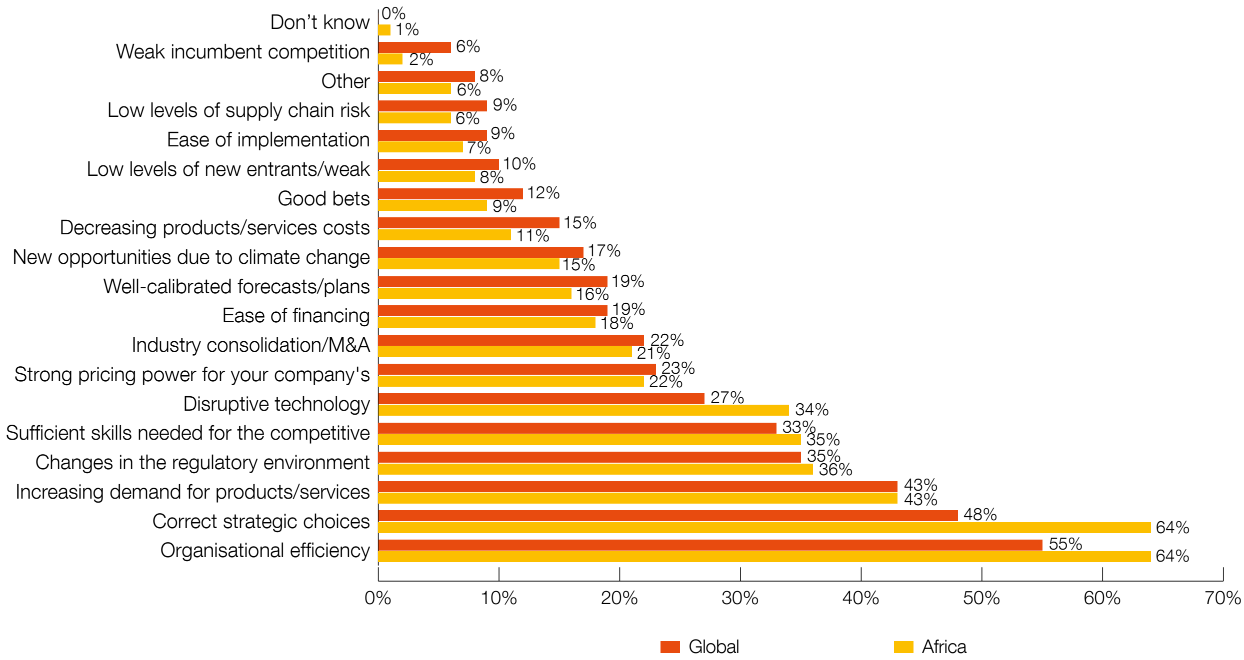
Figure 1: In the last five years, has your company begun competing in any sectors or industries in which it hadn't previously competed?



Moreover, the survey indicates that over 40% of the region's CEOs reported that entering new sectors has contributed to over 20% of their company's revenue during this period. This underscores the significant impact that diversification can have on a company's financial performance.

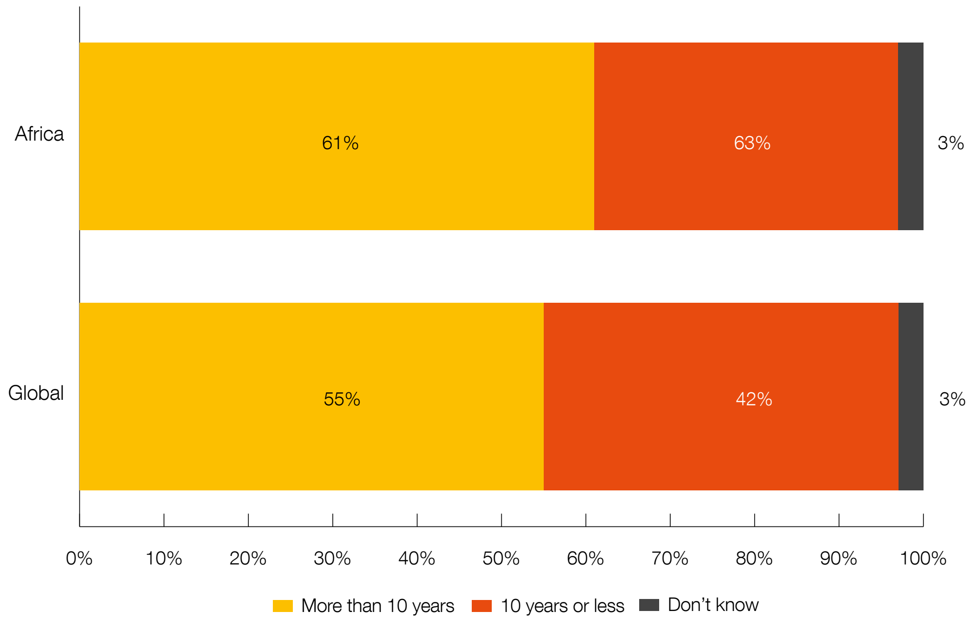
However, the pace of reinvention remains a challenge. Many CEOs recognise the need to accelerate their efforts to stay competitive. Some express concerns about their company's long-term viability if they do not adapt quickly enough to the factors that most influence their economic viability. For instance, 64% of Sub-Saharan Africa CEOs believe organisational efficiency will most impact their businesses' economic viability, compared to 48% of global CEOs.

