

Four Steps To LEAD On Sustainability

MENA Organizations
Must Turn Promises
Into Action

**WORLD
GOVERNMENTS
SUMMIT 2024**

in collaboration with

BAIN & COMPANY 

Four Steps To LEAD On Sustainability

Organizations in the Middle East and North Africa have the opportunity and the responsibility to accelerate sustainability.

Bain & Company spoke with 300 executives and surveyed 100 organizational leaders to learn how the Middle East and North Africa (MENA) region can advance its environmental, social, and governance agendas. Our research identified key challenges, best practices, and four essential steps to help organizations take a global LEAD on sustainability.

300

One-On-One Conversations

100

Survey Responses

11

MENA Countries

8

Industries





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Executive Summary

According to new research from Bain & Company, nearly 70% of organizations in the Middle East and North Africa (MENA) say they integrate sustainability into their business models, but only 3% are on track to achieve their sustainability goals.

According to the United Nations (UN), only 15% of Sustainable Development Goals are on track – and many are moving in reverse.¹

It's time for organizations to take the LEAD and turn promises into action.





Sustainability issues are gaining momentum around the world, in part because they cause problems too great for governments and organizations to ignore. In the MENA region, climate-induced natural disasters and water scarcity are amplified by economic risks.

At the same time, the region urgently needs to diversify its economy, meet the energy needs of a growing population, create economic opportunities for its youth, and close persistent gender gaps.

If these environmental, social, and governance (ESG) challenges are too great to ignore, so are the opportunities.

MENA governments made collective agreements to prioritize sustainability by committing to the *Paris Agreement*, the UN's 17 Sustainable Development Goals, and country-specific net-zero targets.² Organizations, investors, and consumers have supported the transition toward sustainability and social responsibility as well.

Nearly two-thirds of investors take sustainability performance into account when they make investment decisions.³ Likewise, consumers have also adapted their behavior toward sustainability. About 85% of consumers have shifted their purchasing habits toward sustainability over the past five years.⁴

It seems that everyone agrees: The region needs to balance economic growth with environmental care and social wellbeing. However, little is being done. 97% of the MENA organizations that we surveyed are not on track to achieve their sustainability targets.

The region needs organizations to step up and lead this critical transformation. As economic drivers, they have substantial risks associated with sustainability – but possibly more to gain.

Pioneers in sustainability will see higher returns and more engagement from purpose-driven employees. Companies that embed sustainability into their business practices can grow faster, create viable new business models, and become more resilient.



Sustainability is not only necessary, it's also a strategy to mitigate risk, enhance performance, and make balance sheets stronger.

However, despite the clear need for change (and public promises), few organizations have hit their sustainability targets.

Bain & Company studied organizations in 11 MENA countries to identify sustainability “Laggards” and “Leaders” and to learn how to close the performance gap. Based on our research:

About 90% of organizations in the MENA region believe they need to change their core operating models to address sustainability.

Only 3% of organizations are on track to achieve their sustainability goals.

What's stopping MENA organizations from hitting their sustainability goals – and achieving the business benefits that follow?

In Our Research, Organizations Struggle To Achieve Their Sustainability Targets For Four Primary Reasons:

1. Perception

They view sustainability through a risk management lens, rather than a strategic or value-creating opportunity.

In 40% of organizations, sustainability is not integrated into organizational strategy.

2. Silos

Sustainability goals and responsibilities are separate from the execution and operational sides of the business.

80% of organizations say cross-functional collaboration is insufficient.

3. Disconnects During Goal Setting

Sustainability ambitions are set at the top and fail to translate into executable missions.


Fewer than 20% of organizations verify the feasibility of missions that are set from the top.

4. Excessive Caution

Because organizations are risk-averse, they don't explore or invest in sustainable solutions.

Only 55% of organizations think they are adaptable.





Across All These Challenges,
There Is A Common Path Forward.
Organizations That Achieve Their
Sustainability Goals L-E-A-D
By Taking Four Distinct Actions.

- 1. Link Sustainability Ambitions To Corporate Strategies**
Sustainability becomes a core part of the business strategy and is managed in tandem with other corporate targets.
- 2. Engage Cross-Functional Teams**
They remove boundaries and build organization-wide ownership for sustainable outcomes. They also develop skills and organizational structures to support sustainability.
- 3. Activate Achievable Sustainability Missions**
Ideation is bi-directional, so sustainability missions are co-developed and then verified through bottom-up assessments.
- 4. Drive Innovation And Rapidly Scale Sustainable Business Solutions**
Leaders establish agile systems to accelerate, test, and scale sustainability solutions.

Organizations that take these essential steps can LEAD on sustainability and advance their ESG agendas. They transform their corporate cultures in meaningful ways to benefit shareholders and, more importantly, society overall.

MENA's progress on sustainability is lagging.

The region needs organizations to become more active in sustainability. They have the power to transform economic activity and create promising futures for their youth.

It's a tall order – but organizations aren't alone. Governments can support sustainability by providing incentives for better environmental and social outcomes.

The region also has several advantages as it shifts toward sustainability: It has a growing workforce, significant renewable energy potential, and strong regional cooperation.

It's time to pick up the pace and turn corporate commitments into action.

This report explains how.



Chapter 1

The Center Of Sustainability

Sustainability Is A Promise To The Next Generation. It's How We Balance Economic Growth, Environmental Care, And Social Wellbeing To Meet Today's Demands Without Compromising The Future.





The Sustainable Opportunity

The MENA region is subject to significant ESG risks. However, ESG issues also present tremendous opportunities. If leaders capitalize on this moment, the region can use sustainability as a platform for economic and social impact.

