



25th Annual Global CEO Survey

Looking at the new reality from a fresh perspective

Key findings in Cyprus



11th Cyprus CEO Survey



The survey interviews were carried out between October and November 2021 and as a result, the responses do not reflect the sentiment and views of CEOs as shaped by the impact of the war in Ukraine.





Contents

Message from the CEO	5
Introduction	7
25 th Global CEO Survey	8
PwC's 11 th Annual CEO Survey in Cyprus	9
Short-term Optimism	10
Confidence in the Prospects for Profitability and Revenue Growth	14
Entering New Markets	16
Global Threats & Concerns	18
Decarbonisation	22
Strategic Objectives	26
Reflecting on Taxes	31
Trust & Outcomes	34
Non-financial Outcomes	35
Breaking the Cycle	39





Message from the CEO

The pandemic and all the changes it has introduced in our daily lives and continues to bring about 2 years later, coupled with the new challenges and opportunities arising from the new order of things in the business landscape and the record optimism of business leaders regarding economic growth are the key takeaways of this survey. To these I would add one more: The fact that for the last 11 years we have been listening to and presenting the issues that concern CEOs Globally, in the Eurozone and in Cyprus. We have therefore reached a point in time where we can look back together into the past, to compare and discuss both the changes and the constants that are part of the current business structure.

The fact that a record number of 161 CEOs have participated in this year's survey is indeed a great honour for us at PwC Cyprus. They have shared their views, predictions and concerns, and we wish to thank them warmly for their valuable time.

The high participation rate of CEOs in Cyprus in the survey confirms the need for action, putting threats, challenges, strategic objectives and opportunities into context and highlighting issues such as trust, the environment and decarbonisation.

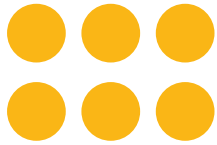
In addition, something that is evident over time in our survey is that innovation and technology give business leaders the drive to go beyond the tried and tested by facilitating transformation to ensure sustainable business results. PwC's new global strategy "The New Equation" is based on the idea that technology, innovation and confidence allow us to fulfill our potential by turning ideas into tomorrow's solutions. To be one step ahead.

I hope the survey you hold in your hands proves to be a useful tool in providing information, planning and making decisions to help grow your business.

Philippos Soseilos

CEO & Chairman
PwC Cyprus





Introduction

As we approach the two and a half year mark into the pandemic, the global economy appears to have rebounded during this time. According to Goldman Sachs analysts, the biggest surprise of 2021 was the rise in inflation, brought about by the major disruption to supply chains and shortages of goods essential for international trade.

The rise in prices, described by central bankers as “temporary”, is causing huge concern. At the same time, 2021 also saw explosive increases in energy costs. Energy prices jumped 26%, while food prices increased by almost 3.2%. Analysts see inflation easing in the coming months, but this does not mean that consumers will feel any relief in their pockets. Even if they do not rise any further, energy prices are already at an all-time high and increased costs have been passed on to a range of goods and services.

On a parallel note, the IMF observes that “in 2021, the number of people living in extreme poverty is estimated to have increased by about 70 million”.

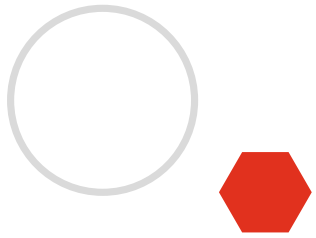
According to the IMF forecasts published in January 2022, further to the onset of the Omicron variant, which points to a worsening of the situation, growth rates will be lower than previously anticipated. More specifically, the IMF “sees” growth at 4.4% globally for 2022 (down from 5.9% in 2021), revising its earlier forecasts slightly downwards, although it stresses that the obstacles caused by the Coronavirus Omicron variant will most likely start to “fade away” from the second quarter of 2022 onwards. According to experts, however, the pandemic “will not be eradicated anywhere until it is eradicated everywhere”.

Omicron is obviously not the only concern. We are also faced with geopolitical tensions, which have escalated against the backdrop of the ongoing confrontation between the West and Russia over Ukraine and Eastern Europe.

For its part, the IMF sees both the United States and China on track for greater slowdown in their growth rates this year. This is also true of most other economies (Eurozone, Germany, etc.), with the exception of India and Japan.

As far as Cyprus is concerned, real GDP is estimated to have grown by 5.6% in 2021 and is projected to increase by 4.1% in 2022. The factors contributing to this outlook include: a strong recovery from the pandemic crisis of 2020, strengthened economic confidence, favourable financing conditions and a supportive fiscal policy.

In this changing environment, business leaders need to find the right solutions to complex problems, while creating value for their customers, stakeholders and society.



25th Global CEO Survey

A total of 4,446 business leaders from 89 countries participated in PwC's 25th Annual Global CEO Survey. The survey was conducted between October and November 2021, in other words just before the Omicron variant made its appearance. The new variant once again "clouds" the economic outlook and may prolong supply chain and labour market problems. The good news is that the Omicron wave is likely to be much shorter in duration than previous waves of the pandemic.

A distinctive feature of this year's global survey is the optimism about continued economic resilience, as expressed by the 4,446 CEOs from 89 countries.

Nonetheless, threats, uncertainties and tensions abound. It is worth noting that CEOs are more concerned about the possibility of a cyberattack



or a macroeconomic shock that could undermine the achievement of their company's financial goals, and less so about challenges such as climate change and social inequality. But what makes our survey stand out is that it provides evidence that allows us to reassess the situation. A prime example is the value of trust. In challenging times like today, trust is more important than ever.

It's clear coming through the global survey that companies that are highly regarded and trusted by their customers are those that are committed to achieving zero greenhouse gas emissions. They are also those that are committed to evaluating their CEOs on additional criteria, such as the level of employee engagement and gender diversity in the workforce. We can therefore reach the conclusion that CEOs see an obvious correlation between building trust and the ability to effect change.

CEOs are currently facing multiple challenges, as they are called to achieve consistent outcomes for many stakeholders whose interests are not always aligned. There is an imperative need for decisive action. Our 25th Annual Global CEO Survey underscores the need for bold decisions and unified leadership that will enable all of us to become solvers of global problems. PwC's new global strategy, "The New Equation", leads to a human-led and tech-powered future. It includes our ability to look at problems from different angles and present innovative solutions that make a difference and lead to sustained outcomes. The 25th Annual Global CEO Survey was guided by PwC's new strategy. As environmental, financial and societal pressures converge, today's leaders must solve a new equation.



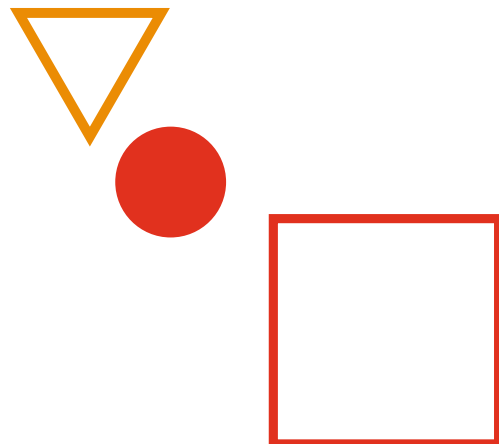
PwC's 11th Annual CEO Survey in Cyprus

A record number of 161 business leaders have participated in PwC's 11th Annual Cyprus CEO Survey sharing their thoughts for the future.

Let's take a brief look at the points highlighted by CEOs in Cyprus.

- 75% are optimistic that global economic growth will improve over the next 12 months

- 77% are optimistic that economic growth in our country will improve over the next 12 months
- 40% of CEOs are extremely or very confident about their company's prospects for revenue growth over the next 12 months
- Health risks dominate CEOs' concerns at 66%, followed by macroeconomic volatility at 59%, geopolitical conflict at 52%, climate change at 46%, cyber threats at 44% and social inequality at 11%.
- 8% of respondents have made a carbon-neutral and 11% have made a net-zero commitment.
- The 65% who have not made such a commitment said that their company does not produce a meaningful amount of greenhouse gas emissions.
- 54% have not taken action to prepare for potential global tax policy change.





Short-term Optimism

The majority of the 161 CEOs who took part in PwC's survey in Cyprus (75%) are confident that global economic growth will improve over the next 12 months. The corresponding figure for the same question last year was 61%, confirming the high level of optimism that pervades business leaders, as a result of the proper management of the pandemic crisis and good progress in vaccination. The optimism expressed in the last two years is noteworthy compared to previous years, when business leaders taking part in our local survey appeared much more cautious.

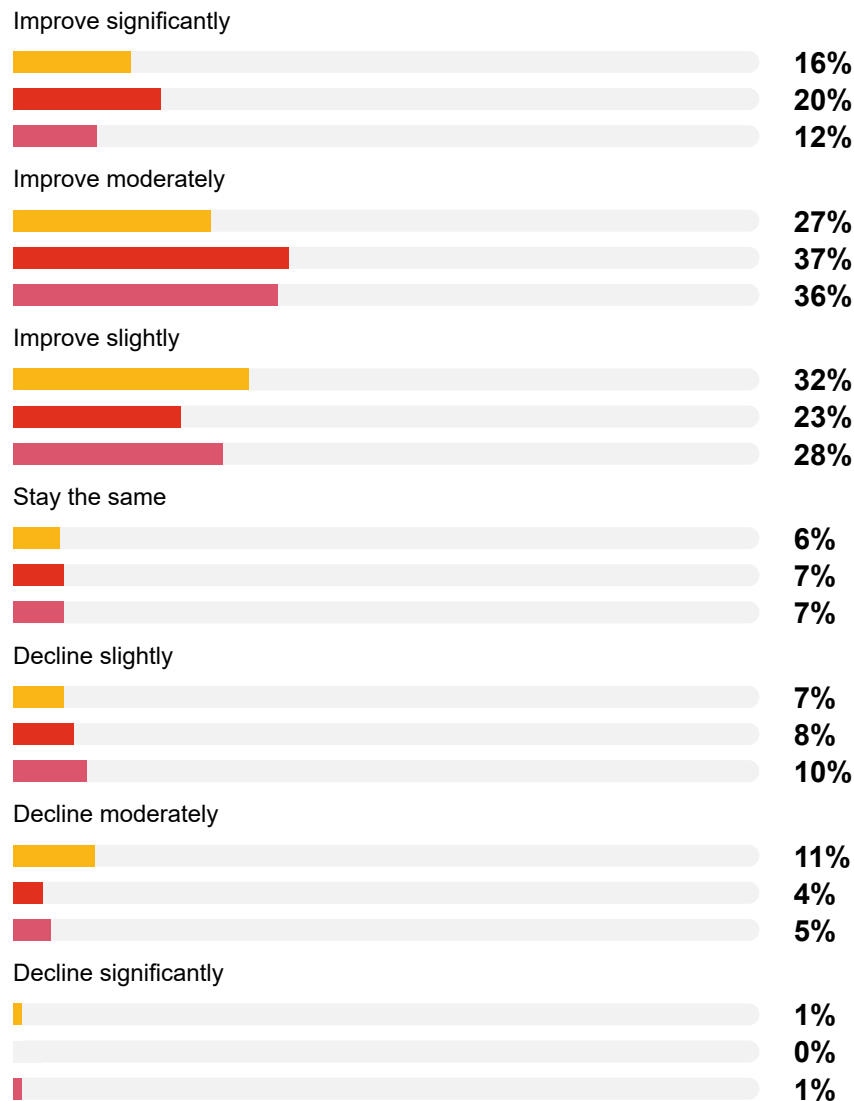
It is worth noting that 6% of CEOs in Cyprus believe that global economic growth will stay the same, as against 10% in 2021. The four percentage point shift downwards confirms that in the minds of CEOs, the global economy is clearly on a positive track.

