

# ***Working in an SDG economy***

Aligning business activity  
to the Global Goals



# Introducing the Global Goals

We're entering a pivotal time in human history in which the tide could turn on the world's most pressing social, economic and environmental issues. The Sustainable Development Goals (SDGs) have now been agreed by the 193 UN member states, and pave the way to fundamentally shift how we do business. This new demand for responsibility and accountability could drive real change across the business community, change that demands business understands and manages its impact on society and the environment.

The 17 SDGs (also known as the Global Goals) have been deliberately drawn up to encompass the broader issues that drive good growth, in a thriving society and thriving environment. They are completely relevant and applicable to both the developed and developing world and hence for every global company too. See Figure 1: Global Goals – Tackling major world issues.

Figure 1: Global Goals – Tackling major world issues



## ***Sustainability makes commercial sense***

Today, in a growing number of global companies, sustainability is no longer a side issue. Faced with a future of uncertain energy costs, looming regulation on carbon emissions, real concerns about access to raw materials and availability of natural resources like water, business is waking up to the reality that managing the environment is a key consideration.

At the same time companies are coming under ever greater scrutiny from consumers, NGOs, the media and their own employees (fuelled by the explosion in online social networking and ease of access to data) about their treatment of workers, the sourcing and quality of their products and their corporate culture. Taken together, environmental and social responsibility can be seen not as a concern just for risk and reputation management, but rather as a core driver of how smart, modern companies must develop, offering opportunities to be product, service and market leaders.

***In 2014 CDP published Climate action and profitability (CDP S&P 500 Climate Change Report 2014) highlighting that corporations that were actively managing and planning for climate change (SDG 13) secure an 18% higher return on investment (ROI) than companies that aren't, and 67% higher than companies who refuse to disclose their emissions.***





## Value in aligning

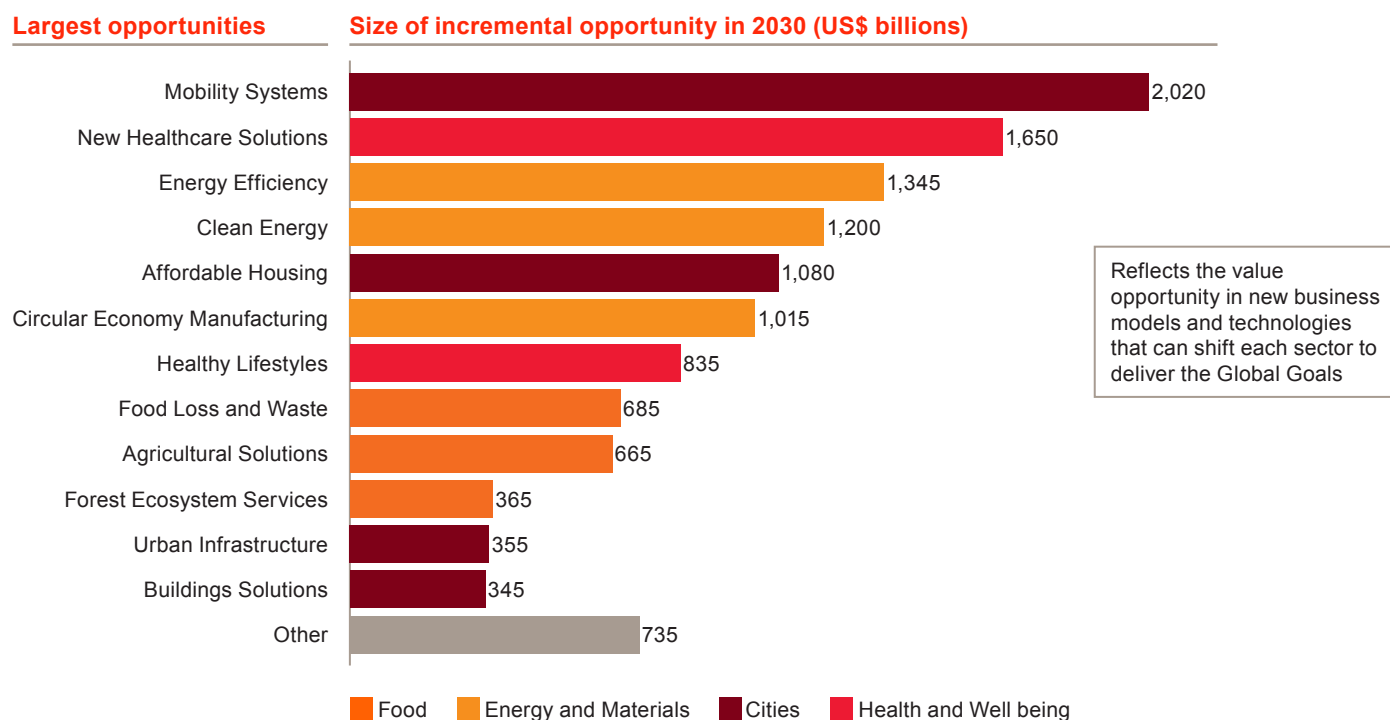
Research by the Business and Sustainable Development Commission (Better Business, Better World) shows that pursuing sustainable and inclusive business models could unlock significant economic opportunities. Reviewing four economic ecosystems, food and agriculture, cities, energy and materials, and health and well-being, it identified that the 60 largest opportunities could generate business revenues and savings worth at least US\$12 trillion a year by 2030 and generate up to 380 million jobs. See Figure 2: The SDG opportunity for the top 12 market opportunities.

