

**Private companies’ contribution to the SDGs:
Does any step in the right direction counts?**

by Aron Belinky¹

The call for a broad, society-wide effort to build a sustainable and fair system of consumption and production has been made. A loud and urgent message was sent to the whole world in September, 2015, when the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) were approved by all countries of the world, gathered at the United Nations General Assembly. That Agenda, and the Global Goals reflected on it have inspired action by a multitude of social actors; and the effects of it are only likely to persist and continue to grow, as more and more participants begin to support this crucial effort.

Among those participants, private companies, and especially big multinationals, have a special role, commensurate to their resources and power of influence. It is good news, then, that a growing number of such companies are stepping forward and announcing their commitment to help achieve the SDGs and to help implement Agenda 2030.

Regardless of the factors motivating each individual company, there is question that applies to all of them: what exactly do they mean when saying that they are “contributing to Agenda 2030”, “aligning their strategy with the SDGs” and so on? Receiving a good and clear answer to this question is paramount, since there is no time for sugarcoating shortcomings or overestimating the importance of not so relevant measures, even if those produce some positive outcomes.

Most importantly, there are many experts, investors, companies, academics and civil society groups who are thinking of practical answers for such questions. And they are not motivated just by the search of truthfulness, but also by very pragmatic reasons, such as the ability to sort out between effective and ineffective solutions, or to spot, as early as possible, companies that are more likely to succeed (or not) in an economy where the capacity to offer sustainable solutions will not be just a ‘nice to have’ premium, but a key aspect of viability and competitiveness.

Now – as we all are in the early phases of this long and new challenge – a number of different answers are being proposed, and practical experiences are generating insights. This is also good news, and provides a valuable basis for learning and tangible ground for consensus building. The reflections presented in this paper, thus, are not intended to provide answers, but rather to share perspectives and provocations, aiming to warm-up and sharpen the ongoing debate.

A matter of coherence

One of the remarkable aspects of Agenda 2030 is that, in addition to reaffirming (with universal approval) the fundamental principles of sustainable development and reinforcing the commitment of countries and all other stakeholders to those principles – it also brought together a plethora of themes that have been spread out in a multitude of processes and agreements, as well as synthesized them into a manageable set of globally applicable goals and targets: the SDGs.

In the process of developing these Goals, an intricate puzzle had to be solved: how to reconcile objectives that seems inherently contradictory? How to provide goods and

¹ Coordinator of the Sustainable Production and Consumption Program at FGVces, the Center for Sustainability Studies of Fundacao Getulio Vargas, in Sao Paulo, Brazil (aron.belinky@fgv.br). The author thanks the collaboration of Ligia Ramos, Alexandre Miyake and Sofia Borges, researchers at FGVces.

services for billions of human beings without causing even more stress to an already overloaded biosphere? How to increase production, while also reducing the negative impacts on the environment? There is a belief that, over time, human ingenuity, creativity and capacity to evolve and adapt will develop solutions for these and other challenges. But, in the meantime, how could diplomats accommodate such conflicting objectives into a single agenda? The solution was built through wording of resolutions, and for that reason the importance of language and its full implications must not be minimized when unpacking the SDGs and taking steps to implement them.

Therefore, coherence with what has been written on Agenda 2030 is not only a moral question: it is crucial in order to avoid losing sight of what the real challenges are. Taking the SDGs as a list of challenging but isolated goals is a misleading and dangerous temptation. Although it may seem reasonable to tackle each challenge at a time, the hard and unavoidable fact is that they must be solved altogether, due to the interconnected nature of the issues at hand.