CEOs in the Eurozone and Globally are also positive about the prospects of global economic growth in the coming year, at 80% and 77% respectively.

Figure 1

Global economic growth prospects

How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months: **in the global economy?**



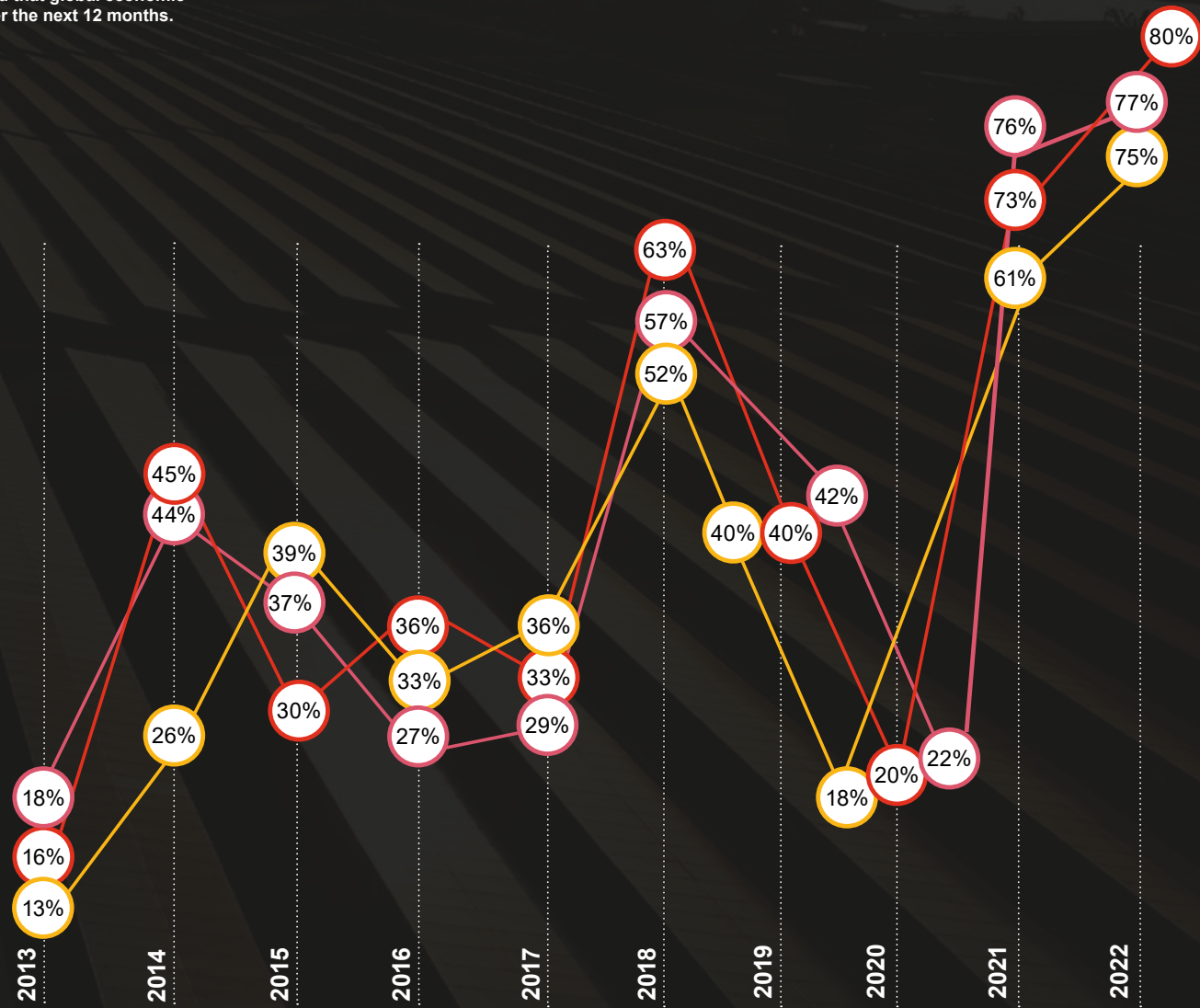
● Cyprus ● Eurozone ● Global

Figure 2

Global economic growth over the next 12 months. 10 year analysis.



Respondents who stated that global economic growth will improve over the next 12 months.



● Cyprus ● Eurozone ● Global



Short-term Optimism

As regards optimism about their own territory, 77% of CEOs are optimistic about economic growth in Cyprus.

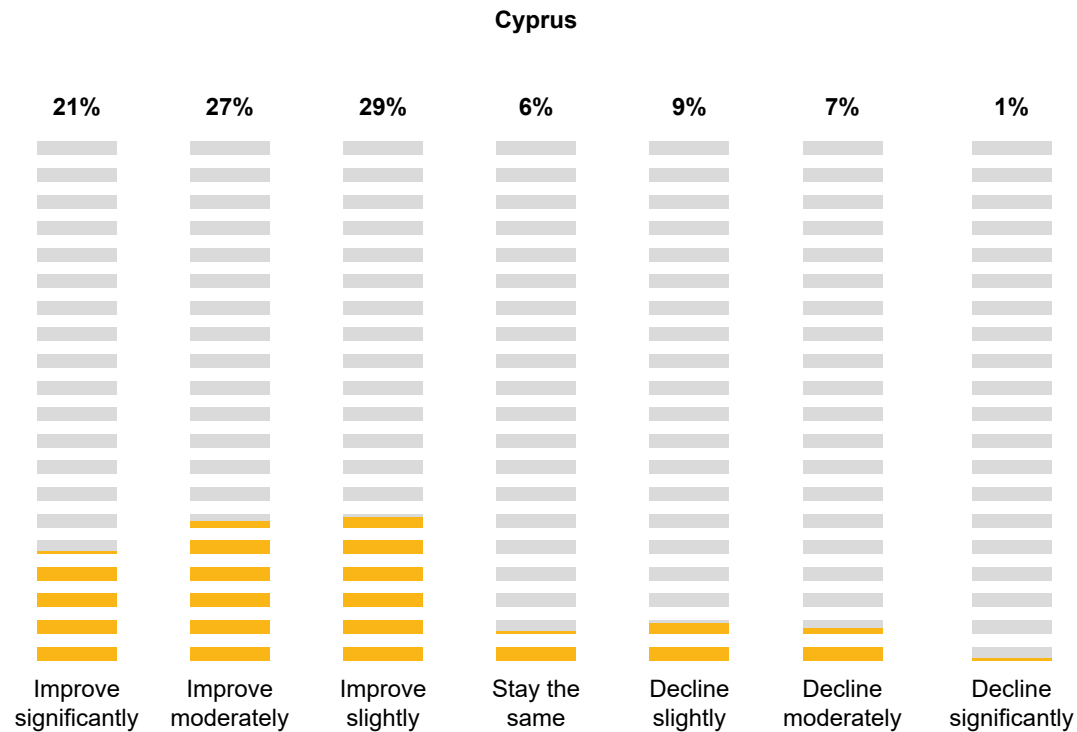
It should be stressed at this point that the survey was conducted at a time when the Omicron variant of COVID-19 had not yet made its appearance. It is therefore not clear how the emergence of Omicron will affect CEOs' optimism. However, the fact that in the same PwC CEO survey, countries such as the US, China and Germany are less optimistic compared to last year is proof of the asymmetrical recovery at individual country level.



Figure 3

Cyprus economy growth prospects

How do you believe economic growth (i.e., gross domestic product) will change, if at all, over the next 12 months: **in your territory?**



In an additional question of the survey addressed exclusively to CEOs from Cyprus, 22% ranked additional legal, regulatory and tax reforms as the most important factor in terms of what the local business community needs to achieve sustainable growth, compared to a mere 13% last year. Coming back to this year's survey, better physical and digital infrastructure and better public-private cooperation were ranked as the most important factor by 20% and 17% of business leaders respectively.

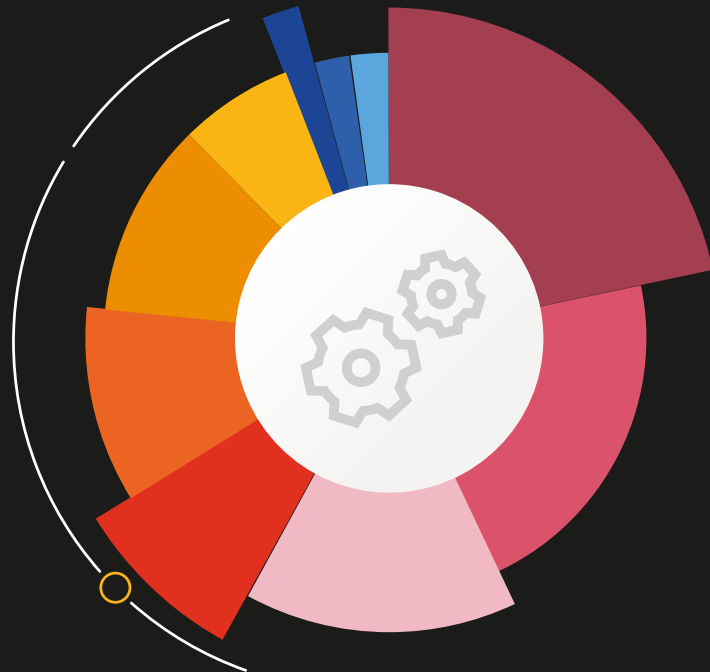
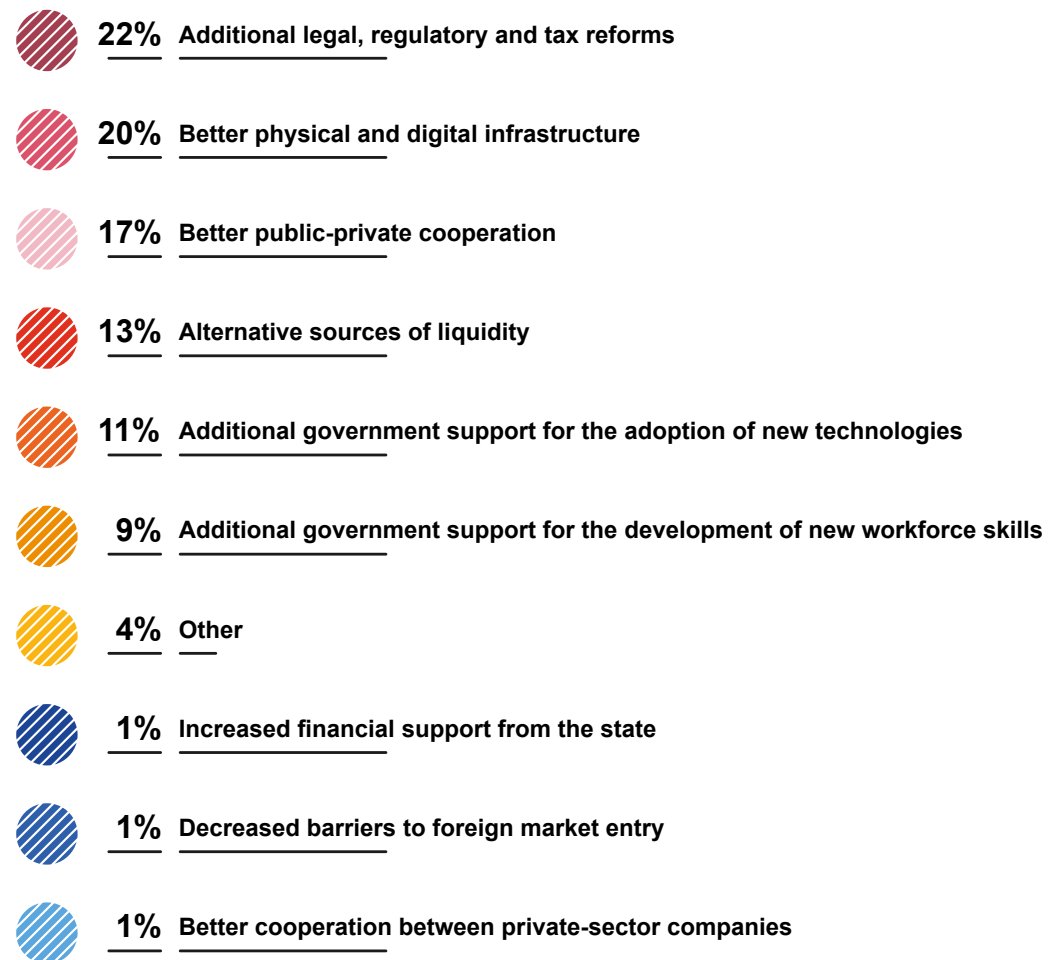


Figure 4

Sustainable growth: What does the Cyprus business community need most today?

