



System transformation



Business and the SDGs:

A survey of WBCSD members and Global Network partners

July 2018

Key Findings

The World Business Council for Sustainable Development (WBCSD) & DNV GL have conducted a global survey to explore trends around how business is currently working to align activities with the Sustainable Development Goals (SDGs). This survey drew responses from around 250 companies across 43 countries and four continents. Among the survey's key findings were the following:

1. Business is engaged and sees the SDGs as a strategic opportunity, however integration challenges remain

Most companies have taken stock of the SDGs, recognizing the potential to support them in enhancing their license to operate, innovate and grow. 78% of companies have already undertaken efforts to identify priority SDGs for their organization. However, it would appear that in many cases there is scope to broaden the depth of this analysis. Only a third of companies have so far conducted a detailed examination of the SDGs at target-level, and relatively few companies seem to be considering how they can contribute to the SDGs

through addressing negative impacts, or through engaging with their value chain.

2. Engagement and ownership is not yet part of core business

At present, the SDG agenda is mainly managed/owned by sustainability, communications and CEO departments and offices; challenges remain with regard to integrating the SDGs into other strategic functions.

3. SDG 13, 12 and 8 are the most common priority goals

Overall, SDG 13 (Climate Action) is the most prioritized SDG among organizations, with 62% identifying it as a priority focus area. SDG 13 and

SDG 12 (Responsible Consumption and Production) scored highest in Europe and Asia Pacific regions, while SDG 8 (Decent Work and Economic Growth) was the highest scoring SDG in North and Latin America. SDG 14 (Life Below Water) is the least prioritized SDG globally with only 10% of companies seeing it as a key topic.

4. Lack of understanding of the business case is the biggest barrier to internal engagement on the SDGs

Although there is mounting literature highlighting the economic argument for realizing the SDGs, in many cases companies are struggling to articulate the business case within their own operations.

5. Clarity on policy is needed to help companies commit

A further barrier to companies taking additional action is the need for greater clarity on regulatory and policy developments. Clearer policy signals would provide greater certainty to support SDG aligned business decisions.

6. Further integrating the SDGs into corporate strategy is a key ambition moving forward

Setting corporate KPIs and SDG-related business goals, and enhancing reporting are priorities for businesses over the course of the next three years.

About the survey



Goal

- To understand current state of play regarding business integration of the SDG agenda
- To explore common challenges that companies are facing
- To identify corresponding solutions



About the survey

- Distributed to all WBCSD members and organizations that make up WBCSD's Global Network

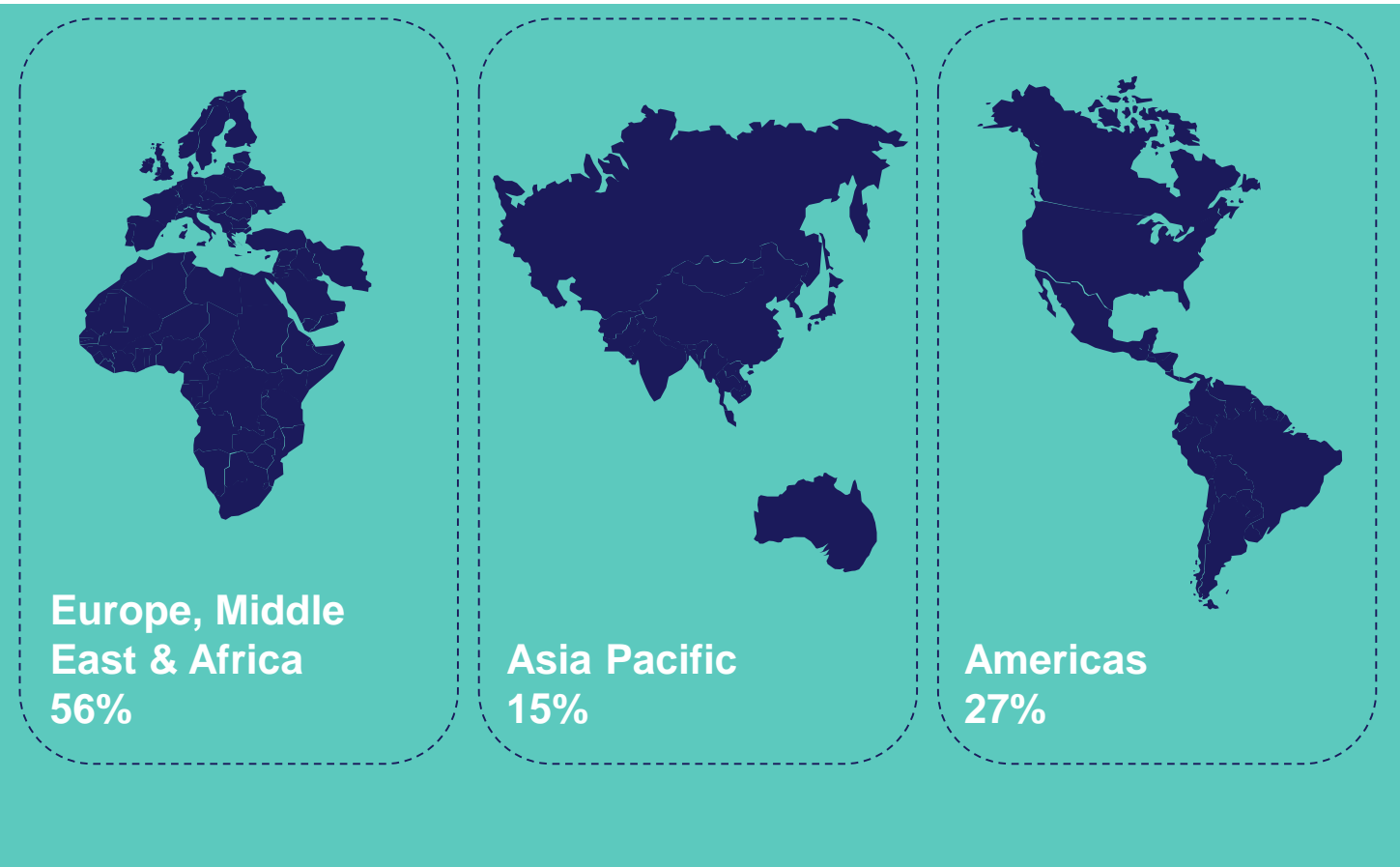


Scope

- Survey drew responses from approximately 250 companies from across 43 countries and 4 continents

Survey participants

By region



By sector



PART ONE

How are companies currently engaging with the SDGs and why?



How are companies engaging with the SDGs?

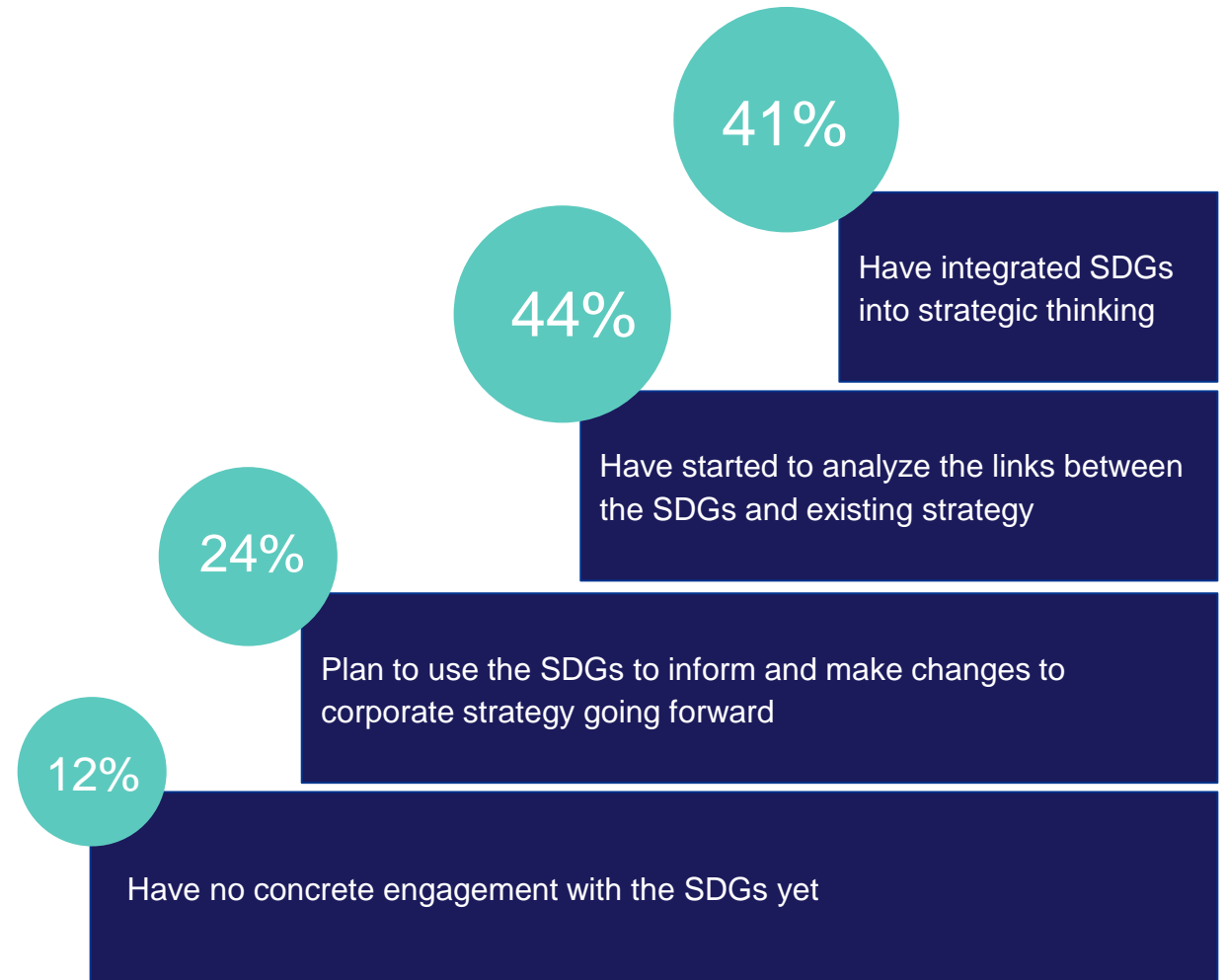
Companies are engaging with the SDGs strategically

