

## SOCIAL RESEARCH REPORTER

Commentary from our Social Research Analysts

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### The UN Sustainable Development Goals: Impactful Objectives for Corporations and their Shareholders

Does having a bank account seem so second-nature to you that you needn't think twice about where your money is kept or electronically deposited? Does a birth certificate seem like something everyone on the planet has? Do you think you could live on \$1.90 per day? Think about this: two billion adults around the world do not have access to bank accounts; the births of more than 25% of children under age five go unrecorded\* (in developing countries, closer to 50% of children are not registered by their fifth birthday); and 13% of the world lives on \$1.90 per day or less.<sup>1</sup>

Each of these figures reinforces the urgency for tackling global challenges. Poverty, global hunger, water scarcity, climate change—each of these obstacles are difficult enough, but perhaps we have yet to consider a full assessment of these challenges' global impact. The experiences of people living in developed countries are strikingly different than those in still-developing countries. High-income nations' industrialization and growth have relied on vast resources (human and material) from low-income nations. The result is a sizable inequality of incomes, resources, technological capabilities, and sustainability between developed and still-developing nations. In fact, wealth owned by the poorest half of the world—3.6 billion people—is equivalent to the wealth owned by the top eight billionaires, six of whom come from the U.S.<sup>2</sup> The most-developed countries have been the greatest contributors to problems such as climate change; we mustn't now leave it to the developing nations to reverse our actions.

To achieve a more just, equal, and sustainable future for the Earth and its inhabitants, in 2015 the United Nations set forth a course of action. The UN Sustainable Development Goals are a global agenda designed to commit each signatory to actions that will address the root causes of poverty, increase economic growth, meet society's health, education, and social needs, while protecting the environment, all to be achieved by 2030.<sup>3</sup> Released on the heels of the papal encyclical *Laudato Si'*, and just prior to the COP21 meeting in Paris, these goals marked the commitments of countries, NGOs, and corporations to bring our planet into a sustainable existence. There is no doubt that these are ambitious goals, but each of the 193 member-states of the UN has agreed, and signed onto the agenda.

UN Sustainable Development Goals	
<b>Goal 1</b>	End poverty in all its forms everywhere
<b>Goal 2</b>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
<b>Goal 3</b>	Ensure healthy lives and promote well-being for all at all ages
<b>Goal 4</b>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
<b>Goal 5</b>	Achieve gender equality and empower all women and girls
<b>Goal 6</b>	Ensure availability and sustainable management of water and sanitation for all
<b>Goal 7</b>	Ensure access to affordable, reliable, sustainable and modern energy for all
<b>Goal 8</b>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
<b>Goal 9</b>	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
<b>Goal 10</b>	Reduce inequality within and among countries
<b>Goal 11</b>	Make cities and human settlements inclusive, safe, resilient and sustainable
<b>Goal 12</b>	Ensure sustainable consumption and production patterns
<b>Goal 13</b>	Take urgent action to combat climate change and its impacts
<b>Goal 14</b>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
<b>Goal 15</b>	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
<b>Goal 16</b>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
<b>Goal 17</b>	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

\*A record of birth bestows basic rights to an individual, not to mention records' importance for national planning for resources and essential services, pinpointing disease, and designing economic policies.

How will progress of these goals be measured? In June 2016 the UN Economic and Social Council (ECOSOC) laid out a global indicator framework, with specific metrics and data recordings to track progress towards achieving the 17 goals. The full list of the framework includes 230 indicators, but here are just a few to illustrate the specificity of each:

**Goal 3:** Number of people covered by health insurance or a public health system per 1,000 population. (3.8.2)

**Goal 4:** Proportion of children and young people: (a) in grades 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex. (4.1.1)

**Goal 5:** Proportion of women in managerial positions. (5.5.2)

**Goal 10:** Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population. (10.1.1)

**Goal 14:** Index of coastal eutrophication and floating plastic debris density. (14.1.1)

**Goal 14:** Average marine acidity (pH) measured at agreed suite of representative sampling stations. (14.3.1)

**Goal 16:** Number of victims of human trafficking per 100,000 population, by sex, age and form of exploitation. (16.2.2)

**Goal 16:** Proportion of young women and men aged 18-29 years who experienced sexual violence by age 18. (16.2.3)

**Goal 17:** Proportion of domestic budget funded by domestic taxes. (17.1.2)

**Goal 17:** Volume of remittances (in USD) as a proportion of GDP. (17.3.2)

Perhaps purposefully so, these indicators reflect an inherent need for cooperation between countries, as well as overlap between the corporate and private worlds. Companies will need to report for 5.5.2 just as governments will need to share information on 17.1.2 and 17.3.2. International cooperation will have its place in 14.3.1, for example, in determining when and where to measure ocean acidity.