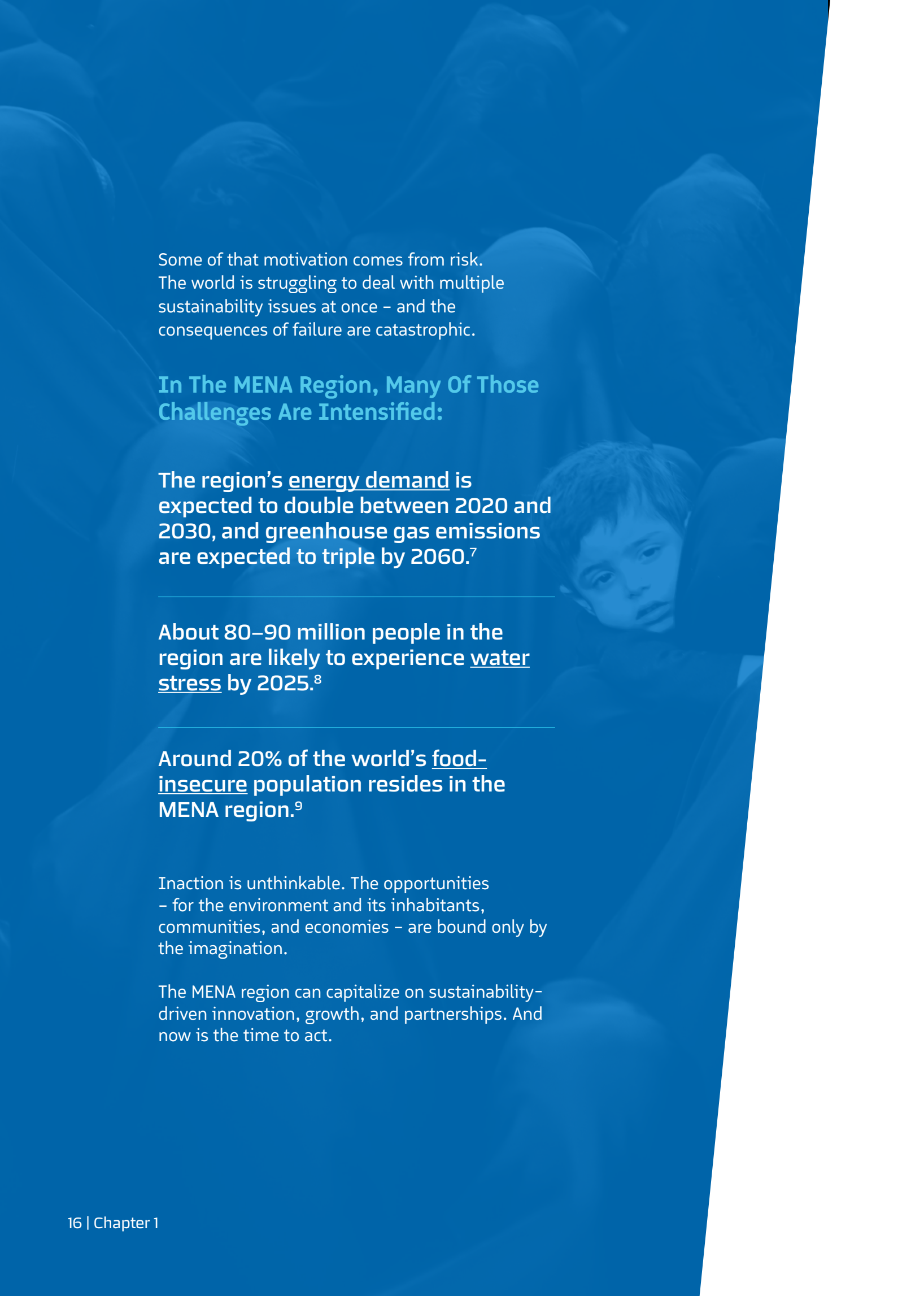
Compared to other parts of the world, MENA countries have abundant access to renewable energy sources, such as solar and wind power. According to the Global Energy Monitor, MENA could achieve a five-fold increase in renewable energy capacity by 2030 – enough to cover 91% of the region’s renewable energy targets.⁵

The population is also young. On average, about 20% of MENA residents are under 30. In some countries, like Saudi Arabia, nearly two-thirds of the population is under 30. The region has the rapidly growing workforce it needs to propel economic growth.⁶

Sustainability also presents opportunities for cooperation and collaboration. Governments and the private sector must be willing to partner on new solutions and to help cover the transition costs to achieve net zero.

Working together, MENA’s organizations and governments can become a global model for sustainable development.

The world needs a region to lead in sustainability – and there’s no reason why it can’t be the MENA region. It has ample human and natural resources, as well as the motivation to enhance sustainability.



Some of that motivation comes from risk. The world is struggling to deal with multiple sustainability issues at once – and the consequences of failure are catastrophic.

In The MENA Region, Many Of Those Challenges Are Intensified:

The region's energy demand is expected to double between 2020 and 2030, and greenhouse gas emissions are expected to triple by 2060.⁷

About 80–90 million people in the region are likely to experience water stress by 2025.⁸

Around 20% of the world's food-insecure population resides in the MENA region.⁹

Inaction is unthinkable. The opportunities – for the environment and its inhabitants, communities, and economies – are bound only by the imagination.

The MENA region can capitalize on sustainability-driven innovation, growth, and partnerships. And now is the time to act.

At The Center Of Opportunity

Sustainability affects everyone: investors, consumers, regulators, and public and private sector organizations. Organizations sit at the center of this ecosystem – and the center of opportunity.

In this context, organizations include for-profit corporations, non-profit groups, and government entities. They can drive sustainability by influencing multiple stakeholder groups at once, including those with distinct behaviors and motivations (see Figure 1).

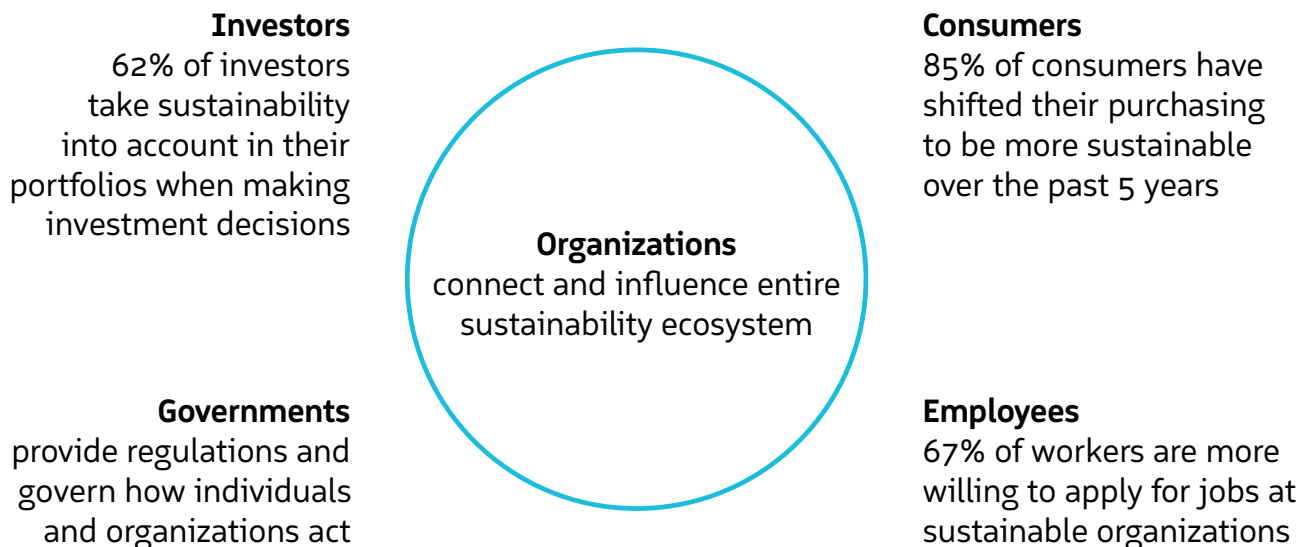
Organizations can do the following:

Collaborate on policies, regulatory frameworks, and sustainability commitments

Leverage resources, expertise, and innovation to develop sustainable solutions

Insist on more sustainable supply chains and support suppliers' ESG journeys

Figure 1: Organizations Are At The Center Of The Sustainability Ecosystem



The Business Case For Change

Over The Years, Sustainability Has Evolved From A Philanthropic Effort Into An Issue Of Social Responsibility. Now It's A Strategic Imperative.

More than 2,000 studies have linked sustainable business practices to financial performance. In 60% of those studies, organizations' financial performance was positively impacted by sustainability.¹⁰

Bain's research and work on more than 1,500 sustainability projects has found organization-wide benefits from sustainable business practices.