Three years on from the launch of the SDGs in 2015, we see strong evidence of business taking an increasingly strategic approach to the SDGs.

44% of companies have taken the initial steps of analysing the links between the SDGs and their existing corporate strategy, while 41% have gone a step further and taken measures to ensure that the SDGs are in some way integrated into their strategy setting.

24% of companies indicated an intention to integrate the SDGs into their strategic thinking moving forward. While only 12% of companies surveyed have not engaged with the SDGs as yet.

Therefore, while there remains work to be done in terms of widespread integration of the SDGs into corporate strategy, we see clear business intent to engage with this agenda in a meaningful way.



Part One

Why are companies engaging with the SDGs?

Multiple benefits

It is clear that companies perceive a wide range of benefits from engaging with the SDGs, underlining how the Goals can help business in a variety of ways.

A strategic opportunity

Almost three quarters of organizations see the SDGs as presenting important opportunities to focus their sustainability strategies.

Opportunity to enhance license to operate, innovate and grow

Two thirds of companies see the SDGs as providing an opportunity to innovate and provide business solutions to societal issues. Meanwhile 42%

see the Goals as a very important way to identify new business opportunities and revenue streams, and 45% of companies considered SDG alignment as being a significant source of competitive advantage. 41% see the SDGs as a critical framework for better understanding operational and regulatory risk

SDGs not yet widely seen as providing enhanced access to capital

Less than one in five organizations consider the SDGs very important in the context of enabling access to financing, indicating a perception at this stage that there is limited investor interest in the SDG agenda.

What do you perceive as the most important benefits to engaging with the SDG agenda for your company?



PART TWO

How are companies analyzing the SDGs to inform decision-making?

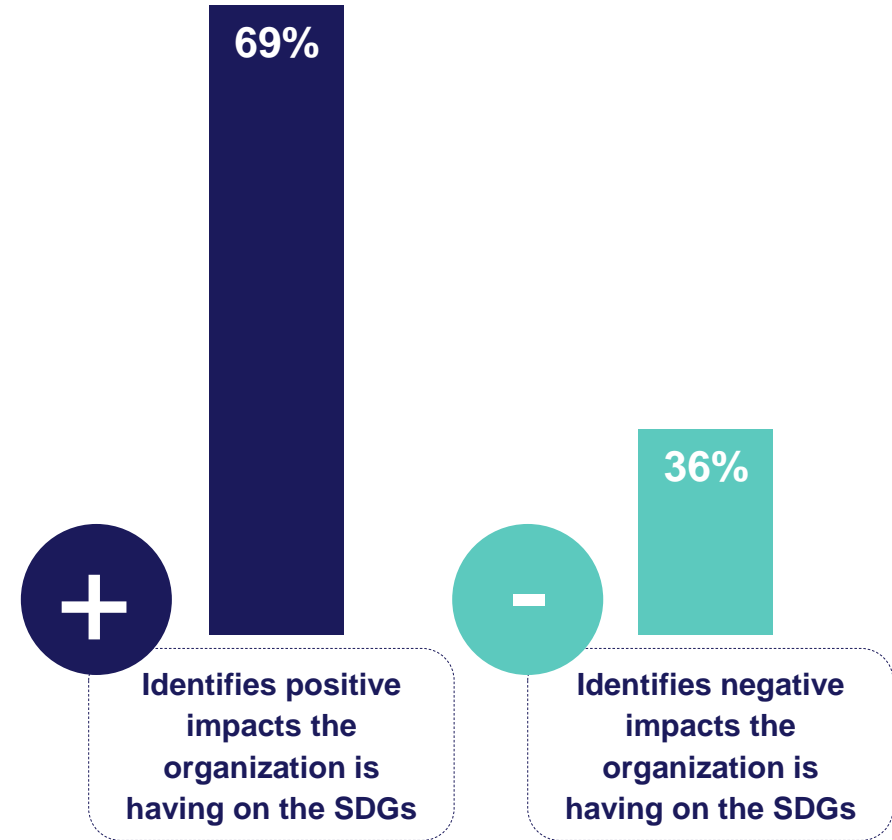


How are companies analyzing the SDGs?

Identifying positive and negative SDG impacts

When it comes to analysing how their organizations are interacting with the SDGs, at present it seems that companies are focusing predominantly on the positive impacts that they can have on this agenda. 69% of companies surveyed have taken steps to identify their positive impacts on the SDGs.

Conversely, relatively few organizations (37%) are currently taking action to identify their potential negative impacts on the Goals. This represents a potentially missed opportunity to contribute to the SDGs through minimizing negative impacts and to provide a balanced view on SDG performance to stakeholders.



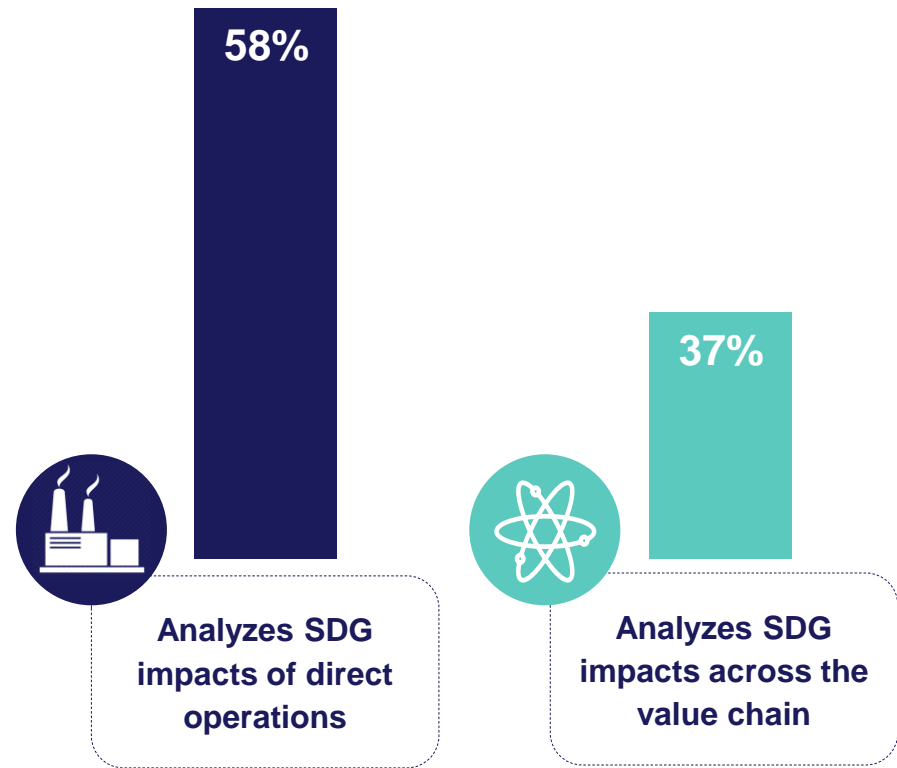
How are companies analyzing the SDGs?

