

It makes commercial sense to embed the SDGs in operations and strategy, but how ready is business to support governments achieve these global goals?

Make it your business: Engaging with the Sustainable Development Goals



71%

of businesses say they are already planning how they will engage with the SDGs

13%

of businesses have identified the tools they need to assess their impact against the SDGs

41%

of businesses say they will embed SDGs into strategy and the way they do business, within five years

90%

of citizens say it's important for business to sign up to the SDGs

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Foreword

2015 is a momentous year for change. It could be a pivotal year in human history turning the tide on the major social, economic and environmental issues of our times. With the ratification of the Sustainable Development Goals (SDGs), the way we do business has the potential to fundamentally shift. A new demand for assessment and accountability could drive real change across the business community, with a sense check against the impact on society.



A handwritten signature in black ink that reads "Malcolm Preston".

Malcolm Preston
PwC, Global Sustainability
Leader

Driven by the UN, the SDGs are a set of global goals that governments are expected to adopt. When they sign up to them, they will look to society, and business in particular, for help to achieve them. It will herald a major change for business. Governments will want to measure and monitor progress and manage the effectiveness of their interventions. In turn, business will need to assess its impact on the SDGs and review its strategy accordingly. It will need to collect, assure and report new data, evolving its reporting too.

It would seem sensible that a CEO will want to know if their business operations (across its value chain) support or detract from the government's goals. This just seems to be common-

sense if a CEO wants to be on the receiving end of 'fair' regulation and a welcoming licence to operate. It's not about business implementing the SDGs - it's about business having a strategy that, at the national level, is goal-congruent with government ambition.

Equally, there is real opportunity here. The SDGs put a spotlight on some of the world's biggest issues and our ability to shape our impact on them, for good or bad. To my mind, this represents a catalyst for innovation and new market opportunities for the savvy CEO to embrace and drive growth.

So how can government get the best from business? There is no clear request for support as yet, it is early days. But when it comes, it needs to be pitched to

business in a way that resonates and can be easily interpreted and incorporated into normal business operations. No NGO speak or political rhetoric, but practical guidance on how to engage and the business benefits of doing so. After all, the investment involved for business should not be underestimated. Determining requirements, accessing the right skills and developing the right tools, will be top priorities to understand and deliver impact assessment, goal setting, strategy development, operational change and reporting in this new world.

Business will also need to rethink its strategy and change behaviours to evidence its contribution and, hopefully, be seen to contribute positively to the government's goals.



“We are encouraged by the high degree of awareness of the SDGs among sustainable companies and their belief that business has a key role in making the SDGs work. A truly global movement is underway. For companies, successful implementation of the SDGs will strengthen the environment for doing business and building markets around the world. The case is clear for companies to get involved by doing business responsibly and pursuing opportunities to solve global challenges through innovation, investment and collaboration.”

Lise Kingo, Executive Director, United Nations Global Compact

International companies will need to get to grips with the differing priorities of different countries and the national policies in place to deliver them. It's not about tweaking what they do, but looking at core strategy. With no holistic view or understanding of how the SDGs interlink with each other or if a positive impact in one area creates a negative impact in another, it may prove complex to navigate... there will not be a “one size fits all” answer.

We wanted to find out how engaged and prepared business is with the SDGs and to understand their current plans and vision. We shared our thinking with SDG Compass (the combined working group of the UN Global Compact (UNGC), The World Business Council for Sustainable Development (WBCSD) and

the Global Reporting Initiative (GRI) who have joined forces to guide their members through the requirement) and they were keen to hear the business perspective too.

What our analysis shows is that there's good awareness of the SDGs that is translating at many levels into great engagement. However, there's little consistency in approach or priorities. Real direction is needed, written in a way that's tailored to resonate with the business community and inspire action. It's also clear that this is not going to be delivered on day one. Admittedly, with some citing an impending data revolution, overnight delivery is not expected. But what will cause concern is the potential for slow progress as the five year vision reveals significant and fundamental gaps for the

majority. This level of change will take many years and potentially cross the tenure of several CEOs before it becomes business as usual. Will we see a new 'legacy commitment' emerge with outgoing CEOs wanting assurance that their strategies to embed the SDGs will not be over turned by their successor?

Our work with business and policy makers in this area points to two critical business imperatives. Firstly, businesses that align and engage their strategy with national priorities will most likely be given their licence to operate, by governments and citizens alike – those that do not, or who struggle to demonstrate alignment with the national interest, cannot expect equivalent treatment, so creating competitive disadvantage.

Secondly, we are already seeing governments using the draft SDGs to inform the development of policy and regulation. Those businesses that are aware of and engage with the SDGs are more likely to have alignment with emerging policy, giving them more resilient business models.

So what's the starting point for business? How does this translate into action and next steps? For many, the best place to start will be to understand what impact a business is having against each of the SDGs, recognising that these all differ country by country. After all, a business needs to understand which of its activities are preventing or hindering governments from achieving their goals, or worse taking them in the wrong direction. Then businesses need to understand, strategically,



“The post-2015 development agenda presents a historic opportunity for businesses to engage more deeply as a strong and positive influence on society. Leading businesses can provide an extraordinary boost in realizing the SDGs through innovation, investment, a mass customer base and a global labour force. In turn, the SDGs can amplify the opportunity for business to be successful by improving the enabling environment and by providing inspiration and direction. Visionary and forward-looking companies must take the lead in pushing the sustainable development agenda forward. The SDG Compass provides companies with the tools to put sustainable development at the heart of their business.”

Peter Bakker, President & CEO, World Business Council for Sustainable Development

where operations and growth could support national governments achieve the SDGs and identify the opportunities for competitive advantage.

Making the difference the UN hope for will take serious commitment, investment and strong leadership from the top. I often talk about a change in business model from shareholder to stakeholder and I can see the SDGs driving this new approach, as short term gains are put to one side to achieve long term sustainable development. And we can't overlook the issues of a CEOs legacy. SDGs, with their 15 year time horizon, could help CEOs drive their longer term vision for their business. This is a pivotal year for our planet and we are all ready for change – my hope is that business recognises the critical role it has in helping achieve these new global goals.



“This research identifies the high level of SDG awareness amongst the business community and highlights the opportunity to convert this awareness into action. Business and government leaders can agree with international principles, such as the United Nations Sustainable Development Goals (SDGs), but often they still need practical guidance on implementation. Many companies are looking for tools to enhance their contribution to the SDGs and the SDG Compass has been developed as a guide for companies to meet this need. From GRI's perspective, when organisations align their strategy with the SDGs and measure their contribution through data driven reporting, and as governments understand this contribution by tracking progress within their jurisdictions, we'll see the sustainable decision making needed to achieve these goals.”

Michael Meehan, Chief Executive, Global Reporting Initiative

Overview

Not so long ago, sustainability was seen by most companies as little more than a peripheral ‘green’ issue – useful for reducing energy and waste disposal costs or supporting some worthy community causes but hardly central to a company’s core business.

That view is changing. Increasingly, companies from all sectors are having to confront and adapt to a range of disruptive forces including globalisation, increased urbanisation, intense competition for raw materials and natural resources and a revolution in technology that is challenging the business models of many sectors while forcing all companies to be more accountable to, and transparent with, all their stakeholders.

As a result, sustainability is moving from the corporate sidelines into the mainstream. Faced with a future of uncertain energy costs, looming regulation on carbon emissions, concerns about access to raw materials and the availability of natural resources like water, companies all over the world are waking up to

the reality that environmental sustainability is a key consideration. At the same time those same companies are coming under greater scrutiny about their role in society. Fuelled by the explosion in online social networking, consumers, NGOs, the media and their own employees are holding companies to account about their treatment of workers, the sourcing and quality of their products and their corporate culture.

As companies navigate this uncertain business landscape, having a cohesive vision of environmental and social sustainability will help them develop new models for growth and opportunities to be product, service and market leaders. So there is no better time for the United Nations to launch its Sustainable Development Goals (SDGs) – a roadmap for good business growth for the next 15 years.

In some ways the SDGs (see Figure 1: Sustainable Development Goals) seem like a continuation of the UN’s Millennium Development Goals (MDGs). In reality, they are very different. Business, for the most part, didn’t focus on the

MDGs because they were aimed at developing nations. The 17 SDGs, however, are relevant for every global company: they don’t discriminate between mature and emerging economies and their focus is on the broader issues that drive sustainable development.

Still, why should business really care? The SDGs are a product of two years of multi-stakeholder negotiations, including business and the private sector, and all 193 UN member states are preparing to sign up to them. While the SDGs are not legally binding, they will act as de facto regulation and drive the implementation of national regulation and incentives to see them succeed.

We believe that when global companies align with the SDGs they will have a clearer view on how their business helps or hinders a government to achieve its goals, and the opportunity to evidence and maintain their license to operate. We think they’ll also have a competitive advantage over those companies that don’t understand their contribution or use the knowledge to revise their strategies accordingly.

To better appreciate the approach global companies are adopting, with regard to the SDGs, we conducted two separate surveys this past summer – one for business and another for citizens – that were promoted through social media and shared with PwC clients, United Nations Global Compact (UNGC) members and Global Reporting Initiative (GRI) members. We wanted to know just how aware companies and citizens were of the SDGs and how companies were planning to engage with them.¹ The reason is simple and pressing. Once ratified, governments will formulate new regulation, incentives and strategies to achieve the SDGs, gaining momentum to deliver lasting change.

