

Briefing for Finance: United Nations Sustainable Development Goals (SDGs)

THE BUSINESS CASE FOR ACTION

The United Nations (UN) Sustainable Development Goals (SDGs) aim to co-ordinate global action towards solving the world's most pressing challenges such as climate change, hunger and access to healthcare and education. Together the 17 Goals, and 169 time-bound targets underpinning them, offer a roadmap for organizations, industries and governments to undertake the system-wide changes needed to evolve towards a net zero carbon, resource efficient, more equitable world.

The UN declared 2020 to 2030 the “Decade of Action” to deliver the SDGs; to spark greater urgency and ambition, and to accelerate action and delivery of solutions. Currently, the delivery of the Goals by 2030 is out of sight, with the UN reporting that the pandemic has impacted all three dimensions of sustainable development: economic, social, and environmental.¹ Even before the pandemic, progress against the SDGs in many parts of the world was limited.² Progress in sustainable development has suffered significant further setbacks, with the pandemic underlining the need to move towards universal health coverage and universal access to key infrastructure, especially digital infrastructure.³

While some countries, businesses, and civil society organizations set their priorities, targets, and strategies referencing the SDGs, there is a clear need for: focused collaborative leadership; greater cooperation across sectors, value chains and borders to share and utilize know-how; innovation; and successful approaches to accelerate recovery.⁴

All economic sectors need to marshal and direct resources to align with achieving the SDGs. For the private sector, a critical partner to deliver the Goals, there is a clear and vested interest in developing solutions to the world's biggest problems.



Key facts

US\$12 trillion of economic opportunities could be generated by the SDGs.⁹

380 million new jobs could be created by 2030 if businesses align their strategies to the SDGs.¹⁰

33% of CEOs have ranked climate change as their greatest threat to growth.¹¹

Many companies are already applying strategic focus to engaging with the SDGs.

All 17 SDGs can be achieved through six major societal transformations, focused on:

1. Education and skills
2. Health and well-being
3. Clean energy and industry
4. Sustainable land use
5. Sustainable cities
6. Digital technologies

All are guided by the twin principles to “leave no one behind” and “ensure circularity and decoupling”.⁶

As the role that businesses play within society faces increasing scrutiny and expectation levels from investors and wider stakeholders, there is growing recognition that organizations operating sustainably and with a clear purpose are more favourable long-term investments. Achievement of the SDGs in the relevant timeframes is critical to creating long-term value to benefit both business and society. However, progress is limited – in the Decade of Action only 21% of CEOs report a contribution to the delivery of the SDGs, despite 70% of them agreeing that it should be done.⁷

We are seeing companies widening their ‘corporate purpose’ to a broader societal role and considering value creation and erosion across multiple capitals: natural, social, human, financial, intellectual and manufactured capital. Examples of purpose-aligned sustainability priorities include fostering resilient communities, securing reliable access to natural resources, and building an educated and healthy population. This contributes to an environment where businesses can thrive alongside healthy societies and a fit-for-the-future workforce.

The business case is clear: ESG (Environment, Social and Governance) concerns are now critically important for CEO dealmakers across all sectors. 99% of CEOs factor these issues into their buying strategies and 6% have walked away from deals in the past year because of ESG-related concerns.⁸ Businesses that position the SDGs at the heart of strategic and operational decisions will increase efficiencies, harness emerging market opportunities, and increase resilience.

Recent research showed that **83%** of companies state that they support the SDGs, **69%** articulate which Goals are most relevant to their business, and **40%** set measurable commitments.⁵

The 17 SDGs

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequality
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace and Justice Strong Institutions
17. Partnerships to achieve the Goal



What are the opportunities for business?

The SDGs create an opportunity to further businesses' strategic goals and development, in part through providing a unique framework for innovation.

1. Access to finance

Investors are becoming more concerned with companies' sustainability risk profiles. They also require greater visibility on their sustainability-related business opportunities. Options for sustainable finance have significantly increased over the last few years, through green, social and sustainability bonds, sustainability linked loans and revolving credit facilities.

2. Revenue growth

New and improved products and services will be required for a more sustainable economy. Businesses that take an active role in leading the transformation are better placed to harness emerging market opportunities.

3. Cost reduction

As many businesses recover from the pandemic and face increasing supply chain and inflation risks, many are looking for opportunities to drive efficiencies, with 43% of CEOs ranking macroeconomic volatility as their top threat to revenue growth.¹² Responding to the Goals will drive innovation in resource, process and design efficiencies and protect the value chain from resource shortages.

4. Risk mitigation

Each SDG represents a risk area that already presents challenges to businesses and society, and that is likely to escalate over time. Aligning corporate strategy with the Goals will highlight areas of risk that should be addressed to aid long-term value creation and increase resilience.



What action can finance take?