What does the Cyprus business community need most today in order to achieve sustainable growth?



% Ranked 1



Confidence in the Prospects for Profitability and Revenue Growth

The positive outlook on global economic growth also extends to CEOs' forecasts of increased revenue for their own business.

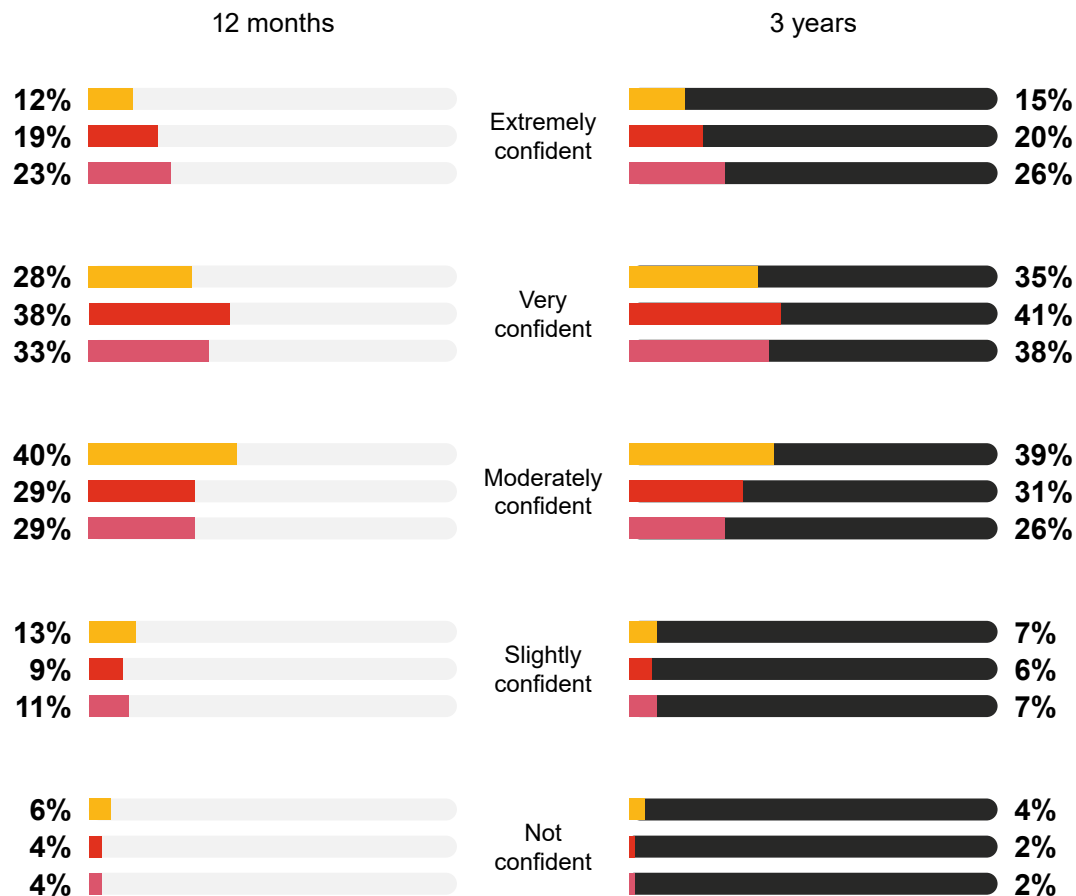
In Cyprus, 40% of CEOs are very confident about their company's prospects for revenue growth over the next 12 months, while an additional 53% are moderately confident. Similar trends in the confidence rates of business leaders regarding the profitability of their companies are recorded both in the Eurozone (57%) and Globally (56%).

Over a three-year horizon, the confidence rates of CEOs in Cyprus relating to their own company's prospects for profitability and revenue growth rise to 50% for the very confident and 46% for the moderately confident. The respective rates in the Eurozone are 61% and 37% while Globally they stand at 64% and 33%. These rates are increased compared to previous years.

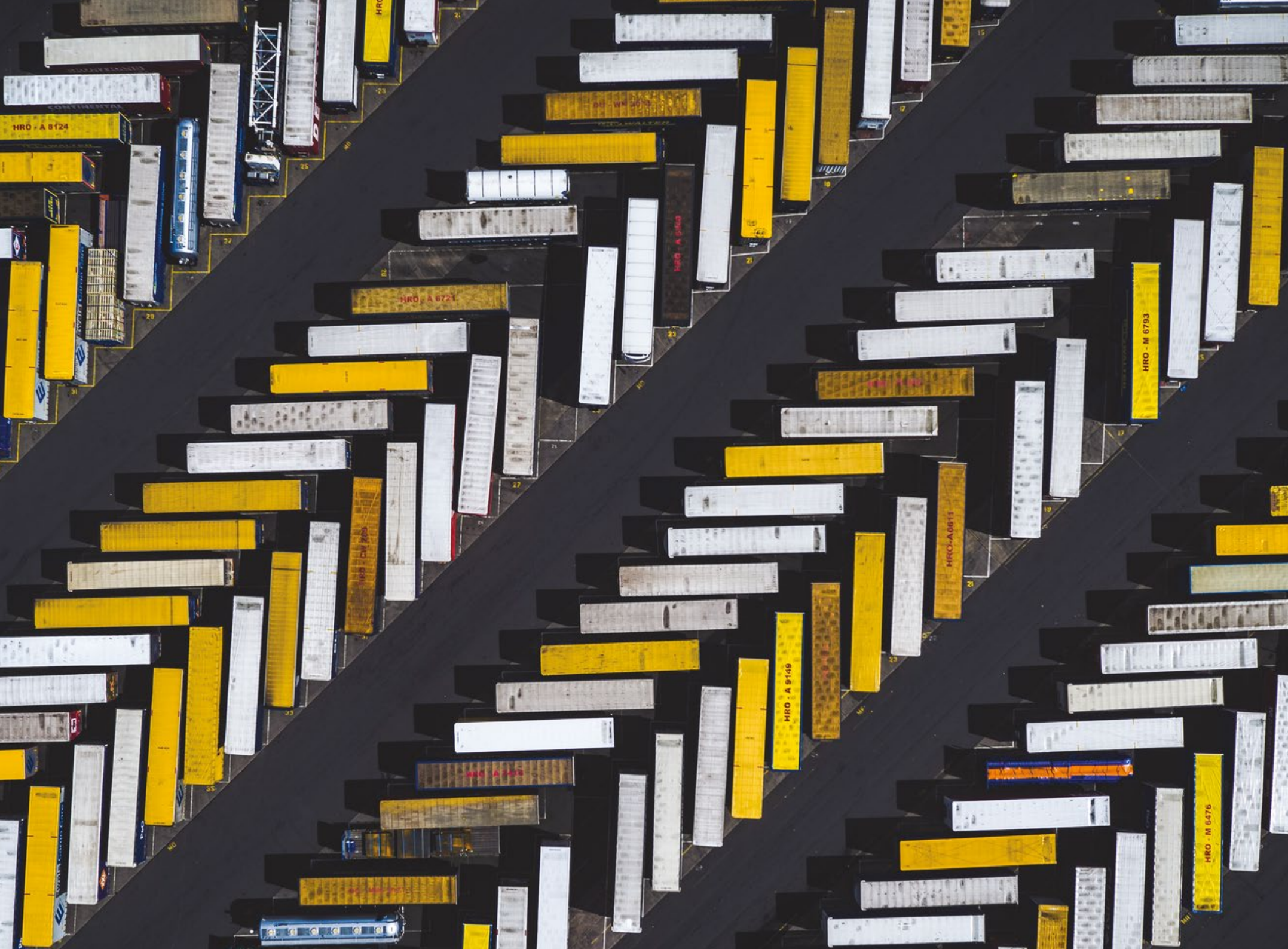
Figure 5

Revenue growth prospects

How confident are you about your company's prospects for revenue growth over the next 12 months and 3 years?



● Cyprus ● Eurozone ● Global





Entering New Markets

To the question “Which three countries/territories, excluding the country/territory in which you are based, do you consider most important for your company’s prospects for revenue growth over the next 12 months?” Greece is the number one choice for CEOs in Cyprus with 42%, followed by the UK with 29% and Russia with 21%.