Expectation is high that business will make a significant contribution to help governments, and society for that matter, achieve the goals. Smart companies wanting to position themselves as supporters may want plan now how they can take sustainability and put it at the heart of business growth to stay ahead of their competition.

Figure 1: Sustainable Development Goals

| | |
|---|--|
|  <p>1 NO POVERTY</p> | End poverty in all its forms everywhere |
|  <p>2 ZERO HUNGER</p> | End hunger, achieve food security and improved nutrition and promote sustainable agriculture |
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | Ensure healthy lives and promote well-being for all at all ages |
|  <p>4 QUALITY EDUCATION</p> | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all |
|  <p>5 GENDER EQUALITY</p> | Achieve gender equality and empower all women and girls |
|  <p>6 CLEAN WATER AND SANITATION</p> | Ensure availability and sustainable management of water and sanitation for all |
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> | Ensure access to affordable, reliable, sustainable and modern energy for all |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |
|  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation |
|  <p>10 REDUCED INEQUALITIES</p> | Reduce inequality within and among countries |
|  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> | Make cities and human settlements inclusive, safe, resilient and sustainable |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | Ensure sustainable consumption and production patterns |
|  <p>13 CLIMATE ACTION</p> | Take urgent action to combat climate change and its impacts |
|  <p>14 LIFE BELOW WATER</p> | Conserve and sustainably use the oceans, seas and marine resources for sustainable development |
|  <p>15 LIFE ON LAND</p> | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss |
|  <p>16 PEACE AND JUSTICE</p> | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels |
|  <p>17 PARTNERSHIPS FOR THE GOALS</p> | Strengthen the means of implementation and revitalise the global partnership for sustainable development |

¹ PwC SDG Engagement Survey was conducted during June-July 2015 and generated 986 business responses and 2015 citizen responses.

Source: United Nations, Open Working Group; Global Goals, www.globalgoals.org

Results at a glance

1

92%

SDG awareness amongst the business community is high (92%) compared to the general population (33% citizens aware of SDGs)

2

Government is seen as having prime responsibility to achieve the SDGs by business and citizens alike (49% of business responders and 44% of citizens ranked government first)

3

Business has already started to take action:

71%

Despite only 10% business responders ranking business with prime responsibility, 71% business say they are already planning how they will respond to the SDGs.

4

There are distinct gaps in how to engage, especially in areas where tough decisions are required.

13%

Only 13% of businesses have identified the tools they need

29%

Only 29% of businesses are setting goals, but what gets measured gets managed, what's in an objective gets done.

5

We should be optimistic that engagement will increase by 2020:

22% → 4%

22% of business responders say they are doing nothing right now, but this drops to 4% when thinking about what they'll be doing in five years.

6

Citizens grasp the significance:

90%

of citizens believe it is important that business signs up to the SDGs

78%

of citizens said they were more likely to buy the goods and services of companies that had signed up to the SDGs.

What business prioritises and why? Is self-interest driving selection?

The exact nature and requirements of the SDGs might not yet be common knowledge throughout the business world but, judging from the responses we received, awareness among companies is already high with 92% of the total group saying they already knew of the goals. Compare that with just 33% of the citizens surveyed.

It's a significant gap in awareness. This high result for business could be a reflection of both the survey being self-selecting and, in the main, promoted via the UNGC, PwC and GRI. Perhaps high awareness is driven by a relationship with at least one

of these three organisations and the fact that only those interested in SDGs actually chose to participate. As you'll see though, if the most engaged and enlightened companies are those that responded, the results would suggest that there is even less planning and action happening in the rest of the business community.

However, business is split on who they see is responsible for achieving them. Nearly half (49%) of the business participants surveyed believe government has the prime responsibility (only 10% gave business prime responsibility). Despite this, 71% are already making plans on how to respond to the SDGs – they

may be reticent to claim responsibility, but they are not shying away from taking action.

After all, it makes sense to know how your business contributes towards a government's ability to achieve its SDGs. Mapping how you align, measuring your impact, and implementing initiatives to improve creates a good basis for dialogue. It helps to evidence your commitment and protect your licence to operate. If you're looking to venture into new markets, it helps to secure your licence to operate in the first place.

It's quite clear where business sees its contribution (see Figure 2: Business impact on the SDGs and potential

opportunities). The chart reflects all top five placements given to each global goal, but it's interesting to note that companies ranked SDG 8 (Decent work and economic growth) as the top SDG they have the greatest impact on and as offering them the greatest business opportunity. Globally, all regions listed SDG 8 (Decent work and economic growth) as the SDG where they could have the most impact apart from the Middle East where companies saw SDG 3 (Good health and well-being) as the more pressing goal.

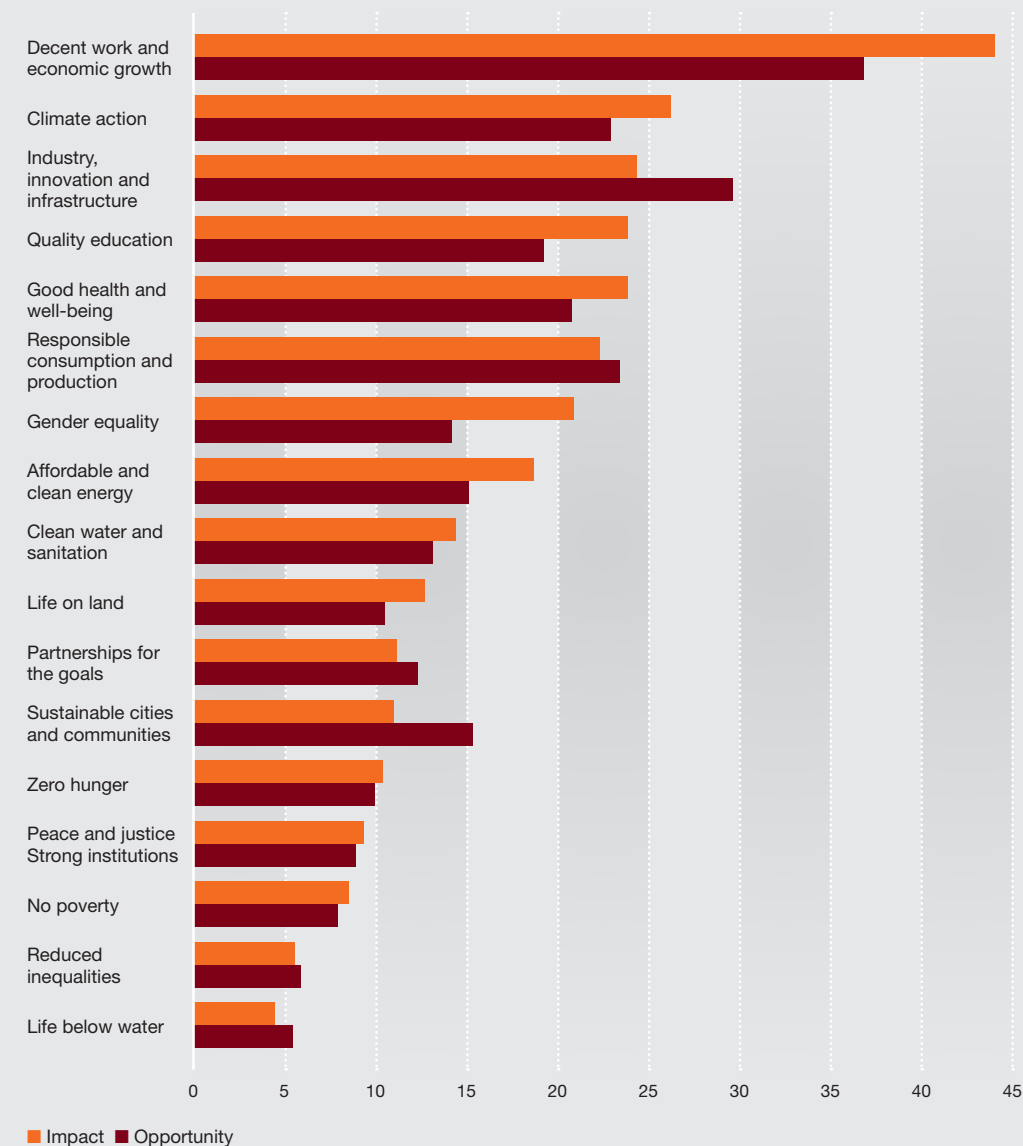
“[The SDGs are] new for us. We don't have enough knowledge about it but everything that means growth, knowledge and contributing to a better world is part of our essence and to see that our company obtains recognition and that it can be sustainable and competitive.”