So, to take the challenge seriously, it's essential to continue highlighting some key aspects of Agenda 2030. Early in the United Nations declaration "Transforming Our World: The 2030 Agenda for Sustainable Development" (UN-A/RES/70/1, September 2015) two paragraphs introduce the SDGs and, among other topics, state what they are and what is the agenda they represent:

- Should be implemented in collaborative partnership of all countries and stakeholders;
- Will require urgent, bold and transformative steps;
- Pledge that no one will be left behind;
- Are a very large scale and ambitious universal agenda;
- Seek to realize human rights of all and achieve gender equality;
- Comprise integrated and indivisible goals;
- Balance the three dimensions of sustainable development

Coming back to the corporate level, and the fundamental practical question regarding what can actually be taken as a company's contribution to the SDGs, we postulate that the aspects listed above should be taken as a 'coherence check-list' and are essential part of the answer. Therefore, the task at hand is to develop practical ways to check how effectively these aspects are present in a company's general positioning, as well as in their attitudes, methods and metrics directed towards Agenda 2030 and SDGs.

A matter of scale and speed

Agenda 2030 and the SDGs cannot be achieved without the essential contribution of all sectors of society, acting at local, national and global levels. Starting from ambitions agreed on a planetary scale and among countries (notwithstanding the participation of other actors), the SDGs are intended to produce a trickle-down effect: as each country embarks in their implementation and monitoring, actors at other levels are expected to feel motivated (or compelled) to take on their fair share of the challenge.

The fact that statistics and econometric services at the UN (and also in many countries) are working to provide compatible metrics and indicators for the SDGs is an important step to make such strategy effective and operational. It's essential to make the goals

tangible at national and sub-national levels, providing references cutting across and inspiring engagement on all layers of public administration.

Downscaling and 'localization' of the SDGs also opens up the opportunity for non-state actors to better understand their roles in meeting the corresponding targets, once those targets can be connected to matters more directly relevant and actionable for these players. Through such processes, global goals can be translated into local aims, streamlining and focusing the efforts of actors standing on very different levels in terms of power, impacts and responsibilities. There is a risk, however, that dimensions of scale and speed get lost in the process: depending on how downscaling happens, the resulting targets may not convey the level of ambition corresponding to the original SDGs. It's positive to have an alignment but, especially in the case of the SDGs, it is essential to remain mindful of the predicted timeline and the magnitude of necessary achievements.

When it comes to big multinational (or even national) companies, a similar logic can be adopted: it's expected that such important actors (that can be more resourceful and powerful than many countries) will pay due attention to scale and speed as they adapt the SDGs to their specific reality (or realities, considering the diversity of location these companies operate at). So, part of the answer to whether and how a company is meaningfully contributing to the SDGs relates to three more specific questions:

- (i) Are the company's goals and targets an expression of the broader SDGs, as applied to the corresponding global, national or local levels?
- (ii) Are the magnitude and timing of the company's targets commensurate to its impacts, capacities, means and/or responsibilities?
- (iii) Did the company create mechanisms and allocated resources to implement and monitor the actions it shall take to achieve the targets set?

Clearly, such questions are much easier to ask than answer, and one should not expect quick, objective or practical answers to all of them. Nevertheless, the exercise of trying to solve those questions will help corporate managers, owners and observers to have a much clearer view in regards to how far a company has come towards the SDGs.

A matter of assessment

In trying to answer (or find answers to) the questions posed, a key challenge that arises is how (and what) to assess for any specific company. In an ideal world, there would be KPIs associated to the goals and their targets, with their corresponding indicators and metrics. There would also be a structured and well-grounded methodology explaining how the company has defined its objectives, and how/why can they be considered relevant 'translations' of the broader SDGs. Unfortunately, such ideal situation may prove itself elusive in practice (at least at the moment) and, therefore, one must develop ways to assess what is needed, in a manner that is practical and pragmatic while also being credible and consistent.

It is helpful to note that, even in such context, there are some aspects that could be observed and may contribute to a consistent assessment of a company's engagement with the SDGs. Here are some suggested aspects:

- a) General perception: even with a not-so-complex framework or benchmark, one can observe a company's practices and plans, and develop an evidence-based opinion regarding the matters of scale and speed mentioned in the previous

section. As commented earlier in this paper, a number of proposals – more or less structured – have already been created to frame the relation between companies and the SDGs. The list at the end of this paper provide some examples, and although some of them may be too loose or superficial regarding the issues mentioned here, others would be more in line with the fundamentals we are focusing at.