Organizations focussing more on direct operations

A majority of companies (58%) are currently mapping the SDGs to their direct operations and exploring their impacts.

Just over a third of companies (37%) have taken measures to map the SDGs to their wider value chain, with a view to

identifying opportunities for minimizing negative impacts or maximizing positive impacts which lie beyond the scope of the assets that they directly control.

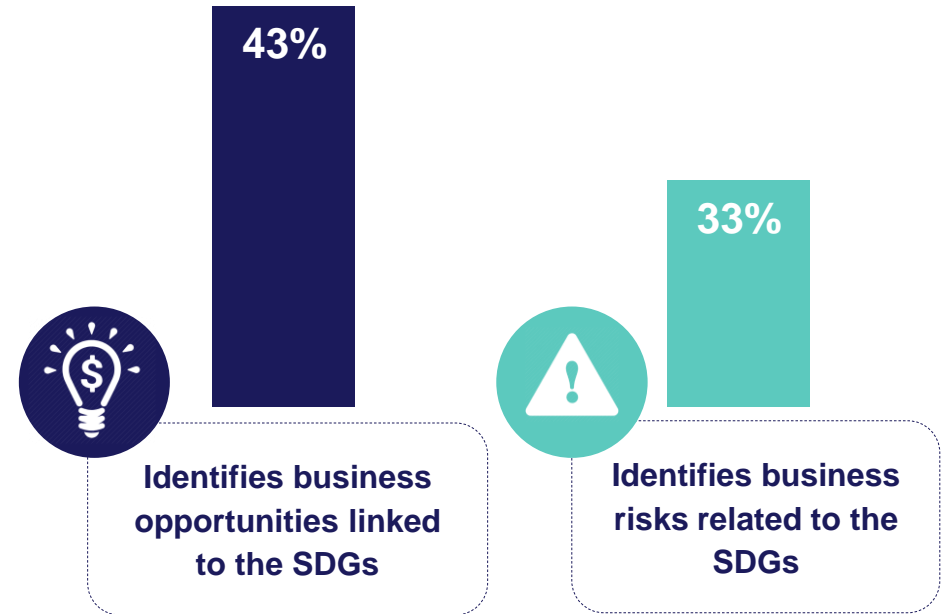


How are companies analyzing the SDGs?

SDGs being used more to identify opportunities than risks

At present it would appear that companies are finding the SDGs more immediately applicable as a framework to help identify business opportunities than as a tool for helping to explore and address business risks.

43% of companies have taken action to identify business opportunities linked to the SDGs, while 33% have used the Goals to consider emerging operational, regulatory or operational risks.

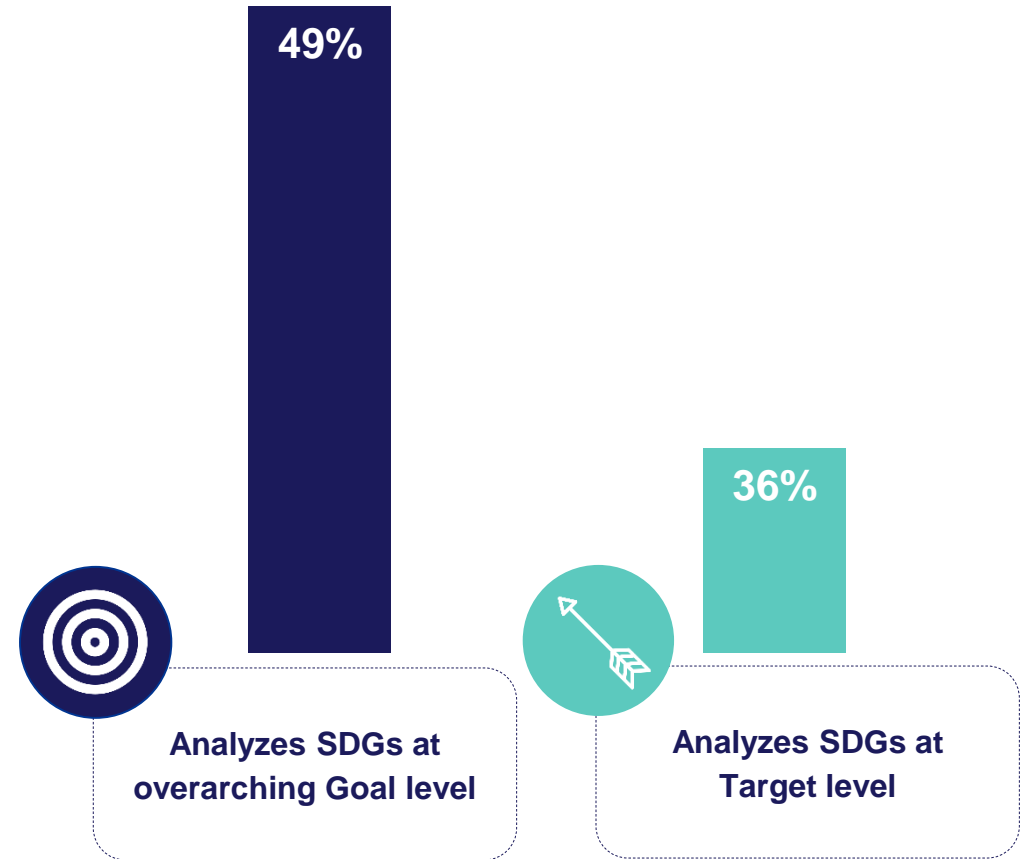


How are companies analyzing the SDGs?

More focus on the SDGs at “goal” rather than “target” level

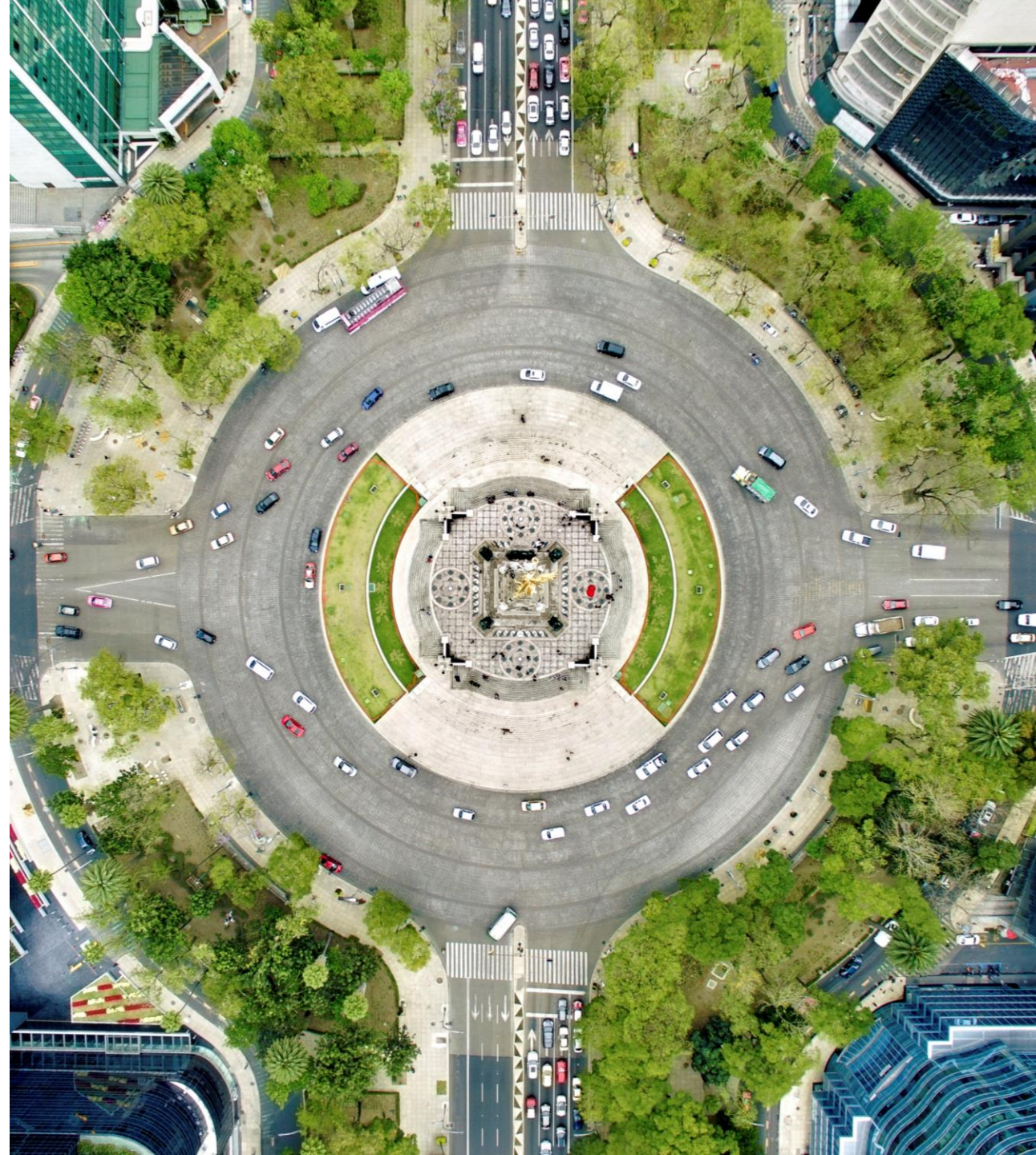
The SDGs represent a complex and interconnected agenda of 17 goals underpinned by 169 detailed targets. At present less than four in ten organizations are undertaking a detailed analysis of the SDGs at target level, with the majority of organizations exploring how their activities align with the broader goals.