Engineering & Construction, Kenya

Figure 2: Business impact on the SDGs and potential opportunities

Q. From the list below, please rank the five SDGs where you believe your business (and your value chain) has the greatest impact. (mean index score)

Q. From the list below, please rank the five SDGs that could represent a business opportunity for your company in the future. (mean index score)



Source: PwC SDG Engagement Survey, 2015

It's hardly surprising that fostering employment is an area that business feels it can have a direct impact on. After all, a sustainable, growing workforce is good news for both companies and society, and this vein of self-interest when prioritising SDGs extends through industry sectors. Companies in the Energy, Utilities and Mining sector say they have the greatest impact on SDG 7 (Affordable and clean energy); the Healthcare sector highlights SDG 3 (Good health and well-being), while the Chemical sector cites SDG 13 (Climate action). The Chemicals industry also places SDG 2 (Zero hunger) in third place – a nod to the importance of the sector in agribusiness perhaps.

Overall, when you look at the SDGs that companies are prioritising it's clear that they are identifying areas where their business can excel and grow (see Figure 3: Top business impacts by industry). That might grate with some critics who believe self-interest lies at the heart of environmental issues and corporate greed, but identifying the growth potential of responsible environmental and societal strategies – the so-called Triple Bottom Line – lies at the heart of sustainable business. When business profits from solving social problems, when it makes profit while benefitting society and business performance simultaneously, it creates solutions that are scalable.¹ Should we question the motives of business if their activity and ingenuity works to the benefit of society? Enlightened self-interest focused on the SDGs could generate tangible results.

“Fundamentally, businesses need much more support in areas including collaboration, inclusiveness, partnership building, effective communication, and the recognition/elimination of racism in all of its forms. In most respects, understanding the benefits of ‘Long-Termism’ as an indispensable element of the business approach that supports SDGs... The concept of ‘Alignment of Interests’ is also a vital aspect that traditionally businesses have struggled to support their business objectives.”

Asset Manager, Italy

¹ Michael Porter, Rethinking Capitalism, <https://hbr.org/2011/01/the-big-idea-creating-shared-value>

Engaging with the SDGs:

“We launched a project to better understand and manage our socio-economic contribution in areas where we operate. This project will enable us to ensure our efforts and resources are allocated to ensure our contribution is efficient and sustainable, and that we are aware and contributing to the management of any negative impacts of economic growth in the areas where we operate.”

Metals, Mining & Extraction, USA

Figure 3: Top business impacts by industry

Q. From the list below, please rank the five SDGs where you believe your business (and your value chain) has the greatest impact. (mean index score)

| Chemicals | Communication | Energy, Utilities and Mining | Engineering and Construction | Financial Services | Healthcare | Manufacturing | Professional Services | Retail and Consumer | Technology |
|---|---|---|---|---|---|---|-----------------------------------|---|---|
| 13 CLIMATE ACTION | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 8 DECENT WORK AND ECONOMIC GROWTH | 3 GOOD HEALTH AND WELL-BEING | 8 DECENT WORK AND ECONOMIC GROWTH | 8 DECENT WORK AND ECONOMIC GROWTH | 8 DECENT WORK AND ECONOMIC GROWTH | 8 DECENT WORK AND ECONOMIC GROWTH |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 8 DECENT WORK AND ECONOMIC GROWTH | 8 DECENT WORK AND ECONOMIC GROWTH | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 4 QUALITY EDUCATION | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION |
| 2 ZERO HUNGER | 4 QUALITY EDUCATION | 13 CLIMATE ACTION | 13 CLIMATE ACTION | 5 GENDER EQUALITY | 5 GENDER EQUALITY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 5 GENDER EQUALITY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION |
| 3 GOOD HEALTH AND WELL-BEING | 3 GOOD HEALTH AND WELL-BEING | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION | 4 QUALITY EDUCATION | 13 CLIMATE ACTION | 3 GOOD HEALTH AND WELL-BEING | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING |
| 6 CLEAN WATER AND SANITATION | 13 CLIMATE ACTION | 6 CLEAN WATER AND SANITATION | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 4 QUALITY EDUCATION | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 7 AFFORDABLE AND CLEAN ENERGY | 13 CLIMATE ACTION | 13 CLIMATE ACTION | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |

Source: PwC SDG Engagement Survey, 2015

Question to Business:

Q. With an industry focus on a limited number of SDGs, is there opportunity for industry associations to support their members, and create best practice and share knowledge? Can you look to them for advice, support and guidance on measuring your contribution to specific SDGs?

Q. Once developed and shared with your own industry, are you willing to share best practice with other industries? This would fast track thinking for business on SDGs that they've prioritised lower.

Business is set to cherry pick their SDGs

The SDG framework has been devised to be adopted as a whole with the business impact across all 17 goals intended to be viewed in its entirety (see Figure 4: The Global Goals). For business, the aim is to understand the impact of its operations and activity, taking into account its positive and negative effects, and if it offers help or a hindrance to the governments of the markets it is operating within.

However, at the moment, companies look set to ‘cherry pick’ the SDGs they want to focus on and ignore others that don’t meet their corporate priorities or comfort zones. Just 1% of companies we surveyed plan to assess their impact on all 17 SDGs – reflecting the spirit of the SDGs. 34% said they were planning to assess some SDGs that are relevant to their business (see Figure 5: Business is planning how to assess their impact on the SDGs).

Prioritising one or two SDGs might make sense internally (and might make for good sustainability PR) but, from an honesty and transparency perspective, governments, citizens and other stakeholders are likely to be less impressed. With 90% of citizens we surveyed saying that it’s important for business to sign up to the SDGs and 78% saying they would change their buying behaviour because of SDGs, public engagement has the potential to be high.

Also, if the ‘cherry picking’ is driven by the front facing teams in PR looking for strong messaging to appeal to the media, no one is pushing for genuine understanding that could embed change and drive business performance that more closely aligns with what governments are trying to achieve.

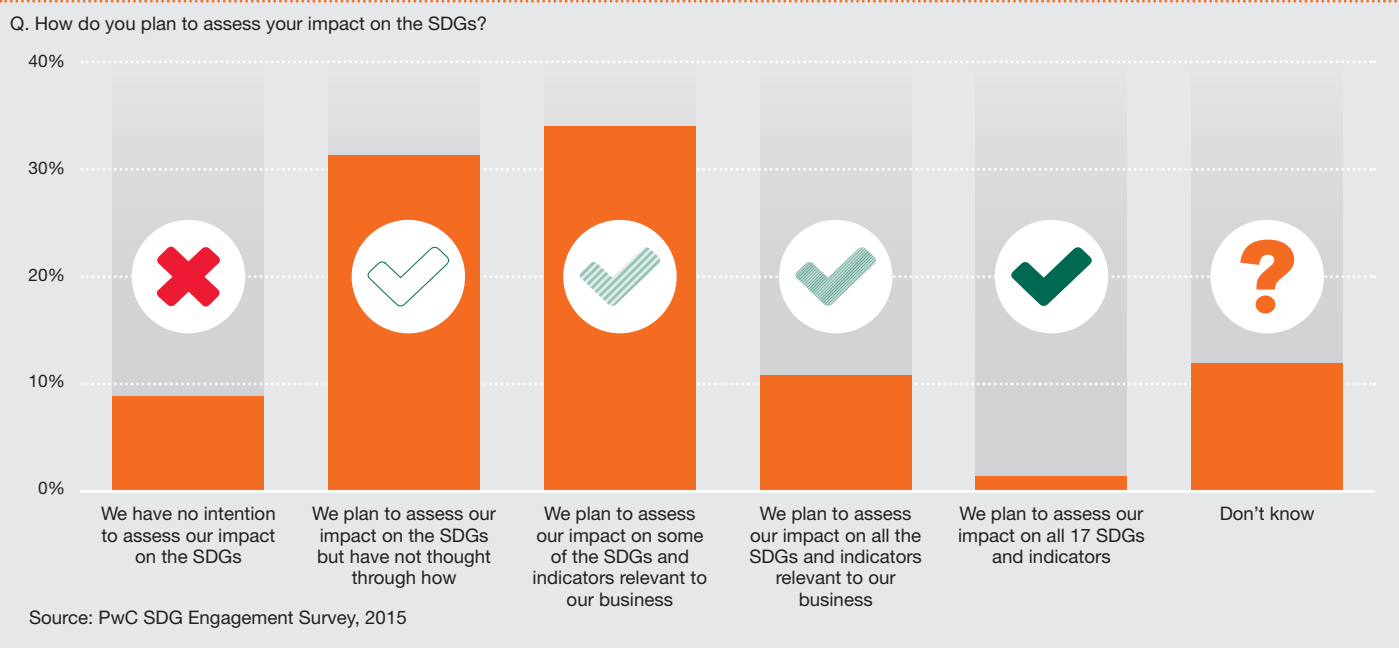
Can a business really be expected to focus on all 17 SDGs? 44% of the companies we talked to say they plan to

Figure 4: The Global Goals (for sustainable development)



Source: Global Goals, www.globalgoals.org

Figure 5: Business is planning how to assess their impact on the SDGs



assess all or some of the SDGs that are relevant to them. This could simply be a rational cost benefit trade-off and potentially a sensible approach – a recognition that they need to start somewhere.

Perhaps, but only if those companies really comprehend how all 17 SDGs impact their value chain and they have thought through how interconnected these goals

are. It's less about picking the easiest, most obvious or positive ones, and more about picking the ones that are material to the business. The suspicion, considering the SDG priorities expressed by companies, is that this isn't the case at present.