Finance has a key role to play in aligning corporate strategy and metrics to reflect the SDGs. A4S partnered with the UN Global Compact CFO Taskforce for the SDGs to advance CFO engagement with the SDGs.¹³ This stems from the recognition that, as stewards of trillions of dollars in corporate investments, CFOs are uniquely positioned to act as a catalyst for growth, value creation, and social impact. A set of CFO Principles have been developed which supplement the UN Global Compact's Ten Principles to integrate Sustainable Development in Corporate Investments and Finance.¹⁴

The following are actions that finance can take to incorporate the SDGs into organizational strategy and internal decision making.



Identify the SDGs that are most relevant to the organization

Begin by mapping the SDGs to the organization's 2030 ambitions and highlight contributions to the Goals and their alignment with the organization's core purpose and strategy. Connect with the sustainability team to decide where key risks and opportunities lie and assess the actual or potential impacts of achievement of the SDGs. At the governance level, develop the organization's risk appetite and risk tolerance settings to mitigate the key risks aligned to achieving the organization's SDG-informed strategic priorities.



Integrate your findings into the organization

Include the Goals in the organization's core strategy, governance, financial planning, and internal and external reporting.



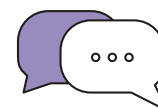
Incorporate the SDGs into financial decision making

Include the Goals in CapEx appraisals, budgeting and performance management, including employee incentives, investment cases and sustainable financing.



Set ambitious targets along with a robust measurement and monitoring approach

Design systems across all functions to support the organization in achieving its SDG-informed strategic priorities. Develop operations-level performance targets to measure and monitor progress and embed key performance targets within the organization's remuneration policy across all levels of the organization.



Communicate progress on areas of the SDGs in corporate reports

Communicate the organization's performance and progress across all key areas regularly and transparently – avoid cherry picking information that shows favorable impacts.¹⁵



Recent examples of actions that organizations have taken to progress towards the Goals

- [HSBC](#) launched an SDG Bond Framework to mobilize investors to contribute capital towards achieving the Goals.
- [APRIL Group](#) prioritized the SDGs and aligned its actions and investments to maximize impact.
- [Fujitsu](#) embedded the SDGs in its growth strategy to capture new business opportunities.
- [The SDG Investing Initiative](#) was formed by 18 Dutch financial institutions, managing around €2.8 trillion in assets, to collaborate on investment in the SDGs, develop a standard methodology to identify investment opportunities, and support other institutional investors.
- [Unilever](#) has an action plan to deliver on the SDGs and address issues such as nutrition, hygiene and climate change.
- [NWB Bank](#) set up the SDG Housing Bonds in 2019 to signal the transition from social bond to sustainable bond.

Further resources



Explore

- [The 17 Sustainable Development Goals](#)
- [SDG Essentials for Business](#)
- [World Benchmarking Alliance SDG2000 list](#)
- [The UN's progress charts for each of the Goals](#)
- [SDG Business Hub](#)
- [Support the Goals](#) is an initiative to reward businesses for supporting the UN Global Goals, composed of a team of volunteer researchers
- [GRI provides free resources and tools on SDG reporting](#)
- [SDGs and Impact – United Nations Environment – Finance Initiative \(unepfi.org\)](#) focuses on creating a sustainable finance sector.

Read

- ICAEW – [The Crusade to achieve SDGs and the role of the accountant](#)
- Accenture – [Delivering on the Promise of Sustainability: How 12 industry sectors are positioned to advance SDGs](#)
- [SDG Impact – United Nations Development Programme \(UNDP\)](#): A flagship initiative focusing on generating and leveraging private sector capital in delivering the SDGs
- [SDG Action Manager – UN Global Compact](#). A tool developed by the UNGC to give businesses the opportunity to learn about, manage, and directly improve their sustainability performance in relation to the SDGs.



Endnotes

1. United Nations, [The Sustainable Development Goals Report 2021](#)
2. UN Sustainable Development Solutions Network (SDSN) and Bertelsmann Stiftung, [Sustainable Development Report 2021](#)
3. United Nations, [The Sustainable Development Goals Report 2021](#)
4. World Economic Forum, [Sustainable Development Impact Summit](#)
5. Global Reporting Initiative (GRI), [Most companies align with SDGs – but more to do on assessing progress](#)
6. UN Sustainable Development Solutions Network (SDSN) and Bertelsmann Stiftung, [Sustainable Development Report 2021](#)
7. World Economic Forum, [5 ways multinational corporations can have a greater impact on the SDGs](#)
8. EY, [New realities, new strategies: leading CEOs look beyond short-term pressures to invest in long-term value creation in 2022](#)
9. United Nations, [Companies Can Create 380 Million Jobs by Integrating Sustainable Development Goals into Business Strategies, Secretary-General Tells International Employers Summit](#)
10. Ibid
11. PwC, [PwC's 25th Annual Global CEO Survey](#)
12. Ibid
13. CFO Coalition for the SDGs, [UN Global Compact launches CFO Coalition for the SDGs to drive more private sector investment towards sustainable development](#)
14. [United Nations Global Compact](#)
15. Value Reporting foundation, [International <IR> Framework](#)

