



## **Sustainable Development Goals**

A business perspective

## 1. NO POVERTY

End extreme poverty in all forms by 2030. Yes, it's an ambitious goal—but we believe it can be done. In 2000, the world committed to halving the number of people living in extreme poverty by the year 2015 and we met this goal. However, more than 800 million people around the world still live on less than \$1.25 a day—that's about the equivalent of the entire population of Europe living in extreme poverty. Now it's time to build on what we learned and end poverty altogether.

### Attract talent and create internal support

Working with SDG 1 makes fighting poverty a tangible topic because of the specific goals and sub-goals of the SDG. Subjects related to poverty, like hunger and income inequality, are seen as important by many employees of the newer generation. For businesses that operate in developed countries, engaging with these topics can create enthusiasm, leverage and internal support from its employees. On the other hand, for businesses located in developing countries, it can improve the living conditions of its employees. This in turn can lead to increased employee productivity.

### Create business and markets

A business case can be found in many of the actions required to reach an SDG. These business cases can be based, among others, on market demand (with products and services for poorer people), cost savings (having solid health and safety policies so that health costs decrease) and increased productivity (such as offering employees stability via financial support). As can be seen in the examples, the business model could directly and indirectly contribute to societal development.

### Use business model

In order to get engaged with SDG 1, one of the actions that can be taken is to evaluate and—if necessary—adapt a business model. For example, to make products more affordable in lower-income parts of the country, partnerships could be established with local organisations whereby lower prices could be offered to specific groups. Instead of competing with local organisations when it comes to targeting lower income groups (such as via patents), cooperation can be valuable for both parties. As a specific sector example, businesses using agriculture in their supply chain could start to incorporate smallholders in their supply chain (such as via using local sourced fiber). This can create reputational benefits and loyalty from (potential) customers. It also contributes to fighting poverty since smallholder's households see agriculture as the best opportunity to get out of poverty. This statement is valid as agriculture is up to 4 times more effective in reducing poverty than other sectors. Businesses in many sectors use agriculture in their supply chain, which means much benefit can be gained.

### Use the process of product development

Companies with a strong focus on product development could contribute to SDG 1 by developing specific products for the lower-income part of society. For a company in the chemicals or food sector, one could think of developing products with extra nutrition for a lower price, so it can contribute to fighting hunger. This can be developed for a specific market on top of the usual product line, and with that it can also create a new business model for the company with a new business case.

## 2. ZERO HUNGER

In the past 20 years, hunger has dropped by almost half. Many countries that used to suffer from famine and hunger can now meet the nutritional needs of their most vulnerable people. It's an incredible accomplishment. Now we can go further and end hunger and malnutrition once and for all. That means doing things such as promoting sustainable agriculture and supporting small farmers. It's a tall order. But for the sake of the nearly 1 out of every 9 people on earth who go to bed hungry every night, we've got to try. Imagine a world where everyone has access to sufficient and nutritious food all year round. Together, we can make that a reality by 2030.

Examples of sources of hunger are food price inflation, land rights and ownership, increasing emphasis on export-oriented agriculture, drought, war, over-fishing and low crop yields. Companies from various sectors have an impact on these sources and can therefore improve the situation. Below are specific examples of actions our businesses can take in order to contribute to the realisation of SDG 2.

### **Prevent food price inflation and support micro-finance**

Food price inflation makes nutrition unavailable for large parts of the world. It therefore makes sense for financial and trading companies to look at their impact on food price inflation. Being aware of impact on food price inflation, for example through soft commodity trading or other investing activities, could be a good first step. One step further, we see many (investment) banks and pension funds refrain from these kinds of investment. Another more positive approach for the financial industry is supporting micro-finance initiatives. These micro-finance initiatives can fund farmers to be self-sustainable and improve agricultural productivity and sustainability, thereby increasing food security for the local community.

### **Understanding value chain**

For other companies it could be useful to focus on their value chain, and primarily on proper sourcing. Understanding value chain could shed light on the impact your company has, also if you do not have local presence. For example, emphasis on basics, such as respecting local land rights, could have a large positive impact on local farming and local food sustainability and security, but a minor impact on your own business. Partnering with local farmers and others throughout the value chain improves the productivity, sustainability and viability of local farmers and communities. This subsequently contributes to achieving SDG 2. Although supply chains might be large and opaque, this should not discourage companies from upholding the highest standards of sustainability in sourcing practices, enhancing traceability of input materials and demonstrating transparency in the supply chain, since its global impact is of high importance.