International government cooperation is certainly essential to fulfill the SDGs. However, investors, corporations, and individuals also have important roles in helping to achieve the UN SDGs. It cannot be a singular effort, but the support and help from noticeable individuals, such as Pope Francis and actress Emma Watson, can make a notable contribution, as can corporate leaders and investors. Pope Francis has made his position on the environment and social justice quite clear in ways apart from *Laudato Si'*. At the opening of the UN General Assembly meeting following the ratification of the 2030 Agenda for Sustainable Development, he stated: "The adoption of the 2030 Agenda for Sustainable Development at the World Summit, which opens today, is an important sign of hope." Varying perspectives

on the SDGs help relate them to different communities and their interests. Actress and humanitarian Emma Watson has embraced her role as a UN Women Goodwill Ambassador, traveling worldwide to support the UN Women mission: partnering with countries to legislate and enforce minimum ages of marriage and to empower women and girls worldwide (see Goal 5). Celebrity figures can add awareness and influence to the boost of corporate support.

Adequate data will be crucial to establishing measurable actions and assessing outcomes. Most of the developed, high-income nations will have national or regional statistic centers in place, which will ease the process of reporting and tracking progress. However, the lower-income, developing countries may face more difficulty in procuring such data for the indicators. The UN cites insufficient data as one of the biggest impediments to full achievement; a lack of records (birth, death, etc.) and data measurements from all countries, but especially from the least developed countries, makes it difficult to know the full scope of the agenda and to measure progress. Bridging the data gap may be where governments can help most. However, it is recommended that government agencies tracking global indicators work with NGOs or other specialist organizations for assistance in data collection and standardization. With improved data and knowledge of the full task ahead, perhaps solutions to achieving the 17 SDGs will be more feasibly created.

Mark Carney, Governor of the Bank of England, estimated to the UN General Assembly in 2016 that the annual costs needed for "infrastructure, clean energy, water, sanitation, agriculture, and the other SDGs" are between \$5 trillion and \$7 trillion.<sup>4</sup> To rely on government budgets alone for these expenditures would almost certainly doom the SDGs from the start; private sector involvement and partnerships will be key to achieving the SDGs.

So far, a few players from the corporate world are openly acknowledging and supporting the SDG agenda. Unilever (UN) CEO Paul Polman has spoken frequently on the overlap between corporate and social sustainability. "Every business will benefit from operating in a more equitable, resilient world if we achieve the SDGs," Polman has expressed.<sup>5</sup> Another company taking the SDGs to heart is real estate investment trust (REIT) and logistics company Prologis Inc. (PLD). The company outwardly aligns itself with three of the SDGs: Goals 7, 9, and 13. Yet another company, ING Group (ING), has chosen SDGs numbers 8 and 12. The global bank recognizes that through its various financing activities, it advances many of the SDGs, but it still seeks to focus its efforts on improving financial knowledge among youth populations, as well as helping

### Feeling Déjà Vu?

Readers may remember the Millennium Development Goals (MDGs), created in 2007 with a 2015 deadline. Although similar to the MDGs in topic, the SDGs are more detailed and encompassing. There were just 8 MDGs, in contrast to the 17 SDGs. A final report from the UN in 2015 reveals why much of the concern for the SDGs centers on a lack of data; time-bound targets were not always set or followed, and the ability to monitor and track both quantitative and qualitative data was not in place. Perhaps this is why the newer indicator framework and data collection plans are so detailed and robust.

businesses shift their models to fit a circular economy with reduced waste and a better life-of-the-product approach.<sup>6</sup> Recognizing that industrialization and growth—important for corporate success—are two contributing factors of economic inequality as well as climate change, it is encouraging to see companies that are willing to take action to achieve sustainability across society as a whole. It would be difficult to achieve the 2030 agenda without corporate support and partnership.



portfolios all perform at par with non-ESG investments.<sup>9</sup> Thus, ESG risk is low, and reward is in-line with traditional strategies; investors should feel confident that their return on investment will not be sacrificed when they also assert their values and concerns for the planet, society, or corporate behavior. ESG investors can reap double rewards: preserving their performance and supporting everything the SDGs aim to achieve: environmental, social, and governing sustainability.

