MAKING THE SUSTAINABLE DEVELOPMENT GOALS MEANINGFUL FOR YOUR BUSINESS

Target-setting, collaboration and inspiration

By Mark Irvine

BUSINESS CANNOT SUCCEED IN SOCIETIES THAT FAIL.

KOFI ANNAN
FORMER UN SECRETARY GENERAL

The healthiest businesses run in healthy, resilient societies. This is the logic that connects the goals of business with the Sustainable Development Goals (SDGs). The SDGs, adopted a year ago by 193 UN member states, have been shaped primarily for country-level adoption. In this article we show how and why the goals can and should be advanced at company level.

Help wanted

On a rainy September morning, just before the start of the UN Global Compact’s 2016 Private Sector Forum at the United Nations headquarters in New York, DNV GL launched its Future of Spaceship Earth report to a roomful of corporate leaders and sustainability experts. The report comprises a forecast on the state of our ‘Spaceship’ as it heads towards 2050, an assessment of the likelihood of its citizens meeting the SDGs (unlikely, says DNV GL), and input and analysis from 17 companies - one per global goal - who are engaging in the kinds of activities needed to prove the assessment wrong.

DNV GL’s report provoked a lot of discussion. It is clear that the pressure on business to take the lead on social, environmental and governance issues has never been greater. As the US presidential election has now dramatically confirmed, trust in governments is low, and public support for open markets is weak. At the same time a majority of people now place their trust in business. And business is becoming much more visible on social and environmental issues (see, for example, www.lowcarbonusa.org).

www.dnvgl.com/spaceship

Mark Irvine

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People believe business should be playing an active social role – and they vote on this belief with their purchases. A number of recent studies point to a positive relationship between firms’ sustainability and their operational/financial performance.¹

The 17 pioneer companies featured in DNV GL’s report clearly ‘get’ this connection, and are forging a new narrative for globalization built in the image of the SDGs. But how widespread is this view across global business?

Awareness and opportunity

A fair number of corporate CEOs are familiar with the SDGs. According to the Global Opportunity Report 2016, 32% of CEOs surveyed were aware of the SDGs, and 23% said that they are fully aware and are planning a response. But C-suite awareness levels and planning preparedness was not matched further down the management chain; only 5% of mid-level management were fully aware of and planning a response to the SDGs.²

But this is changing rapidly. The SDGs are setting the global agenda and are going to be instrumental for the next 14 years. Businesses are going to make it their business not only to understand the SDGs, but to do so intimately. This is mainly because, taken together, the SDGs represent a huge opportunity for the business community.

“Every business will benefit from operating in a more equitable, resilient world if we achieve the SDGs,” says Unilever CEO, Paul Polman. “We have an opportunity to unlock trillions of dollars through new markets, investments and innovation. But to do so, we must challenge our current practices and address poverty, inequality and environmental challenges.”³

Complexity?

The 17 SDGs are accompanied by 169 targets and 230 indicators. Too many and too complex, say some commentators. However, at DNV GL, our experience from conversations with customers who are really focused on the SDGs is that they are comfortable with the complexity – it is precisely the sort of intricacy that they are used to dealing with in analysing

EACH BUSINESS TOUCHES THE WORLD UNIQUELY, AND THE SDG FRAMEWORK ALLOWS COMPANIES TO UNDERSTAND AND ARTICULATE THEIR RELATIONSHIP WITH THE GLOBAL GOALS WITH A DEGREE OF PRECISION.
myriad factors in their global markets and juggling many business KPIs and goals. More to the point, they welcome the granularity of the SDG targets and indicators. In theory, each business touches the world uniquely, and the SDG framework allows companies to understand and articulate their relationship with the global goals with a degree of precision.

This is critical not only for the purposes of differentiation, but also because the SDGs are mainly measured at a country level. If they are to make a meaningful contribution, it is vital that companies understand in detail – through structured materiality exercises – what indicators are particularly relevant to the countries within which they operate.

