

SDG imperative for corporates

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In 1987, the Brundtland Commission Report¹, ‘Our Common Future’, defined sustainable development as the *“development that meets the needs of the present without compromising the ability of future generations to meet their own needs”*, that triggered ‘sustainable thinking’ by the governments and business leaders across the world and encouraged the initial actions.

In the ensuing decades, the tremendous economic growth that followed, enabled social developments, technological progress and poverty alleviation. At the same time, the challenges have manifested in terms of economic inequality, job insecurity, greater susceptibility to economic shocks and a rise in environmental and climate risks across the world, provoking many economists to challenge the development model that has been followed.

In this backdrop, the Sustainable Development Goals (SDGs - the ‘Global Goals’), proposed at the UN Sustainable Development Summit held in New York in September 2015, aimed to provide a common framework to drive global development. In September 2017, 193 member states of United Nations collaboratively committed to adopting the SDGs, and commit themselves as stakeholders to meet the 2030 agenda for sustainable development. The 17 goals and 169 interlinked targets, covering social and environmental dimensions, ranging from meeting basic needs to providing pathway for a sustainable and more prosperous world, present a universal relevance to nations as well as businesses, thus providing a compelling growth strategy for individual businesses and global economy.

On 16th January 2017, the Business and Sustainable Development Commission released its flagship report ‘Better Business, Better World’ that essentially discussed the business case for the Global Goals. The research revealed that achieving the Global Goals could open up economic opportunities worth US\$12 trillion per year, and increase employment by up to 380 million jobs by 2030 - at the most conservative estimate - and the actual possibilities could be several times more².

In the past decade, many progressive organizations have demonstrated the success of business cases of sustainable development - through innovations leading to operational efficiency,

¹ Report of the World Commission on Environment and Development

² “Better business better world” - the report of the Business & Sustainable Development Commission, January 2017

tapping opportunities and eliminating risks - and enhanced reputation that has not only increased investors' confidence, but attracted and retained talent. What's also clear is a definitive market trend in this direction. Today's Millennials are more willing to work for companies that demonstrate a sincere commitment to creating a better world. Even investors have expressed a strong desire to understand how businesses can achieve strategic alignment that maximizes financial as well as social/environmental returns on their investment.

One of the key issues in implementing the SDGs is the amount of financing needed to achieve them. As per UNCTAD³, achieving the Goals will take between US\$5 to 7 trillion, with an investment gap in developing countries of about US\$2.5 trillion. Clearly, such large sums cannot be accessed from public funds alone, and would require significant private investment. Private investment would of course be predicated upon successfully merging commercial viability and sustainability.

The Global Goals provide the private sector with a new growth paradigm that creates valuable opportunities while ensuring sustainability and inclusivity as well as potentially significant financial rewards. The 'Better Business, Better World' report details 60 sustainable and inclusive market "hotspots" in just four key economic areas, which could create economic value worth over 10% of today's GDP. These four key areas are: Energy, Cities, Food & Agriculture, and Health & Well-being. All these four key areas are critical to the continued development of the Indian economy, and therefore represent a great opportunity for Indian companies to finance the SDGs by identifying commercially lucrative projects which simultaneously conserve key environmental resources and aid in social development in line with the Global Goals.

Nevertheless, the key factor that would encourage private sector to achieve competitive advantage by aligning with the Global Goals, is a conducive environment, primarily through a stable regulatory regime, that needs to be created by government. It is widely believed today that business can also reduce the risk of regulatory change by adopting a participatory process and stronger advocacy. In India, business and industry associations are playing a significant and effective role in this direction.

It is important to note here that meeting the 2030 SDGs isn't the silver bullet to the pressing social and environmental problems we're witnessing today. However, working towards the SDGs represents a strong start because it allows corporates to set the stage for progressive and socially and environmentally-conscientious practices. More than anything, it can create the capacity and momentum for businesses to invest in operations that lead to meaningful environmental and social impact. Furthermore, it would help reduce uncertainties and manage conflicts.

³'Impact investment to close the SDG funding gap' - Mara Niculescu, Partnership Development Analyst, UNDP Europe and Central Asia, 13th July 2017

The recent WBCSD document⁴, ‘The CEO Guide to SDGs’, emphasizes that *‘the SDGs provide us with a lens through which to translate global needs and ambitions into business solutions’*. In the context of business leaders’ role to drive sustainable development, WBCSD urges building support for the SDGs as well as encourages incorporation of SDGs in to companies’ strategy, as the first two of the six key recommendations. Over the years, humanity have witnessed the risk of inaction (the classic example being the climate inaction in the previous decades), and we cannot afford such inaction anymore.

A goal oriented approach and vision of the leadership to create an impact is crucial for integrating the SDGs into company’s business strategy and development plan. A SDG-focused approach can help a company to take a 360 degree look at all its operations. If this vision is directed from top management, it can be translated into organization’s mission, vision, value, strategy as well as goals to effectively drive the agenda.

In collaboration with GRI and the UN Global Compact, WBCSD has developed ‘SDG Compass’⁵, that provides guidance for companies on how they can align their strategies as well as measure and manage their contribution to the realization of the SDGs. It is supported by a live and constantly updated inventory of business indicators and tools, that provides enormous help to organizations for taking the initial steps.

In the last few months, I had the opportunity to discuss this topic with the leadership of several large and mid-sized Indian corporates, and in most of the occasions, I received clear messages that target-oriented actions have already been initiated, which are based on the belief that their companies’ sectoral expertise and know-how can significantly be leveraged to work towards the Global Goals. Through these discussions, I was also pleasantly surprised to receive strong signals that many Indian corporates believe that they are prepared to invest in, and strategize their development activities in a way, that addresses the SDGs. Last year’s Sustainability reports of several Indian companies have mapped their actions against the Global Goals, and meaningfully articulated their commitments.

It is widely believed that India’s achievement of the SDGs will contribute to over half of the world’s targets, and therefore Indian companies need to lead the way in demonstrating how they can collaborate and cooperate to create a better world to live in. The 17th SDG (collaboration) holds the key to success for India, as much as for the rest of the world - the right synergy within businesses, and between the corporates, government and the civil society can never be overemphasized.

While ‘better business’ helps creating a ‘better world’, it is equally true that a better world helps the businesses perform better. It’s a two-way synergy that leads to the betterment of human development. It is therefore of utmost important that the businesses now take the opportunity to align with the Global Goals, create models to better their performance for a

⁴ ‘The CEO Guide to Sustainable Development Goals’ – publication by World Business Council for Sustainable Development (WBCSD), June 2017

⁵ <https://sdgcompass.org/>



long-term sustainability, and thereby leverage on the opportunities the SDGs present. After all, if the World has to achieve its goals by 2030, it cannot happen without active contribution from the business.