Revenue Growth

Sustainable solutions had approximately 5% higher compound annual growth rates. Sustainability also gave organizations a first-mover advantage and created new value propositions for ESG-conscious consumers.

People And Talent

In Bain research, organizations with a clear sense of purpose had 70% higher employee Net Promoter Scores[®], which can be linked to higher customer retention, customer loyalty, and lifetime customer value. Likewise, about 90% of human resources leaders believe sustainability helped with retention. In the UK, one in five workers said they wouldn't apply for positions at companies that don't prioritize sustainability. Sustainable business practices also support communities through social investment and create healthy, secure environments for people to live and work in.

Cost And Risk Management

Sustainable organizations have lower energy costs and avoid other expenses (carbon prices, future fines, penalties, etc). Sustainable strategies enhance corporate performance and proactively mitigate risk.

Valuation

Sustainability leaders have been valued one to two times higher than the industry average, and they have lower financing costs thanks to subsidies, sustainability-linked loans, and green bonds. Since 2007, 81% of sustainable indices have outperformed mainstream indices.

Investors notice the correlation—and they're using sustainability ratings as a predictor of future performance. In a [Journal of Finance](#) study, portfolios with higher MSCI ESG ratings earned better shareholder returns than portfolios of lower-rated companies.¹¹ In a study by [KROLL](#), sustainability delivered a performance premium of nearly 50%. The annual return on common stock was around 13% for sustainable companies, on average, compared to 8.6% in less sustainable companies.¹²

A Study On Sustainability

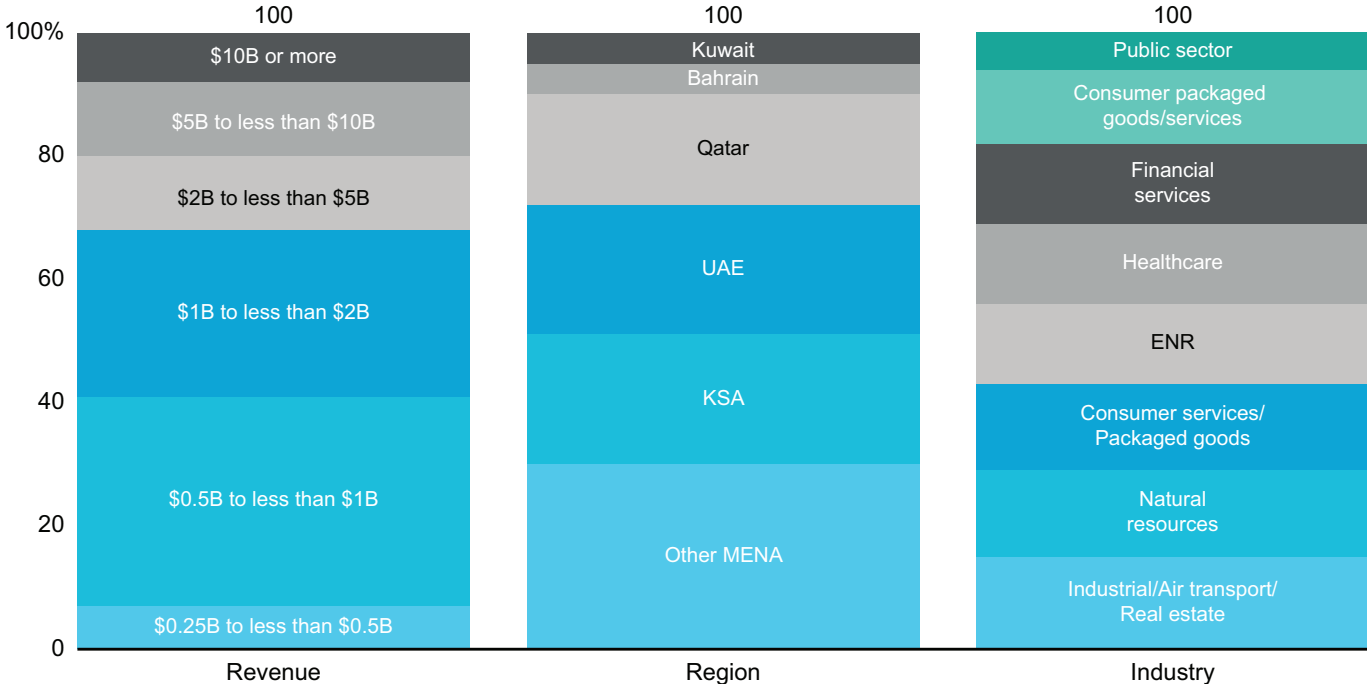
The business benefits of sustainability are clear, yet not everyone is fully on board. Over the years, MENA organizations have taken distinctly different approaches to sustainability, ranging from total inaction to full integration.

Bain studied the various approaches to sustainability in the region to learn what drives success.

We surveyed C-level executives in 100 MENA-based organizations to understand how they integrate sustainability in their operations.

Our study included organizations in 11 countries, representing a variety of industries and business sizes (see Figure 2).

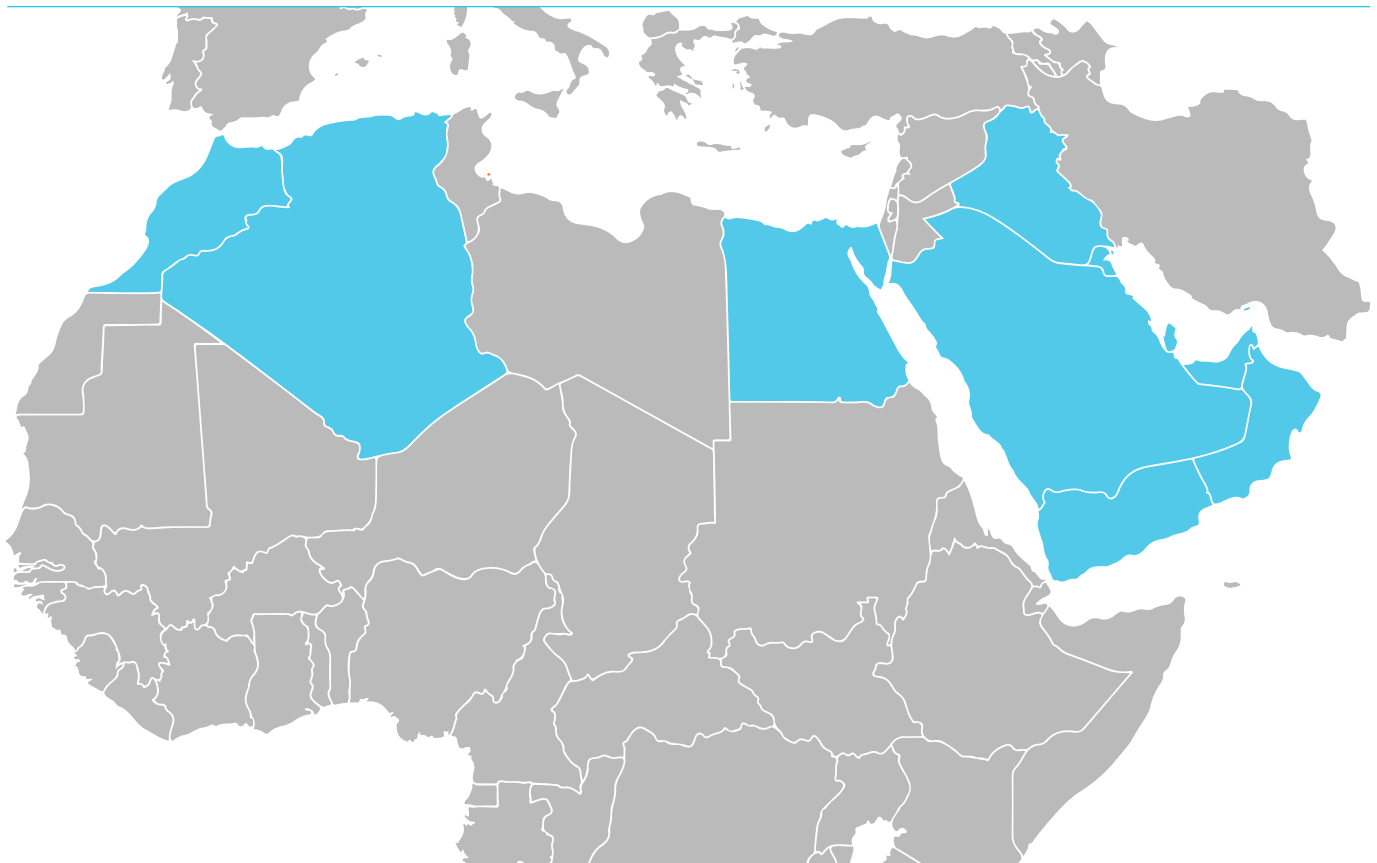
Figure 2: Bain & Company Surveyed Leaders From 100 MENA-Based Organizations