This represents a missed opportunity for meaningful engagement as the targets provide the much needed granularity for companies to pinpoint critical impact areas and translate them into business solutions.



PART THREE

How are companies
defining priority SDGs?



How are companies defining priority SDGs?

Companies across the board are identifying priority SDGs

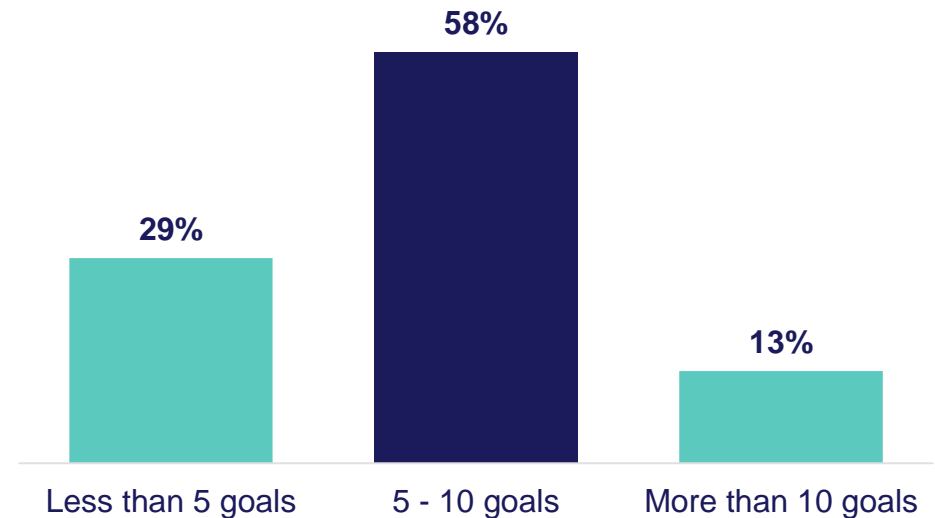
A clear majority of 76% of companies surveyed have conducted some form of prioritization to identify the SDGs that are most relevant to their operations.

Among those companies conducting SDG prioritization the majority (58%) have selected five to ten goals on

which to focus. 29% of companies have selected less than five goals and 13% more than ten goals.

Companies are clearly seeing value in narrowing down the broad SDG agenda with a view to focusing their efforts on a specific sub-set of goals.

Have you produced a list of priority SDGs for your organization and if so how many have you identified?



How are companies defining priority SDGs?

“Climate Action” claims top spot as “Life Below Water” falls short

The SDG which is being prioritized more than any other is SDG 13 (Climate Action) with almost two thirds of companies identifying it as a priority focus area. This is closely followed by SDG 12 (Responsible Consumption & Production) and SDG 8 (Decent Work & Economic Growth). While in many ways it is natural that these SDGs should be key focus areas for business, given their strong connections to private sector activity, it would also appear that a number of SDGs are perhaps being overlooked, in particular SDG 14 (Life Below Water) which is seen as a priority by just 10% of companies.



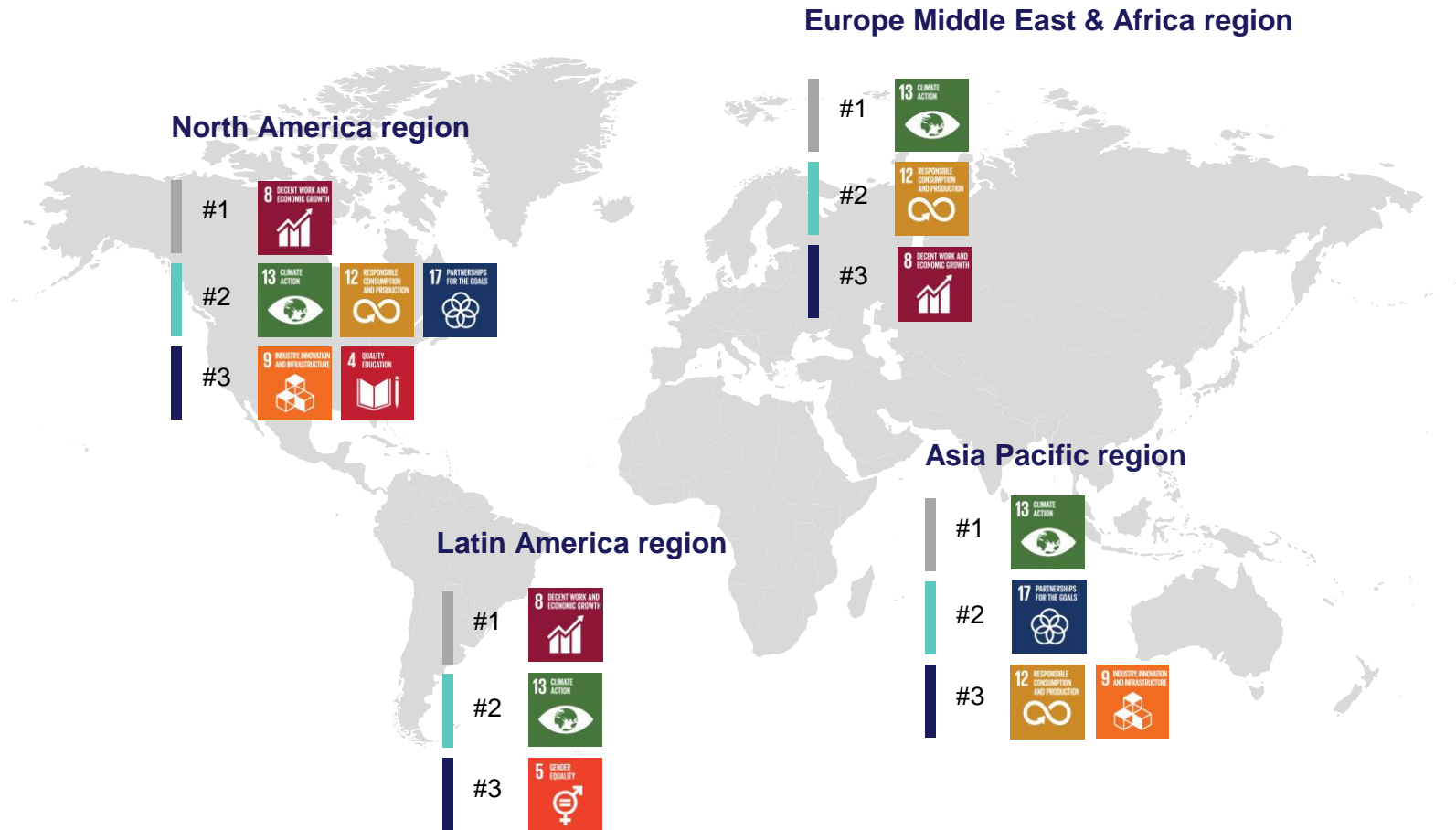
How are companies defining priority SDGs?