But what is a meaningful contribution? In DNV GL’s view, meaningfulness in this context is supplied by three things:

- ambitious target setting
- active collaboration
- communication of achievements to inspire further action

**Targets and measurement**

Companies must ensure that they already have a basis for action and engagement on the SDGs informed, for example, by the ‘first do no harm’ principle. The UN Global Compact has published an important white paper in this regard, showing the linkages between the Ten Principles of the UN Global Compact and the SDGs. The paper carries the following comment by the author of the UN Guiding Principles on Business and Human Rights, John Ruggie, who warns that in relation to the SDGs, business must not be “quick to jump to promotional initiatives, skipping the essential starting point of reducing negative impacts on people associated with their own business activities and value chains.”

The SDGs rely on a certain trajectory of improvement, and DNV GL’s analysis reveals that, under a ‘business as usual’ track, none of the SDGs is likely to be met in all world regions. Also, none of the world regions will meet even half of the goals by 2030. To set ‘Spaceship Earth’ on a more sustainable course, extraordinary action is needed, particularly from the business sector, which is by nature geared to innovate and lead. Thus, business engagement with the SDGs should go beyond doing no harm, beyond fulfilling the precautionary principle in relation to the environment. The SDGs require strategic engagement – exploring how companies can develop products, services and innovative business models that are good for both society and the bottom line, in addition to corporate citizenship-related investment. If goals are set at a strategic level, it becomes possible to create a stronger case for highlighting a company’s progress and contribution.

We would also advise that business have a good look at our scorecard for the SDGs. It is in those regions where our scorecard is red or amber on particular goals that most effort is required – and where business should calibrate its ambition levels accordingly. It is all about greening the scorecard.

Reporting on SDG ‘performance’ has yet to be done to a global standard. UN Global Compact has started to collect data on business participants’ contribution to SDGs by adding two questions to its communication of progress (COP) questionnaires. The organisation has also teamed up with the Global Reporting Initiative (GRI) in publishing a useful table showing the linkages between the SDGs targets and the indicators in the GRI G4 Sustainability Reporting Guidelines and Sector Disclosures. GRI in turn has taken the lead with Business Call to Action (BtCA) in investigating how companies around the world are actually proceeding in measuring their contributions to the SDGs. The resulting report, Measuring Impact was released on 22 September 2016. Teresa Fogelberg, GRI’s Deputy Chief Executive, calls it “a signpost of what works, and what needs to be done to further integrate private sector information into the SDG follow-up and review process.”

While reporting might be somewhat ad hoc for the time being, businesses would be well advised to be as systematic as possible in reporting their contributions; it is merely a matter of time before national regulations – not to mention the financial community – require it.

**Inspiration**

But it is not all about numbers. Data persuades but rarely inspires action, and the SDGs, more than anything, are about taking urgent, meaningful action. As the follow-on feature reveals, that was why DNV GL decided to tell the stories of 17 companies at the frontier of action on the SDGs. “We wanted to show vividly what business is achieving at the frontier of environmental and social progress,” says DNV GL CEO Remi Eriksen. “By doing so, we hope to educate, to inspire further leadership by thousands of other businesses, and to encourage rapid learning.”

**Collaboration**

Meaningful contributions will be those that proceed from a realization that the SDGs are by nature interconnected. Achieving one target is almost always dependent on success in another: businesses are increasingly aware of the fact that they cannot succeed in societies that fail; societies in turn cannot perpetuate in ecosystems that fail. That is why DNV GL, in concert with other leading advisers on the SDGs, advocates intelligent, system-driven collaboration on the SDGs (see companion piece below).
It’s all about greening the scorecard... a summary of findings from the *Future of Spaceship Earth* Report [www.dnvgl.com/spaceship]

