

A large circular graphic is centered on the page. It is divided into two horizontal sections. The top section shows a dense, vibrant green forest. The bottom section shows a city skyline with several tall skyscrapers, their reflections visible in a body of water. A solid red circle is positioned in the bottom right corner of the lower section of the graphic.

Embracing sustainable transformation:

The path to business excellence

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Executive summary





As the world grapples with increasingly complex global challenges, the pursuit of sustainable business transformation has become critical for the long-term resilience of private and public sectors. This approach goes beyond using traditional concepts like Corporate Sustainability (CS) or pursuing isolated green initiatives; it reflects a strategic shift in how organisations must respond to profound new trends impacting the environment, labour, human rights and ethics. These trends, driven by government ambition, advancements in capital markets, changing attitudes in society and devastating human impact on our natural systems, are reshaping market dynamics and competitive strategies.

Sustainability is now a central pillar of economic transformation across the GCC, driven by bold government initiatives, such as We the UAE 2031, Saudi Arabia's Vision 2030 and the Qatar National Vision 2030.

In the Kingdom, as the Vision 2030 enters its third phase, the focus has sharpened on sustainability, digital transformation and long-term growth - prioritising high-impact outcomes, sustainable practices and technological innovation¹. This phase underscores the critical need to align socio-economic goals with environmental sustainability while leveraging digital solutions for efficient execution. The UAE's strategic initiatives in sustainability and digital transformation go beyond diversifying its economy away from fossil fuels. They aim to create lasting, multi-generational impact through sustainable finance, renewable energy, digital innovation and the development of future-ready businesses and cities.

This report addresses the need for sustainable business transformation in the GCC, where rapid growth and an increasing demand for agility call for transformative solutions to address evolving regional and global challenges and drive long-term value creation.

What is sustainable business transformation and why is it important?

Sustainability² is the practice of meeting current needs and aspirations without depleting resources or harming the environment, ensuring that future generations can meet their own needs. It involves balancing three key dimensions or 'priorities' around the environment, society and governance – commonly referred to as 'ESG'.

Sustainable business transformation is the process by which organisations integrate sustainability into their strategies, operations and governance to achieve long-term goals while driving business value. It enables organisations to reduce their carbon footprint, enhance resource efficiency and foster innovation, positioning them to adapt to market changes and regulatory demands.

Sustainability has become a strategic priority for Middle Eastern businesses

In the Middle East, organisations are increasingly recognising that sustainable practices can accelerate efficiency, reduce costs and enhance brand reputation. Business leaders, in fact, acknowledge the transformative shifts in the region – especially the profound impact of AI, climate change and intensifying competition over new domains of growth – that is making them rethink strategies and build resilience for sustainable growth.

Regional findings of our latest 28th Annual CEO Survey³ have indicated this urgency to reinvent - 60% of overall Middle East CEOs believe they will need to adapt their businesses in 10 years or less to remain viable. This growing pressure has accelerated the adoption of formal sustainability strategies to ensure long-term business resilience and competitive advantage. It has prompted organisations to reevaluate their value chains, adopting circular economy principles that emphasise waste reduction and resource reuse.

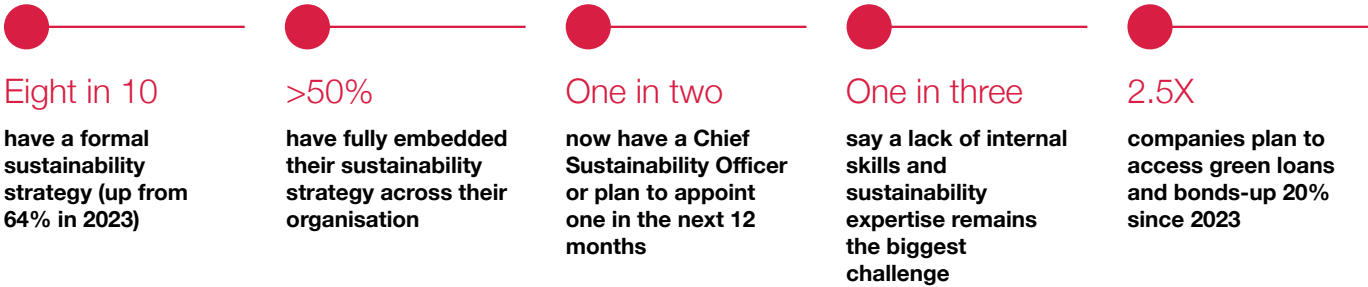
In our latest Sustainability in the Middle East report published in 2024⁴, four in five executives indicated that their companies now have a formal sustainability strategy in place – with more than half saying that this strategy is fully embedded across their organisations.