Regional variations in SDG prioritization

Over 3 in 5 organizations in North and Latin America (63% and 61% respectively) identified SDG 8 (Decent Work and Economic Growth) as a top priority. In contrast, less than half of companies from Europe, Middle East & Africa (EMEA) and Asia Pacific (ASPAC) identified SDG 8 as a priority. SDG 13 (Climate Action) is the most-prioritized SDG across EMEA and ASPAC businesses.

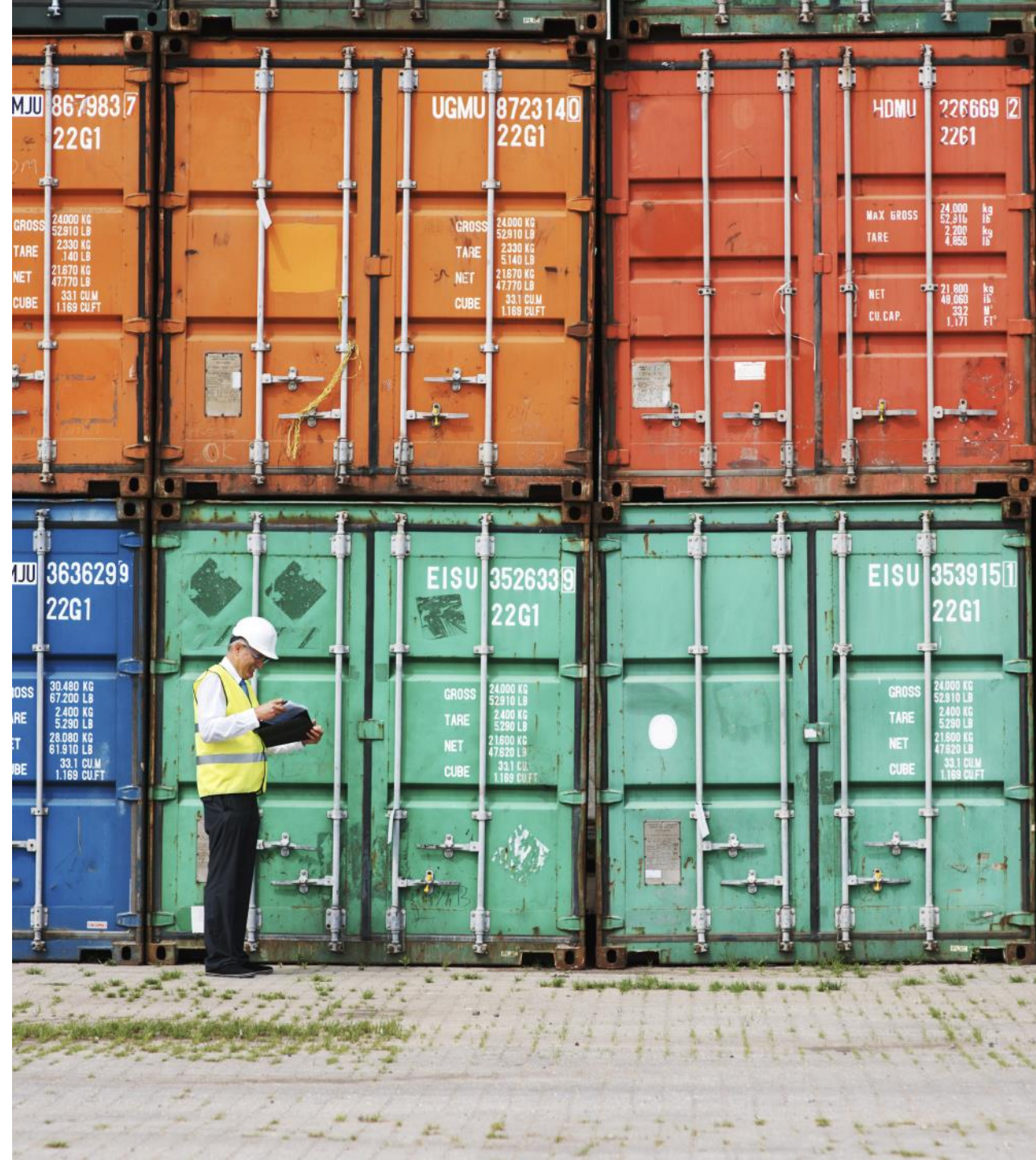
SDG 17, (Partnership for the Goals) is also strongly recognized as a priority in the ASPAC and North America regions.

Socially-focused goals were generally more strongly prioritized in Latin America than in other regions, with SDG 5, (Gender Equality) featuring more prominently than in other geographies.



PART FOUR

To what degree are companies setting specific SDG targets?



To what degree are companies setting SDG targets?

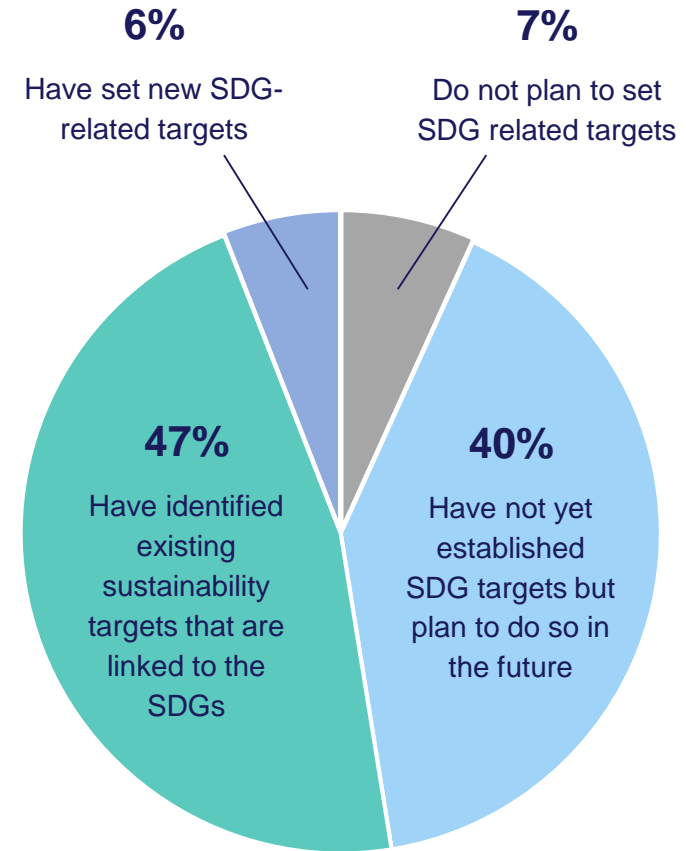
Companies recognize the importance of targets but few have set new targets as a result of the SDGs (so far)

When it comes to SDG target setting, at this juncture almost half of companies have undertaken efforts to explore how their existing sustainability targets are linked with the SDG agenda.

In comparison, relatively few (just 6%) have so far taken measures to develop new targets linked specifically to the SDGs. However, 41% of companies surveyed indicated that they had plans to establish SDG targets in the near future.

Only 7% of companies responded that they had no plans to track or develop any sort of SDG-related target moving forward.

On the whole companies seem to be recognizing the importance of having targets in place when it comes to the SDGs and although progress has been limited so far there are clear ambitions to advance in this area.



PART FIVE

How are the SDGs
being embedded
organizationally?



