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Simply Sustainable Roundtable Insights:

Business Engagement with the UN Sustainable Development Goals

Introduction

This paper has been informed by a discussion forum held with 10 large businesses from a range of sectors including financial services, retail, law, infrastructure and facilities management, in February 2018.

In 2015, 193 governments agreed to a common framework to tackle 17 major world issues by 2030. The UN Sustainable Development Goals (SDGs) are the successor to and build on the 8 UN Millennium Development Goals. They define and provide a common framework to understand and tackle global sustainable development priorities – from ending poverty, fighting inequality & injustice to tackling climate change and environmental degradation – and are designed to create decent work in a prosperous economy and a fair and just society, all within the Earth's limits.

Consisting of 17 Goals, 169 associated targets and 232 indicators, they are first and foremost a national/government focussed agenda but it's widely accepted that business engagement – as well as third sector and civil society – is critical to help achieve the Goals.

Due to the way they were developed – a vast external consultative process – businesses have described them as the world's biggest materiality review and they've also been described as the closest thing the world has to a strategy for future success. For business, they represent a wealth of opportunity – in terms of business & economic growth – and major risks; the financial cost to business of a failure to achieve them.

But they do pose a challenge for business. The agenda is extremely broad so deciding where to start can be the biggest challenge of all. Furthermore, how to align and integrate into existing strategies, how to know what's really relevant and material to the business and how to track progress?

Facts and Stats

- According to the Business & Sustainable Development Commission (BSDC), the estimated annual value – in businesses savings and revenue – of a concerted effort to meet the Goals is \$12 Trillion, with an estimated 380 million new jobs being created. They will therefore be a key driver of economic growth (quite apart from the severe financial risks from not achieving them). BSDCs **Better Business Better World** report talks to business leaders and is a great resource for building and making the business case.
- According to PwC's **SDG Reporting Challenge 2017 report** which analysed the corporate & sustainability reporting of 470 companies around the world, 62% of companies now discuss the SDGs, yet only 37% have prioritised individual SDGs, and only 28% have assessed set quantitative targets and linked these to their societal impact for at least one KPI.
- According to Deloitte's **Inclusive Growth Survey report** (Jan 2018) which surveyed 350 executives from multiple countries, 92% of respondents said they support the SDG agenda, but only 17% believe they currently have the programmes in place they need to help achieve the SDGs by 2030. This highlights the big gap between aspiration and action.
- According to a large EU citizen survey in 2017 on development, cooperation and aid, just 1 in 10 people are aware of the SDG agenda. Therefore, awareness raising and education is really important, and business can play a big role here.
- According to the same PwC report referenced above, SDG 13 (Climate Action) is most frequently chosen by companies which have prioritised individual goals, with 79% of companies prioritising it. This raises concerns about whether companies are choosing the 'easy wins' or merely rebranding existing initiatives.
- Conversely, SDG 14 (Life Below Water) is least often considered by companies. With the issue of single-use plastics rising up the agenda, is this likely to change? Certainly it helps highlight the relevance of the SDG agenda for business.

Business Engagement with the UN Sustainable Development Goals

National considerations

The SDGs are largely framed as a national/government agenda and the differing levels of awareness and engagement between countries is striking. Linked to this, it is a common misconception that the SDGs are a developing world agenda. For example, the UK Government has demonstrated very little direction or leadership on the SDGs and as a result there is no direction on national priorities within the framework for business to get behind. Indeed, the Environmental Audit Committee (EAC) last year found that all but two of 18 government departments – the Department for International Development (DFID) and HMRC – failed to even mention SDGs as part of their plans.

This is in stark contrast to many other European countries – Germany is just one good example having set out its sustainable development strategy under the framework and committed to ambitious implementation of the agenda from the very outset. Whilst this is a challenging environment for business

operating in the UK and means it is largely setting its own agenda, it should not be viewed as a reason for not engaging.

Multi-nationals in particular need to understand the national priorities and positions of the different markets they're operating in – and may need to adapt their approach according to the national context. However, this will also apply to companies which are heavily reliant on supply chains based abroad. This highlights the importance of taking a full value-chain approach towards the SDGs.

It has been interesting to hear from companies headquartered outside the UK which have noticed weaker positions being adopted in the UK compared to head office where there is greater alignment and engagement with the SDGs – however this should be viewed as an opportunity to push, engage and work with central teams to define the UK position and approach within the broader company position.

Benefits to taking a national approach include:

- Increasing licence to operate by following an approach that is aligned to national government priorities
- Understanding market opportunities and enhanced ability to spot product and service (business growth) opportunities at a national level that relate to SDG priorities
- Staying ahead of any future regulatory changes designed to meet SDG priorities
- Assessing and mitigating risks of a failure to achieve the SDGs in different parts of the world – risks in markets, risks to supply etc.



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Awareness-raising and influencing

Business has an important role to play in raising attention and awareness of the importance of the SDGs within its sphere of influence.