Note: Other MENA is split across Algeria (4), Egypt (16), Iraq (1), Morocco (3), Oman (2) and Yemen (3)
 Source: Bain 'Organising for Sustainability survey' August 2023 (n=100)

Through surveys and in-depth interviews, we learned about MENA organizations' sustainability ambitions, challenges, and progress. Now that we understand how organizations view and organize themselves around ESG issues, we can inform a more sustainable future.

Bain & Company studied sustainability efforts in organizations in Algeria, Bahrain, Egypt, Iraq, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and Yemen.



Chapter 2

MENA's Sustainability Journey

Bold Commitments
Require Bold Action.

Right Now, MENA Organizations Are Missing The Mark

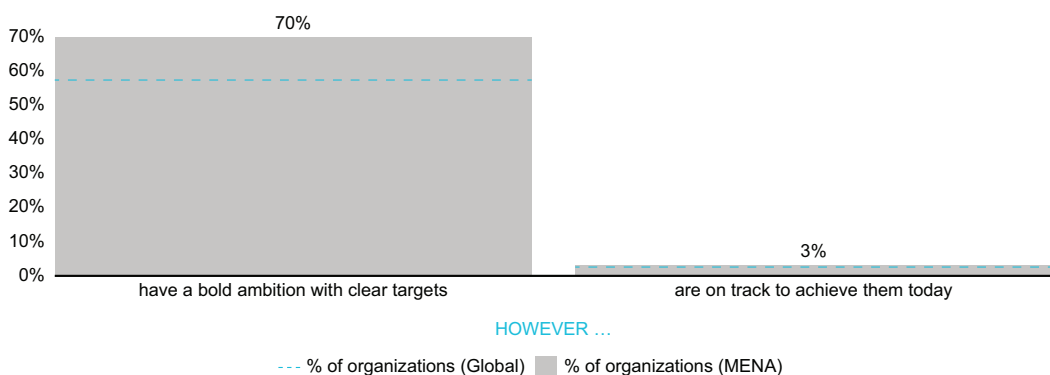
Globally, there's a disconnect between organizations' sustainability intentions and their actions. According to the UN, only 15% of its Sustainable Development Goals are on track – and many are moving in reverse. In the meantime, social and environmental challenges are growing.¹³

In the MENA region, 70% of organizations believe they have bold sustainability ambitions with clear targets. However, only 3% of organizations are on track to achieve their sustainability goals (see Figure 3).

Figure 3: 70% Of MENA Organizations Have Bold Sustainability Ambitions And Clear Targets, But Only 3% Are On Track To Achieve Them Today

Q: On a scale of 1–5, where 1 is completely disagree and 5 is completely agree, do you have a bold ambition with clear sustainability targets to create meaningful value? (percentage of respondents who answered 4 or 5 out of total respondents)

Q: Considering where you expected to be at this stage in your Sustainability program, what approximate percentage of the goals your organization set have you already achieved? (percentage of respondents who have achieved 100% or more of their sustainability goals to date out of total respondents)



Source: Bain 'Organizing for Sustainability survey' August 2023 (n=100), Bain ESG Op Model Survey 2023 (n=72)

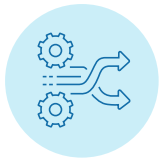
Despite claiming bold commitments to sustainability, only 35% of the MENA organizations we studied have issued green, social, and sustainability (GSS) bonds. Because sustainability-related financial instruments provide access to capital, low adoption signals that sustainability initiatives aren't as well integrated into business practices as these organizations believe.

It's also a sign that organizational commitments are relatively new. If adoption follows a typical S-curve, then many of these commitments have been set very recently, over a brief span of time. The momentum is important and will pull more organizations into the fold.

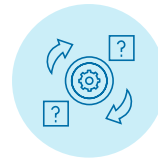
However, it also means that a substantial number of ESG efforts are relatively immature. The first wave of activities will be lower impact (akin to "ticking the box") compared to what's possible. Organizations will achieve real value and make material impacts on ESG as their practices become integrated and professionalized (embedding into procurement or activating digital tools, etc).

Notably, the gaps between commitment and achievement occur despite universal agreement on the case for change. More than 90% of executives believe their core business and operating models need to change to operate more sustainably.

91% of organizations believe that they will have to enact some change to their core to operate sustainably



46%
Major changes in the operating model are required



45%
Some change to the operating model is required

% organisations by level of change required to operate in truly sustainable economy

Note: Responses to question: "To operate in a truly sustainable economy, which of the following statements best describes the extent to which you will have to fundamentally change your operating model?"

Source: Bain ESG Op Model Survey Results 2023 (n=72)

Besides missed opportunities, these gaps create additional risks. Organizations that can't demonstrate their impact in meaningful ways may succumb to greenwashing. In these cases, leadership teams make promises or sustainability claims without concrete plans or road maps – or even validation that their goals are feasible.

Bain & Company spoke with 300 executives and surveyed 100 leaders to learn how the MENA region can advance its ESG agendas.