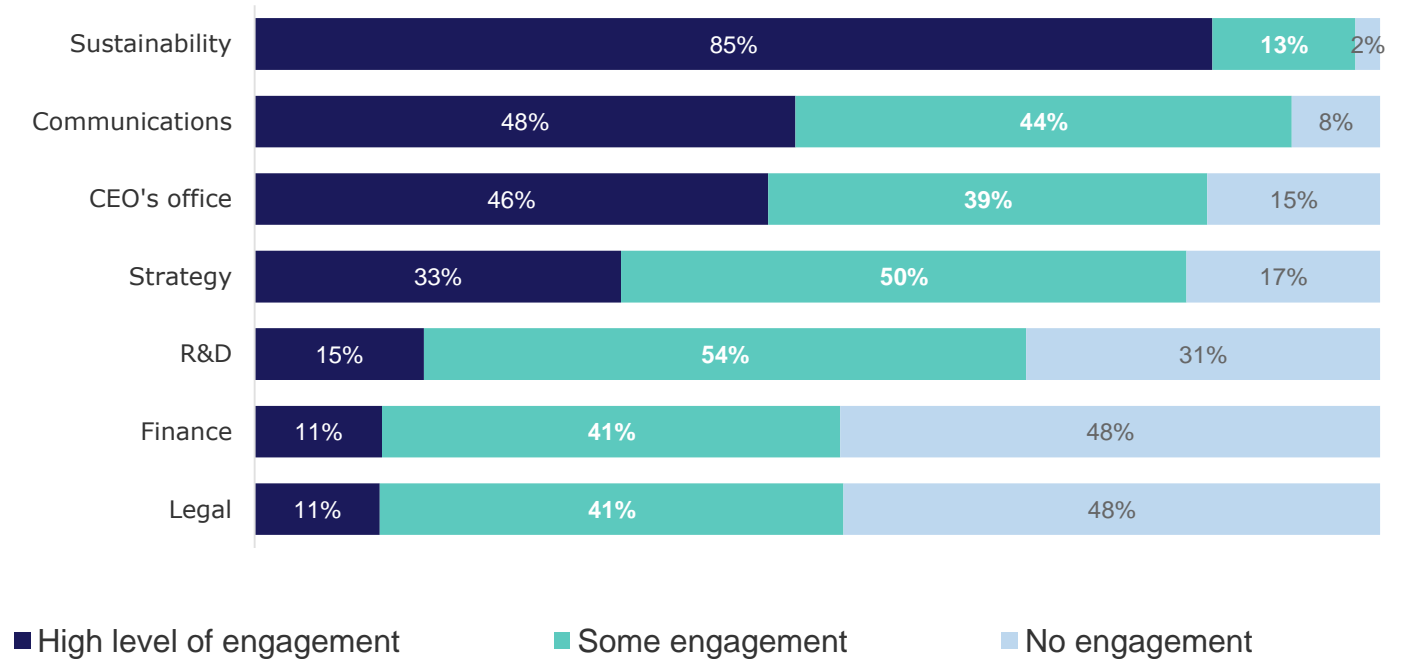
How are the SDGs being embedded organizationally?

Which departments within organizations have bought into the SDG agenda?

Data obtained through the survey shows that it is the sustainability function within companies that is most engaged around the SDG agenda. Communications, the CEO office and strategy departments are also engaged but to a lesser extent, while there is limited engagement thus far from functions such as R&D, Finance and Legal.

Moving forward there is perhaps more work to be done around embedding SDG awareness across a wider range of corporate functions in order to best explore the potential of this agenda to generate business opportunities and enhance risk management.

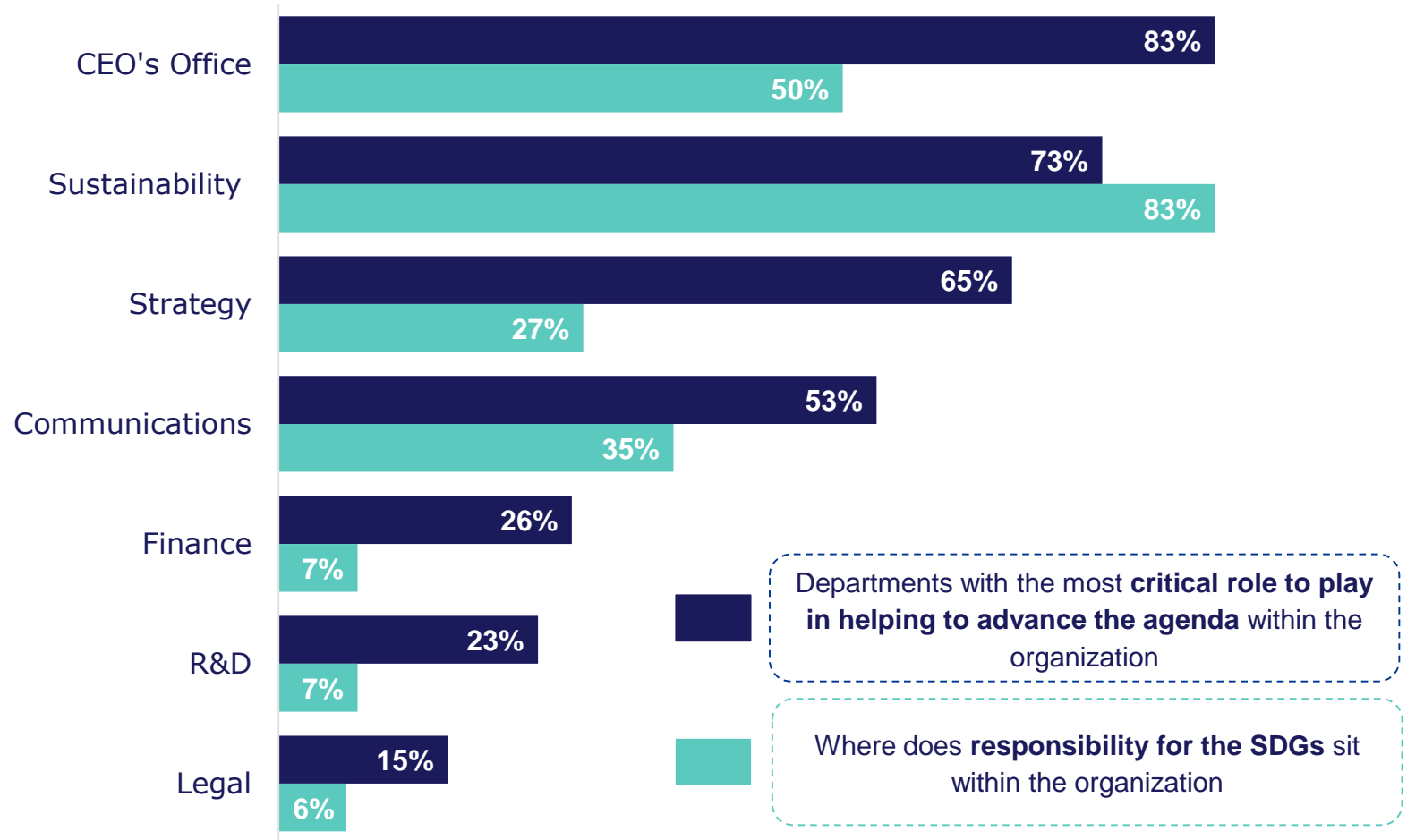
Which internal departments or functions within your organizations would you say are most aware/engaged with the SDG agenda?



How are the SDGs being embedded organizationally?

Who is taking responsibility for the SDGs vs. who should be driving the agenda forward?

Data obtained through the survey suggests that there is currently a degree of mismatch between which departments are responsible for the SDGs, and the departments that are most critical in helping advance the SDG agenda within the organization. Companies pointed to the importance of CEO's offices and strategy departments getting more engaged in the agenda.



How are the SDGs being embedded organizationally?

Barriers to integrating the SDGs organizationally

Articulating a clear business case for the SDGs and communicating the benefits internally is still a challenge for many organizations. Almost half of companies list lack of understanding of the business case among internal stakeholders as a key barrier to SDG integration.

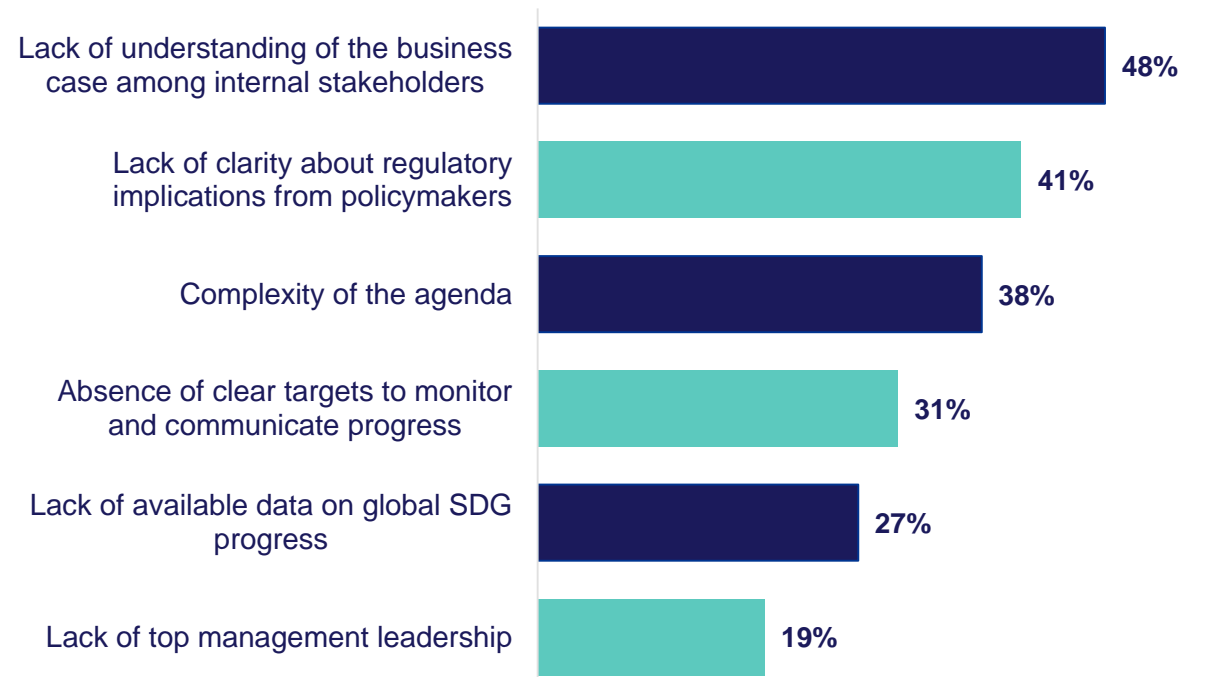
Meanwhile, 41% of companies find the lack of clarity regarding

regulatory implications from policymakers a key barrier.