This includes with government – there is a good example from January 2017 when over 80 major businesses united to call on the UK Government to demonstrate its commitment to delivering the UN Sustainable Development Goals in the UK and overseas. The letter received a lot of attention both on social media and in the press, and helped in raising awareness of the SDGs. This was coordinated by **UKSSD** – an organisation set up to facilitate the delivery of the SDGs in the UK – and was followed by the EAC inquiry into the domestic implementation of the UN Sustainable Development Goals (SDGs).

Elsewhere, think of the SDGs as a different way to introduce sustainability – in a broader context – and frame a different kind of conversation. In this way, they can also be used to inspire employees, at the same time as raising awareness of them. Various approaches can be taken. We like the example below:

The citizenship team of a large law firm held a series of SDG workshops with representatives from across the business, believing that they couldn't act on them if people in the company didn't understand them. They asked different groups to select the Goals they felt were most relevant to the business and work through ideas for how different parts of the business would address them. Unsurprisingly, they found that depending on which functions were represented around the table depended which issues were selected – which in itself demonstrated how many different issues impacted the company and that the company could potentially address. As well as helping influence the company's approach, they found that terminology of the SDGs has now become more accepted in the business.

The SDGs help to put corporate responsibility and sustainability efforts firmly in the context of global challenges. They introduce concepts such as inclusive growth and planetary boundaries to tackle issues such as inequality, unfairness and environmental degradation. As such many companies are using them to unlock or reframe conversations and get the agenda and/or certain issues back on the table.

This is particularly important at a senior level – where there is often a very basic level of understanding but whose engagement and leadership is crucial if a company is going to pursue a meaningful approach. Agreeing engagement with the SDGs should be a board level discussion as well-informed analysis and debate is required to agree priority areas. It requires an analysis of business operations and supply chain as well as

understanding the longer-term business growth strategy – to fully understand risks and opportunities in relation to the SDGs. The economic case is important here – at a macro level this has been nicely summed-up by Unilever's Paul Polman, a great advocate of the SDGs: 'The Sustainable Development Goals are the fundamental cornerstone to secure future economic and business growth... It is not possible to have a strong, functioning business in a world of increasing inequality, poverty and climate change.'

The importance of leadership engagement was reinforced, hearing from other companies whose Chief Executives have ambitiously pledged to organisational targets related to the Goals and how this has galvanised and driven action at all levels in the organisation – as well as representing the business at national and global forums.



Business Engagement with the UN Sustainable Development Goals

Informing and enhancing strategy

For companies at an early stage, the SDGs provide a great starting point for strategy development. We heard how they are easy to communicate and 'sell' internally – again helping to position corporate sustainability issues in the broader national and global context – and the broad or even 'loose' framework makes them easily adaptable to a specific business model. This should be viewed as one of its strengths, as it should mean that everyone can buy into it at some level.

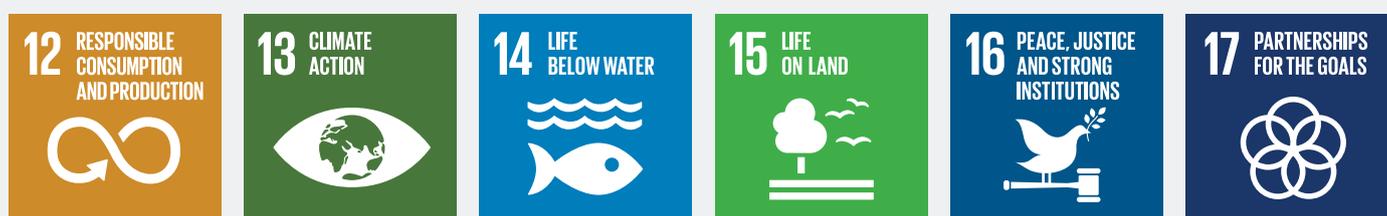
The breadth and flexibility of the framework does however make it all the more important that a robust process is used to help define priority areas within and around the Goals. As mentioned above, this should involve an in-depth analysis of risks and opportunities in the context of business operations, supply chain and the business growth strategy. Companies should also consider going out to different stakeholders to find out which areas are of greatest importance to them, by integrating the common framework and language of the SDGs into stakeholder engagement and materiality processes.

The SDGs are also increasingly being used by companies to take their approach and efforts to the next level and do things differently. Because they put Corporate Responsibility & Sustainability efforts firmly in the context of global challenges they can be used as guiding principles to help companies raise the bar and better understand how they impact and contribute to the biggest issues we face globally. In this way, they can drive coalitions and collaboration and move companies from thinking at the micro (company) level, which is common, to thinking about company growth, activity and impacts at the meso (e.g. industry) and macro (national, global) levels. Ultimately companies must start to address sustainability from more context-based perspectives – understanding how and what the company does and the choices it makes affects others – if we are to move towards inclusive growth in our economy and live within planetary boundaries. And the SDGs provide a great framework to start unpicking this and understanding the interrelated nature of these issues.