Figure 2: What factors do you believe will most influence your company's economic viability?



Despite these challenges, CEOs in Sub-Saharan Africa are optimistic about the long-term viability of their businesses, with 61% expecting their companies to remain viable beyond the next decade, surpassing the global average of 55% and marking a significant rise from last year's 40%. This surge in confidence suggests that Sub-Saharan Africa CEOs are not merely acknowledging challenges—they are actively embracing transformation as a pathway to future success.

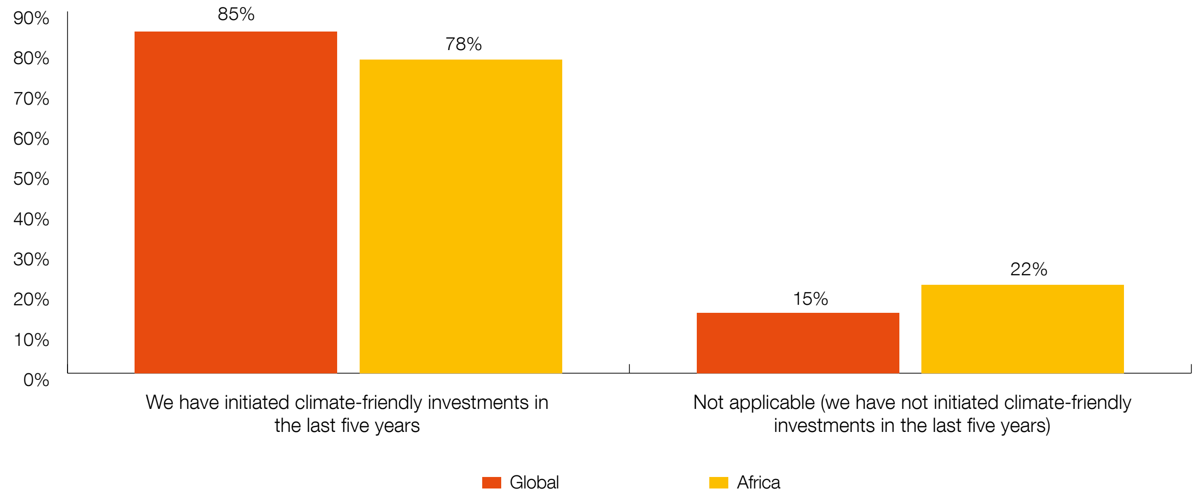
Figure 3: If your company continues running on its current path, for how long do you think your business will be economically viable?



The climate seems to be right for investing

Regarding their view on investments in climate-friendly products, most CEOs in this region have initiated climate-friendly investments in the last five years, although this was slightly lower than what CEOs from the rest of the world reported (78% in Sub-Saharan Africa vs. 85% globally).

Figure 4: To what extent have climate-friendly investments initiated by your company in the last five years caused increases or decreases in the following?



However, there are mixed views on the costs and benefits of climate investing for businesses. Among the 78% of CEOs who have committed to climate-friendly practices, a significant portion (49%) report that these initiatives have had little to no impact on their overall business costs. Interestingly, for those who have experienced a change in costs, there is a notable split in perspectives. Approximately 21% of these CEOs have observed a net decrease in costs, attributing this to efficiencies gained through sustainable practices. On the other hand, 29% have seen an increase in costs, often due to initial investments in green technologies and infrastructure.

Furthermore, while 58% of the CEOs who have invested in climate-friendly investments report little to no change in revenue, one in three (32%) have experienced a net increase in revenue, and only 4% have seen a decrease. This trend is consistent among both Sub-Saharan Africa and global CEOs, suggesting that climate-friendly investments generally lead to either stable or positive revenue impacts.