Complexity of the agenda also scored highly as a factor hindering SDG integration.

Lack of management leadership was perceived as a barrier to a lesser extent, with only 19% of respondents noting this as a key challenge to overcome.

What are the key barriers you are facing in integrating the SDG agenda into your organization?



PART SIX

How are companies reporting on the SDGs?

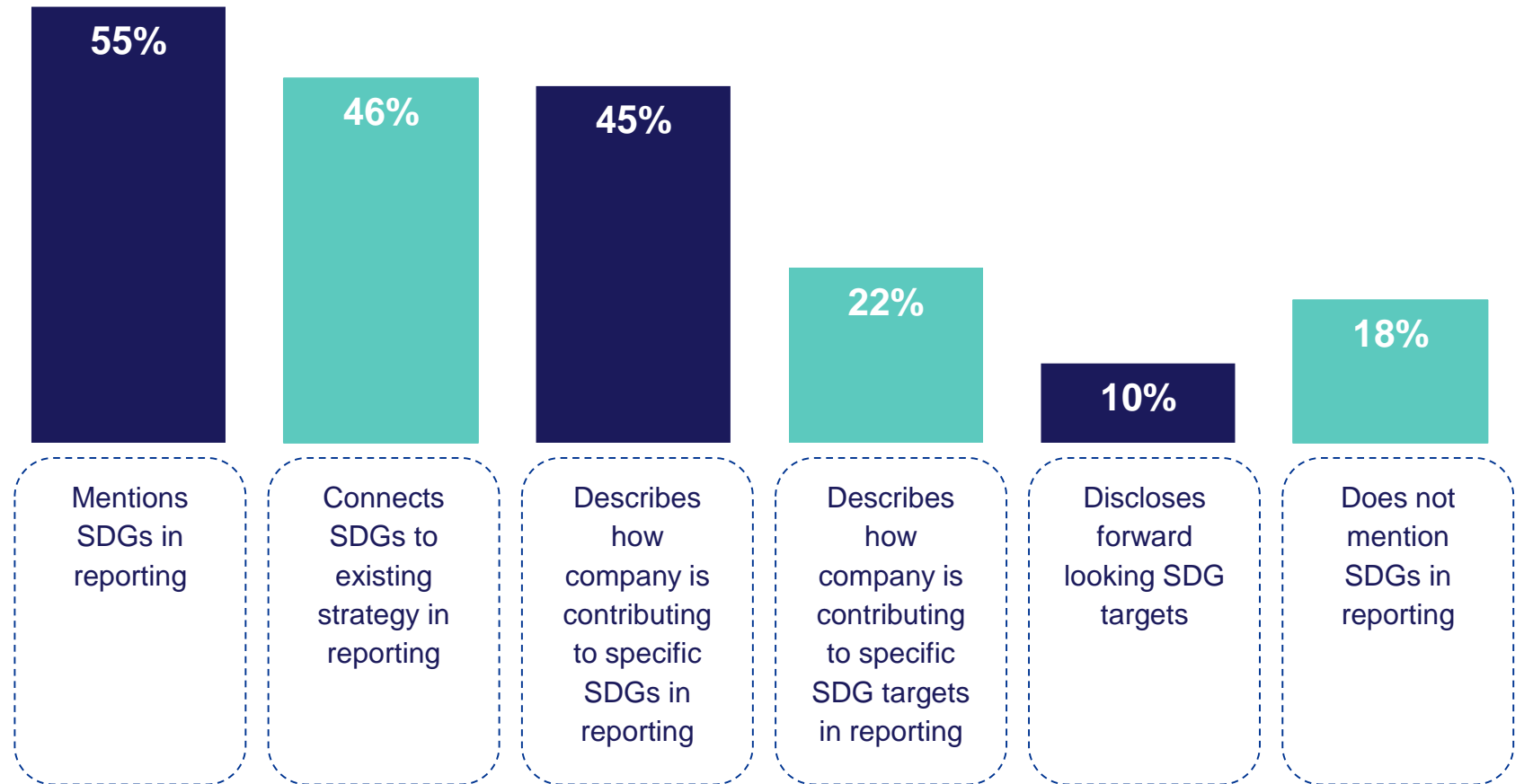


Part Six

How are companies reporting on the SDGs?

Only 18% of companies surveyed stated that they make no mention of the SDGs in their reporting. The remaining 82% communicate around the SDGs in some shape or form. However, while many companies are mentioning the SDGs in their reporting, there are contrasting levels of depth in terms of how the goals are being explored.

Significantly, at present less than a quarter of companies are reporting on how their organizations are contributing to the SDGs at a target level, while only 10% disclose specific SDG-related targets; in many ways this is reflective of some of the wider integration challenges that companies are facing.

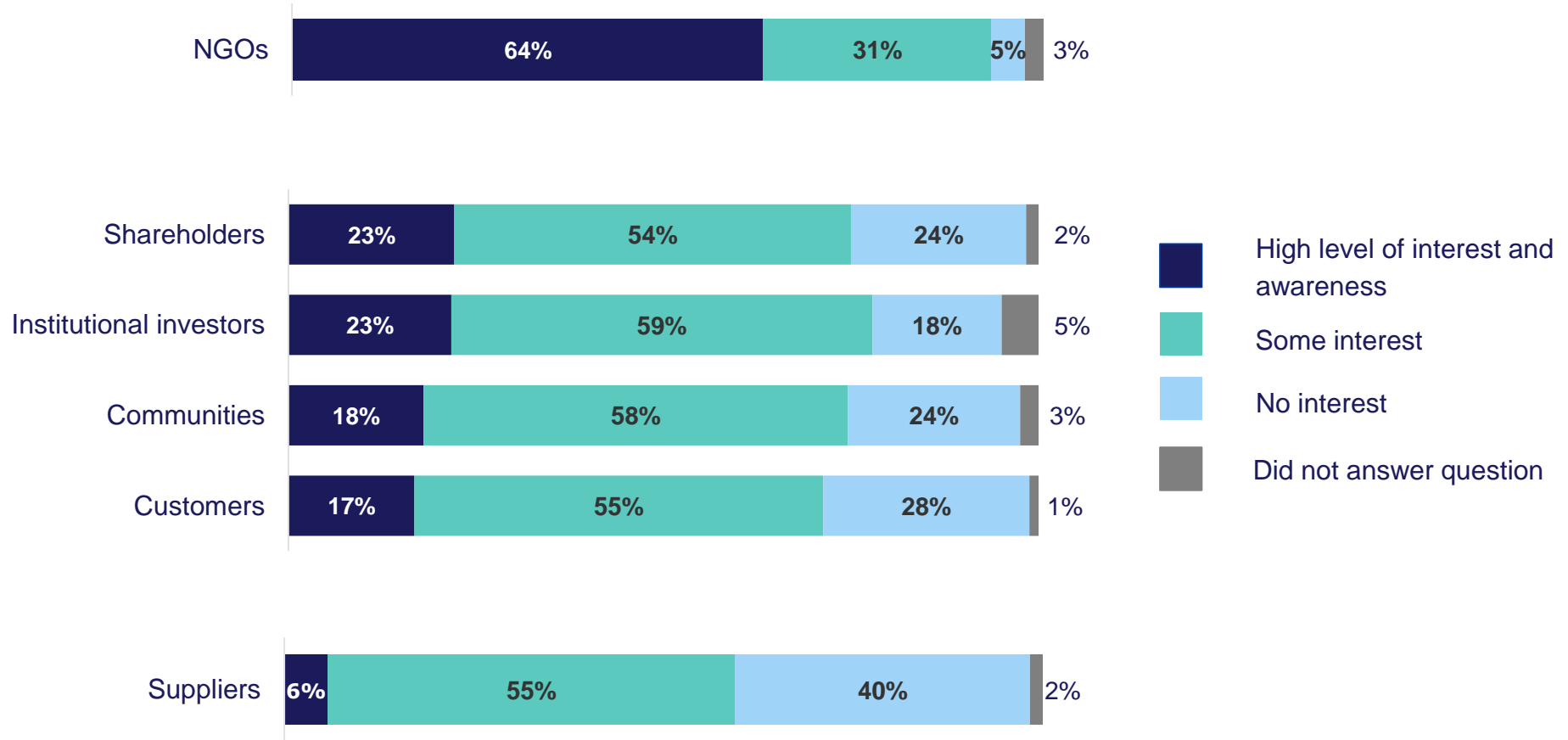


How are companies reporting on the SDGs?