- b) Attitudes: although the perception of a company’s approach to 2030 Agenda and the SDGs may be difficult to translate into objective metrics, it can be a valuable way to assess how consistent its expected contributions to those common goals would be. Attitudes can be understood in many ways, especially relating to a complex organization, such as a big company, with its different departments, functions, products, managers, locations and so on. Nevertheless, essential lines of the big picture can usually be captured and interpreted, especially related to strategy, business models, portfolios and long term vision (or the lack of it). Besides the corporate culture – that may be too elusive for the assessment suggested here – these are aspects that structure a company and therefore condition many of its actions.

Among other questions, a regular assessment of attitudes will help to tell whether a company is just identifying or adding some good actions to a business model or portfolio that otherwise systematically generates relevant negative impacts on SDGs, or if it is genuinely reviewing such models in order to shift them into alliance with Agenda 2030. Whether its strategy includes the identification and reduction of harm to SDGs, or if it goes beyond that, looking to identify and explore opportunities arising from the need to develop new ways to fulfill societal needs in a sustainable manner. Or even whether its horizons of risk management and planning are only limited to the next few years and their current business environment, or whether they are incorporating mid and long term effects and SDG related tendencies that may radically change the economic, social and natural environment in which the company operates.

- c) Methods: one issue to assess would be the methods applied by a company to incorporate contribution to the SDGs in its ways of working. Although we are in an early phase of the Agenda 2030 framework, there are already many proposals addressing how this could be applied to business, as exemplified by the publications listed at the end of this paper. Doubtlessly, the adoption of a well-structured and grounded methodology is a better sign of commitment and possible effectiveness towards such objectives. But it is important to take into account that there are differences in methods, and that it is therefore crucial to identify what those methods should include in order to assess their coherence with the Agenda 2030 framework.

Based on a literature review, we have identified several relevant inquiries for assessing corporate methodologies:

- Does the method consider or embed an assessment of the company’s intended and unintended impacts (positive and negative) on society and the environment?
- Is there guidance for prioritization of the SDGs in relation to its specific business? Is such guidance grounded on the company’s impacts and the materiality of the topics at hand?

- Does the method include the ‘cross analysis’ of actions towards the company’s priority SDGs and their possible impacts on all other SDGs?
- Does the method provide practical guidance regarding implementation of its recommendations? If so, how consistent are they with the previously mentioned ‘coherency check-list’ to Agenda 2030?
- Does the method provide guidance regarding goals, targets and metrics? If so, are they consistent with 2030 Agenda and the SDGs in terms of scale, speed, focus and other key aspects?
- Does the method explicitly connect to other instruments and/or initiatives, leading the company to identify ways to develop more integrated and/or cooperative approaches to Agenda 2030 and the SDGs?

The questions above are not meant to be exhaustive nor to be the one and only correct way to judge the merit or quality of methods proposed for the alignment of companies to Agenda 2030. Nevertheless, we believe they may help users to have a better idea of the likelihood of a method to be consistent with that new, challenging and complex frame of reference.

- d) Metrics: finally, once important pre-conditions and approaches have been considered, it’s crucial to look at the more tangible indicators of a company’s performance in relation to Agenda 2030 and the SDGs. Obviously, the assessment here starts from the usual and well-known requisites of indicators: they shall be specific, measurable and relevant, shall be at least good proxies for the targeted goal, shall be focused, objective and comparable, etc. But, on top of that, there is a particularity when it comes to measuring a company’s contribution to the SDGs: a key consideration is how well they translate, to the scale of a company, goals that have been created and designed at a global or country level. As discussed above, about scale and speed, downscaling and localizing targets is not an easy exercise, but failing to do so raises the risk of establishing targets for a company or sector which may resonate or mimic the SDGs, but will not represent actual connections to Agenda 2030, due to the lack of crucial aspects of that framework, such as scale, speed, boldness, integration, interdependence and unity.

So, when it comes to assessing a company’s contribution to the SDGs, besides looking at the facts and figures represented in the dashboards, one must consider the broader context in order to evaluate how consistent with Agenda 2030 it is.

What’s next?

