



25th Annual Global CEO Survey – Azerbaijan Report

Reimagining the outcomes that matter in Azerbaijan

Climate change and CEOs' Net Zero targets

17 May 2022



pwc

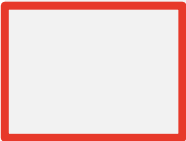
25th Annual Global CEO Survey – Azerbaijan Report

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As environmental, financial and societal pressures converge, today's leaders must solve a new equation.

The 25th edition of PwC's Global Annual CEO Survey - Azerbaijan report offers a revelatory look at how today's executives are meeting the most pressing challenges of the day, from navigating an uneven global economic recovery to preparing for a net-zero society.



About the Survey



The field research for the survey was conducted during October, November, and December of 2021, before the war in Ukraine began on 24 February of this year, and so the responses do not reflect the sentiment and views of CEOs shaped by the impact of the war.



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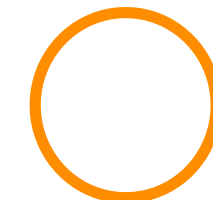
81%
of
participating
CEOs are
male and
19%
female



100+
CEOs
around
Azerbaijan



20+
Industries are
represented
in the Survey



Key findings from Azerbaijan :



79% of Azerbaijani CEOs believe global economic growth will improve over the next 12 months.



62% of Azerbaijani CEOs rank health risks as their top priority to address, followed by geopolitical conflict (48%). Cyber risks and Macroeconomic volatility are still among the top threats.



13% of Azerbaijani CEOs have targets related to GHG emissions, racial and ethnic diversity in their annual bonus/long-term incentive plan.



77% of Azerbaijani CEOs are very confident about their own company's growth over the next 12 months.



Only **18%** of companies in Azerbaijan have made, or are progressing towards, a net-zero and/or carbon-neutral (20%) commitment.



50% of Azerbaijani CEOs initiate investments in new projects at least once per year



Azerbaijani CEOs have rebalanced the countries they are focusing on to drive revenue growth. Whilst **Turkey** and **Russia** remain the top two countries, **US** has leapt from 4th place last year to 3rd.