Meanwhile, government incentives - such as tax benefits for sustainable practices, grants for green innovation, and platforms for public-private partnerships - are accelerating the adoption of sustainable models and driving large-scale initiatives. For example, Masdar City⁵ has developed a thriving ecosystem of global organisations working together to create a greener future. Its free zone offers multiple incentives, including 100% foreign ownership, zero percent import tariffs, a reduced tax footprint and access to research and development partnerships. These benefits encourage businesses to invest in green innovations, form strategic partnerships, and integrate sustainability into their long-term growth strategies.

Sustainability is being adopted across various private sector industries in the Middle East. For instance, in the aviation industry, Etihad Airways is enhancing fuel efficiency and exploring sustainable aviation fuels to align with national carbon reduction goals and has joined a UAE-led consortium to research renewable fuels⁶. In real estate, Aldar Properties focuses on energy-efficient designs, achieving a 5 Pearl rating under Abu Dhabi's Estidama framework – the highest sustainable urban design rating in the UAE capital – showcasing how sustainability can enhance market competitiveness⁷. In the energy sector, Saudi Aramco is investing in carbon capture technologies and diversifying into renewable energy⁸.

“ Saudi Arabia's transformational journey combines economic diversification with sustainable growth. The progress demonstrates the Kingdom's capacity to create new opportunities and drive innovation – all while ensuring a sustainable future for future generations. ”

Riyadh Al Najjar, Middle East Chairman and
KSA Senior Partner of PwC Middle East

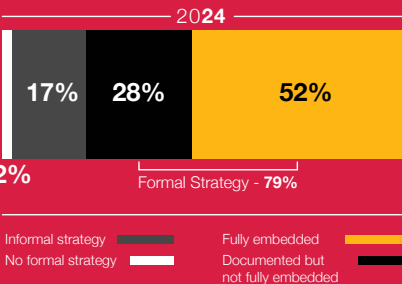


Sustainability has become a strategic priority for Middle East businesses

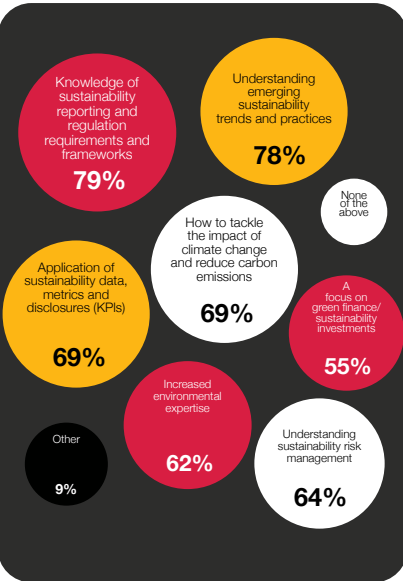
Sustainability has become a strategic priority for Middle East businesses

Half of the survey respondents have made a net-zero commitment

PwC Sustainability Survey results

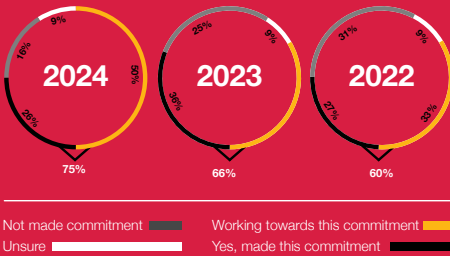


Regional CEOs identified climate change as a major concern compared to the global average (15% vs. 21%) and were more likely to see it as a key driver for corporate change in the next three years (36% vs. 30%).



Net zero trend

NET: Made or working towards commitment:



With businesses in the region rethinking their strategies for sustainability - reducing carbon emissions, enhancing sustainability reporting and transparency, and adapting to climatic risks - we see a clear change in direction with significant operational adjustments as sustainability is increasingly integrated into organizational structures.

What challenges are business leaders facing?

Based on multiple conversations with different stakeholders, we have found that organisations encounter significant challenges when trying to embed sustainability in their practices:



Regulatory barrier to sustainability

In our Sustainability in the Middle East 2024 survey⁹, on the regulatory front, almost one in four (22%) respondents indicated that the lack of supportive government policies and regulations was a key challenge to the progression of their organisation's sustainability strategy. Additionally, 19% pointed to conflicting regulations across territories as a significant issue leading to potential compliance risks. This highlights the need for harmonised regulations to support companies involved in international trade.



Aligning sustainability with business objectives

Many businesses struggle to identify sustainability initiatives that directly align with their strategic objectives and broader business goals.