### Likelihood of meeting the 17 Sustainable Development Goals in five world regions:

<table>
<thead>
<tr>
<th>Goal likely to be reached (i.e target fulfilment of more than 95%)</th>
<th>Goal not likely to be reached, but more than 50% of gap between today’s status and the goal is likely closed</th>
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<td>1 No poverty</td>
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<td>2 Zero hunger</td>
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<td>3 Good health and well-being</td>
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<td>4 Quality education</td>
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<td>5 Gender equality</td>
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<td>6 Clean water and sanitation</td>
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<td>7 Affordable and clean energy</td>
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<td>8 Decent work and economic growth</td>
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<td>9 Industry, innovation and infrastructure</td>
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<td>10 Reduced inequality</td>
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<td>11 Sustainable cities and communities</td>
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<td>12 Responsible consumption and production</td>
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<td>13 Climate action</td>
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<td>14 Life below water</td>
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<td>15 Life on land</td>
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<td>16 Peace, justice and strong institutions</td>
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<td>17 Partnerships for the goals</td>
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<td>Not enough data to assess</td>
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**FIVE REGIONS:**
- **USA**
- **OECD** (excl. USA)
- **CHINA**
- **BRiSE** (Brazil, Russia, India, South Africa and ten other Emerging economies)
- **ROW** (Rest of the World)
In our Future of Spaceship Earth study we show how the companies that are frontrunners in delivering on the SDGs do not do so alone. Their contributions all involve some form of collaboration – public-private partnerships, NGOs, alliances, industry associations, and so on.

Certainly, these collaborative efforts provide leverage and greater social impact, particularly for smaller firms. Collaboration tends to provide something else too. The more competence businesses build up in collaborative spaces – for example the sharing and circular economies – the more they appear to be able to combine the best elements from seemingly competing concepts. These companies practice what author Philip Blinkley calls the ‘magic of and’ – e.g. the ability to deliver both growth and sustainability.

Alliances and partnerships – particularly those that span business, government and civil society – create broad ownership of development agendas, where interdependencies are more easily identified and understood. The SDGs and their targets are highly integrated, and progress with one goal may be dependent on success in another, or, indeed may inhibit achievement of other goals and targets. Partnerships and alliances make it easier to spot possible trade-offs or co-benefits.

It also helps if partnerships provide a focus – a nexus – for delivery on the goals. The interplay of all the goals, targets and indicators is too complex for practical purposes; it is more manageable to map how action on a particular target interconnects with other goals and targets. For example, ‘Champions 12.3’ is an alliance of businesses, governments, NGOs, research institutions and the UN, aimed at achieving SDG Target 12.3 – to halve per capita food waste across the globe by 2030. Fulfilling this goal also contributes to SDG 1 targets on poverty (less waste = more savings for farmers, businesses and households), SDG 2 targets on hunger (less waste, more food) and various targets relating to life on land, water and not least, climate. But progress is dependent on developments elsewhere – in innovation, education, strong institutions and partnerships.

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MANY OF THE SOLUTIONS BEING ROLLED OUT BY THE FRONTIER COMPANIES FEATURED IN SPACESHIP EARTH ARE RELATED TO, OR BUILD UPON, THE DRAMATICALLY INCREASING CONNECTEDNESS IN THE WORLD.

There are persuasive arguments that joined-up efforts on the SDGs require a systems-thinking approach. Although there are good tools available to guide such a process, our advice would be to ensure sufficient focus, either geographical (e.g., city-level) or theme-based, for the systems-thinking approach to be worth the effort. DNV GL is working with the Norwegian Shipowners’ Association on just such an approach to the SDGs.

There are many motives for collaboration, of which sharing the burden or simply being in on the game are perhaps the most familiar. However, what has become pretty clear in today’s technological, fast-moving markets is that innovation is a co-evolutionary process between the innovator and the customer and that innovation is accelerated when there are strong links between the two, such as personnel exchange and commercial ties. That is certainly DNV GL’s experience, from running scores of Joint Industry Projects (JIPs) in the industries it serves.

In exploring how they can collaborate on the SDGs, companies should consider the role of technology strategically. Many of the solutions being rolled out by the frontier companies featured in Spaceship Earth are related to, or build upon, the dramatically increasing connectedness in the world. They are using, in particular, mobile-based solutions that enable end-users to leapfrog knowledge-related barriers to development. Embracing the social role of technology in ways that allow companies to co-innovate with consumers and suppliers in near-real time is a defining feature of the age of digitalization; it also has profound effects on the sustainability of supply chains and in creating new forms of demand in under-served markets. Digital solutions not only create efficiency potentials, but pave the way towards greater transparency.

This figure illustrates the intertwined nature of social-ecological systems, and, by extension, the SDGs that are designed to effect progress within these systems. Actions on the SDGs are best informed by a systemic view and thus better delivered in partnerships that bring a broader perspective to point solutions. As Folke, et al (2016) argue, “The focus is shifting from the environment as externality to the biosphere as precondition for social justice, economic development, and sustainability.”

