

A 1919 Series: The UN Sustainable Development Goals (SDGs)

Understanding the SDGs as a framework for impact investors and a roadmap for corporations

At 1919, we believe there are opportunities to invest in responsible companies making a positive impact on long-term societal challenges. We have identified key themes or areas of impact: Clean and Accessible Water; Low-Carbon Future; Inclusive and Diverse World; Responsible Production and Consumption; and Global Community. The United Nations Sustainable Development Goals (SDGs) offer a framework to consider companies' impacts on these themes. Our SDG series examines these goals in more detail, alongside an in-depth look at 1919's impact themes.

WHY EXPLORE THE SDGs?

As the global COVID-19 pandemic made apparent, there are sizable inequalities of incomes, resources, technological capabilities, and sustainability efforts between developed and still-developing nations. The lived experiences of many people in developed countries are strikingly different than those of people in still-developing countries. Items that feel ordinary to many of us - having a bank account, a birth certificate, and more than \$1.90 to live on per day - are less common worldwide than we may expect. Even in 2017, two billion adults around the world did not have access to bank accounts; in 2019, the births of 25% of children under age five went unrecorded*; and in 2019, 7.1% of the world lived on \$1.90 per day or less.¹ Regrettably, global problems such as financial insecurity, global health, poverty, hunger, water scarcity, and climate change have only been exacerbated by COVID-19; the pandemic has reinforced the urgency for tackling these challenges.

In 2015 the United Nations set forth a course of action to address a number of these global challenges: the UN Sustainable Development Goals (SDGs). These seventeen goals are a global agenda designed to commit each UN Member State to actions addressing the root causes of poverty, increasing economic growth, meeting society's health, education, and social needs, and protecting the environment.

These issues cannot be solved by the UN and governments alone. Corporate actors play a significant role in helping all of us achieve the UN SDGs. By aligning business aims with the SDGs, companies become a key partner in sustainable development.

Mark Carney, former 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.² To rely on government budgets alone for these expenditures would almost certainly doom the SDGs from the start; private sector involvement will be vital to achieving the SDGs.



For a list of the seventeen goals' longer titles and the indicator framework with specific metrics and data progress records, please visit <https://sdgs.un.org/goals>.

*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.

INVESTORS TAKE ACTION

The SDGs' 2030 deadline may feel far away, but swift progress is needed, especially as the COVID-19 pandemic has resulted in some goals' setbacks. In less than one decade, the world may be closer to addressing the root causes of poverty, reducing systemic racial and gender inequalities, and combating environmental injustices, but it will take government and private contributions all playing a concerted role.

Investors can build on this progress towards the goals by encouraging more companies to support the SDGs, through partnerships (between corporate actors and with the government) and policies and practices addressing the global issues in their operations, supply chains, and for the benefit of all company stakeholders.

By building knowledge of the SDGs and understanding each goal's purpose, investors can analyze companies' contributions to SDG solutions and outcomes. Often, supportive pressure from investors helps companies focus their social or environmental efforts and make a successful impact.

In practice, numerous targeted indicators underpin each broad SDG; the indicators are a detailed list comprising actionable steps and ways to measure progress. Key to reaching SDG-targets is adequate data, crucial to establishing

The SDGs are “a to-do list for people and planet, and a blueprint for success,” to be achieved by 2030.

--Former UN
Secretary-General
Ban Ki-moon

(UN Press Release,
Sept. 2015)

scalable actions and assessing outcomes. Most developed, high-income nations have national or regional statistic centers in place, which will ease the process of reporting and tracking progress. However, lower-income, developing countries may face more difficulty in procuring data related to SDG indicators. Bridging the data gap may be where governments can help most and build partnerships. And as more companies align their operations and impact to the SDGs, corporate reporting has begun to include data on SDG solutions and progress.

As part of our Responsible Investment research and investment selection processes, we evaluate both a company's alignment to the SDGs and alignment with our impact themes. Additionally, the SDGs complement ESG investment analysis, as many of the 17 goals fit into an environmental, social, or corporate governance category. Learn more about incorporating ESG factors into an investment approach from our library [here](#).

2030 IS FAST-APPROACHING

Even as investors and corporations continue to look towards the SDGs as a framework for impact, questions loom. What SDG progress will our global society have achieved by 2030? How far will we have come since 2015, and how far will we have left to go? What impacts will various markets' regulatory changes have on the SDGs? For example, the U.S. 2021 Child Tax Credit is estimated to help reduce child poverty, which aligns with the aims of SDG 10: Reduced Inequalities. Just in the program's first month, families of nearly 60 million U.S. children received the tax credit payments.³ We invite readers to stay tuned to learn more about the SDGs in our forthcoming pieces of this series.

¹United Nations, *The Sustainable Development Goals Report*, 2020.

World Bank, *The Global Findex Database 2017: The Unbanked*

²Scott, Mike. "Business strategy integral to SDG success." *Ethical Corporation*, Jan. 2017

³"Treasury and IRS Announce Families of Nearly 60 Million Children Receive \$15 Billion in First Payments of Expanded and Newly Advanceable Child Tax Credit." U.S. Department of the Treasury, July 2021

About 1919 Investment Counsel

1919 Investment Counsel, LLC is a registered investment advisor. Its mission for more than 100 years has been to provide counsel and insight that helps families, individuals, and institutions achieve their financial goals. The firm is headquartered in Baltimore and has regional offices across the country in Birmingham, Cincinnati, Houston, New York, Philadelphia, San Francisco and Vero Beach. 1919 Investment Counsel seeks to consistently deliver an extraordinary client experience through its independent thinking, expertise and personalized service. To learn more, please visit our website at 1919ic.com.

1919 Responsible Investment Team

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- Comprehensive RI Committee Process and Investment Review considering Values, ESG factors and Impact
- 45+ years managing Responsible Investments

1919 Fixed Income Investment Team

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- PM team implements tailored FI portfolios with the client's desired risk bands for duration, credit quality and yield
- Utilizes in-house research to recommend bonds based on appropriate relative value within client's mandate