70%
of MENA organizations say they have bold sustainability ambitions and clear targets

35%
use GSS bonds

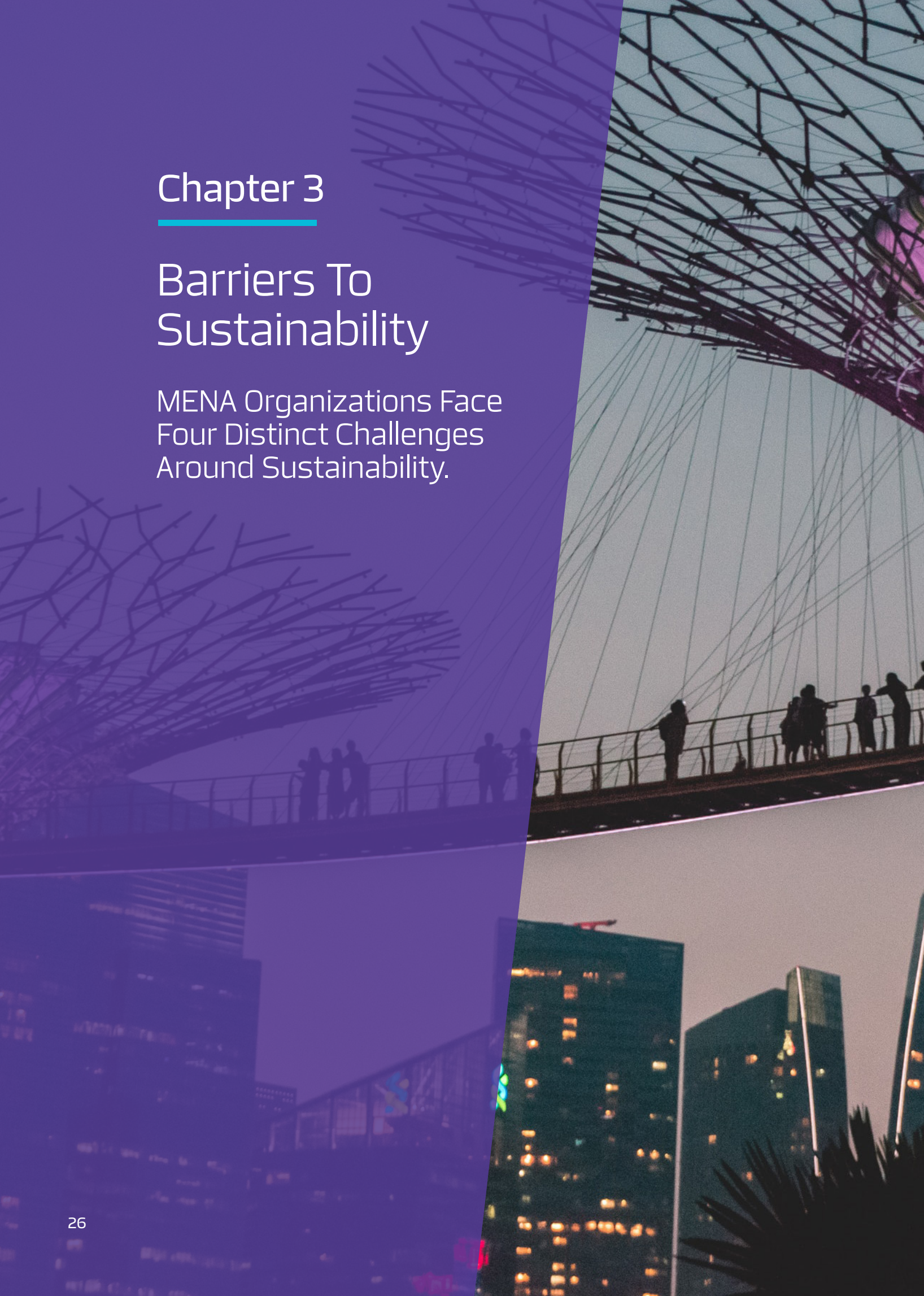
3%
are on track to achieve their sustainability goals



Chapter 3

Barriers To Sustainability

MENA Organizations Face Four Distinct Challenges Around Sustainability.





What Causes The Performance Gap?

Organizations in the MENA region face four distinct challenges when they try to embed sustainability in their operations: integration, silos, disconnects during goal setting, and excessive caution.

Barrier 1: Integration


In 40% Of Organizations, Sustainability Is Not Integrated Into The Organizational Strategy.

Organizations often view sustainability through a risk management lens rather than a value-creating opportunity. When that happens, sustainability is an exercise in avoiding risks and future costs (like carbon taxes and negative public sentiment) instead of a channel to generate new value.

Sustainability is treated as a separate opportunity – sometimes divergent from the overall business strategy. Without organizational buy-in, sustainability and its impact are undermined from the start.

Organizations need to understand (and believe in) the broader purpose of sustainability to integrate it into core business strategies, management systems, communications, and culture.





Barrier 2: Operational Silos

Cross-Functional
Collaboration Is
Insufficient In
More Than 80% Of
Organizations.

Organizations said that sustainability is siloed or treated as an add-on consideration, which signals that it's less important than other priorities. It's an element of the business that has no bearing on performance or how the organization defines success.

About half of the MENA organizations we surveyed connect their business processes and priorities to sustainability issues, and only 40% have mechanisms in place to encourage cross-functional collaboration on sustainability.

Barrier 3: Disconnects During Goal Setting

Fewer Than 20%
Of Organizations
We Surveyed Verify
The Feasibility Of
Missions That Are
Set From The Top.

Our research identified three approaches to sustainability goal setting:

Top-Down:

Leaders establish targets and assign them to functions and departments for execution.

Bottom-Up:

Teams weigh in on commitments, then leadership teams test, approve, and consolidate goals.

Bi-Directional:

Combines the top-down and bottom-up methods.





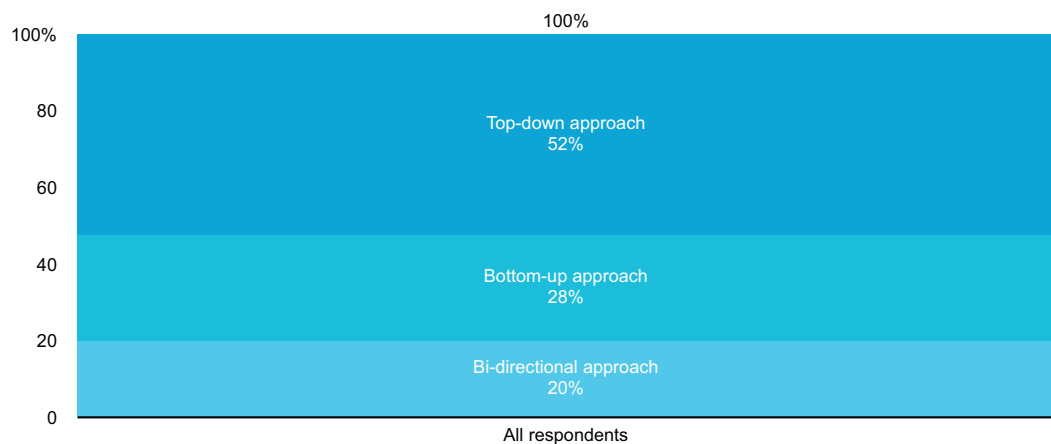
Top-down goal setting requires a broad view of corporate ambitions. It ensures that sustainability aligns with the overall mission and has support from the highest levels. However, it also means that sustainability goals are imposed on teams, sometimes with unrealistic expectations. More than half of MENA organizations use the top-down approach to set sustainability targets (see Figure 4).