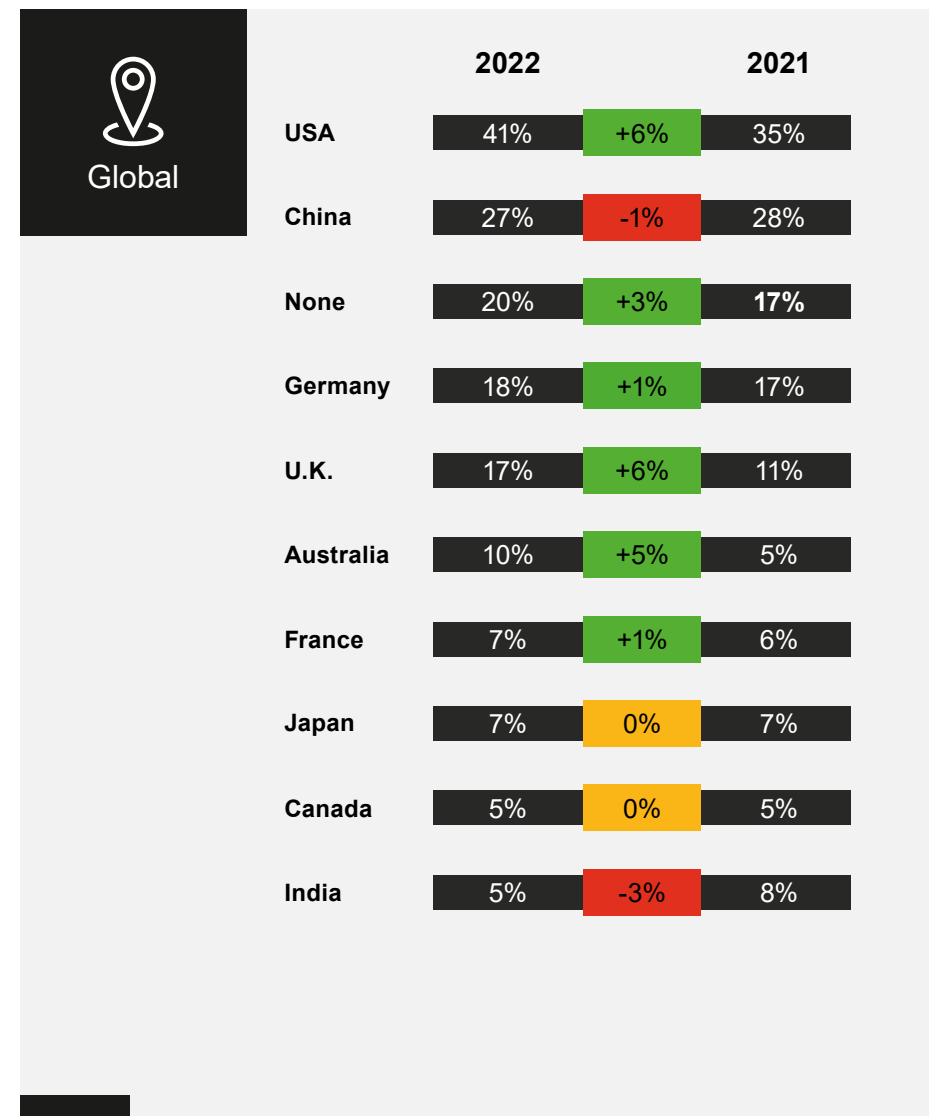
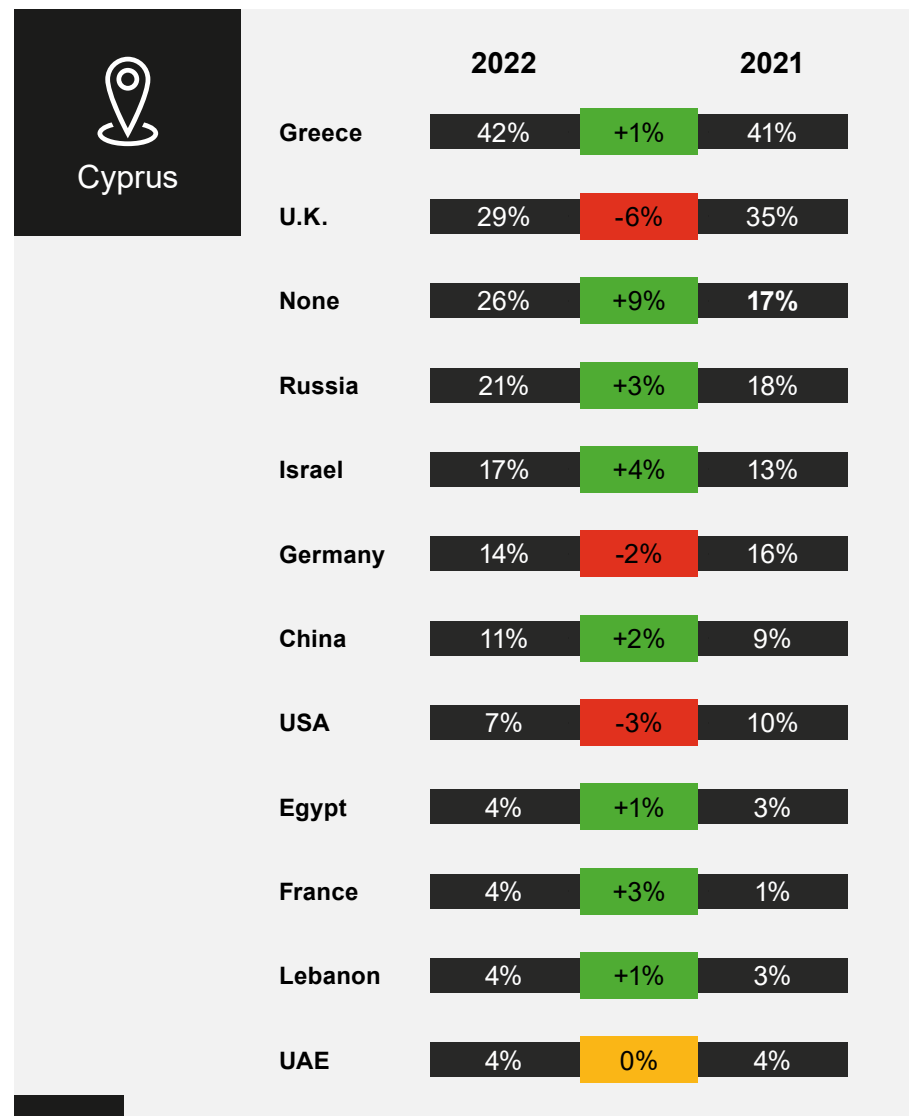
A significant 26% of the CEOs surveyed do not operate internationally. The rates are similar to those recorded last year, defying the gloomy forecasts over Brexit.



Figure 6

Important countries for overall growth prospects

Which three territories, excluding the territory in which you are based, do you consider most important for your organisation's overall growth prospects over the next 12 months?





Global Threats & Concerns

Despite the general sentiment of confidence, CEOs are concerned about global threats and how they will negatively impact their company over the next 12 months. Health risks dominate their concerns at 66%, followed by macroeconomic volatility at 60%, geopolitical conflict at 52%, climate change at 46%, cyber threats at 44% and social inequality at 11%. CEOs in the Eurozone and Globally appear to be most concerned by cyber threats with 50% and 49% respectively, followed by health risks at 43% for the Eurozone and 48% Globally. In the third place on the list of major concerns for CEOs in the Eurozone we find macroeconomic volatility and climate change with 38%, while for CEOs Globally macroeconomic volatility ranks third with 43%.

Cyber threats are gaining ground on the list of major concerns, if we consider that only last year CEOs in Cyprus had not even ranked them in the top five threats. On the contrary, the survey findings show that they are currently a cause of concern for organisations and their leaders. It is widely acknowledged that cyber threats are a barrier to both innovation and sales.

The pandemic is still around and is affecting the business community and the broader economy in every possible way. Concern over the unpredictability of its impact on their business operations is completely understandable and justifies the fact that CEOs rate it as the top global threat to their companies.

Climate change seems to be a major concern for CEOs in Cyprus with 46%, compared to 38% for CEOs in the Eurozone and 33% Globally. Survey respondents believe that developments in the field of climate change are significant and view the destruction of the environment as an immediate global threat to business.

Global Threats



Figure 7

Global threats

How concerned are you about the following global threats negatively impacting your company over the next 12 months?



Respondents who stated "Very & extremely concerned"

● Cyprus ● Eurozone ● Global



Potential impact of threats

CEOs in Cyprus expect that, over the next 12 months, health risks will inhibit their ability to sell products and services (82%) and to attract and retain talent (40%). The same views are shared by CEOs both in the Eurozone at 73% and 43% and Globally at 70% and 60%, respectively.

According to the survey findings, macroeconomic volatility has a significant impact on the business community. In this context, when asked if macroeconomic volatility could inhibit their companies' ability to sell their products and services, a substantial percentage of 73% of CEOs in Cyprus responded positively, leaving attracting and retaining talent well behind with 39%. The exact same findings were observed in the Eurozone and also Globally, with CEOs expressing concern primarily over their sales, but also when it comes to attracting and retaining talent. In the minds of CEOs, attracting and retaining talent is closely tied to health risks and social inequality.

The diagram below is very interesting as it clearly demonstrates the possible impact of these 6 threats to businesses.

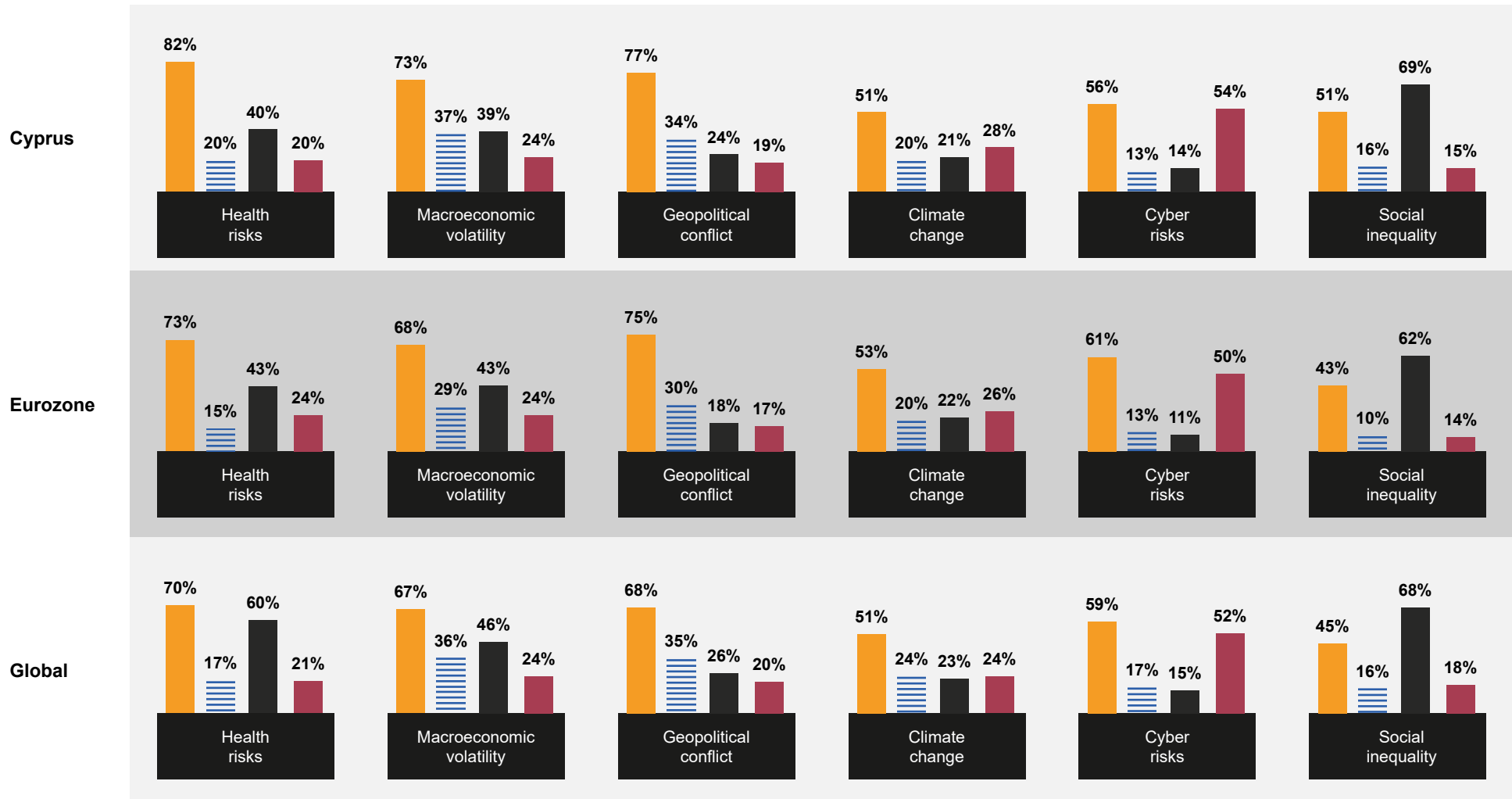
Figure 8

Potential impact of threats

How do you anticipate your company could be impacted by these threats over the next 12 months?

“It could inhibit our ability to...”