**REDRAWN FROM SOURCE:** Stockholm Resilience Centre (SRC) + IIASA, 2016

The Sustainable Development Goals are, above all, about taking concerted, urgent action. Analysis and numbers serve to persuade, but compelling stories inspire action.

Each of the 17 companies featured in the Future of Spaceship Earth has a powerful set of stories to tell about their interactions with the SDGs. All of these companies are able to connect their capabilities, products and ideas with the hopes and needs implicit in the Global Goals: ultimately telling a story that makes their customers care.

There is no magic formula for storytelling. Corporate communicators can easily find themselves bamboozled by idealised story templates. For example, Joseph Campbell’s Hero’s Journey story arc is often held up as the ’monomyth’, the pattern of narrative underpinning all great tales of heroic adventure. This could be used to structure tales of corporate derring-do – as companies go out to achieve extraordinary deeds on behalf of civil society – but in the view of this author, a simpler approach suffices. If a story about how your company contributes to the SDGs is genuine and can be told at the human level – in other words it has touched the lives of real people – then, in the hands of a decent journalist, it can be turned into a compelling source of inspiration.

The UN’s own SDG Action Campaign quotes Oprah Winfrey on this subject:

“People respond to the power of positivity, to show how things can change using examples from peoples’ lives that have been changed gives hope and promise and allows other people to want to invest in that hope and promise.”

SDG-inspired storytelling can serve a strategic marketing purpose when it becomes integral to the brand story of a product or service. For example, Mike Barry, the director of Plan A at Marks & Spencer, explains: “By 2020, every one of the 3 billion items we sell will have at least one sustainability story to tell – it will be MSC fish, it will be FSC wood, or made in an eco-factory and so on.”

WE WANTED TO SHOW VIVIDLY WHAT BUSINESS IS ACHIEVING AT THE FRONTIER OF ENVIRONMENTAL AND SOCIAL PROGRESS – TO EDUCATE, TO INSPIRE FURTHER LEADERSHIP BY THOUSANDS OF OTHER BUSINESSES, AND TO ENCOURAGE RAPID LEARNING.

REMI ERIKSEN, PRESIDENT & CEO, DNV GL
Foreword to DNV GL’s Future of Spaceship Earth report, www.dnvgl.com/spaceship
For Mike Barry, Tesla is a prime example of a business using its innovative power to design appropriate solutions that, “effectively awaken sustainable consumption needs in customers that they were previously unaware of. That’s success.”

Rebecca Marmot, global VP of Partnerships & Foundation at Unilever, says: “All our brands that have a good social mission – like Ben & Jerry’s, Dove and Domestos – are our fastest growing brands because consumers want companies to lead them and help them make the right choices in a world of overwhelming options.”

In a presentation to the World Business Council for Sustainable Development in October this year, Virginie Helias, vice president, Global Sustainability at the Procter & Gamble Company, explained how the challenge should not be seen as one of “selling sustainability” but about brands promoting new emerging aspirations. Millennials already have needs and aspirations that gravitate towards the SDGs – a desire for greater connection with family, sharing journeys, a heightened awareness of what we eat and where it’s from, wiser spending patterns, recycling and slowing down, and climate action.

While there may be no magic formula for stories that inspire, there is one golden rule: They must be truthful – and linked to verifiable measurements and achievements. The SDGs are too important for window dressing.

NOTE FROM THE EDITOR:
This feature article is part of a regular series of insights, surveys and interviews that DNV GL commissions from its own experts and from other influential thinkers and writers. We have discontinued our printed corporate magazine and readers can subscribe instead to these online updates which will cover a range of topics of cross-industry relevance, www.dnvgl.com

ENDNOTES

1 Georg Kell and Martin Reeves 3 October 2016 “From Corporate Citizenship to Corporate Statesmanship”, Thomson Reuters: Sustainability


4 UN Global Compact June 2016 “The UN Global Compact Ten Principles and the Sustainable Development Goals: Connecting, Crucially.”
White Paper

5 SDGCompass.org 2016 “Linking the SDGs and GRI”,

6 Business Call to Action (Btca) and GRI “Measuring Impact: How Business Accelerates the Sustainable Development Goals” Joint press release 22 September 2016