The bottom-up approach can lead to more realistic sustainability targets because the individuals who are responsible for them are involved in goal setting. However, it can also result in goals that are too narrow or too specific. Bottom-up goals may fall short by not addressing overarching issues or comprehensive themes. About 28% of MENA organizations use the bottom-up method.

Disconnects can occur whenever decision-making flows in a single direction.

Figure 4: One-Fifth Of MENA Organizations Use A Bi-Directional Approach To Set Sustainability Goals

Q: What goal setting approach does your organization opt for when it comes to sustainability targets?
(percentage of respondents)



Note: Results exclude "Other" and "I am not sure"
Source: Bain 'Organizing for Sustainability survey' August 2023 (n=100)

Barrier 4: Excessive Caution

Only 55% Of The
Organizations We
Surveyed Think They
Are Adaptable.

Out of caution, some organizations are unable or unwilling to adapt their operations to incorporate sustainability in a meaningful way.

Innovation suffers when organizations are overly cautious or too slow to adapt. Innovation is a necessary element of sustainability; it's required to develop the right solutions for the biggest issues (and it drives the most results).

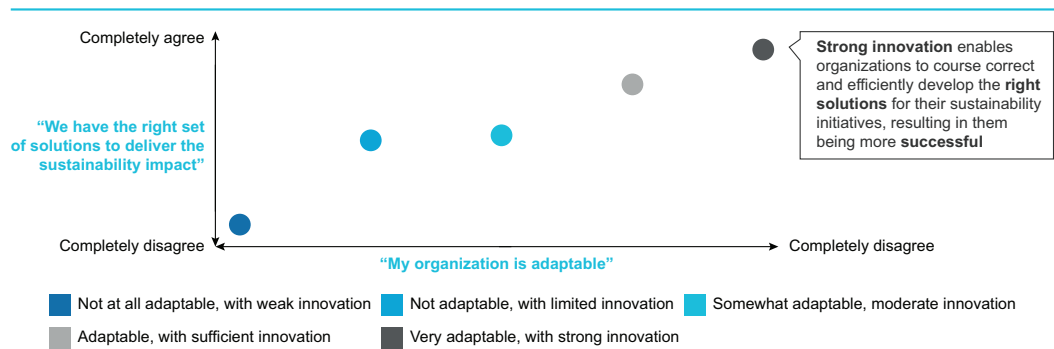


When sustainability isn't ingrained in agility and innovation plans, organizations miss signals to course correct at the right times (or at all). In our survey, organizations that were more adaptable were also more innovative (see Figure 5). They were also more likely to achieve their sustainability goals and found it "easier" to embed sustainable business practices into their operations and strategies.

Figure 5: Adaptable Organizations Are More Innovative And Better-Equipped To Impact Sustainability

Q: On a scale of 1-5, where 1 is not at all adaptable and 5 is very adaptable, how adaptable (i.e., externally oriented, agile, able to adjust to changing business requirements) would you consider your organization today?

Q: On a scale of 1-5, where 1 is completely disagree and 5 is completely agree, do you believe that you have the right set of solutions to deliver the sustainability impact?



Note: Respondents were grouped into five categories based on their level of adaptability (ranging from not at all adaptable to very adaptable). Each dot represents the innovation rating for each grouping of adaptability (where strong innovation is congruent with having the right set of solutions to deliver the sustainability impact). The innovation rating for each adaptability grouping was determined by calculating the average response to the question "On a scale of 1-5 (where 1 means completely disagree and 5 means completely agree), what is your level of agreement with the statement 'We have the right set of solutions to deliver the sustainability impact'".

Source: Bain 'Organizing for Sustainability survey' August 2023 (n=100)

Chapter 4

Best Practices To Close The Performance Gap

Every MENA Organization
Experiences Barriers
To Sustainability.
Leaders Are Better At
Overcoming Them.

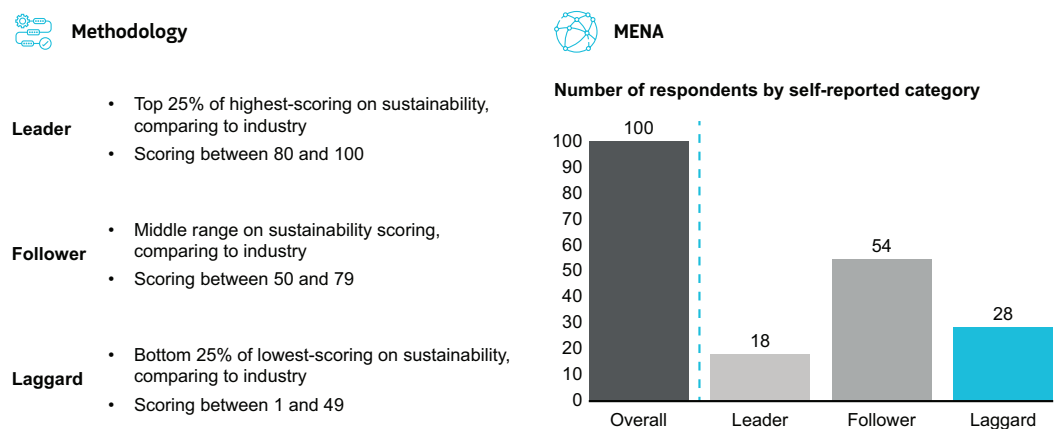


Sustainability Leaders Operate Differently

We asked MENA executives how sustainability was integrated into various business functions, and we measured their progress on sustainable targets. Then we used the data to create three sustainability archetypes: Leaders, Followers, and Laggards (see Figure 6).

Figure 6: Our Research Classified MENA Organizations As Sustainability Leaders, Followers, Or Laggards

Q: If 100 represents the most sustainable organization in your industry, and 0 represents the least, where would you consider your organization to fall in this range?



Note: 'Leaders' are the top quartile of organizations, 'Followers' are the second and third quartile performers and 'Laggards' are the bottom quartile of sustainability performers. Exact cutoffs vary depending on rating ties
Source: Bain 'Organizing for Sustainability survey' August 2023 (n=100)

Leaders do four things differently that help them achieve their sustainability goals. These organizations:

1. Integrate sustainability into their core business strategies
2. Establish a culture of cross-functional collaboration and ownership
3. Translate sustainability goals into actionable and achievable missions
4. Use agile systems to accelerate and scale sustainable solutions

Best Practice 1: Integrate Sustainability Into The Core Strategy

Leaders are 1.4 times more likely than Laggards to integrate sustainability into the overall corporate strategy. Enterprise goals and sustainability goals aren't separate; they are intertwined and dually focused on creating shareholder and organizational value.

Leaders are also more likely to:

Embed sustainability into **management systems, policies, and procedures** that support corporate objectives, such as performance management and information management systems.

Communicate the **urgency and strategic importance** of sustainability and drive buy-in.

Align executives and employees on sustainability. They treat sustainability as a core component of the business, similar to financially relevant goals, so it becomes part of the **culture**.

This level of integration requires a mindset shift on sustainability – moving away from a risk mitigation position and toward value creation. When sustainability is a fundamental element of the corporate strategy, it cannot be isolated from operational decisions.

Integration helps organizations adapt to new market dynamics and consumer preferences. That means they can achieve long-term profitability *and* meet ESG responsibilities at the same time.