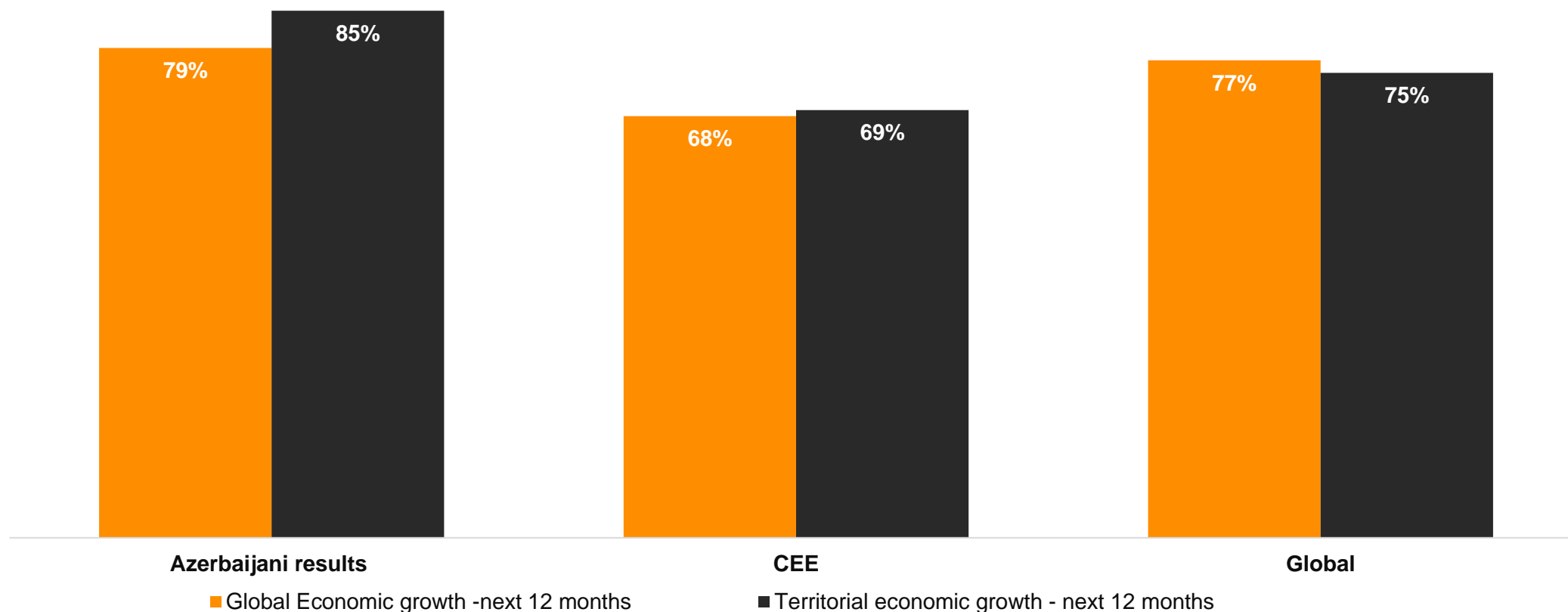


44% of Azerbaijani CEOs assess their strategic priorities and make changes in their major initiatives at least once a year.



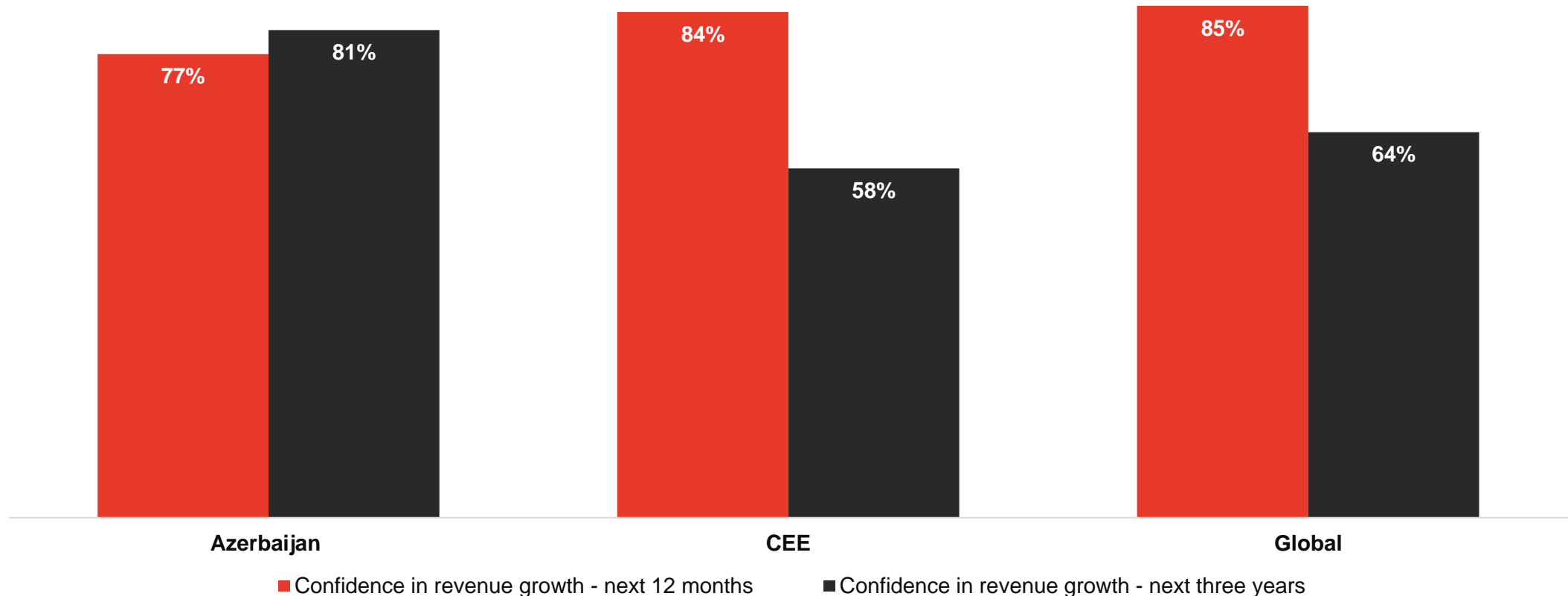
Azerbaijani CEO optimism about global growth builds, despite dips in several major economies