It highlighted that adopting new business models and technologies could generate the biggest opportunities in mobility services, healthcare, energy, housing and the circular economy.

We believe that when global companies assess how their business aligns with the SDGs, they will have a clearer view on how their business helps or hinders a government to achieve its goals. They'll also have the opportunity to evidence and maintain their license to operate in those countries striving to create an SDG based society and economy.

In addition, we think they'll also have a competitive advantage over those companies that don't understand their contribution by keeping ahead of new policy interventions and using the knowledge to revise their strategies accordingly.

**Figure 2: The SDG opportunity**



Source: Business and Sustainable Development Commission (Better Business, Better World)

## How is business engaging

Our PwC SDG Engagement Survey (Make it your business) 2015, reveals high awareness of the SDGs (92% amongst the business community versus 31% amongst citizens) and considerable ambition to support them (with 71% of business participants saying they are already planning how they will respond to them). There are already examples of corporates coming forward to make public commitments as to what they intend to do to help in the collective achievement of the SDGs. This activity is encouraging as 90% of citizens in our survey thought it important that business sign up to the SDGs and 78% said they were more likely to buy the goods and services of companies from those that had.

Business support will be a key driver in achieving the SDGs – the good news is that increasingly CEOs are thinking more broadly about what good performance looks like and the measures of success (See Figure 3: CEOs perspectives on performance and profit). With this in mind, the SDGs could be the basis for a new dashboard for business to measure performance and success, factoring in impact on people and the planet.

When business makes profit while benefiting society and its own bottom line at the same time, it is not only a win:win scenario, but also it has the potential to create solutions that are scalable.

Figure 3: CEOs perspectives on performance and profit



**84%** of CEOs said that they are expected to address wider stakeholder needs



**76%** of CEOs say business success is about more than just financial profit



**52%** of CEOs say creating value for wider stakeholders drives profitability

Source: PwC 19th Annual CEO Global Survey

# Aligning business impact to the SDGs

A new way of thinking and adapting skills and resources are required to engage with the SDGs. It's investment now for long term benefit that will drive significant change (Figure 4: Driving a new best practice).

And now finally there is proof that managing for the long term makes good financial sense too. In new research published in HBR, a team from McKinsey Global Institute in co-operation with FLLT Global found that companies that operate a long-term mindset have consistently outperformed their industry peers since 2001 across almost every financial measure that matters and by quite dramatic amounts, with average revenue and earnings growth some 47% and 36% higher respectively by 2014, and market capitalisation showing faster growth too. It's proof that managing for the long term is good for business.

*Our vision is that every business will know how their activities and the consequences of their activities (even the unforeseen elements), map across to the Global Goals. They'll 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 SDGs alongside business objectives and business models.*

For business to see the benefits from all this activity to align with the SDGs, significant internal engagement is required with greater inter-team communication and collaboration. In itself, this will require strong commitment and leadership from the top.

Figure 4: Driving a new best practice



# Converting ambition into action and into achievement

We believe that the SDGs are a game changer for the planet and for business, but only if the business community seizes the opportunity and engages – governments, NGOs and society can only do so much. It will take a united effort. Our research (Make it your business) reveals that 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 the SDGs, but even in five years, only 30% think thought they'd have the tools they need.

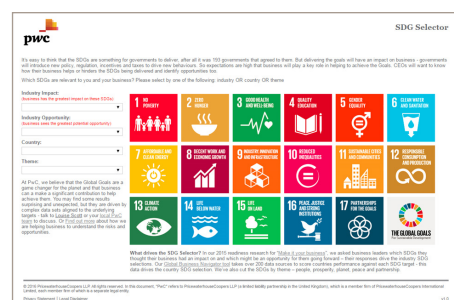
We recognise that engagement will be slow without the basic tools in place to start the process and with 17 goals, some businesses find the SDGs themselves to be high level and impenetrable. So we advise our clients to look beyond the headline goal to the targets that underpin them and are developing tools to support clients in their decision making.