Leaders standardize how they discuss and measure the impact of sustainability initiatives for all stakeholders and the organization overall. When multiple stakeholders are driving (and benefiting from) sustainability, the trade-offs become minimal.

Best Practice 2: Collaborate And Foster Co-ownership

In our study, the majority of Followers and Laggards said that sustainability initiatives are managed separately from “normal” business processes that are used to achieve business goals.

All stakeholders benefit from the sustainability agenda – and they all need to participate. Organizations need to dismantle silos and replace them with cross-functional teams and collaborative efforts toward sustainability.

Microsoft does this well. [At Microsoft](#), a sustainability team takes the lead, but responsibility for sustainability transcends traditional vertical boundaries.¹⁴ The entire organization supports initiatives through implementation and communication.

To create cross-functional collaboration and encourage ownership, Microsoft has a sustainability forum composed of senior-level decision-makers from every business division. A senior leader chairs the forum to signal executive buy-in and accountability.

Microsoft builds its teams around specific initiatives and classifies them as either “change the business” or “run the business,” depending on the mission and the solution. Creating the right organizational structure for the strategy helps Microsoft build a collaborative, cross-functional culture and instill ownership and accountability.

Organizations that succeed on sustainability have organization-wide alignment on goals, foster communication, and tailor their teams to match initiatives. Sustainability becomes an integral part of operations, and everyone becomes accountable.

Best Practice 3: Translate Sustainability Ambitions Into Actions

Many organizations have ambitious and compelling sustainability goals – but lack a road map to turn them into reality.

These organizations need to translate their sustainability targets into concrete goals and map them to specific business operations, ideally through bi-directional ideation. Sustainability goals then need to be distilled into actionable missions that teams can implement together, alongside overarching business objectives. And finally, organizations need systems in place to measure and monitor performance and ensure that targets are met.

This takes tough conversations. Organizations also have to be willing to set long-term goals – sometimes before solutions or the “How?” is evident. They also need to embrace trial and error to learn, innovate, and adapt. Testing is the only way to ensure that objectives are achieved.



Best Practice 4: Accelerate And Scale Solutions

Sustainability is an urgent issue. Organizations need agile systems to speed up sustainability outcomes and improve innovation.

About 90% of Leader organizations consider themselves adaptable, compared to only 40% of Laggards.

Effective resource allocation is vital to make this change. Human capital, operational budgets, and capital expenditures all need to be allocated (or dynamically reallocated) to achieve sustainability.

Organizations also need robust feedback loops to help them develop and scale nascent, new, and existing solutions faster. They need to encourage teams to put their ideas into action and test concepts quickly, rather than wait for a perfect solution.

Chapter 5

Four Steps Toward Sustainability

Organizations That Achieve
Their Sustainability
Goals L-E-A-D.

How To Achieve Sustainability

Where Does The Sustainability Journey Begin?

Before organizations deploy tactical steps to increase sustainability, they need a baseline of their current position. **Leaders should ask their teams:**

Is our sustainability ambition clearly linked to the corporate strategy?

Is everyone aware of our sustainability targets and aligned with them?

Do our net-zero targets cover all the emissions we're responsible for?

Do we have cross-functional ownership of our sustainability agenda?

Are team and individual incentives linked to performance on sustainability?

Do we have an independent way to verify our sustainability performance (emissions, etc)?

Have we dedicated enough human resources to develop sustainable innovations and solutions?

Do we have a repeatable model for scaling change?

Can we accelerate our path to sustainability? How?

What is the cost of inaction?

These questions will spark tough conversations that reveal where the organization is currently positioned. From there, executives can write the road map and drive performance.

Four Actions To Improve Performance On Sustainability

Organizations can take four essential steps to LEAD their organizations toward sustainability. To integrate sustainability and achieve their targets, organizations must:

1. **L**ink Sustainability Ambitions To Corporate Strategies
2. **E**ngage Cross-Functional Teams
3. **A**ctivate Achievable Sustainability Missions
4. **D**rive Innovation And Rapidly Scale Sustainable Business Solutions





Link Sustainability Ambitions To Strategy

Employees across the organization at every level need to understand the value of sustainability and how their roles align with its success – the same as other core business strategies.

Sustainability should be viewed (and communicated) as a way to create value and pursue long-term success, rather than avoid risk. Sustainability targets should be equal to corporate targets and given adequate resources to succeed.

To start linking sustainability to corporate performance, revisit the concept from various stakeholder viewpoints. What do consumers want? What do investors expect? This perspective confirms how sustainability and strategy can drive value together and become an integral part of operations and culture.

Hold Business Units Accountable

Embed Sustainability In Key Performance Indicators (KPIs) And Incentives

Ensure Leadership Teams Are Aligned On Sustainability And Committed To Targets

Engage Cross-Functional Teams

Remove boundaries and build organization-wide ownership for sustainable outcomes. Organizations also need to develop skills and structures to support sustainability.

Senior-level decision-makers from every department should be engaged in sustainability discussions. Consistently involve cross-functional teams in sustainability initiatives to expand ownership and accountability.

To start, identify sustainability champions in each business unit. In the short term, they can help you identify quick wins. Over time, these champions will enable collaboration, advocate for sustainability initiatives, and drive bigger operational changes.

Build Trust To Foster Collaboration

Create Mechanisms To Ensure Collaboration

Use Governance To Support Sustainable Decision-Making



Activate Achievable Sustainability Missions

Ideation should be bi-directional, so sustainability missions are co-developed and then verified through bottom-up assessments.

Communicate high-level outcomes and department-level targets so employees at every level understand how their daily activities contribute to sustainability objectives. Initiatives will progress faster with employee buy-in. Dialogue also creates opportunities for ideation and innovation.

To start, verify the feasibility of your current targets through bottom-up assessments. Make sure they're attainable (not just aspirational).

Be Transparent About Decision-Making Processes

Create A System To Embed Sustainability In Decisions And Targets

Encourage Teams To Think Across The Organization And Value Chain

Drive Innovation And Rapidly Scale Sustainable Business Solutions

Leaders establish agile systems to accelerate, test, and scale sustainability solutions.

Dynamically allocate resources (both human and financial) to encourage progress. Incorporate feedback loops so solutions achieve the desired results – and advance sustainability.

To start, implement mechanisms to collect and share insights, data, and best practices.

Establish Agile Working Methods

Resource Sustainable Initiatives To Avoid Capacity Overload

Develop Capabilities And Partnerships That Drive Impact And Value



The Role Of Government

Sustainability cannot be achieved alone. The UN's Sustainable Development Goals specifically address partnerships and how governments and organizations should advance sustainable development *together*.

Shifting to sustainable operating models involves upfront transition costs and some risk, but government support can help organizations offset these hurdles. For example, in Bain's experience, government incentives for sustainability investments can help organizations bridge short-term gaps.