As more companies consider the SDGs and begin to weave them into their operations, corporate reporting may start to include more details on the SDGs. As of September 2016, only about one in ten FTSE 100 companies shared any alignment of their business, or CSR or ESG commitments to the SDGs. With the joining of more corporate players to the SDG agenda, shareholders will be on the lookout for company reporting to contain more reference to the SDGs: how operations overlap with SDGs, SDG focus efforts, and disclosure on progress.<sup>7</sup> As for actual incorporation of the SDGs, “[c]ompanies that skip the effort could find themselves playing catch-up to the early adopters.”<sup>8</sup>

Research reflects that SRI/ESG-incorporated investment strategies have performed comparably to traditional or non-ESG market indices. Morningstar Manager Research refutes the stereotype that sustainable investing has a negative effect on investment performance. Drawing on studies as old as 2006 and as new as 2015, Morningstar illustrates that funds, indexes, and

Investors can build on celebrity and corporate momentum by encouraging even more companies to support the UN SDGs, to partner with governments and celebrity figures, and to create new policies and awareness around the issues at stake. A smart first step is understanding; knowing that the UN SDGs exist, and knowing the purpose of each goal not only informs investors of the major challenges the world faces today, but also companies’ actions (and inactions). From there, investors can suggest possible solutions and outcomes for the SDGs, to be best achieved through the partnership and support of both public and private wealth. Supportive pressure from investors helps companies focus their social or environmental efforts and make a successful impact. Including the SDGs in business plans, ESG activities, or other aspects of a corporation could help bring the SDGs’ fulfillment to fruition, perhaps even ahead of schedule. 2030 may feel far away, but it is just over one decade for the world to address and solve the root causes of poverty, systemic racial and gender inequalities, and environmental injustices.

**Are All Countries Truly Committed?**  
Although seemingly a contradiction, nations that are considered “not free” or oppressive to certain groups (women, Christians, Muslims, Jews, etc.), are all members of the UN, and have signed the 2030 Agenda; states such as Afghanistan, North Korea, or the Democratic Republic of the Congo, for example. Given their history, to what degree might these countries choose not to follow or contribute to the goals? Conversely, there are two non-member States at the UN which are observers, and thus not full signatories: The Holy See and the State of Palestine. Despite not being full members, perhaps these states may work towards achieving the SDGs as well; Pope Francis is already a clear supporter.

<sup>1</sup> United Nations, *The Sustainable Development Goals Report*, ISSN: 2518-3958, 2016. Accessed 12 Dec. 2016.  
<sup>2</sup> Domooske, Camila. “Gulf Between Richest And Poorest Is Wider Than Previously Thought, Oxfam Says,” *NPR*, 17 Jan. 2017. Accessed 18 Jan. 2017.  
<sup>3</sup> UN Blog, “Historic New Sustainable Development Agenda Unanimously Adopted by 193 UN Members,” Sept. 2015  
<sup>4</sup> Scott, Mike. “Business strategy integral to SDG success.” *Ethical Corporation*, Jan. 2017. Accessed 24 Jan. 2017.  
<sup>5</sup> Grady, Barbara. “Is this the year smart businesses tackle the SDGs?” *GreenBiz*, 3 Jan. 2017. Accessed 4 Jan. 2017.  
<sup>6</sup> Scott, “Business strategy integral to SDG success,” Jan. 2017.  
<sup>7</sup> Hill, Yohan. “How the SDGs are changing corporate sustainability reporting.” *2degrees*, Sept. 2016. Accessed 24 Jan. 2017.  
<sup>8</sup> Grady, “Is this the year the smart businesses tackle the SDGs?” *GreenBiz*, 2017.  
<sup>9</sup> Hale, Jon. “Sustainable Investing Research Suggests No Performance Penalty.” *Morningstar Direct*, Nov. 2016. Accessed 17 Jan. 2017.