## **3. GOOD HEALTH AND WELL-BEING**

We all know how important it is to be in good health. Our health affects everything from how much we enjoy life to what work we can perform. That's why there's a Goal to make sure everyone has health coverage and access to safe and effective medicines and vaccines. In the 25 years before the SDGs, we made big strides—preventable child deaths dropped by more than half, and maternal mortality went down by almost as much. And yet some other numbers remain tragically high, like the fact that 6 million children die every year before their fifth birthday, or that AIDS is the leading cause of death for adolescents in sub-Saharan Africa. We have the means to turn that around and make good health more than just a wish.

### **Food technology**

One way to use innovation in creating healthier lives is to develop or invest in food technology. For example, micronutrient innovation. Micronutrients are essential building blocks that have a profound impact on health. While they are only required in tiny quantities, micronutrients are the essential building blocks of healthy bones, brains and bodies. There are some companies that have developed effective micronutrient delivery systems that are culturally appropriate and cost-effective, such as fortified rice kernels with encapsulated micronutrients. It is especially attractive to developing countries as it is a relatively cheap food product that can be locally sourced by smallholder farmers. This example of food technology could significantly increase health in developing countries, which subsequently will lead to a prolonged lifespan.

## **4. QUALITY EDUCATION**

First, the bad news on education. Poverty, armed conflict and other emergencies keep many, many kids around the world out of school. In fact, kids from the poorest households are four times more likely to be out of school than those of the richest households. Now for some good news. Since 2000, there has been enormous progress on the goal to provide primary education to all children worldwide: the total enrolment rate in developing regions has reached 91%. By measures in any school, that's a good grade. Now, let's get an even better grade for all kids, and achieve the goal of universal primary and secondary education, affordable vocational training, access to higher education and more.

### **Edtech**

Digital connectivity plays a critical role in bettering lives and it provides access to unprecedented knowledge for billions of people worldwide. As a result, more and more people have access to (free) education online. Tech companies from Silicon Valley and other regions have begun providing solutions to problems ranging from adaptive learning to global access of high quality education. This type of education technology, also known as edtech, is getting more and more important with regard to learning across the globe and in the last few years there has been a surge in investment from schools and investors in this industry.

## Engage in partnerships

In addition to making individual contributions, it is also effective to engage in partnerships to support collective action. Businesses have the opportunity to engage in global education initiatives, offering a diverse variety of partnerships with governments and education organisations across the globe.

## Develop capacity of the future workforce

Businesses should identify current and future competencies needed for the labor market, and make sure to design and implement appropriate training programs for their workforce. Also, businesses can invest in (basic) education in developing markets in order to improve the future talent pool. In addition, businesses should also keep in mind that ageing population provides significant opportunities for sustainable development through the active participation of older generations in the economy, labor market and society at large (e.g. by unpaid care work, political participation and by working beyond retirement age).

## 5. Gender Equality

We can celebrate the great progress the world has made in becoming more prosperous and fair. But there's a shadow to the celebration. In just about every way, women and girls lag behind. There are still gross inequalities in work and wages, lots of unpaid "women's work" such as child care and domestic work, and discrimination in public decision-making. But there are grounds for hope. More girls are in school now compared to in 2000. Most regions have reached gender parity in primary education. The percentage of women getting paid for their work is on the rise. The Sustainable Development Goals aim to build on these achievements to ensure that there is an end to discrimination against women and girls everywhere.

### Solutions to keep diversity in the workforce

Many companies are confronted with reduced productivity as a result of losing talented female staff. This problem worsens when losing women in the ranks leading to executive leadership positions. Solutions to this problem in practice include more flexible work policies, mentoring and more gender engagement. Also equal pay can contribute; this is what Jean-Pascal Tricoire, CEO of the French corporate Schneider Electric, wants to do and he announced to eliminate the gender pay gap for all its 150,000 employees. A good starting point is creating awareness of gender equality and investigating your own HR data and existing policies.

Empowering women in the value chain Also at multinationals we see that improving gender equality goes hand in hand with tackling business challenges.

## 6. Clean Water and Sanitation

Everyone on earth should have access to safe and affordable drinking water. That's the goal for 2030. While many people take clean drinking water and sanitation for granted, many others don't. Water scarcity affects more than 40 percent of people around the world, and that number is projected to go even higher as a result of climate change. If we continue the path we're on, by 2050 at least one in four people are likely to be affected by recurring water shortages. But we can take a new path—more international cooperation, protecting wetlands and rivers, sharing water-treatment technologies—that leads to accomplishing this Goal.