Translating strategy into actionable initiatives

Implementing KPIs and turning them into measurable actions is a complex task, especially when tracking value creation.



Inconsistent data management

Companies frequently face issues with collecting, managing and reporting accurate sustainability data.



Cultural resistance

Embedding sustainability into the corporate culture can meet resistance from employees and management.



Technological barriers

Integrating appropriate technologies to support sustainability efforts is often a significant hurdle.



Limited financial resources

Securing adequate funding for sustainability initiatives can be a major constraint.

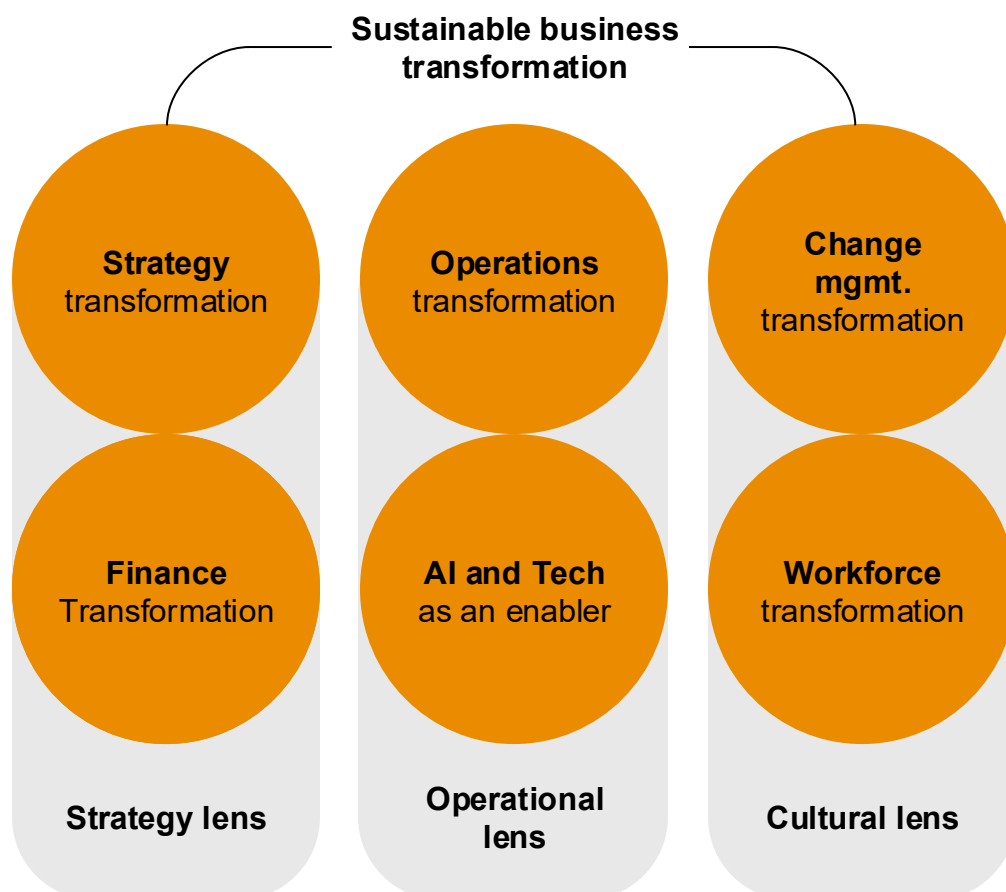
How can organisations overcome these challenges?

To drive the effectiveness of sustainable business transformation, organisations should focus on three lenses, aligned with the three pillars of sustainability (3Ps)¹⁰:

Strategic lens (Profit): This involves integrating sustainability into the organisation's overall strategy to drive long-term value by ensuring that all initiatives and projects align with strategic objectives while maintaining financial stability and business growth. This lens includes both strategic and financial transformations that incorporate sustainability into company goals. For example, introducing green bonds to support eco-friendly investments or transitioning to renewable energy sources to lower operational costs and enhance efficiency.

Operational lens (Planet): This lens focuses on incorporating sustainability into daily operations to enhance efficiency and effectiveness. This can happen through streamlining **operations processes and leveraging AI and technology** in routine processes enabling greater agility and adaptability in a dynamic business environment.

Cultural lens (People): This centres on fostering a company culture that embeds adaptability, collaboration and continuous improvement to sustain transformation efforts over time. This includes implementing **change management and workforce transformation practices** through upskilling and reskilling employees and fostering a culture of innovation to support a sustainable mindset across the organisation.