Question: How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months?
(Showing only 'improve' responses)



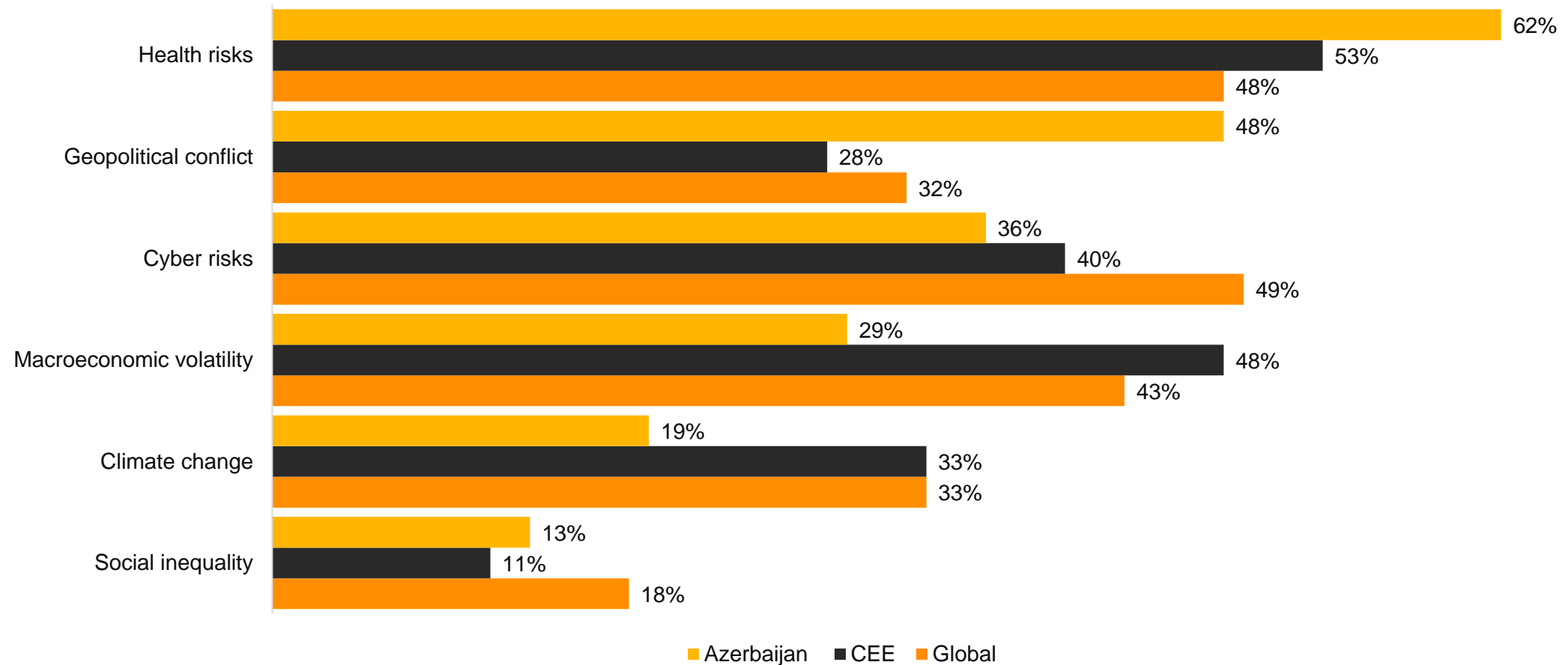
CEOs in Azerbaijan are very confident in their own company's growth

Question: How confident are you about your company's prospects for revenue growth over:
(Showing 'extremely, very and moderately confident' responses)



CEOs rank health risks as the top threat to growth, with geopolitical conflict close behind

Question: How concerned are you about the following global threats negatively impacting your company over the next 12 months?
(Showing only 'very concerned' and 'extremely concerned' responses)



Which outcomes matter?

