



Kingdom of the Netherlands



Corporations: Driving the UN Sustainable Development Goals

Understanding barriers to corporate
engagement on the SDGs

23rd May 2018



On May 23rd 2018, as part of the largest ever Dutch trade mission to India, the Consulate General of the Kingdom of the Netherlands in Mumbai along with the World Benchmarking Alliance (WBA) organised a roundtable on the United Nations Sustainable Development Goals (SDGs). This roundtable was presided over by the Dutch Minister for Foreign Trade and Development Cooperation Sigrid Kaag with the attendance of leadership & key sustainability representatives from some of the biggest Dutch and Indian corporations.

Referencing the Dutch Government's recent Foreign Trade & Development policy document, 'Investing in Global Prospects' at the roundtable, Minister Kaag highlighted how the thoughts in the document had been anchored in the Sustainable Development Goals. Minister Kaag also stressed the importance of seeing the SDGs as rights and not as charity. Further to that, she emphasised the need to hold businesses responsible and accountable for the SDGs, while recognising that all of us can do more. She said, "what is significant about the SDGs is that it is an agenda for all of us, and the universality of this agenda is what makes it powerful and where we can all align." It was clear that companies need both guidance and accountability while working to realise the SDGs. Corporate benchmarking as

envisioned by the World Benchmarking Alliance can be a clear tool in achieving this.

The discussion was specifically tailored around the below strategic questions:

1. What is your company contributing to the SDGs?
2. What barriers do you face while incorporating the SDGs in your core business strategy?
3. How can corporate SDG benchmarks facilitate dialogue to overcome these barriers?

The following 5 key insights were highlighted as a result of the discussion:

Revolutionising 'CSR'



A number of participants felt that the 2% rule in India was insufficient to have an impact on the SDGs and the wider corporate sustainability agenda. On the interpretation of CSR, participants expressed the view that CSR was viewed as companies being 'charitable' whereas in reality, sustainable and responsible business conduct should be integrated into the core business of companies. "The approach to business must change – it is not just doing business for profit, but also doing business for good." Participants mentioned that the 2% rule is often viewed like a tax liability that one must fulfill. Ideally, what it is trying to achieve should be mainstreamed into company strategy, "it is the 98% that needs to be looked at." A few participants reflected that many organisations do not 'believe' in the 2% being a driver of change. Achieving the SDGs cannot just be about CSR, it must be viewed as 'hardcore business,' and the private sector must be viewed as the 'engine of change'. CSR viewed as charity, or an additional tax, also leads to companies 'cherry-picking' the causes that they want to focus on or channel their efforts towards, and this limits the impact that they can have, as well as the innovation needed to find solutions to these problems.

"This is not about companies spending money as charity, viewing it that way disrespects the spirit of the SDGs. It's about companies making the SDGs a part of their core business and being held accountable"

Tracking social metrics, not just environmental and economic



Developing useable tools to measure progress and addressing the large data gaps on company performance was highlighted as a key barrier to engagement and impact. This was viewed to be particularly relevant in regards to the SDGs that focus on social issues, as opposed to environmental or economic problems. “Social metrics have not developed in the way that environmental metrics have, you can measure carbon and water, how do you measure helping people?”

One of the social issues that companies felt should be addressed but felt restricted in doing so due to poor measurement, or lack of progress tracking, centered around unemployment – particularly youth unemployment – and skills development (SDG 8). Participants felt that companies are positioned to have a significant impact on this, but were restricted in terms of measuring the success of their interventions, and having their contributions viewed in a positive light by governments and/or rating agencies.

One participant commented “in the social sector, organisations find it hard to make an economic case. How do you measure ‘skill development’?” The meeting raised a number of barriers companies felt exist to addressing this issue. Data was a key one, as sourcing data on ESG was mentioned as hard to do, and there is a lack of frameworks and best practice for collecting this type of social metric data as it relates to business. Ultimately, participants

felt that companies needed to redefine the value they create by making societal value the focus – “businesses cannot succeed in societies that fail.”



Companies collaborating for impact



‘Directing the flow of capital to where it would be the most impactful’ - was highlighted as a key issue by participants. In this regard, collaboration between companies and financial institutions was seen as being very important to facilitate. One participant suggested that financial institutions should be investing in high impact sectors across the country, and that there was a need to understand what these ‘high impact’ sectors were, and who these ‘high impact’ companies are. Financial performance should only be viewed as one piece to the puzzle and companies should also be rewarded for their ability to do social good and their efforts in not damaging the environment. A key question raised by participants was therefore ‘how do you infuse capital in the SDGs?’ Participants spoke about the need to build innovative finance mechanisms, like

SDG bonds, so that companies could invest in innovative products and services.

Participants felt that there could be further collaboration within the business community itself, both internally and externally, and raised the point that mental barriers can hinder progress. “We must make this a collective corporate responsibility,” suggested one participant. Participants noted that while this is already happening in India to some extent, the SDGs gives companies ‘one currency, one language, and one lens’ to talk about the impact they are having. Many participants felt that there was a need to share experiences between themselves and highlighted this as a value of benchmarking.



Closing inter-company knowledge gaps to drive change and increase awareness



Most participants felt that there were large gaps in knowledge, within and between companies, regarding sustainable business practices and where they were best placed to make a difference. While there is a lot of work happening in this, looking at business practices through the lens of the SDGs is still a challenge and a lot of work needs to be done. Some participants viewed closing these gaps as an evolutionary process, “over time, you are able to see what works,” commented a particular participant. Another participant suggested that it takes about 20 years to know what can be done and what works. It was felt that although the experience and knowledge was present in India, mechanisms for sharing this were not. “If organisations could set frameworks,” one participant suggested, “than smaller organisations could utilise that.” This linked back to the discussion on the flow of capital and how that can best be leveraged, not just from financial institutions to companies, but also from companies to other companies. “If Company A is doing something really good or is an expert in one area, Company B should be able to financially support that.”



Distinguishing between the role of business & the role of government



Participants felt that it was essential to distinguish between the role of business and the role of government in achieving the SDGs. While it cannot be denied that business has a crucial contribution to make, this should be in cohesion with the government. One challenge highlighted was the need to create partnerships with government and media. This was viewed as important, to educate the public and to be honest about the causes that companies could and should focus on. The government can play a role in creating the policy environment that companies operate in, and ensure that these issues are taken seriously by companies. One participant commented “if the government is not serious, companies will not be serious.”

Minister Kaag concluded the meeting stating that all actors need to be involved in realising the SDGs and that while taxpayer money is important, private sector financing is what will bring about change. However, she stressed that money was not the only factor to spur achievement on the SDGs, “in addition to investments, it’s about rights, good policy, and accountability.”