● sell products/services ● raise capital ● attract and retain key skills/talent ● innovate through technology or processes



Respondents who stated ‘extremely’, ‘very’ or ‘moderately’ concerned

Note: Not showing responses for ‘It could inhibit our ability to develop products/services’

Decarbonisation

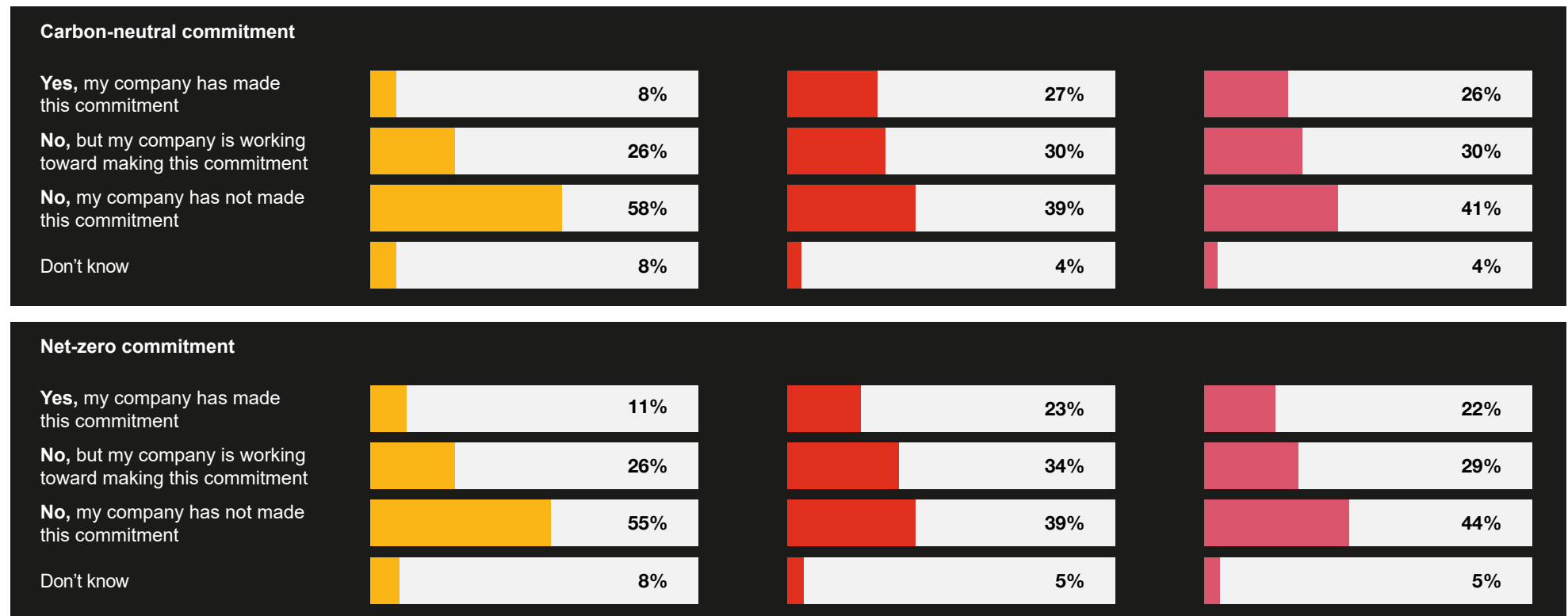
COP26 spurred the net-zero transition on the global stage, adding to an already strong momentum. For example, by March 2021, more than 2,150 companies had signed up to the UN's Race to Zero initiative, placing themselves, at minimum, at the starting line. Although this number increased to 4,475 in December 2021, the reality is that achieving net zero will be extremely difficult for some companies and industries and, therefore, there is no one-size-fits-all approach.

This is also evidenced in our survey findings, as only 8% of respondents in Cyprus have committed to achieving carbon neutrality and 11% to net zero emissions. The respective figures in the Eurozone stand at 27% and 23% and Globally at 26% and 22%.

Figure 9

Carbon-neutral / net-zero commitments

Has your company made a carbon-neutral / net-zero commitment?



● Cyprus ● Eurozone ● Global

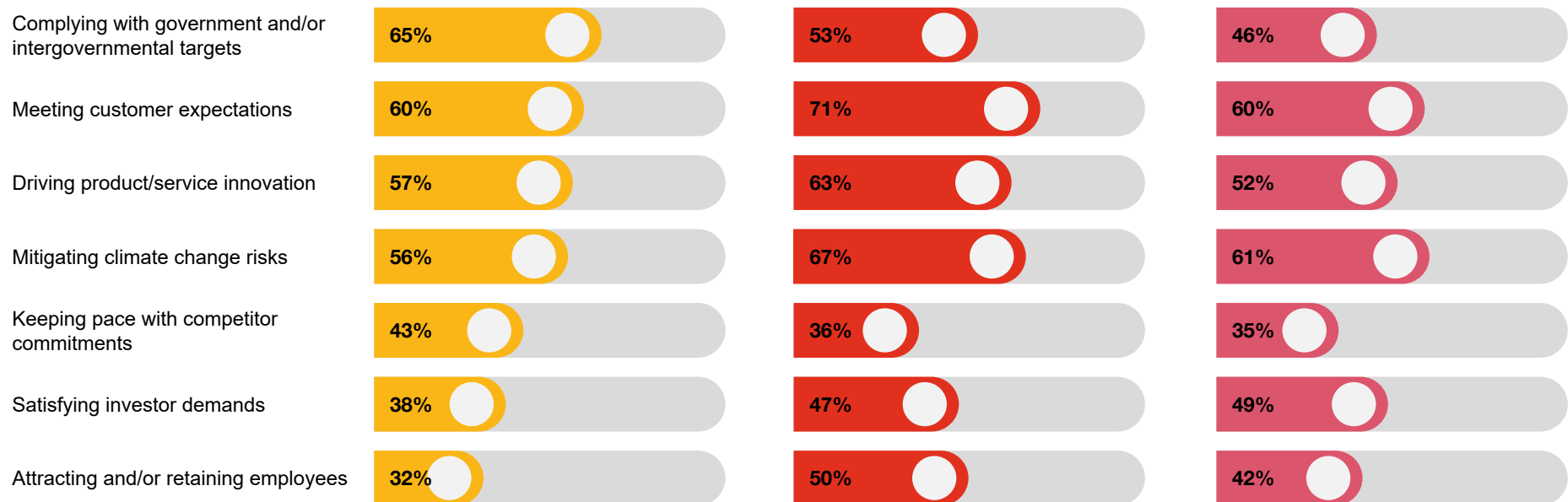
To the question “How influential are certain factors behind your company’s carbon-neutral and/or net zero goal”, 65% of CEOs in Cyprus point to compliance with government and/or intergovernmental targets as the most influential factor. To the

same question, 71% of CEOs in the Eurozone cite meeting customer expectations and 61% Globally consider mitigating climate change risks as a catalytic factor impacting their company’s carbon-neutral commitments.

Figure 10

Influential factors behind carbon-neutral and/or net-zero commitments

How influential are the following factors behind your company’s carbon-neutral and/or net-zero commitments?



Respondents who stated “Very” & “Extremely” influential

● Cyprus ● Eurozone ● Global

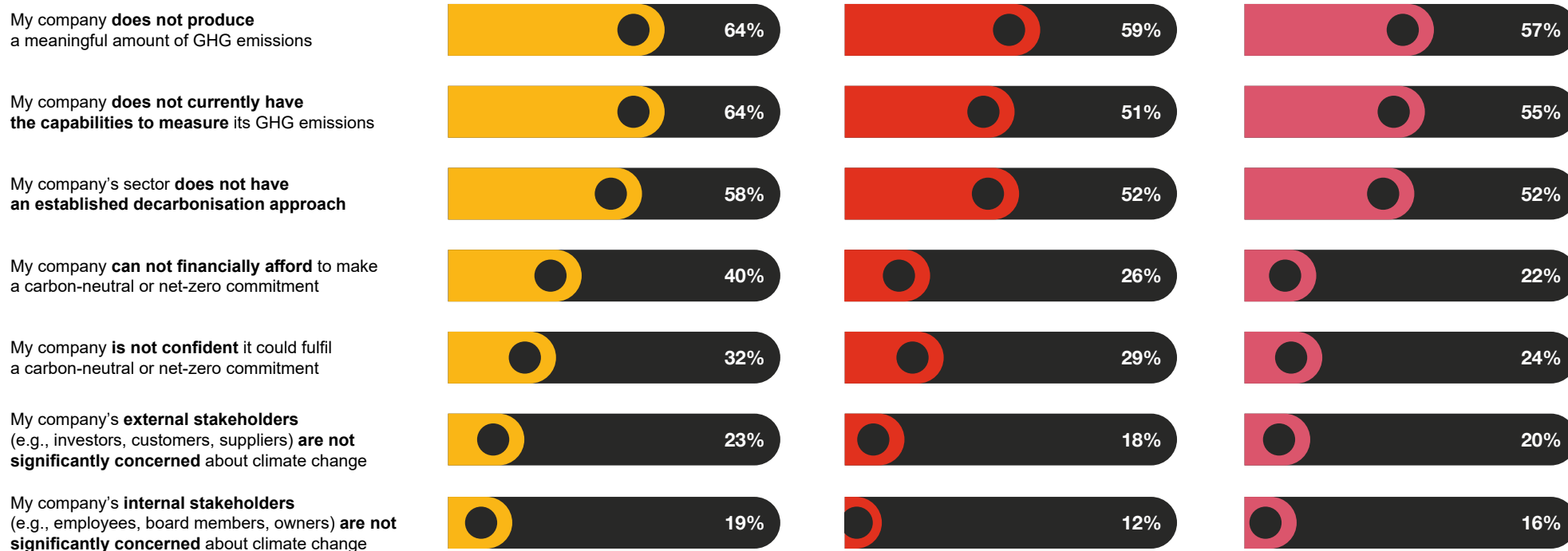
When survey respondents were asked why they have not made such a commitment for the benefit of the environment and our ecosystem, 64% of CEOs in Cyprus, 59% in the Eurozone and 57% Globally said that their company does not produce a meaningful

amount of greenhouse gas emissions. Business leaders also highlighted the fact that they do not currently have the capabilities to measure their greenhouse gas emissions.

Figure 11

Influential factors for not making a commitment

How accurate are the following statements regarding why your company has not made a carbon-neutral or net-zero commitment?



Respondents who stated "Very" & "Extremely" accurate

● Cyprus

● Eurozone

● Global



Strategic Objectives

Although the overarching strategic objectives of each company may vary, most CEOs in Cyprus, the Eurozone and Globally cite a total of 3 objectives

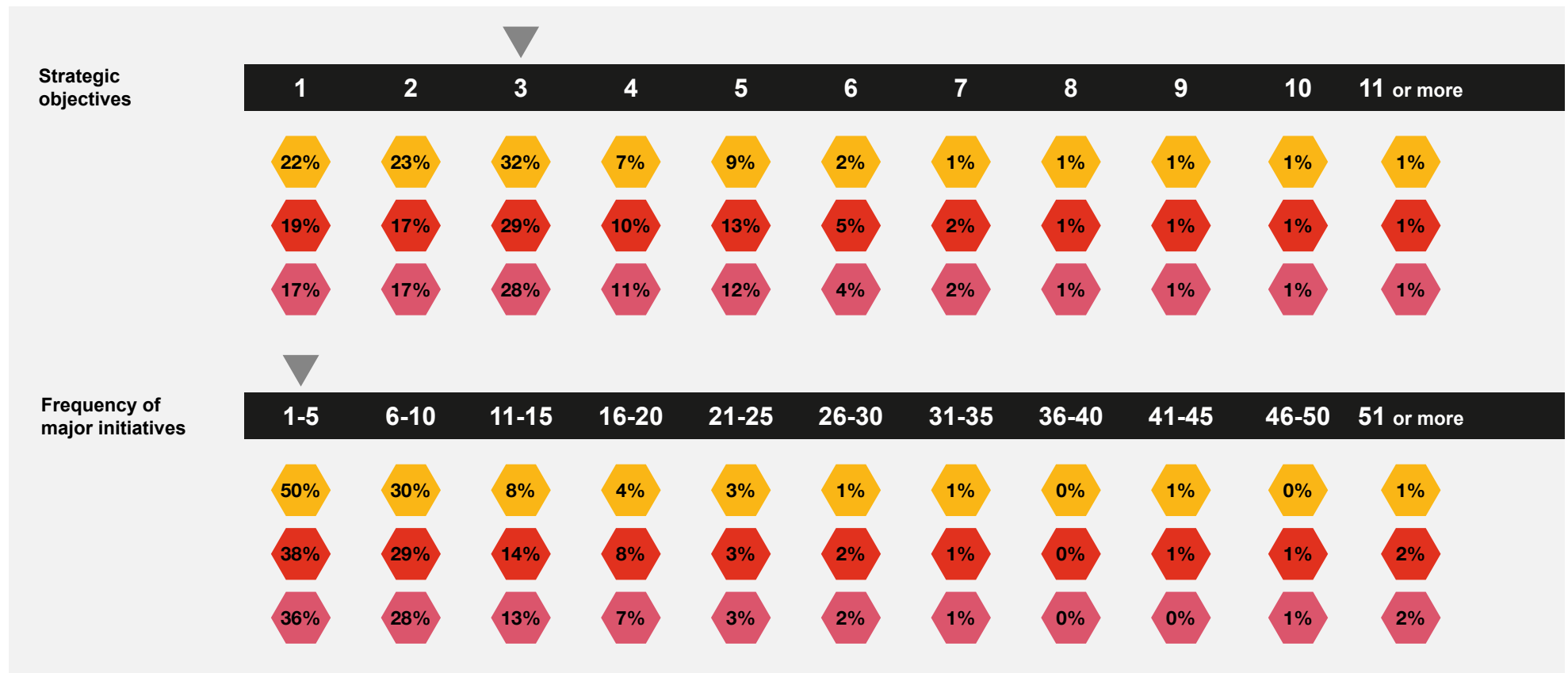
and agree that every year they focus on 1-5 major initiatives to support these strategic objectives.