1

Organisations must clearly define sustainability goals during strategy formulation and development

- **Starting with a clear vision:** A clear vision articulates the organisation's commitment to sustainability and aligns it with broader business objectives. When prioritised early in the strategy development process, sustainability helps with long-term value creation through innovation, market expansion, enhanced brand positioning and cost savings.
- **Engaging stakeholders early:** Engage employees, customers, experts and suppliers from the beginning to foster ownership and commitment.



2

Developing a comprehensive corporate sustainability strategy and transformation roadmap during the planning phase is critical

Once sustainability goals are defined, the next step is to build the right transformation plan and roadmap. This plan should outline a clear business model that guides the entire journey toward sustainability and involves:

- **Integrating sustainability into your core strategy:** Avoid having an isolated sustainability agenda. Embed sustainability into every business aspect. Align goals with overall objectives and engage all departments.
- **Defining ESG targets and use outcome-based approaches:** Maintain a strategic focus on sustainability and value creation through well-defined ESG targets, supported by value-based results.
- **Developing a sustainability roadmap leveraging benefits management concept:** Create a detailed roadmap incorporating benefits management methodologies to ensure measurable impact and long-term alignment with goals while incorporating the investor perspective, which demonstrates how sustainability initiatives aid financial performance and contribute to overall success.
- **Balancing sustainability and financial efficiency:** Develop a strategy that balances immediate financial returns with long-term sustainability goals. Efficient spending on sustainability initiatives can lead to significant cost savings and increased profitability.

3

Establish a sustainable value chain

And set clear performance measures during the annual planning and budgeting phase: This should include the allocation of resources to sustainability initiatives, ensuring that there is accountability through proper governance structures.

4

Design, develop and execute specific sustainability initiatives through a strong implementation

This requires having the right transformation management office support with clear governance structures to embed sustainability into the organisation's DNA.

5

Manage the performance of sustainability initiatives

Organisations must implement robust performance management systems to monitor progress, track key metrics and report on the results of sustainability efforts to stakeholders. Leverage technology and digital tools and invest in AI and data management to enhance data collection, analysis and reporting. This improves operational efficiency; tracks progress accurately and optimises sustainability efforts.

6

Ensure delivery of sustained outcomes

Embed sustainability into daily operations, processes, workflows, company culture and decision-making. Invest in employee well-being and continuous skill development, while fostering diversity and inclusion.

7

Review and continuously improve

Regularly assess and adapt sustainability efforts to ensure long-term success. Use data-driven insights, technology and market analysis to refine strategies and maintain agility in a rapidly evolving environment.