For example, instead of talking about SDG 9 and industry, innovation and infrastructure, talk about target 9.4 'increased resource-use efficiency and greater adoption of clean and

environmentally sound technologies and industrial processes' or instead of talking about SDG 6 and clean water and sanitation, talk about target 6.4 'substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from water scarcity'. These are the things that CEOs and business understand and can act upon.

## Using SDG tools to make meaningful business decisions

With 17 SDGs to understand and work with, we've created the **SDG Selector**, a light touch free tool that gives business direction on which SDGs might be more relevant than others. It's a high level tool using existing, generic data alongside data from our research and the **Global Goals Business Navigator** that helps business explore the SDGs by industry, country and theme – see Supporting you on the SDG journey overleaf.



Find out more about PwC SDG Selector at [pwc.com/sdgselector](https://pwc.com/sdgselector)

For more in-depth analysis to support strategic decision making, we have developed the Global Goals Business Navigator. It combines our market-leading Total Impact Measurement and Management framework (understanding social, economic, and environmental impacts of a business) with detailed understanding of the targets and indicators that underpin the SDGs as well as specific inputs (See Figure 6: Creating insight to define strategy using the Global Goals Business Navigator).

In this way, we aim to help business assess SDG impacts, define their priorities and set goals by addressing these four areas:

- identify the Global Goals that are of most relevance given their countries and sectors of operation
- evaluate which Global Goals they can best contribute to

- identify the significant risks (i.e. where business activities could hinder governments more than help) in relation both to core products and activities and more broadly across the supply chain, on a country by country basis
- identify the potential opportunities (i.e. where business activities could help significantly more) in relation to core products and activities and the wider supply chain, on a country by country basis

# Supporting you on the SDG journey

The SDGs cover 17 different issues and come with 169 targets and a whole set of (evolving) indicators. There is much to do to establish your starting point which will no doubt generate much debate within your business.

PwC has a breadth of skills and the tools to support your business engage and align its activity with the SDGs



## Awareness

Building the business case to engage with the SDGs:

background research and comprehensive guide

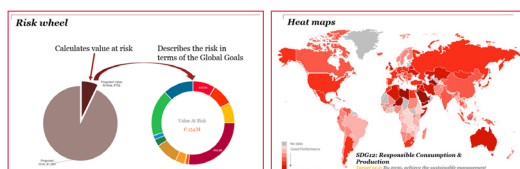
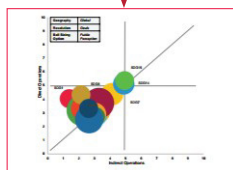


high level analysis using the SDG Selector



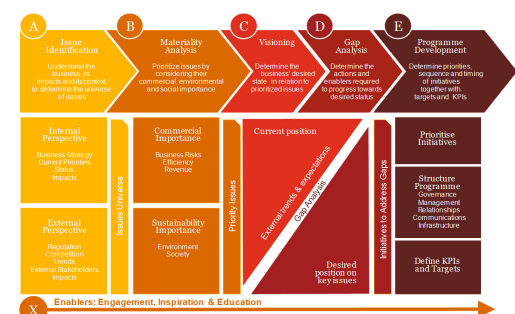
## Prioritisation

Using the Global Goals Business Navigator to understand which SDGs are relevant to your business and which ones to tackle first



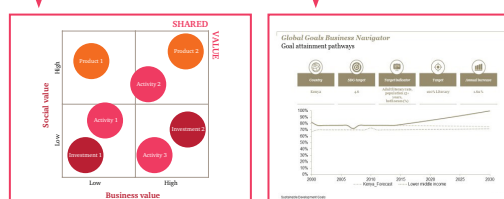
## Strategy and implementation

Defining the approach and engaging internally to align business activity and practice to the SDGs



## SDG Strategy Analytics

Measuring impact and performance against the SDGs using the Total Impact Measurement and Management framework



Aligning reporting to the SDGs and sharing progress with stakeholders

## Reporting

For more on these topics and tools, please go to [pwc.com/globalgoals](https://pwc.com/globalgoals)



Figure 6: Creating insight to define strategy using the Global Goals Business Navigator

## Understand, assess, prioritise

1

### Geographical analysis

to highlight how countries are performing on each goal and target

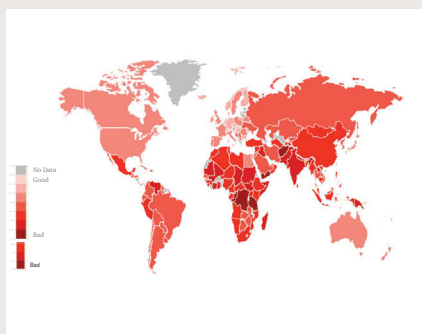
#### What is it for?