Figures 12 & 13

Strategic objectives and major initiatives

Typically, how many overarching strategic objectives does your company have?

Typically, how many major initiatives does your company have underway in support of those strategic objectives?



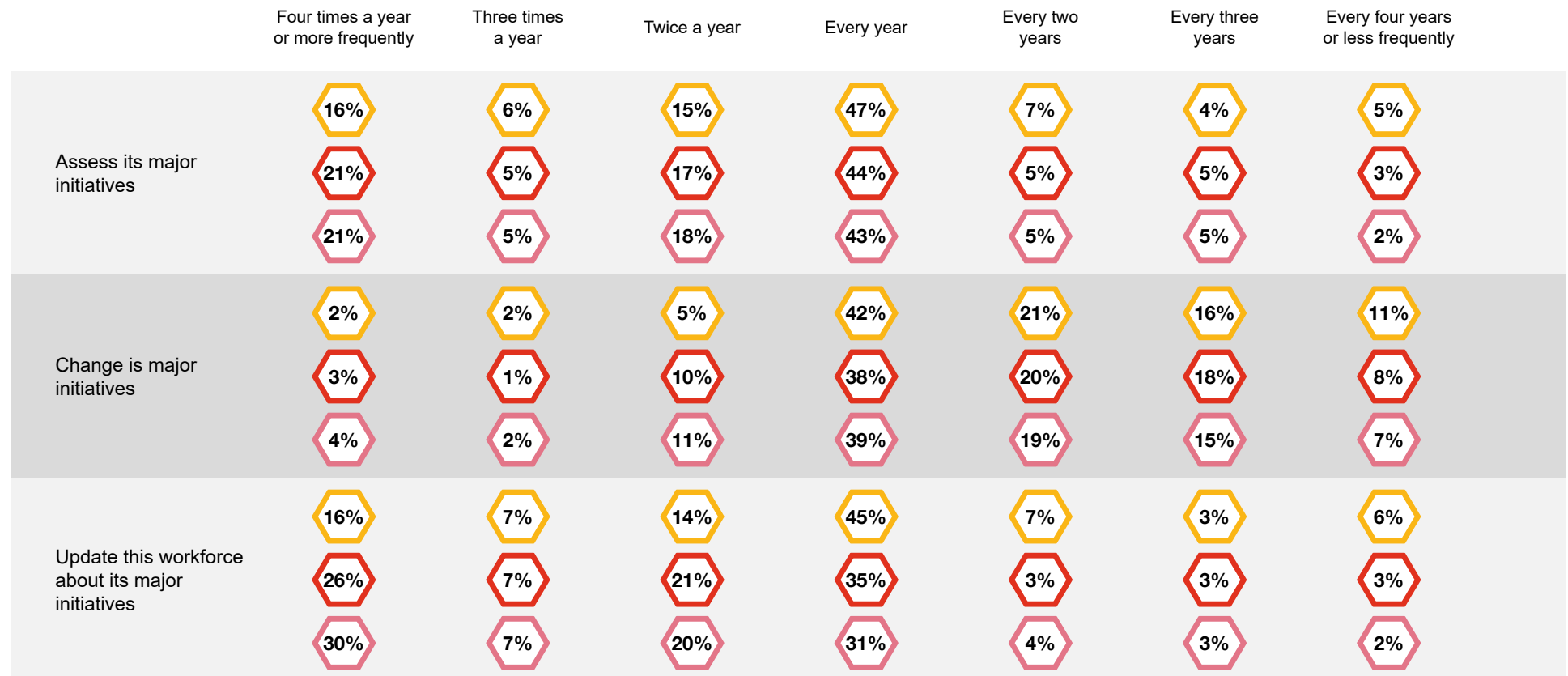
16% of CEOs in Cyprus and 21% both in the Eurozone and Globally assess their major initiatives very frequently, but the majority does so only once a year. More specifically, the majority of CEOs - 47% in Cyprus, 44% in the Eurozone and 43% Globally - state that they assess their major initiatives once a year.

16% of CEOs in Cyprus, 26% in the Eurozone and 30% Globally update their workforce about their major initiatives four times a year and/or more frequently. But the majority - 45% in Cyprus, 35% in the Eurozone and 31% Globally - does so at least once a year.

Figure 14

Frequency of major initiatives

Typically, how frequently does your company formally:



● Cyprus ● Eurozone ● Global

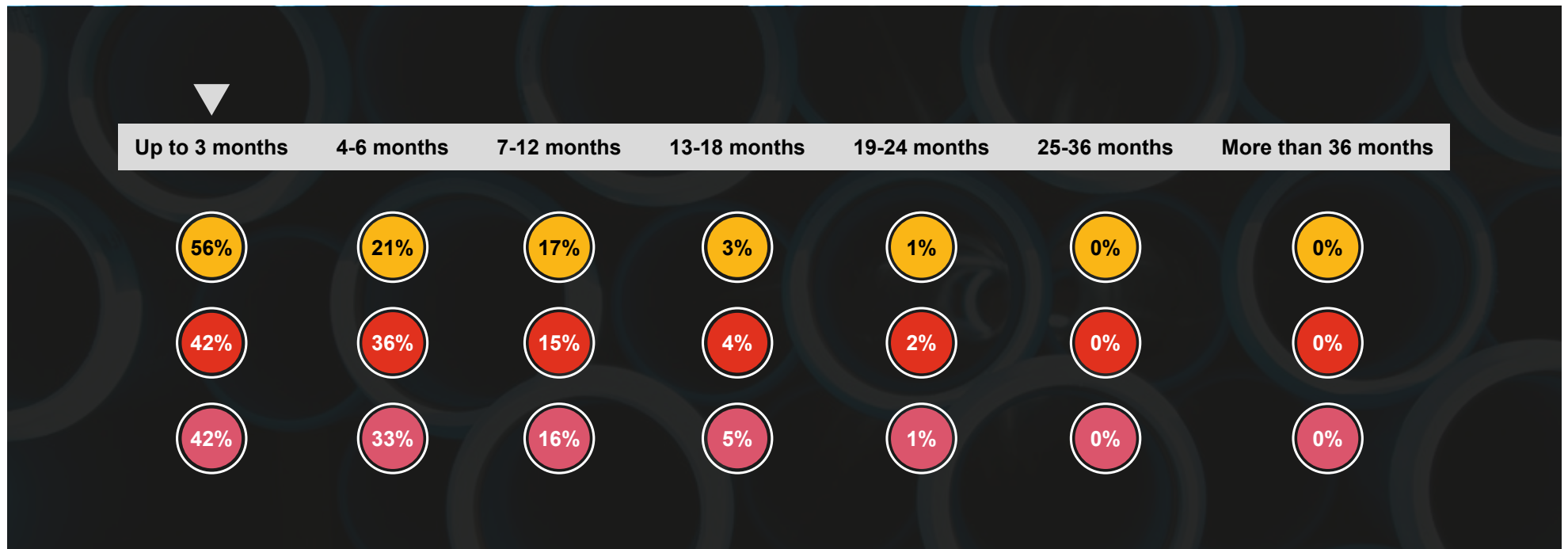
But what about new initiatives and the procedures in place to implement them?
What is the implementation timeframe and what are the common challenges?

56% of CEOs in Cyprus and 42% both in the Eurozone and Globally approve and green-light major initiatives once an idea has been proposed, within three months.

Figure 15

Major initiatives timeframe

Typically, how long does it take for your company to approve/green-light major initiatives once an idea has been proposed?



● Cyprus ● Eurozone ● Global

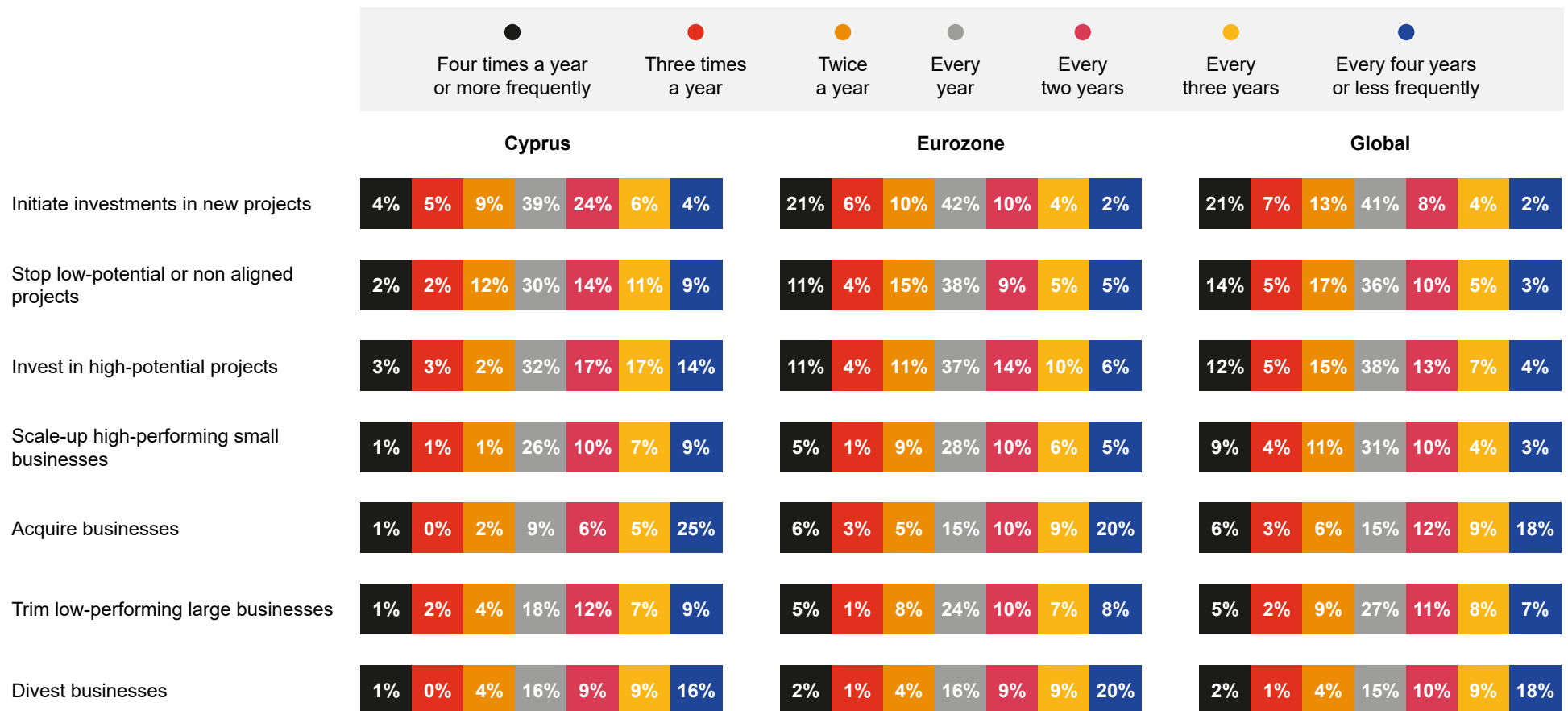
In Cyprus, 39% of CEOs initiate investments in new projects every year, 32% invest in high-potential projects and 30% stop low-potential projects. Surprisingly, only 4%

of CEOs in Cyprus initiate new investments and initiatives several times a year, when the corresponding figure in the Eurozone and Globally stands at 21%.

