

# Briefing for Finance: United Nations Sustainable Development Goals

## THE BUSINESS CASE FOR ACTION

The United Nations (UN) Sustainable Development Goals (SDGs) aim to solve 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.

The private sector is a critical partner to deliver the goals, with a clear and vested interest in developing solutions to the world's biggest problems. Many companies are already engaging with the SDGs. Recent research showed 72% of companies mentioned the SDGs in their reporting, 51% in their Annual Report and 25% in their published business strategy.<sup>1</sup>

The role that businesses play across society is facing increasing scrutiny and expectation levels. Businesses are expected not only to minimize their negative impacts but also to contribute positively. 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. The achievement of the SDGs is critical to creating long-term value for both business and society. This includes creating resilient communities, ensuring reliable access to natural resources, and building an educated and healthy population to support the workforce. The result is an environment where businesses can thrive.

The business case is clear: 40% of CEOs say sustainability is driving revenue growth through new markets and 35% are already realizing value through sustainability-related cost reduction.<sup>2</sup> Businesses that position the SDGs at the heart of strategic and operational decisions will increase efficiencies, harness emerging market opportunities, and increase resilience.

However, there is a persistent gap between ambition and action, with 71% of CEOs agreeing that business can play a critical role in delivering the SDGs yet only 21% seeing business currently fulfilling this leadership role. Now is the time to act.

# Key facts

**US\$12 trillion** of economic opportunities could be generated by the SDGs<sup>3</sup>

**380 million new jobs** could be created by 2030 if businesses align their strategies to the SDGs<sup>4</sup>

**71%** of CEOs agree that business can play a critical role in delivering the SDGs. Only **21%** of CEOs see business currently fulfilling this leadership role<sup>5</sup>

**72%** of companies mentioned the SDGs in their reporting, **51%** in their Annual Report<sup>6</sup>

**25%** of companies included the SDGs in their published business strategy<sup>7</sup>

## What are the opportunities for business?

### 1. 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.

### 2. Cost reduction

Responding to the goals will drive innovation in resource, process and design efficiencies and protect the value chain from resource shortages. 51% of CEOs expect to see the value of potential cost reductions emerge in the next five to ten years, while 35% say they are realizing it today.<sup>8</sup>

### 3. Risk mitigation

Each SDG represents a risk area that is already presenting challenges to businesses and society, and that are 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.

### 4. Access to finance

Investors are becoming more concerned with companies' sustainability risk profiles. They are also requiring 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, and sustainability-linked loans and revolving credit facilities.<sup>9</sup>



# What action can finance take?

Finance has a key role to play in aligning corporate strategy and metrics to reflect the SDGs. Steps which can be taken now include:



## Identify the SDGs that are most relevant to your organization

Connect with your sustainability team to decide where key risks and opportunities lie and assess the actual or potential impacts on achievement of the SDGs.



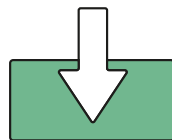
## Integrate your findings into the organization

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



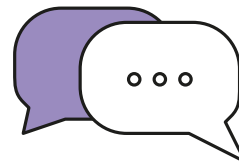
## Set ambitious targets

Support the organization to contribute to the SDGs from across all functions and operationalize the targets.



## 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.



## 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 favourable impacts.



# Practical examples of action

Examples of actions that businesses have taken to progress towards the goals include:

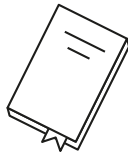
- [Enel](#) launched the world's first "general purpose SDG linked bond"
- [HSBC](#) launched an SDG Bond Framework to mobilize investors to contribute capital towards achieving the goals
- [National Australia Bank](#) developed an SDG Green Bond Framework to support and contribute towards the goals
- [QBE Insurance Group](#) integrated the goals across its global business and reports against the relevant 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

## Further resources



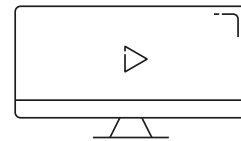
### Explore

- [SDG Essentials for Business](#)
- [World Benchmarking Alliance SDG2000 list](#)



### Read

- [The UN's progress chart for each of the goals.](#)
- [The SDG Disclosure \(SDGD\)](#)



### Stay up to date

- [SDG Business hub](#)

United Nations Global Compact:

- [Corporate Finance: A Roadmap to Mainstream SDG Investments](#)
- [SDG Bonds – Leveraging Capital Markets for the SDGs](#)

# Endnotes

- 1 <https://www.pwc.com/gx/en/services/sustainability/sustainable-development-goals/sdg-challenge-2019.html>
- 2,5,8 [https://www.accenture.com/\\_acnmedia/pdf-109/accenture-ungc-ceo-study.pdf](https://www.accenture.com/_acnmedia/pdf-109/accenture-ungc-ceo-study.pdf)
- 3 Business & Sustainable Development Commission, January 2017
- 4 <https://www.un.org/press/en/2020/sgsm20226.doc.htm>
- 6,7 The scope of the research encompassed 1,141 companies from 31 countries/territories across seven industry sectors.  
<https://www.pwc.com/gx/en/services/sustainability/sustainable-development-goals/sdg-challenge-2019.html>
- 9 See [A4S Essential Guide to Debt Finance](#) and [Implementing a Sustainable Finance Framework: Top Tips for Treasury Teams](#)