“We will study and understand the SDGs and how they have touch points and impacts on our organisation. As a socially responsible organisation, we will respond to the SDGs and apply ourselves and implement those that (1) impact the business and (2) can be most effectively implemented for the common good. A focus on local communities around the operations will be the point of departure for selected SDGs.”

Metals, Mining & Extraction company, Colombia

? Question to Business:

Q. How do you manage your stakeholders' expectations when you want to focus on a limited number of SDGs, if the expectation is that you should know your impact across all 17? How do you avoid a challenge to your reputation?

Q. How do you select your starting point? Do you focus on the SDGs that are material to your business? Or the SDGs you can contribute positively towards? Or the SDGs on which you have the biggest impact?

Q. Should you cherry pick the best SDGs for your business or the best ones for the planet?

Living in an interconnected world

Where business has an impact it tends to see opportunity as well. (see Figure 6: SDGs – Business impact and opportunity) It makes sense that those SDGs in the high impact/high opportunity quadrant are more likely to get tackled first.

It's of concern then that some goals consistently fail to be prioritised highly regardless of industry (see Figure 7: Which SDGs could be left out in the cold?). SDG 14 (Life below water), SDG 10 (Reduced inequalities), SDG 1 (No poverty), SDG 2 (Zero hunger) and SDG 16 (Peace and justice

Strong institutions) didn't appear in any top five for over 80% of businesses. Is this a reflection of business deprioritising them or recognition that achieving other SDGs may potentially have knock on benefits?

'Cherry picking' goals and aligning SDG action to business

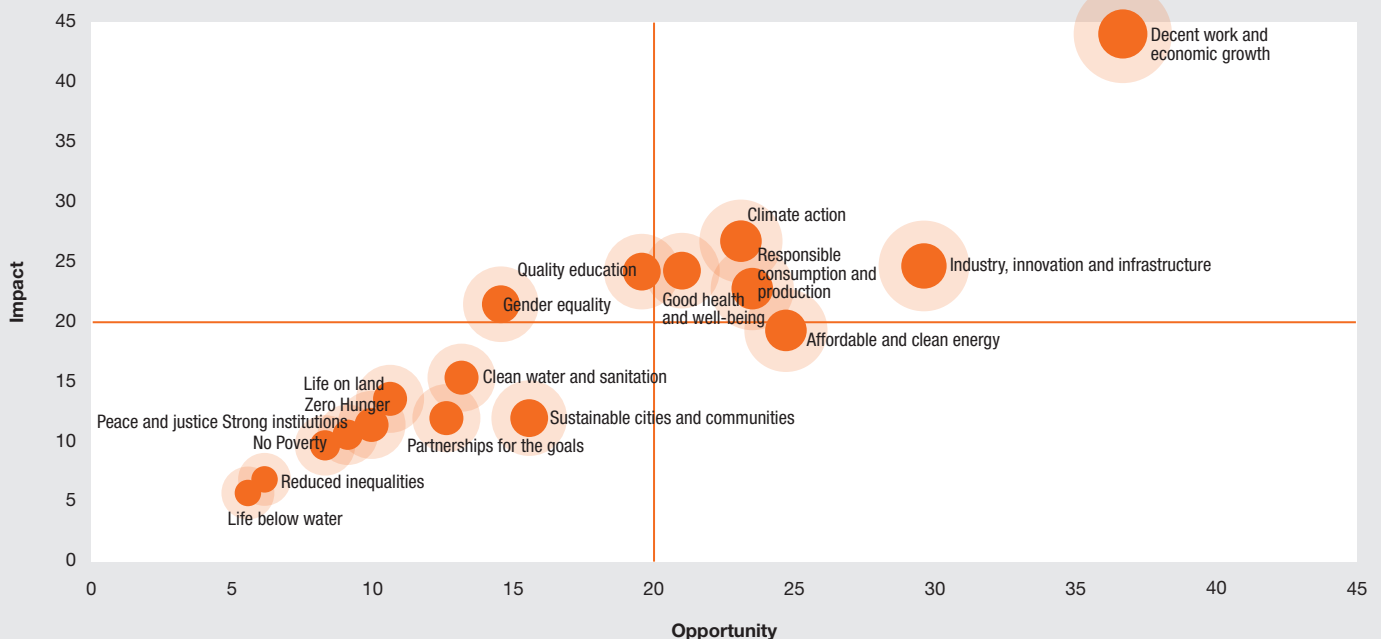
growth strategy is all well and good if companies have a fully rounded understanding of their sustainability impact and opportunity. With too many companies that isn't the case.

Take SDG 14 (Life below water), which aims to conserve and sustainably use the oceans, seas and marine

Figure 6: SDGs – Business impact and opportunity

Q. Please rank the five SDGs where you believe your business (and your value chain) has the greatest impact (mean index score).

Q. Please rank the five SDGs that could represent a business opportunity for your company in the future (mean index score).

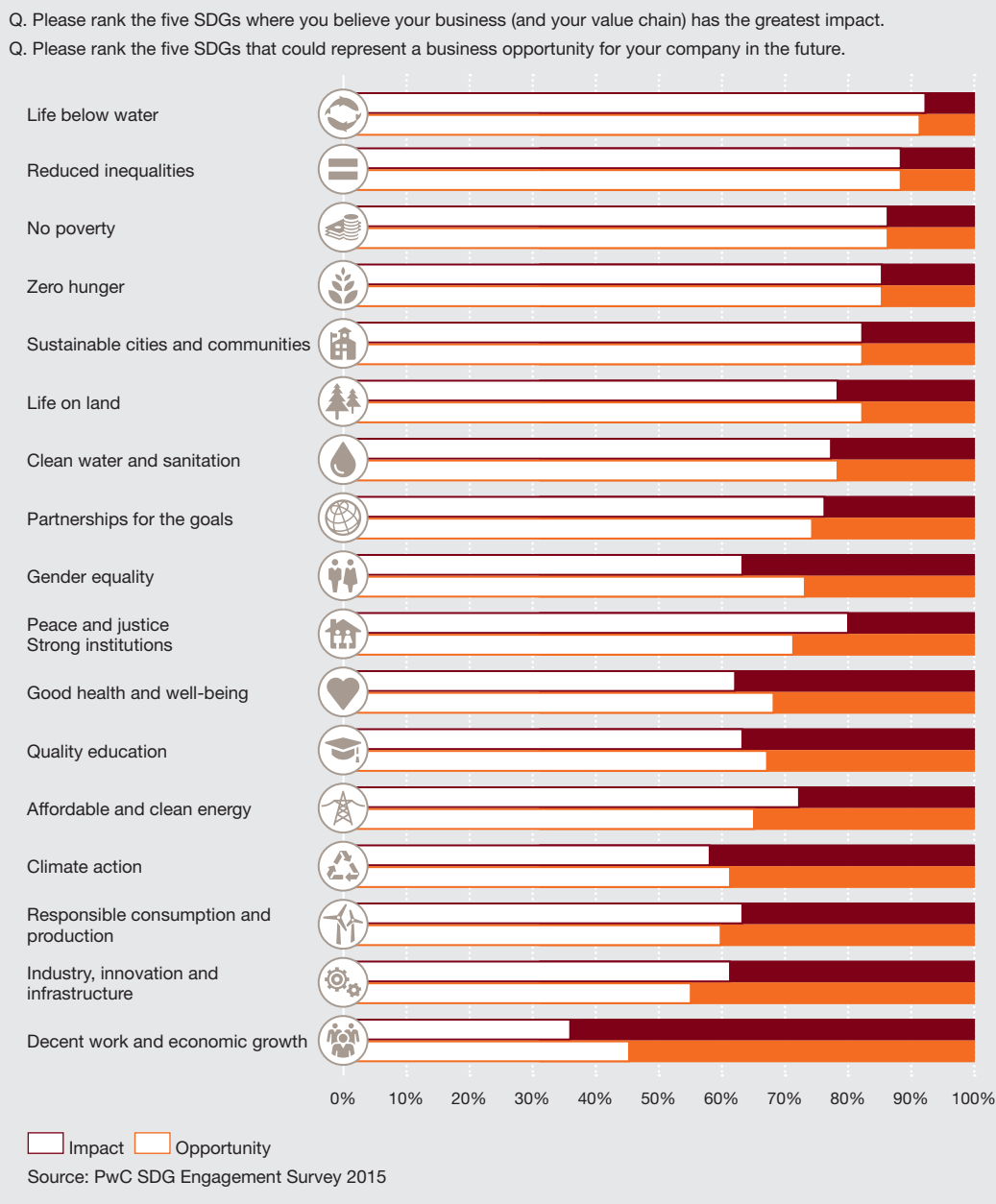


Source: PwC SDG Engagement Survey 2015

resources for sustainable development. Water levels are rising, warming, becoming more acidic and holding less oxygen, yet SDG 14 (Life below water) barely registers in the corporate conscience, based on this survey. These factors also have direct links to other SDGs like SDG 13 (Climate action), SDG 9 (Industry, innovation and infrastructure) and SDG 3 (Good health and well-being). Business looks to the Shipping Industry to take a lead, but most ocean problems don't stem from transport. According to UNESCO, land-based sources (such as agricultural run-off, discharge of nutrients and pesticides, and untreated sewage including plastics) account for approximately 80% of marine pollution, globally.²

Once companies have a better-rounded view of how they have an impact on the achievement of the SDGs, we may start to see so far neglected goals move onto the corporate radar. Take SDG 1 (No poverty) as one example. It sits high on the UN priority list, but low for business which views SDG 8 (Decent work and economic growth) as top of its agenda. Improve employment for all and you start to address one of the key causes of global poverty – the lack of work. It's just a matter of making the right connections within the SDGs. In this way SDG 8 (Decent work and economic growth) could yet be the common denominator across industry and the SDG that links business.