Recommended approaches to the Goals

A big question among business is, should they be responding to each of the Goals? There is widespread acceptance that attempting to tackle all 17 goals will not be possible for most businesses so there is likely to be an aspect of prioritisation. The process that a company undertakes and communicates is again important here in order that this doesn't become merely cherry-picking for the easiest outcome and/or a rebranding of existing initiatives. A business should ultimately be focussing on the goals which are most relevant, in relation to its core competencies and value chain, and indeed the areas in which it feels it can make the biggest contribution.

That is even though most businesses are likely to have a link – in terms of impacts and influences – to every goal. As with any strategy however, it can be more valuable and effective to identify a few key areas and to set organisational objectives, which will focus attention and resource. And whilst specific goals and targets will certainly fit better with the core competencies of certain sectors, it is still important to consider the interdependencies and wider impact that can be had. For example, law firms are intrinsically linked to SDG16 (Peace, Justice & Strong Institutions). However, this can risk focusing too narrowly and missing other areas where they could naturally focus and lead. For example, human rights issues – not always explicitly – can be found throughout the SDGs and the role the sector can play in respecting and upholding human rights will be critical in achieving the Goals.



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Looking beneath the Goals: Targets and indicators

It's striking just how many companies are engaging with the SDGs at the goal level and this can come across as superficial. It's important to note then that by delving deeper – to the targets and indicators that lie beneath – they become much more relevant and translatable to business. This is where the real engagement can start, by looking at underlying targets and considering the actions the business could take or the coalitions that could be formed in order to help achieve a particular target. There are examples throughout the goals but the below help to illustrate this point:

 <p>6 CLEAN WATER AND SANITATION</p>	<p>Under SDG6 (Clean Water & Sanitation), Target 6.4 is to 'substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater.'</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>Under SDG12 (Responsible Consumption & Production), Target 12.3 is to 'halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.'</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>Under SDG16 (Peace, Justice and Strong Institutions): Target 16.5 is 'substantially reduce corruption and bribery in all their forms.'</p>

SDGs and reporting

Business has expressed concern about a lack of consistency and standards for validating approaches to and reporting on the SDGs, with a risk that companies are merely paying lip-service to them, without making any meaningful changes. Since the Goals were launched, various organisations have been working on this and resources developed to help business interpret the Goals and report more meaningfully and consistently on them. Key resources include:

- The **SDG Compass** (developed by GRI, the UN Global Compact and the World Business Council for Sustainable Development (WBCSD)) is a good starting point to help companies understand their role, understand the key business themes addressed by each Goal, examples of business actions related to each SDG and key business indicators.
- GRI & UN Global Compact's **Business Reporting on the SDGs: An Analysis of the Goals and Targets** (GRI & UN Global Compact) report is a first step towards a uniform mechanism for business to report on their contribution to and impact on the SDGs in an effective and comparable way – it contains a list of existing and established disclosures that businesses can use to report, and identifies relevant gaps, where disclosures are not available. It also lists illustrative actions that businesses can take to make progress towards the SDG targets.
- **The Gold Standard** is a new recognised standard launched in 2017 to certify business commitments to the Global Goals.
- **The Global Opportunity Report** (developed and maintained by DNV GL, Sustainia & UN Global Compact) is a great source of inspiration, showcasing hundreds of sustainable solutions and market opportunities addressing the SDGs.

Business Engagement with the UN Sustainable Development Goals

Four steps to approaching and integrating the SDGs

STEP 1: Set organisational priorities

- Choose which Goals to focus on
- Analyse risks and opportunities in the context of business operations/markets, supply chain and longer-term business growth strategy
- What are the positive & negative implications of your business & how could a focus on the SDGs help address or tackle these?
- Ask stakeholders about their priorities
- Set organisational objectives and targets by analysing targets and indicators beneath the Goals themselves

STEP 2: Communicate, inform and educate

- Internally to raise awareness and generate ideas & interest
- Externally to communicate position/priorities and enable coalitions and partnerships

STEP 3: Integrate into core business & governance

- Requires a shared understanding by all stakeholders of how the SDGs can create value and align with the business goals of the company
- Incorporate into corporate systems, policies and processes addressing key areas such as procurement, environment, HR, investment/divestment, anti-bribery, remuneration, R&D etc.

STEP 4: Report progress

- Focus on outcome measures; contribution to and impact on the SDGs
- Identify recommended disclosures that businesses can use to report on the SDGs to ensure consistency and enable comparison

Simply Sustainable SDG Services

- Mapping and analysis to establish organisational priorities and objectives
- Stakeholder engagement and materiality
- Measurement and integration
- Communication and reporting

About Simply Sustainable

Simply Sustainable is an award-winning consultancy offering top class, bespoke advice on all aspects of sustainability. We offer tailored solutions and thought leadership to help our clients build sustainability into their operations and maximise the opportunities of doing business sustainably.

Our services are built around the areas of:

- Sustainability Strategy Development & Integration
- Impact Measurement & Performance Improvement
- Sustainability Communications & Reporting

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