### Know and use your supply chain

Water is a source that most companies can directly influence because of the important role in the value chain. If businesses want to influence water usage and water supply, they need to do two things. Firstly, they need to identify water usage within their own business for both primary and supporting processes (such as toilets and catering). Secondly, it is important to clearly map the water usage and access to clean sanitation for employees within the supply chain as well as to identify the span of control in that supply chain. This can contribute to the determination of where and how the most impact can be made. Actions can vary from partnering with local suppliers to changing the sourcing strategy, design of (primary) production processes to even changing business models (for example, transition from less 'disposable' fashionable clothing collections to more timeless designs) in such a way that water usage or water pollution is drastically reduced.

## 7. Affordable and Clean Energy

Between 1990 and 2010, the number of people with access to electricity increased by 1.7 billion. That's progress to be proud of. And yet as the world's population continues to rise, still more people will need cheap energy to light their homes and streets, use phones and computers, and do their everyday business. How we get that

energy is at issue; fossil fuels and greenhouse gas emissions are making drastic changes in the climate, leading to big problems on every continent. Instead, we can become more energy-efficient and invest in clean energy sources such as solar and wind. That way we'll meet electricity needs and protect the environment. How's that for a balancing act?

### **Primary processes**

The first step organisations usually take is looking at their primary processes. In production environments, organisations are very familiar with measuring and controlling energy consumption. However, in less technical environments, this is still uncommon. Reasons for this could be that it is not clear who is responsible for energy reduction (governance issues), or that the changes made have only been incremental. An example of a sector that has recently been taking serious steps towards energy efficiency is the hospitality industry. Research has shown that electricity is more than half of the environmental impact caused by hotel chains. Measures that are being taken are:

- **Contributing via construction:** energy can already be saved by simple processes like creating larger windows with more natural light. This means that less electricity is needed to illuminate rooms.
- **Contributing via technology:** by using more smart sensors, further reduction of energy can be achieved while enhancing user experience.

The two previously mentioned measures require investments in technology, and companies usually deploy a payback period on investments of 3-10 years. Combined with this are the intangible benefits often forgotten in the business case. For example, research has shown that the majority of the customers is more attracted to eco-friendly hotels. Especially measures in the field of energy are valued by hotel guests.

## **8. Decent Work and Economic Growth**

An important part of economic growth is that people have jobs that pay enough to support themselves and their families. The good news is that the middle class is growing worldwide—almost tripling in size in developing countries in the last 25 years, to more than a third of the population. But today, job growth is not keeping pace with the growing labour force. Things don't have to be that way. We can promote policies that encourage entrepreneurship and job creation. We can eradicate forced labour, slavery and human trafficking. And in the end we can achieve the goal of decent work for all women and men by 2030.

### **A flexible workforce**

An example would be to create a workforce that is able to adapt to changing environments. This can be achieved by focusing on programs that stimulate permanent learning, in which gamification can play an important role. One of the effects of gamification is that it can create alignment between different departments in a company. To illustrate this: a game that focuses on creating shared goals helps increase interaction between employees. Employees get a better understanding of each other's strengths and qualities, which stimulates collaboration. This can help employees adapt to changing working environments and improves the atmosphere on the work floor, which in turn creates better working conditions.

## **9. Industry, Innovation and Infrastructure**

Technological progress helps us address big global challenges such as creating jobs and becoming more energy efficient. For example, the world is becoming ever more interconnected and prosperous thanks to the internet. The more connected we are, the more we can all benefit from the wisdom and contributions of people everywhere on earth. And yet four billion people have no way of getting online, the vast majority of them in developing countries. The more we invest in innovation and infrastructure, the better off we'll all be. Bridging the digital divide, promoting sustainable industries, and investing in scientific research and innovation are all important ways to facilitate sustainable development.

### **Stimulate research initiatives to drive sustainability**

Innovation in the digital era isn't a concept that is exclusively exploited from within the organisation, as bright ideas come from everywhere and people are increasingly willing to share their ideas— both online and offline. Teaming up with universities or participating in think tanks may help to think big and step aside from the regular path, help to closely think about organisational challenges, and provide clear solutions to those challenges.

## 10. Reduced Inequalities

It's an old story: the rich get richer, and the poor get poorer. The divide has never been starker. We can and must adopt policies that create opportunity for everyone, regardless of who they are or where they come from. Income inequality is a global problem that requires global solutions. That means improving the regulation of financial markets and institutions, sending development aid where it is most needed and helping people migrate safely so they can pursue opportunities. Together, we can now change the direction of the old story of inequality.