Governments can support sustainability journeys through various levels of intervention. They can:

1. **Issue mandates** related to reporting, standards, laws, and penalties

2. **Enact soft laws**, such as incentive schemes, tax exemptions, financing tools, frameworks and standards, or taxonomies

3. **Pursue multistakeholder partnerships** for special projects or technical assistance (e.g., private-public collaborations)

4. **Build awareness and capacity** for sustainability initiatives through competitions, awards, and informational platforms

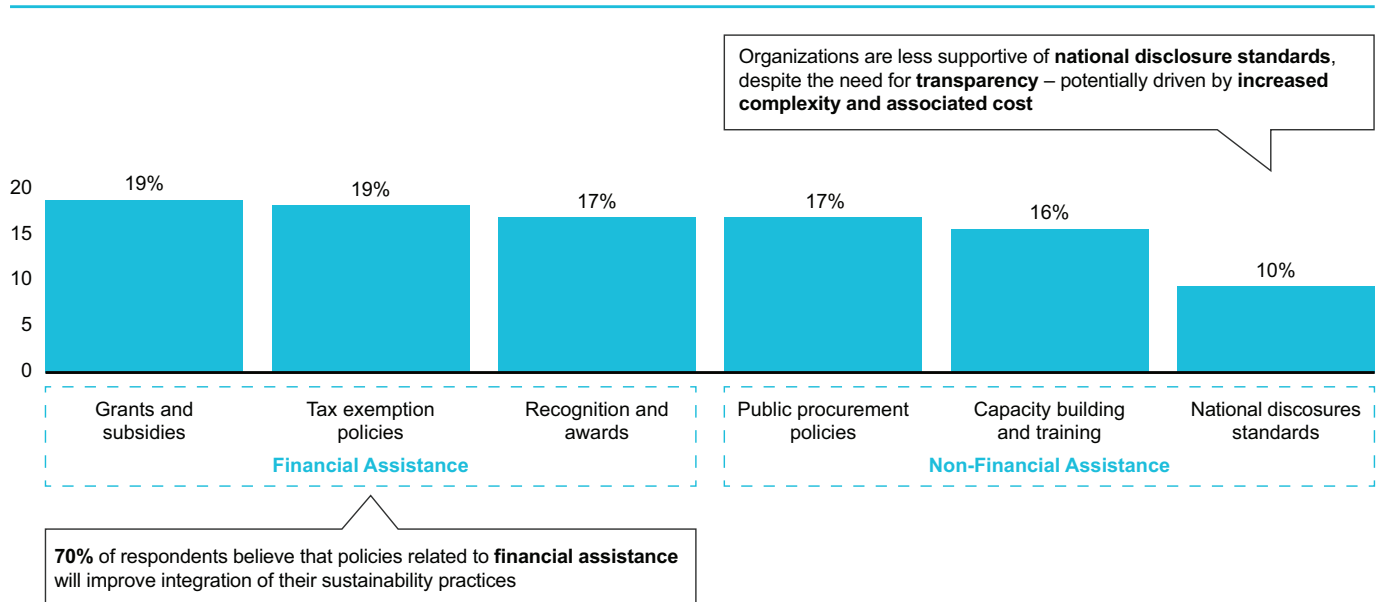
About 70% of the organizations we surveyed believe government policies related to financial assistance would encourage corporate sustainability (grants and subsidies, tax exemption policies, recognition and awards, public procurement policies, etc).

About 16% of the MENA organizations we surveyed would like their governments to help with capacity-building and training.

Despite the need for more transparency, organizations are least interested in national disclosure standards, possibly because of the complexity and cost (see Figure 7).

Figure 7: MENA Organizations Believe Government Policies Related To Financial Assistance Would Help Them Integrate Sustainability

Q: What government policies and interventions do you think would best help your organization improve its organization sustainability practices? (percentage of respondents who chose policy/intervention)



Note: Results exclude "Other"
Source: Bain 'Organizing for Sustainability survey' August 2023 (n=100)

Governments play an important supporting role in organizations' sustainability journeys. When deciding how involved to become, governments should also consider the costs of inaction – which they are most likely to bear.

However, organizations need to drive the direction and the ambition.

Key Questions For Governments:

Do we have the right interventions in place to achieve our country's sustainability ambitions?

Do we have clear and simple disclosure requirements for organizations?

Can we make it easier for organizations to report on sustainability performance?

Are we building the right capabilities to support our national sustainability agenda?



Conclusion

Take The First
Steps Toward A
Sustainable Future.





It's time for MENA organizations to pick up the pace and turn corporate commitments into action.

The region needs organizations to become more active in sustainability. They have the power to transform economic activity and create promising futures for their youth.

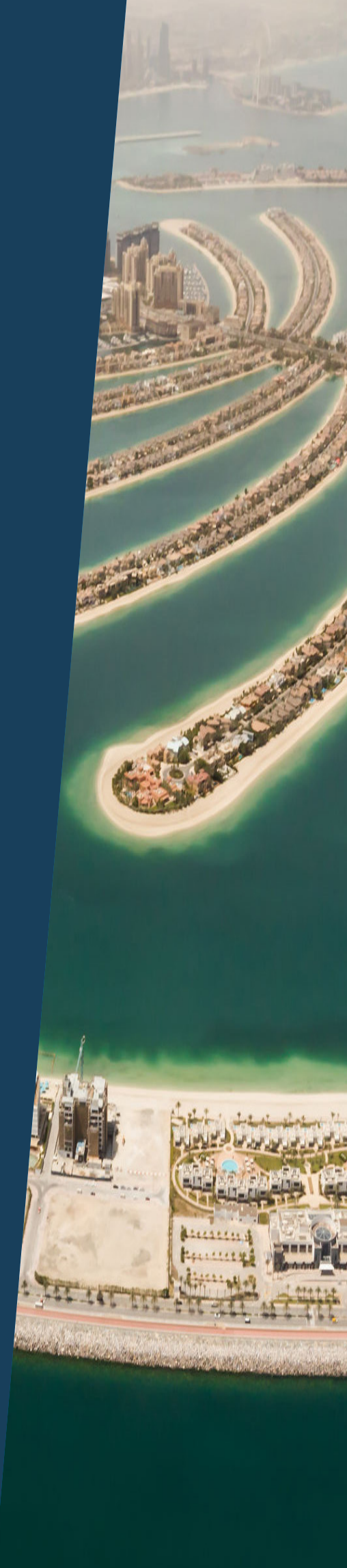
Organizations that take these essential steps can LEAD on sustainability and advance their sustainability agendas. They can transform their corporate cultures in meaningful ways for shareholders and, more importantly, for society overall.

About

Bain & Company

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Endnotes

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About the Authors

Leading authors: Samer Bohsali, Wissam Yassine, Lana Kahaleh

Samer Bohsali is a partner at Bain & Company and leads the Social & Public Sector practice for the Middle East.

Wissam Yassine is a partner at Bain & Company and a leader in the company's Sustainability and Corporate Responsibility, and Public Sector and Government practices.

Lana Kahaleh is a senior manager at Bain & Company

The authors would like to express their gratitude to all those who contributed to this work. Special thanks are extended to Bain & Company's Sustainability & Responsibility and Organization practice leaders including François Faelli, Gregoire Schuab, Rob Goodenough, and Sanjay Dhiri for their valuable insights and guidance. We would also like to thank the Bain & Company team in South Africa, including Mitchell Nair, Gideon Van Zyl, Andrew Smith, and Zanna Van Niekerk, as well as the team in the Middle East, including Muhammad Arslan and Masha Shiroyan. Additionally, the authors would like to thank Dr. Mario Abela for his guidance.



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