Figure 7: Which SDGs could be left out in the cold? (% not ranking an SDG in their top five)



² UNESCO, Facts and figures on marine pollution <http://www.unesco.org/new/en/natural-sciences/ioc-oceans/priority-areas/rio-20-ocean/blueprint-for-the-future-we-want/marine-pollution/facts-and-figures-on-marine-pollution/>

One for all and all for one?

How linked are the goals? David Le Blanc, UN DESA, has shown that two of the proposed goals, SDG 12 (Responsible consumption and production) and SDG 10 (Reduced inequalities), provide critical connections among other goals and make the SDGs more tightly linked as a network. He's ranked the goals according to the number of other goals they're linked to. SDG 12 (Responsible consumption and production), SDG 10 (Reduced inequalities), SDG 1 (No poverty) and SDG 8 (Decent work and economic growth) top the list and all have links with 10 other goals or more. At the bottom of the list are SDG 7 (Affordable and clean energy) with 3 links, SDG 9 (Industry, innovation and infrastructure) with 3 links, and SDG 14 (Life below water) with 2 links.³ So with SDG 8 (Decent work and economic growth) the top ranking SDG for business, we could naturally see improvements across other SDGs as well.

All SDGs are equal but some are more equal than others – where to put the smart money

In terms of social good, some SDGs provide better returns than others. Made up of 169 targets, if the world were to spend money equally across all of them, it would do about \$7 of social good for each dollar spent. But according to the Copenhagen Consensus, a much shorter list of just 19 targets will do the most good for the world. Every dollar spent on these targets will likely produce \$32 of social good. Being smart about development spending could be better than quadrupling the global aid budget.⁴

Engaging with the SDGs:

“We have developed a five year social investment framework with focus areas that map to a number of the SDGs. We are developing a monitoring and evaluation framework to track and report outputs, outcomes and impacts delivered as a result of the implementation of our social investment framework.”

Energy, Utilities and Mining, Egypt

? Question to the UN:

Q. Is SDG 8 (Decent work and economic growth) a good starting point for the UN to focus on to build and drive business engagement around the SDGs? What would the benefit be of driving SDG 8 (Decent work and economic growth) on other SDGs eg. Would it have a positive impact on SDG 1 (No poverty) and a negative impact on SDG 12 (Responsible consumption and production) perhaps?

Q. It's clear that some SDGs are not on the radar for business. Are they covered elsewhere or is there a risk they won't be achieved? Is a plan of action required to ensure these SDGs are achieved?

³ Department of Economic & Social Affairs, David Le Blanc, Towards integration at last? The sustainable development goals as a network of targets, http://www.un.org/esa/desa/papers/2015/wp141_2015.pdf

⁴ World Economic Forum, Bjørn Lomborg, What are the smartest goals for sustainable development? https://agenda.weforum.org/2015/05/what-are-the-smartest-goals-for-sustainable-development/?utm_content=bufferc136&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

Will business pick up where the NGOs left off?

Driven by governments and NGOs, the Millennium Development Goals (MDGs) achieved much, but it is widely recognised that there is significant work still to be done. It's expected that the SDGs will engage the private sector far more effectively than the MDGs, with business a proactive supporter of governments as they try to achieve the goals. Certainly, we've noted that awareness of the SDGs is high amongst business, much more so than citizens.

Mapping the MDGs to the SDGs and then exploring where business feels it has an impact versus an opportunity exposes areas of weakness in this plan (see Figure 8: MDG issues in a new era). There's a distinct possibility that while some areas move forwards (eg. SDG 8 (Decent work and economic growth)) others will not be a party to the same driving forces (eg. SDG 1 (No poverty) and SDG 2 (Zero hunger)).

Figure 8: MDG issues in a new era

| 2000 | | 2015 | |
|------------------|---|---|--|
| MDGs | SDGs | How business thinks it impacts the SDGs | Which SDGs business sees as an opportunity |
| Poverty/Hunger | Decent work and economic growth | ● | ● |
| | Zero hunger | ● | ● |
| | No poverty | ● | ● |
| Education | Quality education | ● | ● |
| Equality/Women | Gender equality | ● | ● |
| | Reduced inequalities | ● | ● |
| Child Mortality | Good health and well-being | ● | ● |
| Maternal health | | | |
| HIV/AIDS/Malaria | | | |
| Environment | Climate action | ● | ● |
| | Clean water and sanitation | ● | ● |
| | Life on land | ● | ● |
| | Sustainable cities and communities | ● | ● |
| | Peace and justice Strong institutions | ● | ● |
| | Life below water | ● | ● |
| | Partnership | Partnerships for the goals | ● |
| | Industry, innovation and infrastructure | ● | ● |
| | Affordable and clean energy | ● | ● |
| | Responsible consumption and production | ● | ● |

● Least impact/opportunity (mean index score <15) ● Moderate impact/opportunity (mean index score 15-20)
 ● Greatest impact/opportunity (mean index score >20)

Source: PwC SDG Engagement Survey 2015.

Question to the UN:

Q. Thinking about the MDGs, if MDG issues are not being picked up by business through the SDGs (neither SDG 1 (No poverty) nor SDG 2 (Zero hunger) are a strong focus across the business community), what can be done differently over the next 15 years to engage industry better to make sure these goals are achieved?

Q. Is there work to be done to communicate that by driving SDG 8 (Decent work and economic growth), SDG 1 (No poverty) nor SDG 2 (Zero hunger) will be improved? Standing in the shoes of business, will an understanding of the relationships between the 11 SDGs ranked in their top five and the other SDGs, help business better see the true extent of their role in society? Some work on the interplay of the SDGs across the Food.Water.Energy nexus has already been undertaken.⁵

The people perspective – citizens are employees too!

Citizens are keen to see business sign up to the SDGs (see Figure 9: Citizens think it's very important that business signs up to the global goals) with Argentina (80%) and Malaysia (70%) the most impatient.



This is a strong mandate and reinforces the business case to take action. But, interestingly, the priorities for business, whether looking at impact or opportunity, are markedly different to those of the global citizens we talked to (see Figure 10: Are business and citizens on the same wave length?). SDG 1 (No poverty), SDG 2 (Zero hunger) and SDG 6 (Clean water and sanitation) are in the top five SDGs that citizens cite but these barely registered with companies. Citizens also place SDG 15 (Life on land) and SDG 16 (Peace and justice Strong institutions) much higher up their agenda.

To what extent should business be taking a lead from the goals

that general society deem important rather than focusing just on the goals where the company believes it has the most impact and opportunity? After all, business is dependent on society for employees, customers and its reputation and licence to operate. So if business is targeting thinking towards priorities not on the consumer agenda, is this indicative of a disconnect in the way business identifies and values its dependencies?

In the 'front-facing' parts of the business such as marketing, product development and customer service, companies ignore consumers at their peril. 78% citizens reported that they would be more likely to use the goods and services of an

organisation who had signed up to the SDGs. This increased to 90% for citizens from Latin America.

To reinforce the point, consider how citizens and government are aligned on the issue of SDG 1 (No poverty) – it's a prime focus for the UN when they communicate about SDGs but is not a high priority for business. On the other hand, SDG 13 (Climate action) appears in the top five for both the business and citizen groups. Could this synergistic view, combined with a potential binding climate change agreement at the COP21 Climate Conference in Paris, prove to be a tipping point in how the world tackles this pressing SDG?

? Question to Business:

Q. If it's important to your customers, your stakeholders, should it be important to you? Is there an opportunity to align your focus to that of your clients?

Q. Is SDG 13 (Climate action) the best SDG to partner with citizens to achieve, as it's the SDG with strongest appeal to both groups?