This paper is not intended to provide answers, but rather to share perspectives and provocations, aiming to generate and sharpen the debate on how companies and investors can contribute in advancing the SDGs. By developing a fundamentalist take on such challenge, we aim to stress the uniqueness of Agenda 2030 and call attention to the fact that a superficial approach to the SDGs will be flawed and will risk wasting a fundamental tool to guide humankind’s efforts towards a desirable future. We are aware that such a challenge may scare some potential audiences, but that it will motivate and embolden those who see opportunity in transformation, and dare to embark in the journey. Let’s go ahead and build solutions!

PARTIAL LIST OF SOURCES CONSULTED

Title	Author	Date	Site/ editor	URL
KPMG: How to report on the SDGs	KPMG	2018 (Feb)	KPMG - https://home.kpmg.com/xx/en/home/insights/2018/02/how-to-report-on-the-sdgs.html	https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2018/02/how-to-report-on-sdgs.pdf
The World in 2050: Project concept	Johan Rockström	2015 (Mar)	International Institute for Applied Systems Analysis	http://www.iiasa.ac.at/web/home/about/event/s/2_TWI2050_Concept_(Roscksrom).pdf
PWC: Engaging with SDGs	UN Global Compact and PwC	2015	PwC SDG - https://www.pwc.com/sdg	https://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research_FINAL.pdf
Estratégia ODS	Estratégia ODS	2015	Estratégia ODS	http://www.estrategiaods.org.br/wp-content/uploads/2016/01/estrategia-ODS-carta-de-principios.pdf
SGD Compass	GRI, UN Global Compact and the World Business Council for Sustainable Development (WBCSD)	2015	SDG Compass - https://sdgcompass.org/	https://sdgcompass.org/
SDG Industry matrix	KPMG and UN Global Compact	2015, 2016 and 2017 (dates vary according to sector)	UN Global Compact - https://www.unglobalcompact.org	https://www.unglobalcompact.org/library/3111
Better Business Better World report	Business & Sustainable Development Commission	2017 (Jan)	Business and Sustainable Development Commission - http://businesscommission.org/	http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf
The Sustainable Development Goals, integrated thinking and the integrated report	Carol A. Adams	2017 (Set)	Integrated Reporting (IR) - https://integratedreporting.org/	http://integratedreporting.org/wp-content/uploads/2017/09/SDGs-and-the-integrated-report_full17.pdf

Independent Research Forum (IRF)	Independent Research Forum (IRF)	Divs.	Independent Research Forum (IRF) - https://www.irforum.org	https://www.irforum.org
From ESG to SDGs: An Investor’s Perspective on Sustainability Reporting	Marvin Smith, interview w/ Steve Schueth	2017 (Nov)	Sustainable Brands - http://www.sustainablebrands.com	http://www.sustainablebrands.com/news_and_views/marketing_comms/marvin_smith/esg_sdgs_investor%E2%80%99s_perspective_sustainability_reporting
SDG Investment case (PRI)	PRI & PwC (Kris Douma, PRI Louise Scott and Anna Bulzomi, PwC)	2017	Principles for Responsible Investment - https://www.unpri.org/	https://www.unpri.org/download?ac=1436
Políticas públicas para o desenvolvimento sustentável	FGV DAPP	2018	FGV DAPP - http://dapp.fgv.br/	http://dapp.fgv.br/wp-content/uploads/2018/02/FGV-DAPP_Desenvolvimento-Sustentavel.pdf
Advancing the Sustainable Development Goals: Business action and Millennials’ views	Corporate Citizenship	2016	Corporate Citizenship - https://corporate-citizenship.com	https://corporate-citizenship.com/wp-content/uploads/Advancing-the-Sustainable-Development-Goals-Business-Action-and-Millennials-Views.pdf
Achieving the Sustainable Development Goals: the role of Impact Investing	Global Impact Investing Network	2016 (Sep)	Global Impact Investing Network - https://thegiin.org/	https://thegiin.org/assets/GIIN_Impact%20InvestingSDGs_Finalprofile_s_webfile.pdf