To identify how a country is performing on each SDG relative to other countries.

#### Comments

Uses external development and environmental indicators and PwC specialist knowledge. This data will be updated regularly to incorporate national SDG targets and indicators as they continue to be developed.

#### Example output:



2

**Company analysis** to assess your impact on the SDGs and potential value at risk

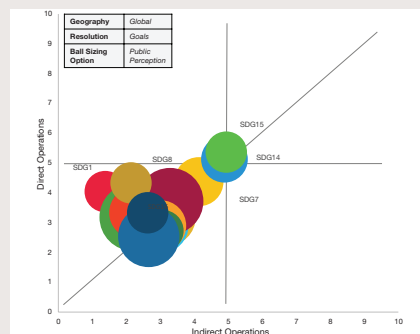
#### What is it for?

To show the relative direct and supply chain importance of each SDG based on geography and sector and clarify which SDGs are relevant to your business.

#### Comments

Our Global Goal Business Navigator uses Input Output Modelling to distribute national SDG scores to constituent sectors – both to a company's direct operations and also within their supply chain. A weighting is applied based on expert research studies and surveys.

#### Example output:



## Set goals and tell your story

3

**Structured discussion and interviews** to refine the output and build consensus

#### What is it for?

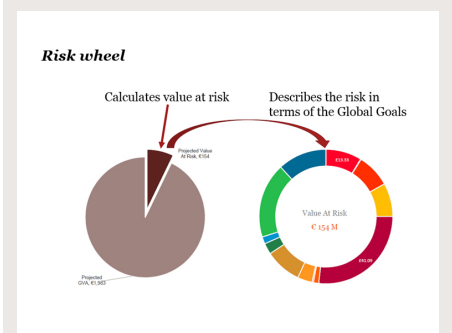
Understand how your business' existing policies and practices impact on the goals and your company's value at risk if the SDGs are not achieved.

#### Comments

Through discussion we refine the results, exploring topics including:

- Strategic priorities and sustainability priorities
- Identification, measurement and management of risks and opportunities in relation to the Global Goals you prioritise as key
- SDG outcomes vs business benefits
- Data and measurement capability

#### Example output:



## What you need to know



The SDGs mean good growth is on the government agenda



Governments will review what is helping or hindering the achievement of the global goals and change regulation, policy, incentives etc. to achieve them



With a strong case for economic opportunities it makes commercial sense to align the SDGs



Understanding the impact of your business activities is crucial right across your value chain



PwC SDG Selector helps you explore what the SDGs mean for your industry and the countries you operate in



PwC Global Goals Business Navigator helps you identify relevant SDG targets for your business



Managing your impact on the goals will in many ways support your stakeholder relationships including your dialogue with government



A local (not global) approach is needed to reflect country specific issues

***“The SDGs have fundamentally changed the game. They are the closest thing the world has to a strategy.”***

**Dr Jake Reynolds,**  
Executive Director of the Cambridge Institute  
for Sustainability Leadership

Source: <https://www.ukssd.co.uk/Blogs/blog/blog-creating-positive-change-with-the-sustainable-development-goals-in-the-uk>



## Key contacts

*If you would like to find out more about how your business is currently impacting upon the SDGs and how you could shape your strategy and operations to make a positive contribution towards achieving the Global Goals, please contact:*

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## Insight at [pwc.com/globalgoals](http://pwc.com/globalgoals)

*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

**pwc** www.pwc.com/sdg

How is business engaging with the SDGs? PwC research with UNGC, WBCSD and GRI explores

*With 193 governments coming together to agree a common framework to tackle 17 major world issues by 2030, business engagement is seen as critical to help achieve the Global Goals. So how do you understand the implications of the SDGs and prioritise them? How do you quantify and minimise the potential risks, and explore the opportunities?*

**Navigating the SDGs:**  
a business guide to engaging with the UN Global Goals



**pwc** www.pwc.com/globalgoals

A practical guide to the SDGs and their implications and opportunities for business

www.pwc.com/mie

**Delivering the Sustainable Development Goals**  
seizing the opportunity in global manufacturing



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Shaping Resilient Global Supply 

Aligning to the SDGs – the business case and practical steps for the Manufacturing sector

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