Figure 9: Citizens think it's very important that business signs up to the global goals

Q. Having read the UN's Sustainable Development Goals, how important do you think it is that business sign up to these goals? (% selected 'very important')

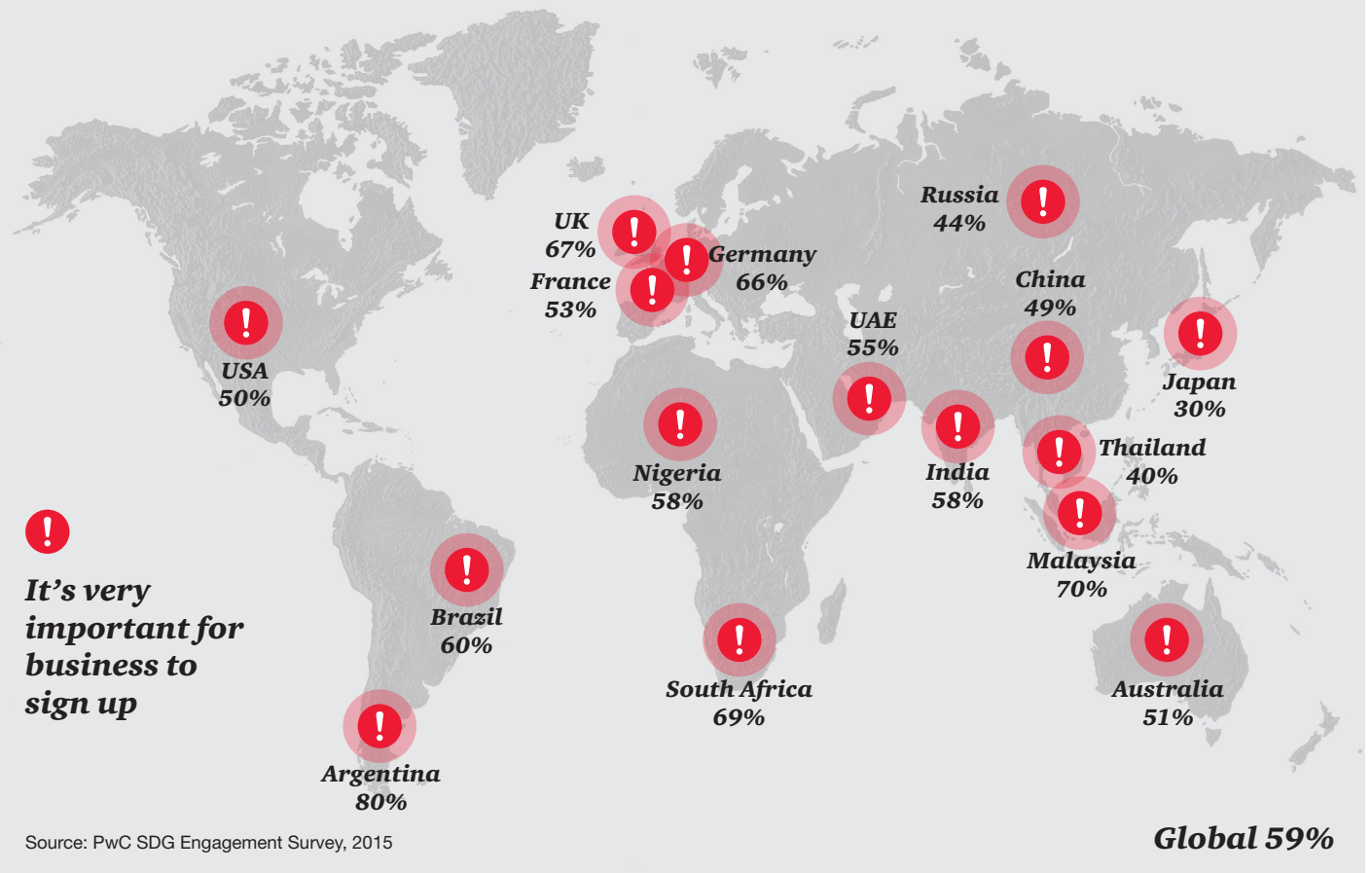
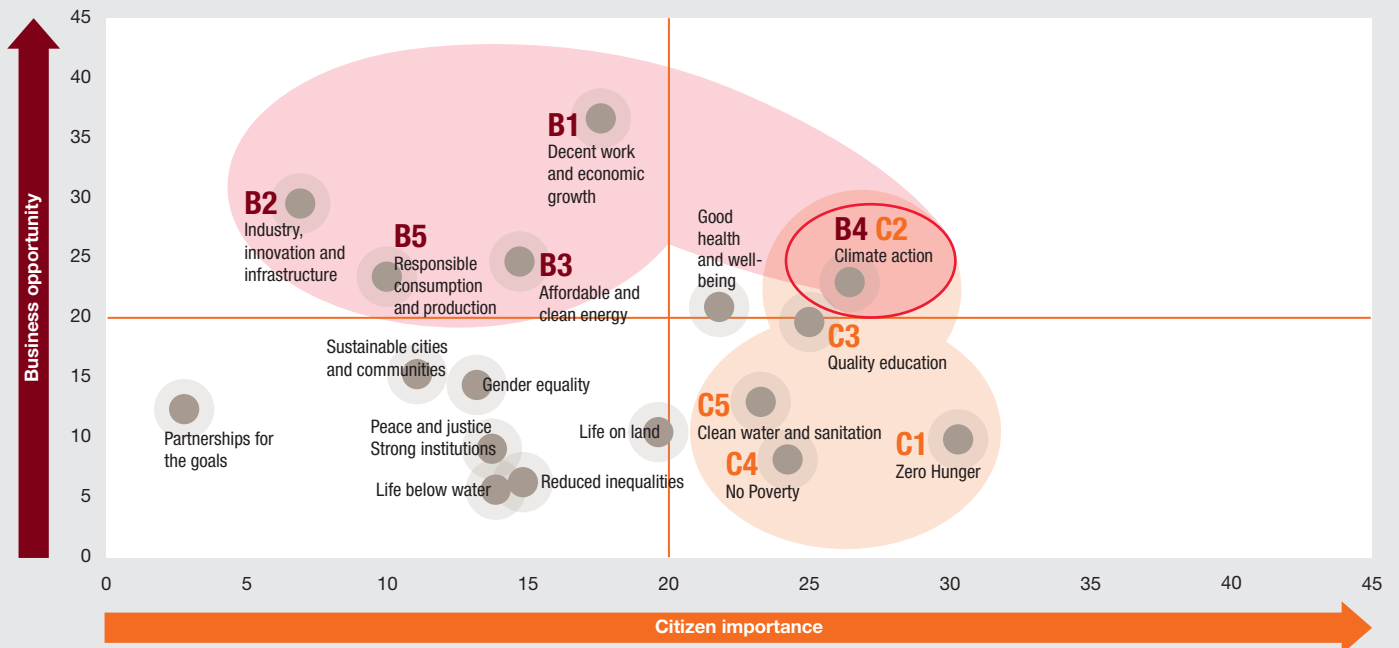


Figure 10: Are business and citizens on the same wave length?

Q. Please rank the five SDGs that could represent a business opportunity for your company in the future (mean index score).

Q. From the list below, please rank the five SDGs that you consider most important to you (mean index score).



C1-C5 = top 5 ranked SDGs for citizens

B1-B5 = top 5 ranked SDGs for business

Source: PwC SDG Engagement Survey 2015

Can a focus on SDGs help mitigate risk and optimise opportunity?

With business seemingly set to focus on a small number of SDGs, is there more to be done to show business how SDGs are relevant to their business? Every year the World Economic Forum (WEF) asks business leaders for their views on the greatest risks to their business,⁶ both from the perspective of the impact it would have on their business and the likelihood of it happening.

We've taken a look at how the WEF data stacks up against companies' opinions on the SDGs. It creates an interesting picture. We asked business to prioritise the top five SDGs by the impact they had on them and the opportunity, while WEF asked business to state if they viewed an issue as a risk (see Figure 11: Comparing WEF Risks 2015 against business perspectives on SDGs).

Employment is a hot button issue both from a risk and opportunity point of view.

WEF reports it as both high impact and high likelihood and business sees it as the priority SDG. Energy and climate change both register, perhaps less so, but already both business and government are upping their commitment and investments in addressing these goals.

However, WEF Risks 2015 identifies both water and biodiversity as being high impact and high likelihood, serious potential disruptors to business operations. Yet,

as SDGs, there is much lower relevance placed on them by business either from an impact or opportunity perspective. When it comes to risk and opportunity prioritisation, if business chooses to put several SDGs on the back burner, they are going to need to select carefully to avoid leaving risks unaddressed. If they are not joining the dots about how one SDG impacts others or positions SDGs into the wider business context, a course of action may be ruled out unwittingly.

Do CEOs have backing to make long-term plans?

With a timeline of 15 years, will it be the CEOs of today sharing their achievements against the SDGs in 2030? According to the PwC 17th Annual Global CEO Survey,⁷ most companies (51%) work to a three year planning horizon, not a good start for a 15 year project demanding significant investment. An added complication is that average CEO tenure is dropping, from 10 years to 8.2, if the S&P 500 is anything to go by between 2002 and 2012.⁸ So invest now and you are unlikely to see the fruits of your labour during your tenure. That's a difficult message for a CEO to accept and then drive forward, one which will take strong leadership and vision to look beyond it. Especially when, according to the Conference Board, CEOs with less than five years in their current position are more likely to be dismissed for a company's poor performance than CEOs with longer tenure.⁹ Will supporting the SDGs become a legacy initiative for many CEOs?