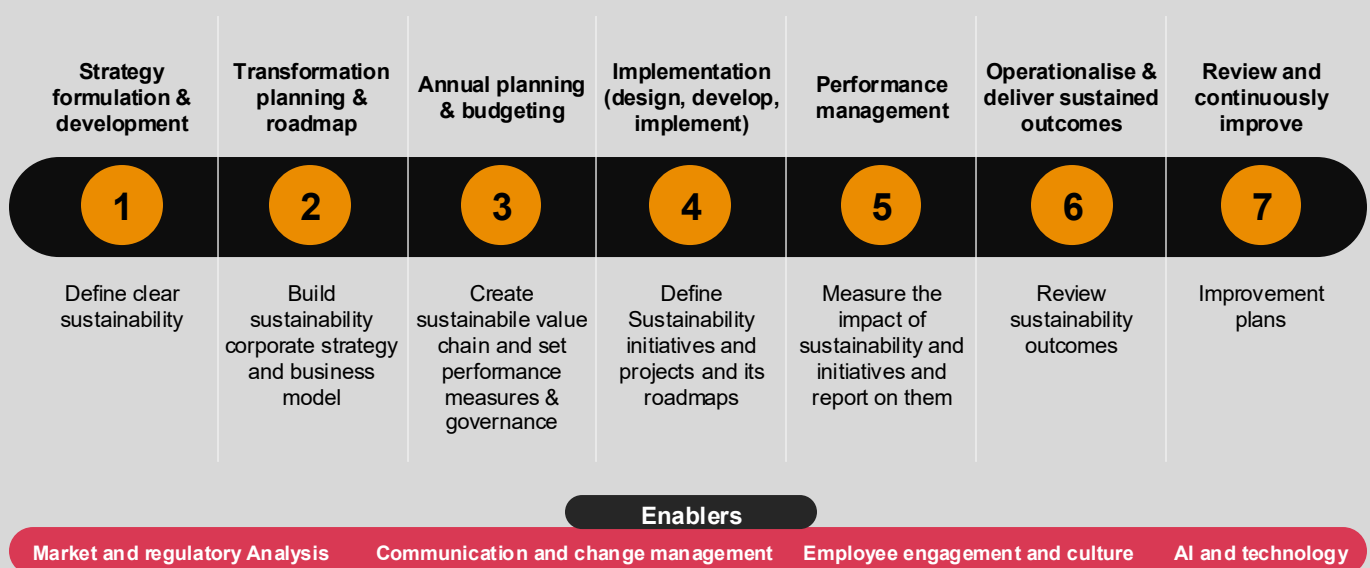


Figure (3): Connecting SBT within the strategy-to-transformation value chain

Way forward

Sustainable business transformation is no longer a peripheral aspect of strategy; it is a central pillar for ensuring long-term organisational resilience, competitiveness and success. This goes beyond regulatory compliance or meeting immediate goals; it is about unlocking growth.

A well-executed transformation strategy aligns with societal demands, national priorities, and stakeholder interests, creating value beyond financial returns. Integrating sustainability into core business processes allows companies to future-proof operations, ensure regulatory alignment and generate lasting value for shareholders and the broader community. In today's fast-paced environment, companies that strategically embrace sustainability will be those that lead with impact, resilience, and agility.



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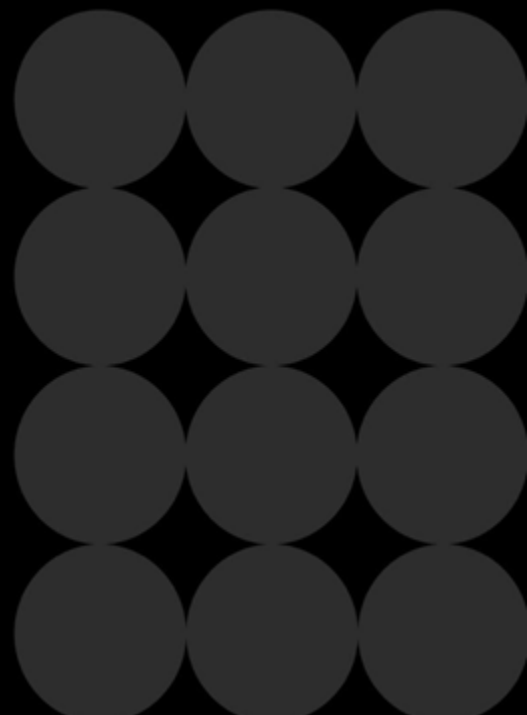
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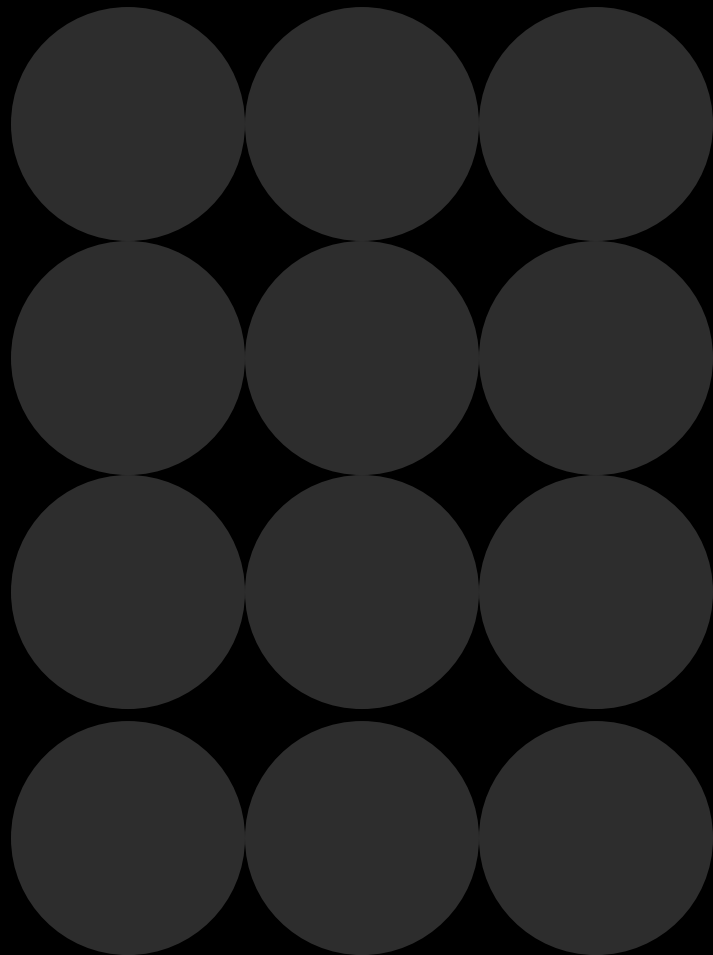
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