It's not just about increasing revenues

It is important to note that while the majority of regional CEOs report limited to no change in costs and revenue, this does not mean that these investments are not paying off in other ways. These climate-friendly initiatives often yield other significant benefits, such as enhanced brand reputation, increased customer loyalty and improved regulatory compliance. For example, from PwC's Global Investor Survey 2024, 70% of global responders stated that they believe companies should address sustainability issues even if it reduces near-term profitability, as they see sustainability as a value driver [3].

This means that even if there is no change in revenue or costs, investing in these areas can improve the ability to attract further investment and financing. These investments can also have other indirect benefits such as the ability to reduce supply chain disruptions through climate risk planning or a loss in revenue as a result of changing customer preferences to more climate friendly products that would have been experienced if these investments had not been made.

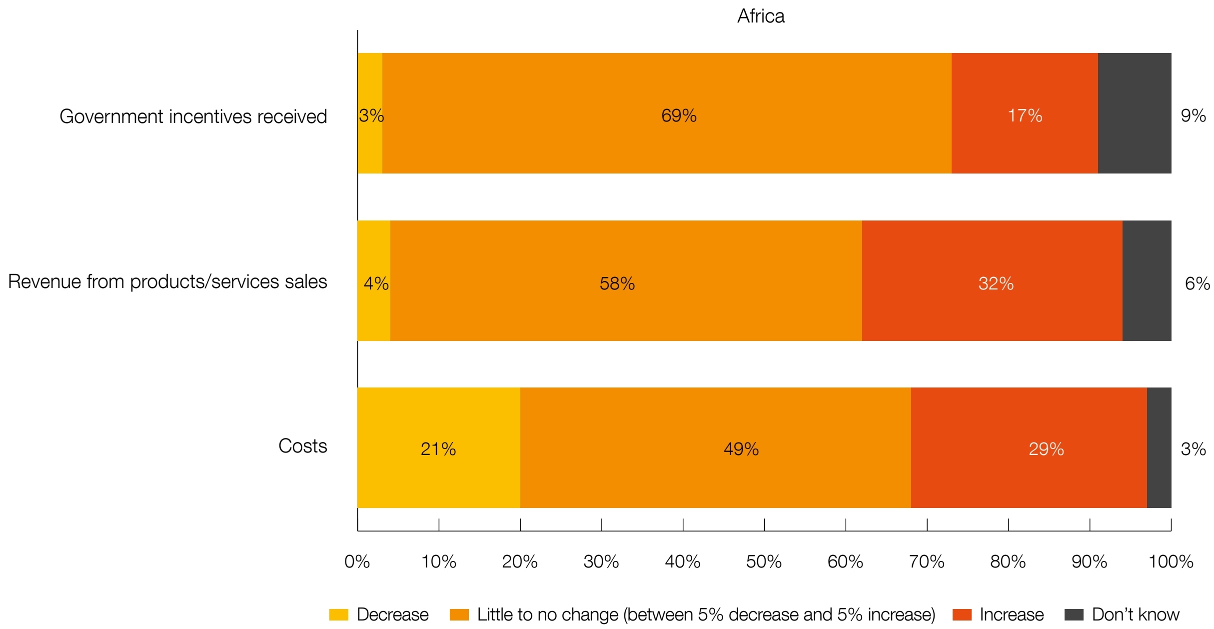
CEOs should therefore work with their teams to better understand the indirect value generated from these climate-friendly investments which would help justify the investments where there are not direct revenue or cost implications.

3 PwC, 2024. Global Investor Survey 2024.

Limited government incentives, regulatory complexity and lack of stakeholder demand curtail investment

It is evident that nearly 70% of Sub-Saharan Africa CEOs perceive little impact from government incentives, likely due to the limited availability of such incentives across the continent. Globally, the results are only slightly better, with 5 percentage points more CEOs reporting higher net increases from government incentives. This suggests that where incentives are available, CEOs do not believe that they are structured in such a way that promotes increases in business value.

Figure 5: To what extent have climate-friendly investments initiated by your company in the last five years caused increases or decreases in the following?