### Offer equal opportunities to your own workforce

The second action that is within the power of the company is to offer equal opportunities to its own workforce and with that stimulate diversity. Research has shown that companies in the top quartile for gender diversity are 15% more likely to have returns above the industry median. For ethnical diversity, the companies are even 35% more likely to outperform the companies in the bottom quartile. Equal opportunities does not only mean being open and transparent about selection criteria and salary but can also be created by showing true flexibility towards work schedules. And by making sure that people using flexible schedules are not affected financially—which unfortunately still is the case today, especially for women.

## 11. Sustainable Cities and Communities

If you're like most people, you live in a city. More than half the world's population now lives in cities, and that figure will go to about two-thirds of humanity by the year 2050. Cities are getting bigger. In 1990 there were ten "mega-cities" with 10 million inhabitants or more. In 2014, there were 28 mega-cities, home to 453 million people. Incredible, huh? A lot of people love cities; they're centers of culture and business and life. The thing is, they're also often centers of extreme poverty. To make cities sustainable for all, we can create good, affordable public housing. We can upgrade slum settlements. We can invest in public transport, create green spaces, and get a broader range of people involved in urban planning decisions. That way, we can keep the things we love about cities, and change the things we don't.

### Sustainable office buildings

A direct and very measurable impact companies have right now is through their office buildings. Buildings have a large environmental impact. In fact, they account for an average of more than forty% of the world's energy use and are responsible for almost forty% of the CO2 emissions<sup>60</sup>. To assist companies in diminishing the environmental impact of office buildings, 'green building' guidelines can be used. Three well-known examples are LEED<sup>61</sup>, BREEAM<sup>62</sup> or WELL<sup>63</sup> certification. Though each has its own characteristics, it is well worth investing the time to determine which type can help you and your company further. Besides, it is not just the environment that benefits from a reduction of CO2 emissions. Occupants of LEED Gold certified buildings are for example almost 30% more satisfied compared to non-LEED rated building occupants due to higher comfort levels, resulting even in a lower absence rates.

## 12. Responsible Consumption and Production

Some people use a lot of stuff, and some people use very little—in fact, a big share of the world population is consuming too little to meet even their basic needs. Instead, we can have a world where everybody gets what they need to survive and thrive. And we can consume in a way that preserves our natural resources so that our children can enjoy them, and their children and their children after that. The hard part is how to achieve that goal. We can manage our natural resources more efficiently and dispose of toxic waste better. Cut per capita food waste in half globally. Get businesses and consumers to reduce and recycle waste. And help countries that have typically not consumed a lot to move towards more responsible consumption patterns.

### Energy efficiency

Besides the obvious, and still not completely utilised opportunity of upgrading to renewable energy sources and efficient heating and lighting plans for an organisation, the supply chain offers a broad ranges of improvements. An example of influence on the ecosystem regarding energy efficiency, which has become more pressing in current society, is the issue of online delivery and returns for e-commerce retailers. The average e-commerce-wide return rate lies between 25% to 40%, while the return rate for brick-and-mortar stores averages around 9%<sup>68,69</sup>. One may argue that returns are made too easy compared to driving back to a store, parking your car or stalling your bike, and waiting in line in front of a counter where you have to sign a receipt before your return is accepted. Yet consumers demand online retailers to make returning their goods easy, and retailers are also incentivised to do this. The reason for this is that fast and easy returns lower the risk of selling against reduced profit margins. Returns can be made very efficient and relatively emission-friendly from a supply chain point of

view, yet the real issue with returns starts with the consumption of the product. Return-awareness may therefore be one solution to the problem, as it encourages potential web-shoppers to rethink their consumption.

### 13. Climate Action

Every country in the world is seeing the drastic effects of climate change, some more than others. On average, the annual losses just from earthquakes, tsunamis, tropical cyclones and flooding count in the hundreds of billions of dollars. We can reduce the loss of life and property by helping more vulnerable regions—such as land-locked countries and island states—become more resilient. It is still possible, with the political will and technological measures, to limit the increase in global mean temperature to two degrees Celsius above pre-industrial levels—and thus avoid the worst effects of climate change. The Sustainable Development Goals lay out a way for countries to work together to meet this urgent challenge.

#### Energy technologies and its challenges:

New technological developments can help businesses to reduce greenhouse gas. Reducing greenhouse gas emission can, among other options, be achieved by switching from fossil fuels to renewable energy. However, challenges are still connected to this transition. The current challenge of renewable energy is to supply energy in the same reliable way as the current grids do. This unfolds the discussion of keeping coal and gas as a backup plan as long as a solution is not yet implemented at a high level. The technology exists to transition to renewable energy though. However, since this development is still in its infancy, a solid comparison with the current, reliant energy supply cannot be made. Changing to these new technologies therefore takes courage. For businesses, it means their contribution can be found in setting up pilots in their organisations' ecosystem in order to boost the renewable energy experience. Room for innovation should be present to achieve this breakthrough though, in which financial perspectives play an important role.

