Press Release

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| *Pages*  | 3 |



**UK business find focus as climate clock runs down, finds PwC CEO Survey**

UK businesses are more likely than their global counterparts to have a detailed plan to reduce emissions, however climate change remains behind a number of other challenges facing business leaders, according to PwC’s latest CEO Survey.

This year’s survey, which is published after a tumultuous year, both economically and politically, highlights the extent to which inflation, macroeconomic volatility and cyber risk issues are dominating boardrooms in the UK and globally.

Over the next 12 months, just 27% of UK CEOs believe their business is at least moderately exposed to threats relating to climate change, however this rises to 45% on a five year horizon, putting climate fourth on the list of long-term threats, behind cyber risk, macroeconomic volatility and inflation.

Many companies are looking to decarbonise, innovate and craft a climate strategy concurrently, with two-thirds either in the process of, or completed the implementation of initiatives to reduce their emissions and 61% innovating new climate-friendly products or processes.

However, more than half (54%) have no plans to apply an internal price on carbon in their decision making, and just 25% have made progress on this. This is the process of putting a financial value on greenhouse gas emissions, which can help account for considerations like taxes and incentives, and clarify strategic trade-offs.

UK companies are making steady progress towards Net Zero goals with almost one-third (32%) of respondents saying they had completed initiatives to reduce their carbon emissions. A further 41% have initiatives in progress. This compares with 27% and 39% respectively on a global level.

Further to this, 26% of UK respondents have introduced climate friendly products or processes and a further 42% have this in progress, compared with 25% and 36% respectively.

Technology has a clear role to play here, with 43% of UK respondents having either completed or in the process of implementing initiatives to protect the company’s physical assets and / or workforce from the physical aspects of climate change. A further 17% are planning to undertake such an initiative.

Encouragingly, the CEO Survey data also reveals that more than half of UK businesses (52%) are collaborating with government, NGOs or academic institutions to address climate change, ahead of 43% globally.

Climate change and the environment also emerge as influential to the investment decisions of CEOs in the UK. While automation, technology and upskilling top the investment priorities, 31% said they were investing in alternative energy sources, 43% are decarbonising the company’s business model, while 4% said they were relocating the company’s operations in response to climate risk.

Zubin Randeria, ESG Leader, PwC UK, comments:

“Our 26th CEO Survey highlights how seriously businesses are taking the risk from climate change, however it also shows the scale of what lies ahead. The CEOs who are doing the most are the ones who feel the most exposed, and that exposure is being felt across supply chains and cost bases.

“What our survey shows us is that the response is to accelerate decarbonisation, create more climate friendly products and services, and invest in upskilling people in sustainability practices.

“The reality is that moving at the right pace with the right priorities to mitigate climate risks, generate opportunities and decarbonise are enormous strategic challenges.

“To help overcome them, companies need to ensure they are constantly re-evaluating their climate risk and providing staff with sustainability skills - along with implementing an internal pricing mechanism for carbon to help inform future strategy.”

The 26th CEO survey revealed that 22% of UK CEOs (rising to 39% globally), believe their business will not be economically viable within a decade on current trajectories. Climate change will therefore have to be factored into plans to safeguard their companies. Across the global survey, which conducted interviews with more than 4,400 CEOs, more saw climate risk impacting their cost profiles and supply chains than the safety of their physical assets.

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