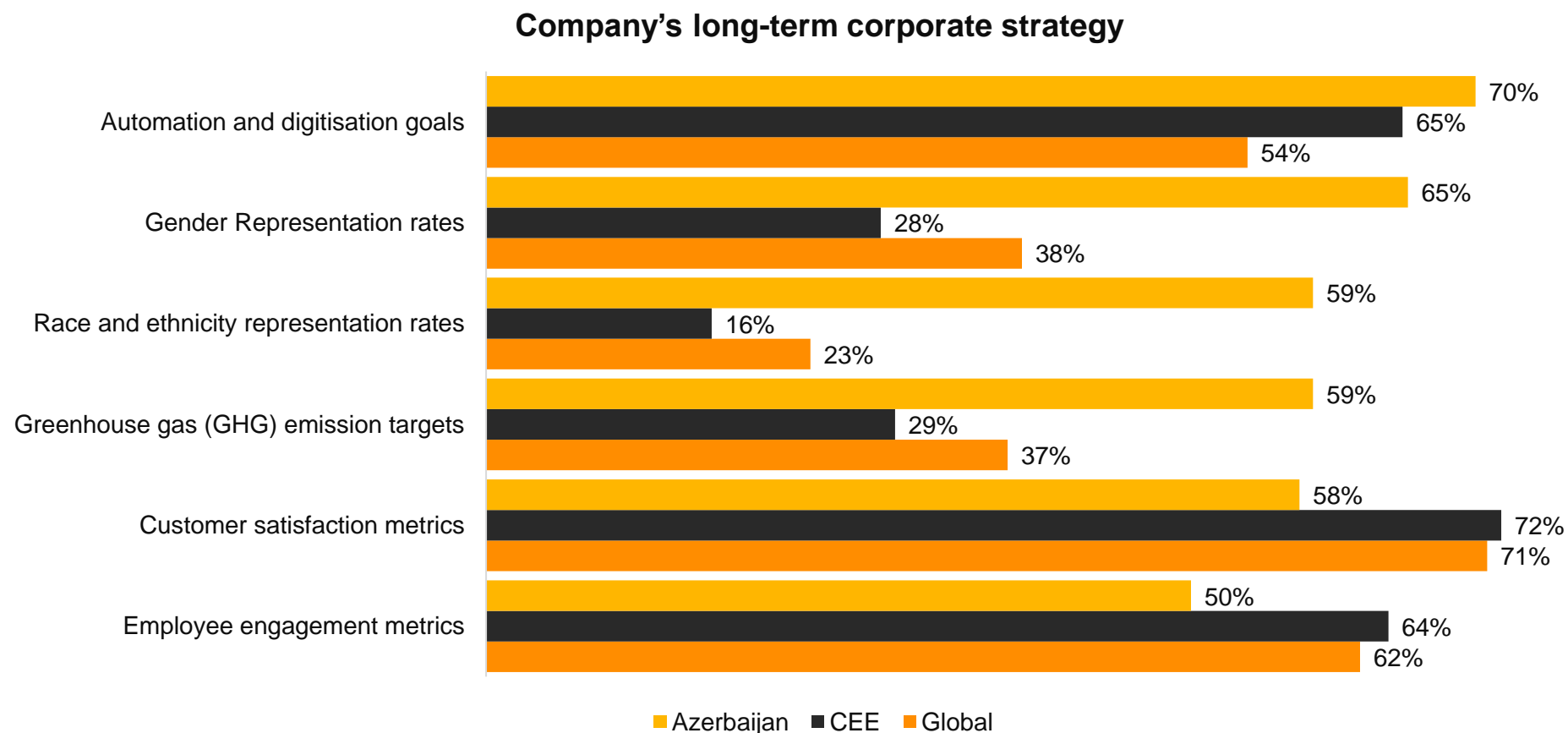
The near-term value creation pressures that are driving CEOs' most pressing concerns seem even more significant when we look at the outcomes CEOs are working toward—as articulated in their corporate strategies and reflected in their own compensation packages.

Most Azerbaijani CEOs have corporate's goals related to automation or digitisation and gender representation rates. Race and ethnicity representation rates and greenhouse gas (GHG) emission are almost equally important to Azerbaijan CEO's and are included in their long-term corporate strategy. At the same level is customer satisfaction. These nonfinancial outcomes are intertwined with day-to-day business performance.