⁶ WEF Global Risks Report, 2015 <http://reports.weforum.org/global-risks-2015>

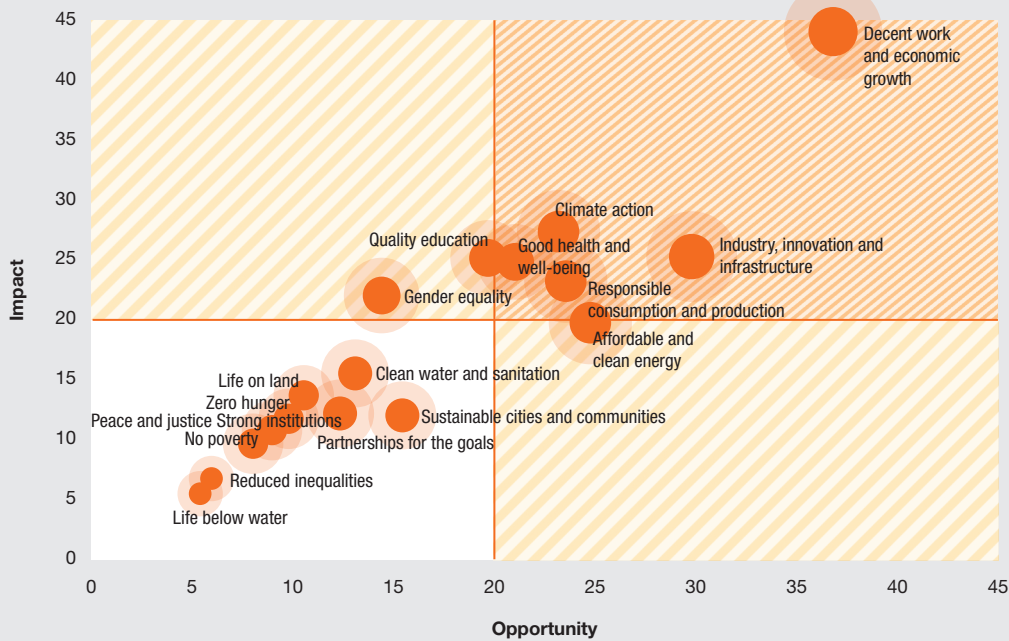
⁷ PwC 17th Annual Global Survey www.pwc.com/ceosurvey

⁸ Departing CEO tenure (2000–2013), Conference Board https://www.conference-board.org/retrievefile.cfm?filename=TCB_CW-0561.pdf&type=subsite

⁹ Departing CEO Age and Tenure, Conference Board <https://www.conference-board.org/retrievefile.cfm?filename=TCB-CW-019.pdf&type=subsite>

Figure 11: Comparing WEF Risks 2015 against business perspectives on SDGs

Q. Please rank the five SDGs where you believe your business (and your value chain) has the greatest **impact** (mean index score).
 Q. Please rank the five SDGs that could represent a business **opportunity** for your company in the future (mean index score).



- Water crises
 - Failure of climate-change adaptation
 - Unemployment or underemployment
 - Fiscal crises
 - Spread of infectious diseases
 - Food crises
 - Energy price shock
 - Biodiversity loss and ecosystem collapse
 - Failure of critical infrastructure
 - Failure of urban planning
- RISKS**

Source: PwC SDG Engagement Survey 2015; World Economic Forum, The Global Risk Report 2015

? Question to Business:

Q. Will aligning business behaviour to SDGs reduce identified risks too?

Q. Is it worth being mindful of how exploring the connection between SDGs and business risks, might influence how you prioritise the SDGs?

Q. In addressing your risk register, will you be able to identify more ways in which you impact the SDGs and how you are positively contributing towards them?

Engaging with the SDGs – what happens next?

There are compelling reasons to support the SDGs and business has great ambitions to do so. Best practice and process on ‘how to’ is limited though – a gap in the execution that has the potential to slow engagement. So, how can business fast track its thinking and turn the complexity of the global goals into business as usual?

Making SDGs matter to business

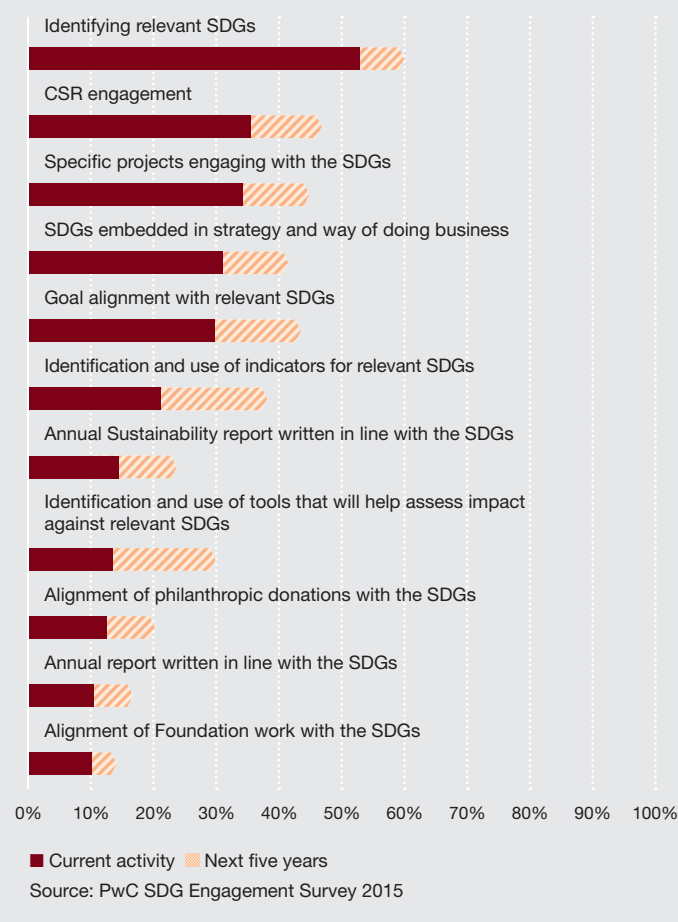
It’s encouraging to see that companies are already taking steps to understand what the SDGs will mean for their business (see Figure 12: What action can we expect to see from business by 2020?). At present, 52% of the companies we talked to are identifying the SDGs that are relevant to their business, 34% are identifying specific projects that will contribute to the SDGs and 29% are setting goals or preparing to set goals aligned with the SDGs that are relevant to their business.

This is obviously the beginning of a journey. It’s evident that there is a huge disconnect between awareness and planning to actual action.

Figure 12: What action can we expect to see from business by 2020?

Q. What action is your business taking to prepare for the launch of the SDGs?

Q. What action do you think your business will be taking within the next five years to implement the SDGs i.e. what is your vision?



Indeed, 22% say they are doing nothing right now – they’re waiting for ratification, for government regulation, or just don’t see it as their responsibility.

However, as far as citizens are concerned, waiting isn’t an option, or leaving SDGs to others to achieve. Our results suggest citizens expect business to apply SDG thinking to their core business activity, with less emphasis on peripheral projects or reporting. 50% expect business to embed the SDGs into its strategy and the way it does business (see Figure 13: Citizens expect business to take action). However, this compares to only 31% of business responders saying they were currently planning to do so, ie. embed the SDGs, rising to only 41% who thought they’d be doing it within five years.

It’s evident too that some citizens have higher expectations than others – this could translate into a greater and more vocal demand for engagement and action in some countries more than others (see Figure 14: Citizens have high expectations).

Figure 13: Citizens expect business to take action

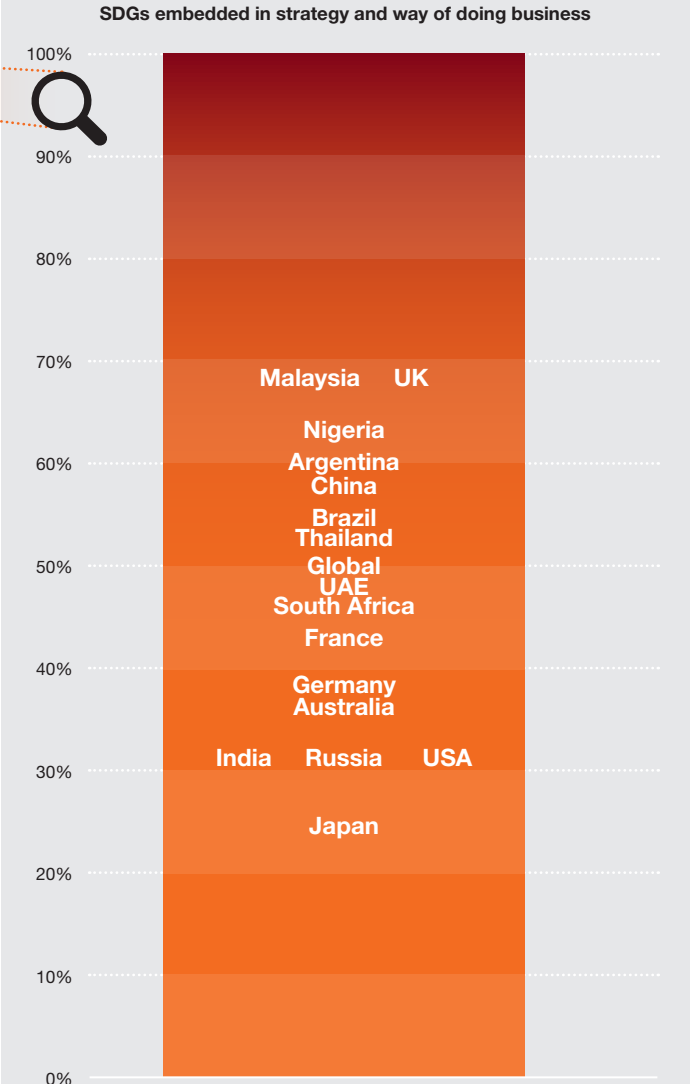
Q. What actions do you think businesses should be taking to support the SDGs?