Figure 16

Frequency of major initiatives

Typically, how frequently does your company formally:

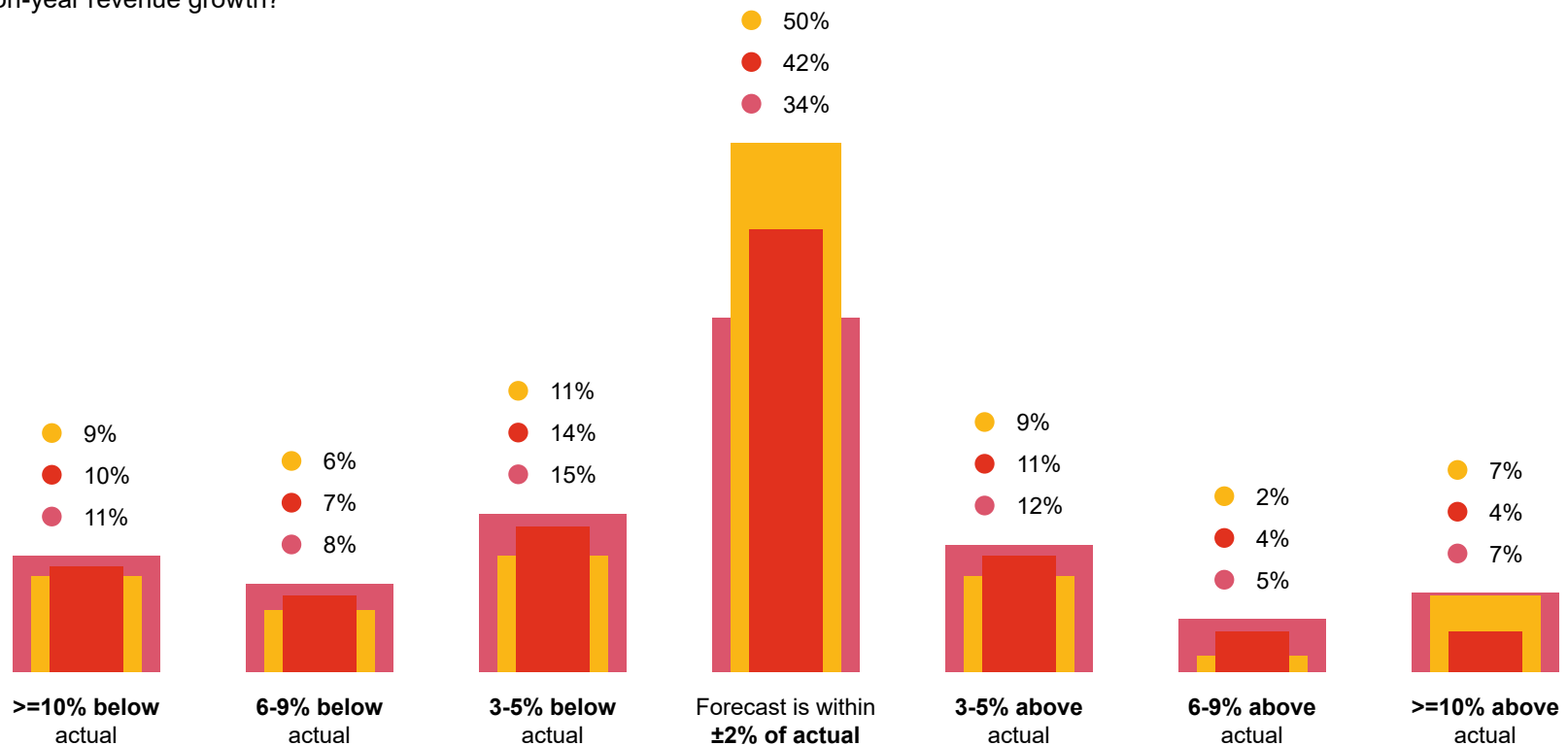


On the other hand, half of the CEOs in Cyprus, compared to 42% in the Eurozone and 34% Globally, believe that they accurately forecast year-on-year revenue growth within $\pm 2\%$ of actual figures, confirming their positive outlook on their respective organisations.

Figure 17

Revenue forecasting accuracy

How would you describe your company's typical forecasting accuracy regarding year-on-year revenue growth?



● Cyprus ● Eurozone ● Global

Reflecting on Taxes

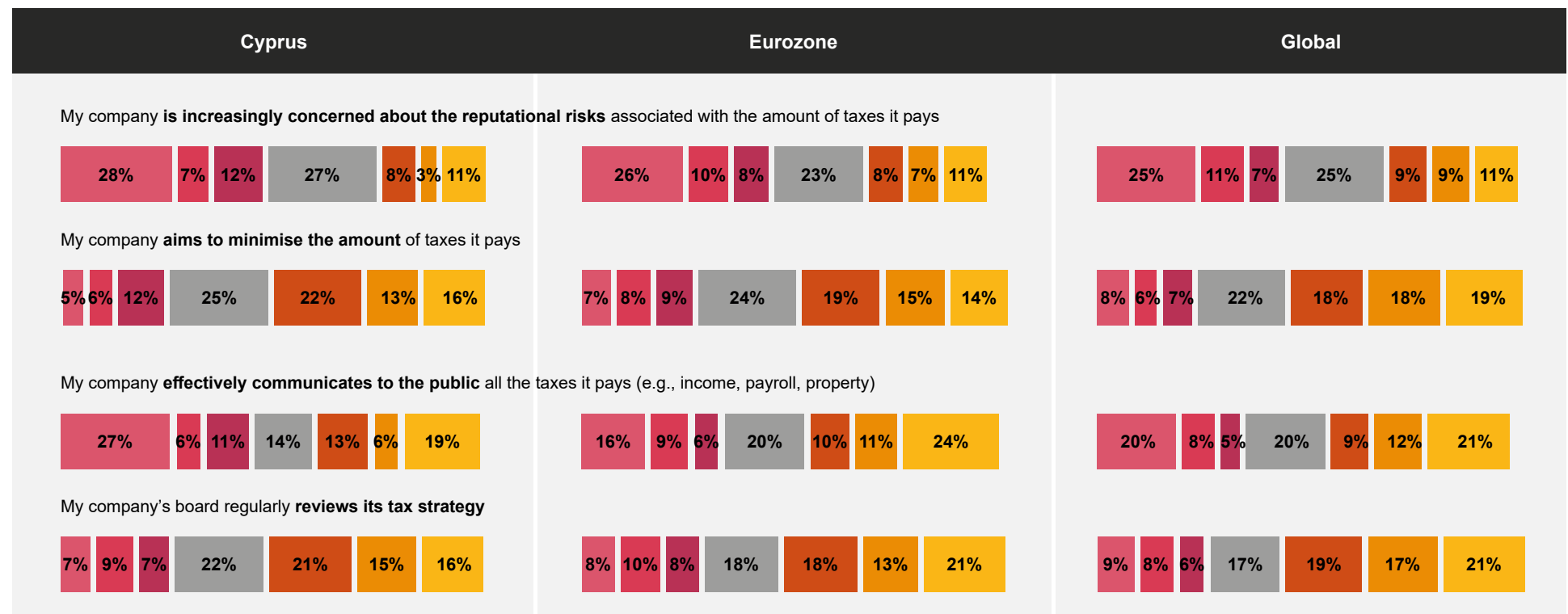
Even though 28% of CEOs in Cyprus strongly disagree that their company is increasingly concerned about the reputational risks associated with the amount of taxes it pays, what is remarkable is that a similar rate of 27% are somewhere in the middle, neither agreeing nor disagreeing with this statement. In addition, 27% do

not effectively communicate to the public all the taxes they pay (e.g. income, payroll, property) and feel very strongly about this. On the other hand, it is not clear to them whether their company aims to minimise the amount of taxes it pays, as 25% appear undecided (neither agree nor disagree).

Figure 18

Company tax

Thinking about the taxes your company pays, to what extent do you agree/disagree with the following statements?



● Strongly disagree ● Moderately disagree ● Slightly disagree ● Neither agree nor disagree ● Slightly agree ● Moderately agree ● Strongly agree

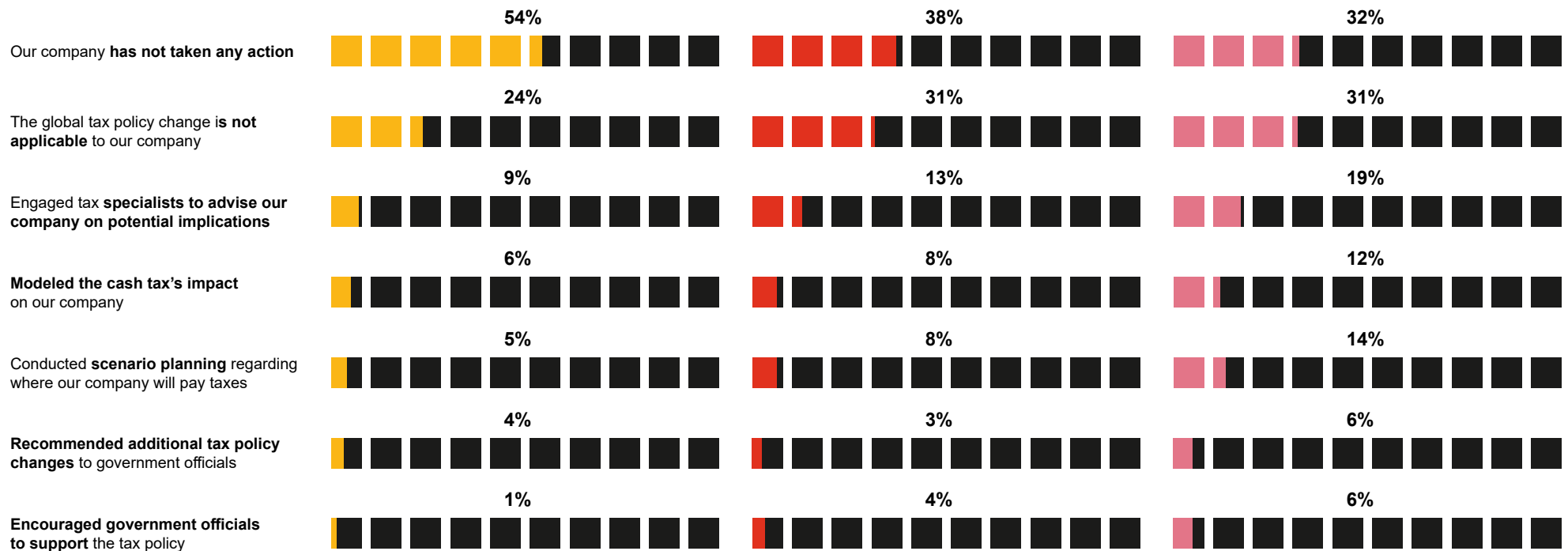
The discussion about a single global corporate tax rate of 15% has been high on the agenda in recent months. Following the signing of the agreement, which paves the way to ending tax evasion by tech “giants”, such as Google, Facebook and Amazon, US Treasury Secretary Janet Yellen called it a “historic day for economic diplomacy”. However, its implementation is still some way off as, on the one hand, the critical details of the new regime are yet to be agreed and, on the other, each of the 130 countries, including the US, will need to pass legislation to enforce the agreement, coupled with an overhaul of the tax code.