Despite rising interest in ESG, strategy is still primarily driven by business metrics

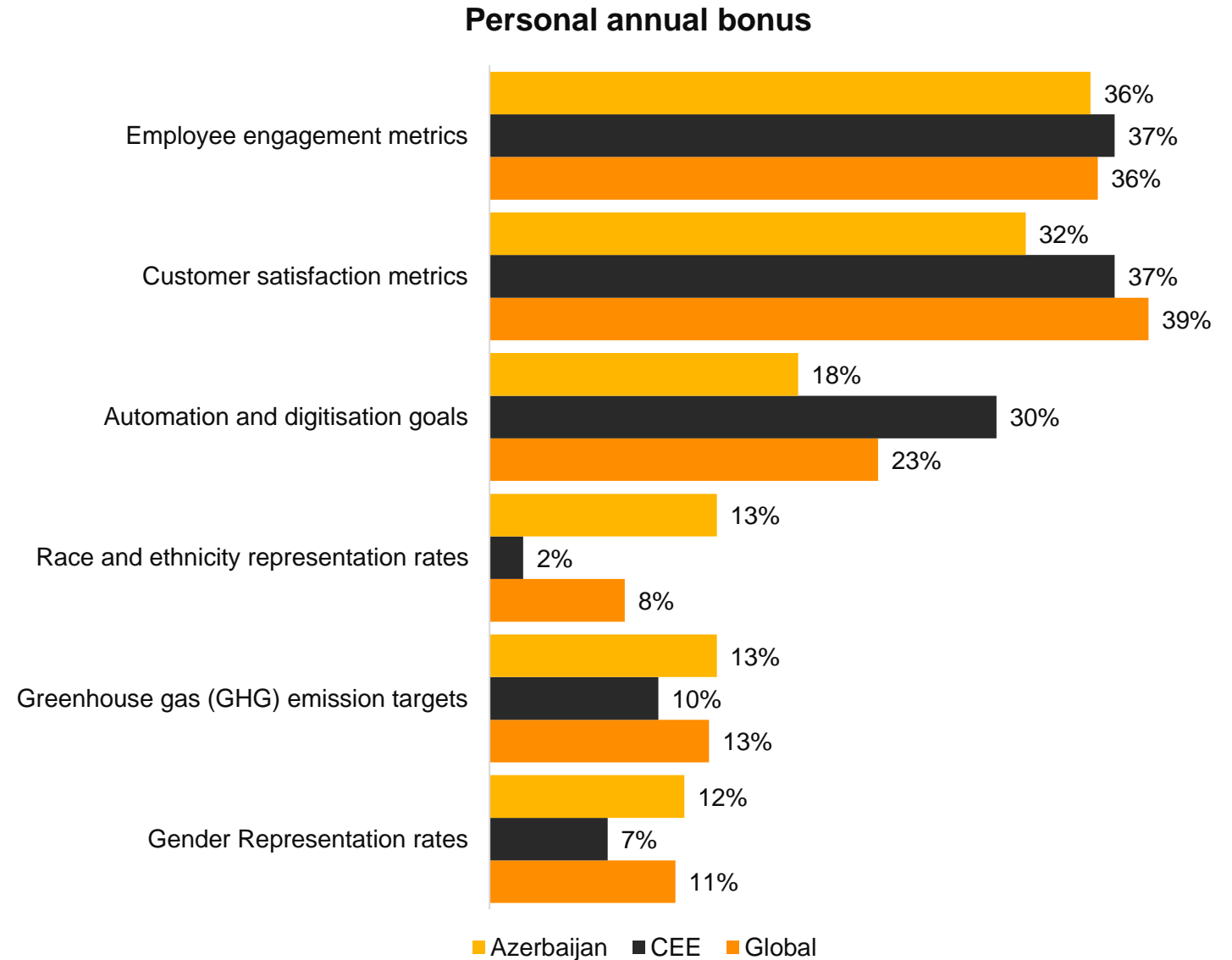
Question: Are the following non-financial-related outcomes included in your:
a) company's long-term corporate strategy?