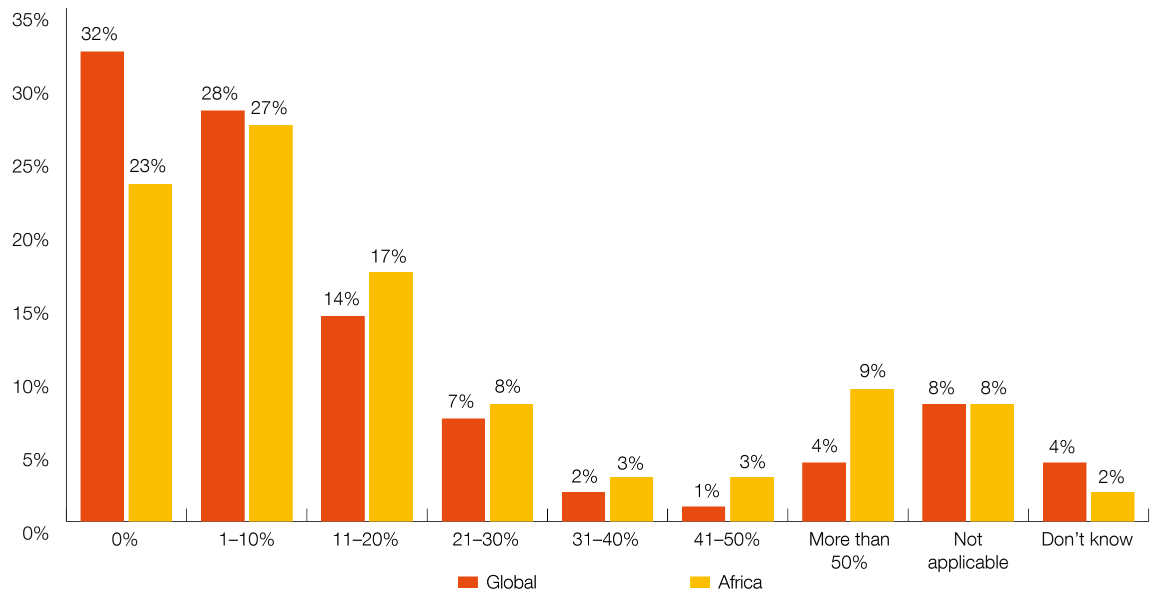
When it comes to the return on investment for climate-friendly investments, fewer Sub-Saharan Africa CEOs are willing to accept lower rates of return compared to their global counterparts (41% vs. 38% globally) against those who are willing to accept lower rates (15% vs 25% respectively). Opinions amongst CEOs are equally divided on whether the reluctance to accept lower returns is a significant barrier to investment. While 33% view it as a major factor, another 33% believe it has little to no impact on their decision to invest. This suggests that investment decisions may be influenced by other factors, such as the need to stay competitive due to market conditions, technological advancements or the regulatory environment, including the anticipation of new policies or tax incentives for climate-friendly investments.

The primary reasons why 22% of Sub-Saharan Africa CEOs (compared to 15% of global CEOs) have not initiated climate-friendly investments are a perceived lack of demand from external stakeholders (45%) and regulatory complexity (43%). On a positive note, the lack of support from management and the board is not a major challenge, as 61% of Sub-Saharan Africa CEOs do not see it as a limiting factor, suggesting that internal teams recognise the need for this and have bought into the process.

Incorporating climate goals into people's remuneration targets is a key measure of whether a company is really recognising the business value of climate-friendly products. Here, Sub-Saharan Africa CEOs appear to lead the global average, with 68% reporting that a portion of their current personal incentive compensation (including both annual bonus and long–term incentives) is tied to sustainability metrics, compared to 56% globally.

Aligning individual and team performance metrics with sustainability objectives demonstrates a relatively mature approach, especially considering that some CEOs see lack of internal buy-in as a barrier to climate-friendly investments (as shown in Figure 5 above).

Figure 6: What proportion of your current personal incentive compensation (including both annual bonus and long–term incentives) is determined by sustainability metrics?



What does this really mean?

Sub-Saharan Africa CEOs are increasingly recognising the critical importance of integrating climate-related risks and opportunities into their business strategies. This shift is driven by the understanding that sustainable practices are not just ethical imperatives but also key drivers of long-term profitability and business resilience. Despite facing significant challenges such as regulatory complexity, limited access to finance and infrastructural constraints, these leaders are proactively investing in climate-friendly initiatives.

These investments are seen as strategic moves to mitigate risks associated with climate change, such as supply chain disruptions and regulatory penalties, while also unlocking new opportunities. For instance, companies are developing innovative products and services that cater to the growing demand for sustainable solutions, thereby opening new revenue streams and enhancing their competitive edge.

Moreover, the commitment to sustainability is reflected in their corporate governance structures. Many CEOs are linking executive remuneration to the achievement of climate and sustainability targets, ensuring that these goals are prioritised at the highest levels of the organisation. This alignment of incentives is crucial for driving meaningful action and fostering a culture of accountability and transparency.