Who is asking about the SDGs?

Perhaps unsurprisingly, there is the greatest level of perceived interest in the SDGs from the NGO community, however the survey also found that companies consider a number of other stakeholders to be showing at least some degree of interest in this agenda.

Suppliers were felt to be the least engaged with the agenda, perhaps highlighting some of the challenges that companies face in terms of value chain engagement around the SDGs moving forward.



PART SEVEN

The road ahead: SDG ambitions moving forward



The road ahead: SDG ambitions moving forward

Almost all companies voiced ambition in the survey to enhance their level of SDG integration over the course of the next three years. Stated ambitions included the following:

1

To further integrate the SDGs into corporate / sustainability strategies and business planning

This was the most common ambition among companies, with over a quarter of organizations identifying it as a future focus area. Many respondents are hoping to 'fully integrate' the SDGs into their strategy and processes within the next 3 years.

2

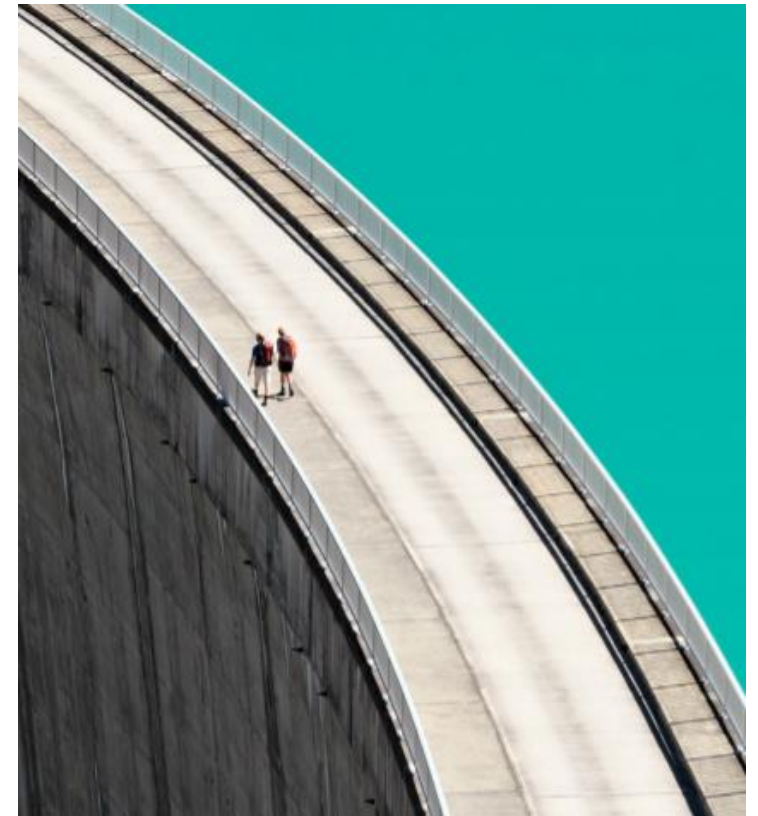
To measure and monitor SDG impacts through development / improvement of KPIs

Around 15% of companies stated an ambition around the improvement of the way they measure their progress on the SDGs. More than 10% are looking to either improve existing SDG targets that they have implemented or to set new ones.

3

To improve (or begin) reporting against the SDGs

A substantial number of companies also highlighted ambitions to enhance their capacity to adequately report on their SDG performance in the coming years.



The road ahead: What is needed to overcome barriers?

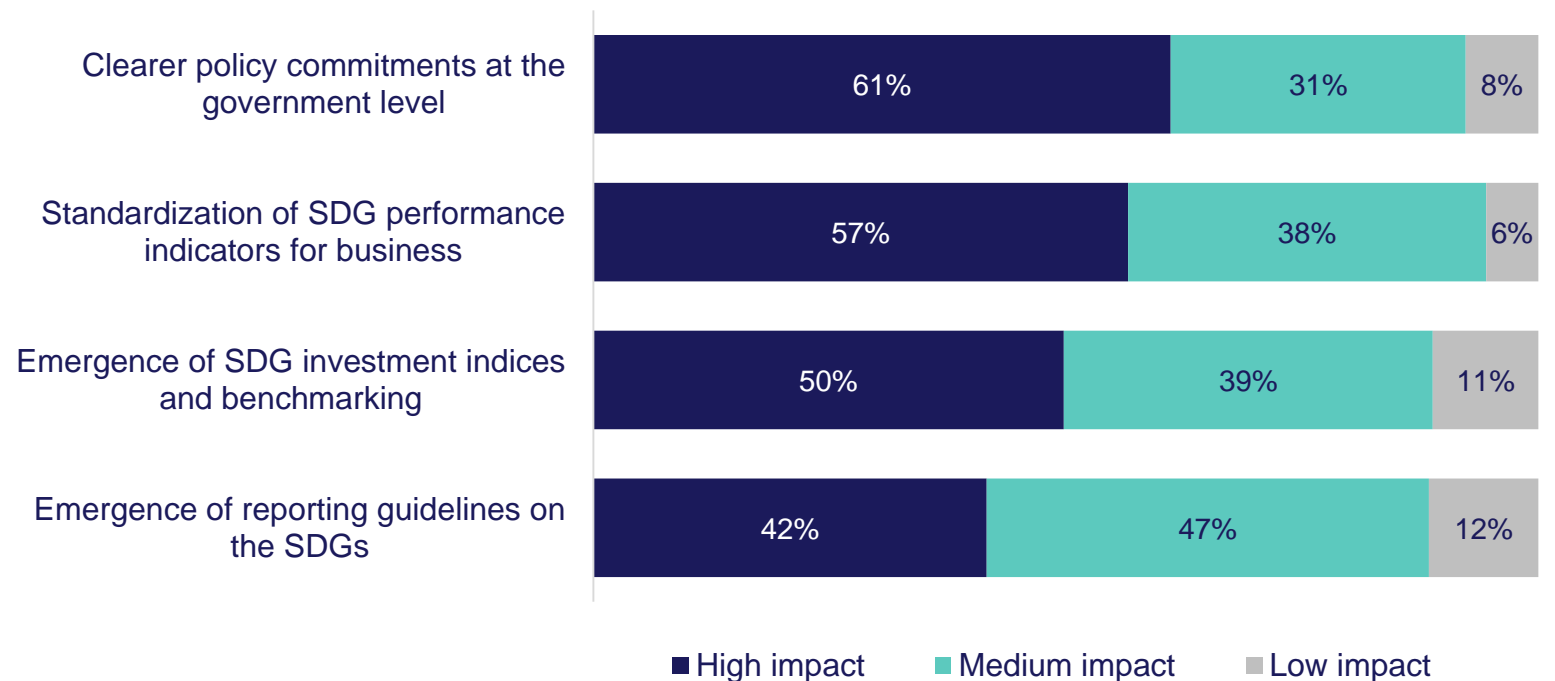
Government policy is key

Over 60% of companies consider clearer policy commitments at the government level to be important – reflecting the high number of organizations that see lack of clarity on regulatory implications as a key barrier to progressing the SDG agenda internally.

Companies would like to see standardization

A majority of companies also consider standardization of SDG performance indicators and/or the emergence of SDG investment indices as having a high impact.

What level of impact do you think the following external factors could have on your capacity to advance the SDG agenda internally?





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