The overwhelming majority of Azerbaijan CEOs have no personal financial motive to customer satisfaction, automation and digitisation.

Question: Are the following non-financial-related outcomes included in your:

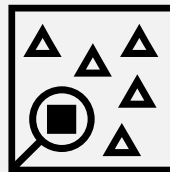
b) personal annual bonus or long-term incentive plan?



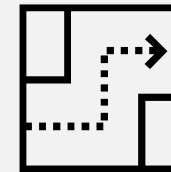
Azerbaijani CEO views on focus and agility



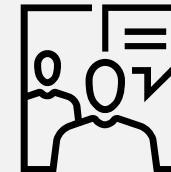
88% say their company has ten, or fewer, overarching strategic objectives. **Only 6%** say their company has 11 or more



11% say their company formally assesses major initiatives at least quarterly. **44%** do so once a year



48% say it takes up to three months to get a major initiative from proposal to approval. **22%** say it takes between four to six months



17% update the workforce at least quarterly on major initiatives. **44%** update the workforce once a year

What Azerbaijani CEOs are choosing to stop, start, or continue

40%

report stopping low-potential or nonaligned projects at least once per year

34%

say they scale up a high-performing business at least once per year

50%

invest in new projects at least once per year

21%

acquire a business at least once per year

17%

divest a business at least once per year

The diverse paths to net zero

Many Azerbaijani business leaders still seem uncertain when considering the potential impact of climate change and social inequality issues on their organisations.

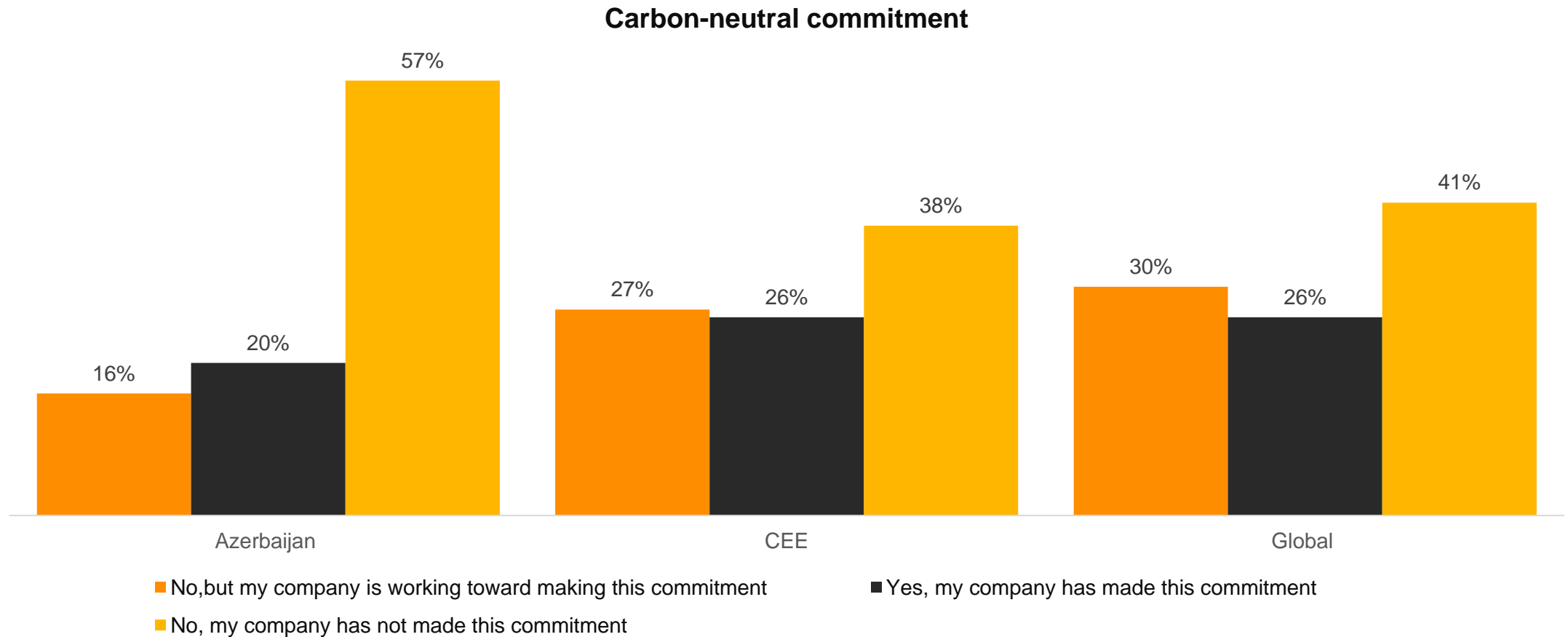
No single measure will bridge the gap on its own, so we recommend the following actions to begin the process of making companies fit for a fast-approaching future where demonstrable commitment to CO2 reduction and equality will be critical to business success:

- Appoint a boardroom level executive with company-wide responsibility for setting and meeting climate change and equality goals
- Set ambitious but realistic net-zero or carbon-neutral commitments which are integrated into short-term and long-term corporate strategies
- Link CEO bonus and incentive remuneration packages to achieving carbon reduction and equality targets



In Azerbaijan, CEOs have almost caught up with their global peers in making decarbonisation commitments

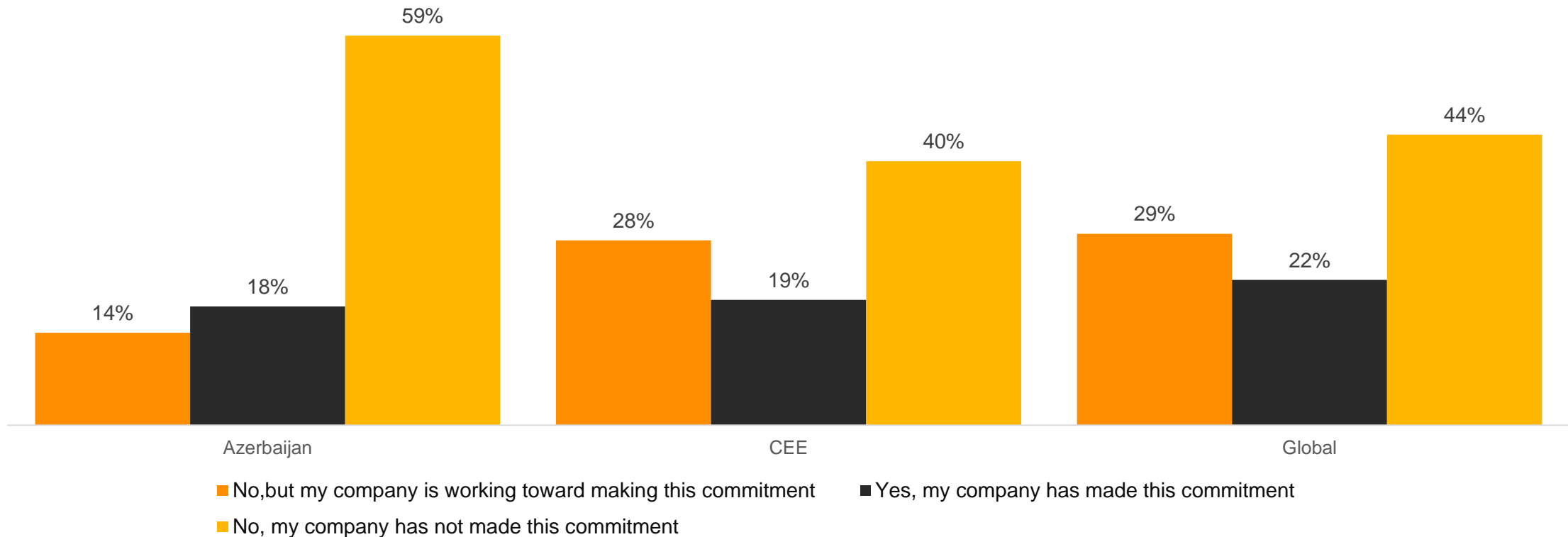
Question: Has your company made a:
a) carbon-neutral commitment



Azerbaijan CEOs are not far behind of their global peers in net-zero commitment

Question: Has your company made a:
b) Net-zero commitment

Net-zero commitment



Thank you!

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