### 14. Life Below Water

The oceans make human life possible. Their temperature, their chemistry, their currents, their life forms. For one thing, more than 3 billion people depend on marine and coastal diversity for their livelihoods. But today we are seeing nearly a third of the world's fish stocks overexploited. That's not a sustainable way of life. Even people who live nowhere near the ocean can't live without it. Oceans absorb about 30 percent of the carbon dioxide that humans produce; but we're producing more carbon dioxide than ever before and that makes the oceans more acidic—26% more, since the start of the industrial revolution. Our trash doesn't help either—13,000 pieces of plastic litter on every square kilometer of ocean. Sounds bad, right? Don't despair! The Sustainable Development Goals indicate targets for managing and protecting life below water.

#### Eliminate plastic

It makes sense that organisations cannot adopt new recycled materials in their production processes in the short term. However, quantifying the opportunity is a good starting point. Identify, for example, the usage of plastic in the value chain, and extend this study to the larger supply chain. What are the true costs of plastic disposal? Is it really necessary that pallets, boxes and single pieces of products are all wrapped up in plastic? Has the use of bioplastics been considered instead? And what packaging materials are suppliers using that can be avoided? Since the time spent on unwrapping raw materials from plastic can be allocated as waste, it has no added value. In case plastic usage is unavoidable, switch to bioplastics and eliminate fossil-based plastics where possible.

### 15. Life on Land

Humans and other animals rely on other forms of life on land for food, clean air, clean water, and as a means of combatting climate change. Plant life makes up 80% of the human diet. Forests, which cover 30% of the Earth's surface, help keep the air and water clean and the Earth's climate in balance. That's not to mention they're home to millions of animal species. But the land and life on it are in trouble. Arable land is disappearing 30 to 35 times faster than it has historically. Deserts are spreading. Animal breeds are going extinct. We can turn these trends around. Fortunately, the Sustainable Development Goals aim to conserve and restore the use of terrestrial ecosystems such as forests, wetlands, drylands and mountains by 2030.

#### Embed proper recycling practices

Recycling is one way to significantly reduce landfilling and hence, improve life on land. Global shoe and apparel brand Adidas included recycling as part of their supply chain with their 'Make Every Thread Count' programme.

Consumers can drop off old shoes and apparel (not just from Adidas), which are later picked up by a specialised company who sorts, distributes and recycles the material. You could honestly say Adidas gets its kicks from recycling.

## 16. Peace, Justice and Strong Institutions

How can a country develop—how can people eat and teach and learn and work and raise families—without peace? And how can a country have peace without justice, without human rights, without government based on the rule of law? Some parts of the world enjoy relative peace and justice, and may come to take it for granted. Other parts seem to be plagued by armed conflict, crime, torture and exploitation, all of which hinders their development. The goal of peace and justice is one for all countries to strive towards. The Sustainable Development Goals aim to reduce all forms of violence and propose that governments and communities find lasting solutions to conflict and insecurity. That means strengthening the rule of law, reducing the flow of illicit arms, and bringing developing countries more into the center of institutions of global governance.

### Dealing with data

Availability and access to data is a valuable resource for organisations. Yet it is important to consider what information you need, why you need it, who should have access to it and how long it should remain available. On the one hand, it can be beneficial to make data publicly available. Informing stakeholders about performance, governance, targets and efforts helps them understand your business. Just the experience of considering what to report, how to collect the information and to whom it might be interesting can provide valuable insights. Here it is important to not only disclose financial, but also non- financial information.

## 17. Partnerships for the Goals

The Sustainable Development Goals are a pretty big to-do list, don't you think? In fact, it's so big, you may just want to throw your hands up in the air. "Forget it! Can't be done! Why even try!" But we've got a lot going for us. The world is more interconnected today than ever before, thanks to the internet, travel and global institutions. There's a growing consensus about the need to work together to stop climate change. And the Sustainable Development Goals are no small matter either. 193 countries agreed on these goals. Pretty incredible, isn't it? 193 countries agreeing on anything? The final goal lays out a way for nations to work together to achieve all the other Goals.

### Partner with local communities

When partnering with local communities, chances are higher that the goals will be achieved. In addition, our experience is that projects with local support can attract private partners and funding easier.