Source: PwC SDG Engagement Survey, 2015

Figure 14: Citizens have high expectations

Q. What action do you think businesses should be taking to support the SDGs?



Source: PwC SDG Engagement Survey, 2015

The vision for 2020 is promising. Roll on 5 years and 90% of companies say they will be taking some sort of action. This would seem to be the smart strategy: in Brazil, nearly all citizen participants (95%) said they were likely or highly likely to use the goods

and services of companies that had signed up to the SDGs (see Figure 15: SDGs influence buying behaviour). Around the world, 78% are saying the same thing, so if citizens see the SDGs as a differentiator, business is right to engage.

Figure 15: SDGs influence buying behaviour

Q. If you knew that an organisation had signed up to the UN's Sustainable Development Goals, would that make you more or less likely to use their goods or services? (% responding likely or very likely)



Source: PwC SDG Engagement Survey, 2015

Question to Business:

Q. Will your customers think your business isn't doing enough to support the SDGs or doing it fast enough?

Q. Will lack of engagement with the SDG agenda become a reputational issue?

Q. If your customers are more likely to buy from a company signed up to the SDGs, can you afford not to?

“[We need] clarity on the regulatory and legal roadmap governments plan to implement to support the SDGs. Businesses want as much certainty in their business environments so that they can plan their contributions and how they impact the SDGs. Too much uncertainty and variability in the regulatory and legal regimes increases business risk and stifles innovation and longer term thinking.”

Communications company, France





Speeding up engagement

The SDGs could yet be real game changers, fundamentally reshaping how global business operates, but it's clear that business is adopting a wait-and-see attitude in terms of implementing definitive action.

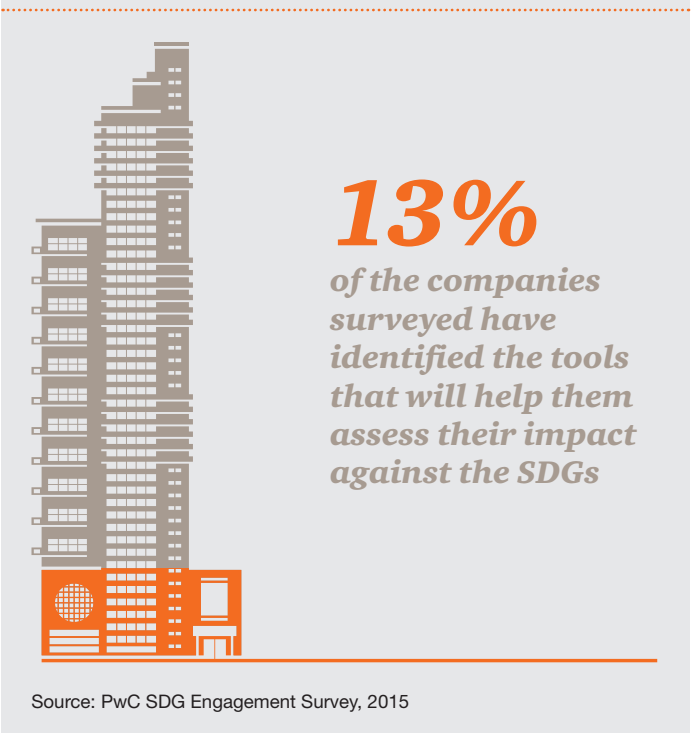
A fear of the unknown and the inability to measure and evaluate how SDGs will impact a company is one reason for this reticence. Just 13% of the companies surveyed have identified the tools that will help them assess their impact

against the SDGs that are relevant to their business. This is understandable considering the newness of them, but even in five years, only 30% think they will be using impact assessment tools. Assessing impact is fundamental to valuing the positive and negative contributions a business makes towards the SDGs. Without the tools identified and in use, business will struggle to engage effectively (see Figure 16: What's stopping business engaging?).

“I think that there will be challenges about how to measure and monitoring the actions. Business do many things but they don't know which of those are linked with the SDGs, so a guide with some examples per industry will help.”

FS company, Colombia

Figure 16: What's stopping business engaging?



“A standardised tool for gap analysis, monitoring, reporting and measurement would be most relevant for industry benchmarking, or best practices sharing.”

Manufacturing, Denmark

In an ideal world, every business would know how their activities and the consequences of them (even the unforeseen elements), map across to the SDGs. Their operations would have identified, valued and be measuring how they contribute to each SDG, monitoring their impact, and implementing new ideas to effect improvement. SDG impact awareness wouldn't be confined to a specific showcase project, but be embedded in a new way of working that prioritises the impact on the global goals alongside its business objectives.

In a world where time costs money, non-financial impacts are rarely measured, and investment budgets under scrutiny and stringent prioritisation, what's the reality and the appetite to embed SDGs? Clarity is required to give business the confidence to embrace the SDGs. Guidelines, case studies, best practice examples, mapping tools etc are all needed. But we're hearing business ask for support with financing, resource and skills requirements as well. It is only when they are in place will we see real engagement.

Mapping SDGs to business activity

The tools to map SDGs to a business don't currently exist. Some companies are developing their own methodologies others are reliant on their business associations. Consistency of approach is lacking. And for a multinational there is the added complexity that there is no single approach for governments – some SDGs will be more important than others – so there's the added need to determine government priorities too. Recognising the issue business is facing, PwC is developing a mapping tool that helps a business understand not only how its operations and activities map against the SDGs, but also how the business maps against the SDG priorities of the countries it operates within.

“I believe it is important to set out examples and good practices so that companies can decide how to proceed. The intention is there but the implementation sometimes is not clear and therefore the actions are delayed.”

Retail & Consumer, Europe

Engaging with the SDGs:

“We have developed...a measurement framework to understand the impact of the work we are doing to directly support over half a million small enterprises to enhance their business growth and family livelihoods.”

Retail & Consumer company, Brazil

Measuring impact

The success of the SDGs has a huge reliance on data – many are predicting a data revolution to meet the demand. Defining which indicators are relevant, how current business metrics align to them and potentially developing additional ones, and working out how to measure success against them, will be a significant time outlay for business as well as investment across their operations. Total impact methodologies and techniques will prove invaluable – PwC's Total Impact Management & Measurement framework is one such approach that would support business in establishing a baseline from which to monitor, measure and evaluate the impact of interventions and strategy, and provide the evidence for how a business contributes towards the achievement of the SDGs. It is more than measuring outputs, impacts and outcomes though, as data will need to be recorded and submitted in a timely fashion too.

For more information, go to pwc.com/totalimpact

Question to Business:

Q. Have you identified the tools you'll need to establish which SDGs your business has an impact on?

Q. Are you clear on how you'll assess your impact?

Q. Have you identified your internal stakeholder groups and are they on board to deliver the strategy that supporting the SDGs involves?

Business as usual – facing challenge and complexity head on

The SDGs represent a new challenge for business – its 17 goals and 169 target and evolving indicators, and the new regulation and incentives that no doubt will accompany them later (as governments work towards achieving them) will add a layer of unwanted complexity. But business is used to complexity. As the requirements and process around SDGs are formalised, business will factor them in to their own processes and operating practices.

Two critical business imperatives stand out to encourage engagement with the SDGs.

- 1 Security.** Businesses that align their strategy with national priorities will most likely be given their licence to operate, by governments and citizens alike – those that do not, or who struggle to demonstrate alignment with the national interest, cannot expect equivalent treatment, so creating competitive disadvantage; and
- 2 Resilience.** Governments are already using the draft SDGs to inform development of policy and regulation. Those businesses that are aware of and aligned with the SDGs are more likely to have alignment with emerging policy, giving them more resilient business models.

So what's the starting point for business? How does this translate into action and next steps? Successful engagement with the SDGs needs to cover 7 steps:

- 1** Agree which SDGs your business and its value chain have an impact on directly and indirectly, in the countries you operate in
- 2** Agree the methodology and measure your business impact across all these SDGs
- 3** Understand where your business has a positive or negative impact on each SDG
- 4** Understand the priorities of the governments your business operates under
- 5** Prioritise reducing negative impacts and increasing positive impacts according to what needs to be achieved by governments
- 6** Incorporate this learning into business planning and strategy
- 7** Evidence how you impact on the SDGs and your contribution

Making a smooth transition to this new model where SDGs play a central role in operational considerations as well as planning, reporting and strategy could be make all the difference in helping to achieve the Sustainable Development Goals.

“Most important, is making the SDGs a culture. If we adopt it as an everyday practice and management ensures such deliverables [happen] then it becomes achievable.”

Communications, UK



Research notes:

- Not all figures add up to 100% due to rounding of percentages and exclusion of 'neither/nor' and 'don't know' responses.
- The base for all figures is 986 for business responses and 2015 for citizen responses (all respondents) unless otherwise stated.
- Index scores were developed to provide a combined scoring mechanism for the ranking questions. Rank 1=100; Rank 2=80; Rank 3=60; Rank 4=40; Rank 5=20; Unranked=0

Contacts

If you'd like to talk through what the SDGs mean for your business and how best to engage with them, please do get in touch:



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