The internal buy-in from boards and other key committees further underscores the strategic importance of these initiatives. By embedding sustainability into the core of their business operations, Sub-Saharan Africa companies are not only contributing to global climate goals but also positioning themselves as leaders in the transition to a low-carbon economy which reduces business continuity risks, ultimately impacting the company's bottom line.

Next steps for businesses in Sub-Saharan Africa

Research clearly indicates that businesses failing to integrate climate measures into their operations will inevitably face significant bottom-line impacts, regardless of their sector. For the few companies that have yet to invest in climate-friendly solutions, it is imperative that companies build climate considerations into their ongoing analysis of changing impacts to their business strategy, assets, workforce and products and services. This would provide crucial information on how these areas might be affected if they do not make these critical investments.

For those CEOs who have already embarked on the journey of investing in climate-friendly measures, the challenge lies in comprehending the true costs and impacts of these investments. While the direct revenue impacts may not always be immediately apparent, it is crucial for these leaders to collaborate with their teams to gain a deeper understanding of the indirect effects. These benefits include enhancements to their reputation, increased investor confidence, improved business continuity, and ultimately, positive impacts on their revenue.

By taking these proactive steps, businesses can not only mitigate risks but also unlock new opportunities, ensuring resilience and profitability in a rapidly changing world. The time to act is now—embrace sustainability as a strategic imperative and lead the way towards a sustainable future.

Methodology

Survey methodology

We surveyed 4,701 CEOs in 109 countries and territories from 1 October through 8 November 2024. The global and regional figures in this report are weighted proportionally to country nominal GDP so CEOs' views are broadly representative across all major regions. The industry- and country-level figures are based on unweighted data from the full sample of 4,701 CEOs, including 4,236 men, 401 women and 64 who identified with another gender or preferred not to say. Further details by region, country and industry are available on request. All quantitative interviews were conducted on a confidential basis. Among the CEOs who participated in the survey:

3% lead organisations with revenues of US$25 billion or more

3% lead organisations with revenues between US$10 billion and US$25 billion

20% lead organisations with revenues between US$1 billion and US$10 billion

33% lead organisations with revenues between US$100 million and US$1 billion

36% lead organisations with revenues of up to US$100 million

62% lead organisations that are privately owned.

A total of 245 weighted responses were used for the Sub-Saharan Africa analysis.

Notes

The respondents in this survey are based in Sub-Saharan Africa. In this report, we specifically refer to the responses of CEOs from Eastern, Western and Southern Africa, excluding Northern Africa.

Percentages in charts may not add up to 100%—a result of rounding percentages; multi-selection answer options; and the decision in certain cases to exclude the display of certain responses, including 'Other,' 'Not applicable' and 'Don't know.' The research was undertaken by PwC Research, our global centre of excellence for primary research and evidence-based consulting services.

About the reinvention action index

We asked CEOs about the extent to which companies took the following actions in the last five years: developed innovative products or services, implemented new pricing models, collaborated with other organisations, targeted new routes to market, and targeted a new customer base. We then combined responses to this question into an index using factor analysis, a statistical method that enables the combination of individual responses into a factor that they all have in common. Finally, we calculated a number for each CEO that represents their level of reinvention—in other words, a reinvention index score. Index score values represent standard deviations from the mean; a higher score on the index indicates more reinvention.

Advanced statistical techniques

Some analyses used advanced statistical techniques to look for relationships between questionnaire responses. These analyses went beyond dividing CEOs into groups (say, those with high levels of reinvention action and those with low levels) and comparing responses (such as average profit margin) within those groups. Rather, we employed Bayesian multilevel regression analyses within a causal inference framework to estimate counterfactual marginal effects.

Counterfactual marginal effects measure the difference in outcomes that would occur if a specific level of a variable was changed while keeping everything else the same. They help us understand 'what would happen if…?' scenarios, such as predicting how a business outcome might improve if a particular strategy were implemented differently. This approach allowed us to model the relationships between variables, while accounting for uncertainty, and identify the causal effect of one variable on another, assuming that the hypothesised causal model is correct (e.g., no other variables other than the ones adjusted for affect the two variables of interest).

For most of these analyses, we adjusted for the effects of industry (e.g., industry sector, market concentration), company characteristics (e.g., company size, geography) and CEO characteristics (e.g., tenure). Further, we modelled outcome variables based on the assumed data-generating process (e.g., linear regression for normally distributed data and logistic regression for Bernoulli-distributed data); ordinal predictors were modelled as monotonic effects.

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