Against this backdrop, the 25th Global CEO Survey captured the thoughts of business leaders. When asked what actions has their company taken to prepare for potential global tax policy change, 54% of CEOs in Cyprus, 38% in the Eurozone and 32% Globally said they have not taken any action. In addition, 31% of CEOs in the Eurozone and Globally and 24% in Cyprus consider that the global tax policy is not applicable to their company.

Figure 19

Global tax policy change

What actions has your company taken, if any, to prepare for potential global tax policy change that would make all countries commit to an effective corporate tax rate of at least 15%?



● Cyprus ● Eurozone ● Global



Trust & Outcomes

Building trust between customers and the business is the ultimate priority for CEOs.

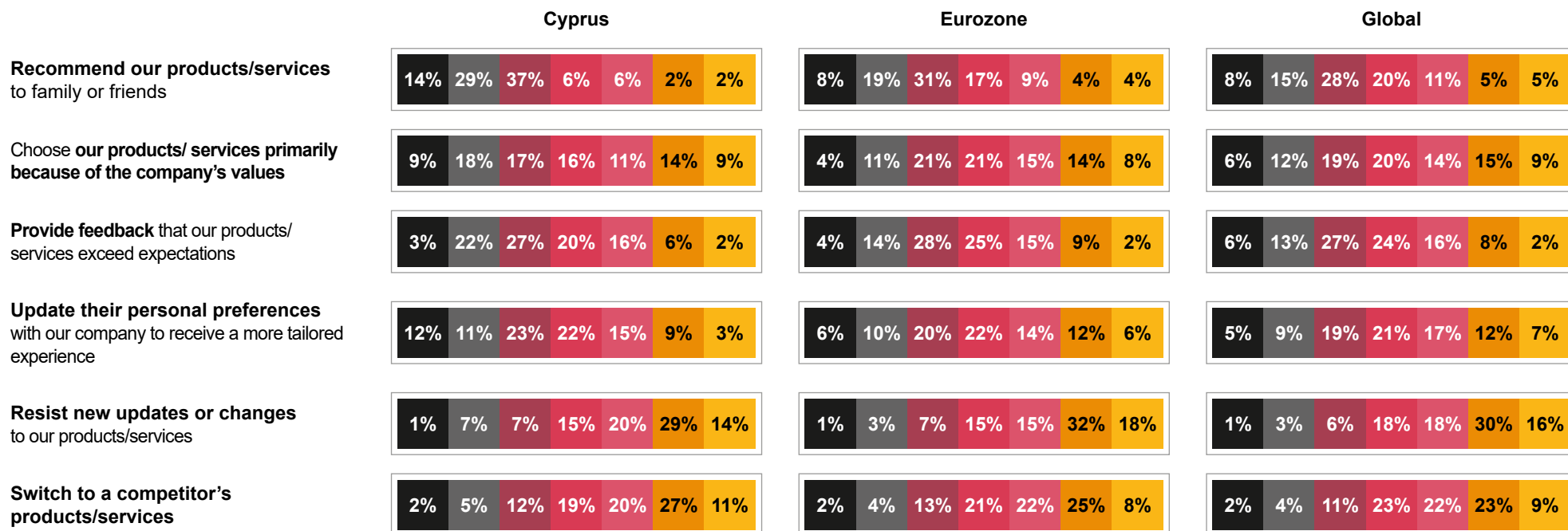
As we have seen above, trust is the cornerstone of business leaders' relationships with their customers, especially in times of constant change. PwC's new global strategy, "The New Equation" highlights the need to gain, build and share trust. And of course to maintain it!

43% of survey respondents in Cyprus commonly correlate customer satisfaction with the products/services they have used with recommending them to family or friends. 25% of CEOs report that their customers provide feedback that the products/services they use usually exceed their expectations, while according to 23% their customers are interested in a more tailored experience and therefore update their personal preferences with their company. Notably, 38% of CEOs surveyed believe that their customers very rarely or almost never change their preferences or switch to a competitor. CEOs in the Eurozone and Globally make similar choices.

Figure 20

Customer actions

Thinking about the customers who have regularly purchased your products/services, how often would you say they take the following actions?



● Almost always ● Usually ● Frequently ● Sometimes ● Occasionally ● Rarely ● Almost never

Non-financial Outcomes

In Cyprus, 79% of CEOs say that customer satisfaction metrics are part of their company's long-term corporate strategy and 40% of them mention that these are also considered when it comes to their personal evaluation for an annual bonus or a long-term incentive plan. A total of 68% include automation and digitisation goals in their long-term corporate strategy, but only 19% do so in their personal evaluation. Employee engagement and their level of satisfaction and involvement in the company's activities is a priority for the long-term corporate strategy of 52% of CEOs in Cyprus. However, only 33% of them take these metrics into account in their personal annual bonus or long-term incentive plan.

It is worth mentioning that 37% of CEOs in Cyprus, 38% in the Eurozone and 35% Globally report that none of the above factors are taken into account in assessing their personal annual bonus.

As we have seen above, a significant percentage of CEOs believe that mitigating climate change risks has an influence on their company's carbon neutral and/or net zero commitments. To better understand the context in which CEOs seek to address carbon emissions, we investigated the alignment between their climate commitments and their strategic priorities, personal incentives, corporate resources, industry trends and regulatory factors. We have reached the conclusion that context does matter a lot, and many CEOs are pursuing progress even in less favorable conditions.

Greenhouse gas (GHG) emission targets and gender representation rates are high on the agenda of CEOs both in the Eurozone and Globally. In Cyprus, however, they are not considered top priorities.

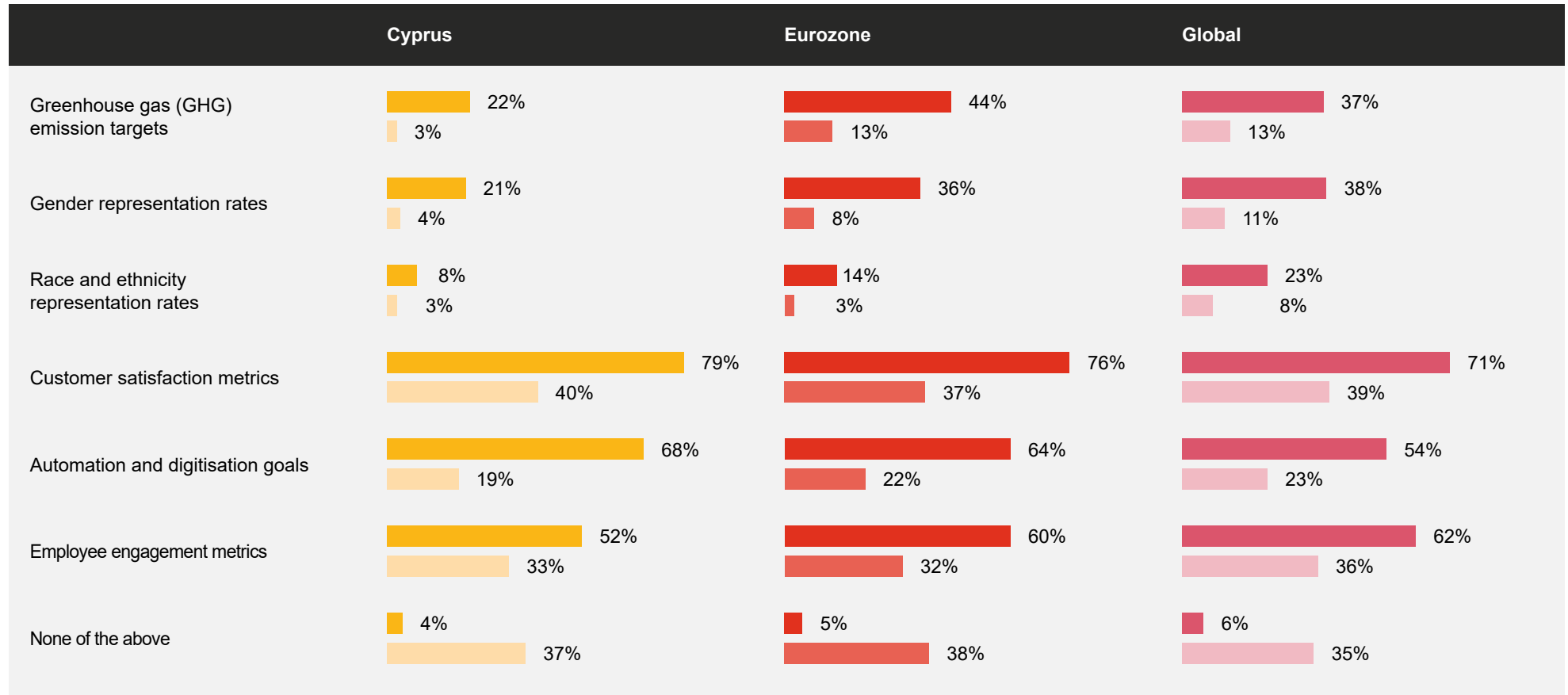


Figure 21

Non-financial outcomes

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

Are the following non-financial related outcomes included in your personal annual bonus or long-term incentive plan?



- ● ● Company's long-term strategy
- ● ● Personal annual bonus or long-term incentive plan







Breaking the Cycle

The opportunity, and the challenge, is clear: Without bold action by CEOs who manage important corporate resources, progress in society will be hampered. This year's CEO survey also highlights the large number and critical nature of the issues at hand and the fact that for today's business leaders to be successful, they need to have a range of skills including listening, anticipating the most complex scenarios and to act boldly. And all this in an environment where they should build relationships of trust on a daily basis.

Based on the survey findings, CEOs should prioritise a reassessment of the following:

- **Resetting the conversation:** Boards should be talking with their CEOs who should, in turn, be talking with their teams.
- **Recalibrating skills:** Our survey results point to capacity-building priorities related to cybersecurity and nurturing trust. CEOs need to open their minds and encourage discussion with a sense of empathy.
- **Reappraising succession:** Succession planning is an area where CEOs and boards can challenge the status quo and reinvent themselves by creating a different future.

- **Rethinking incentives:** It's time for the boards and CEOs to reassess priorities for both their people and themselves and review their HR performance and appraisal systems.
- **Reimagining collaboration:** Addressing society's most critical challenges calls for collaboration among companies and their CEOs, but also governments, policy makers, investors and non-governmental organisations (NGOs).
- **Investing in technology:** Technology has played a catalytic role in navigating the pandemic over the last two years and will continue to have the first say in shaping the workplace as well as the supply of services and products.
- **Managing climate change:** An issue that concerns us all and requires a change of mentality, both on a personal and corporate level.

Trust is the key and underpins many of these priorities. Trust can bring about change. And it is only through change and innovation that we can secure our collective future. So let us dare to solve the new equation!

