



## THE SUSTAINABLE DEVELOPMENT GOALS

Why do they matter for business?

*Parul Sharma, Head of CSR Compliance*

*Advokatfirman Vinge*

*Chair; Agenda 2030 Delegation*



# SDGs and business

## Keep in mind:

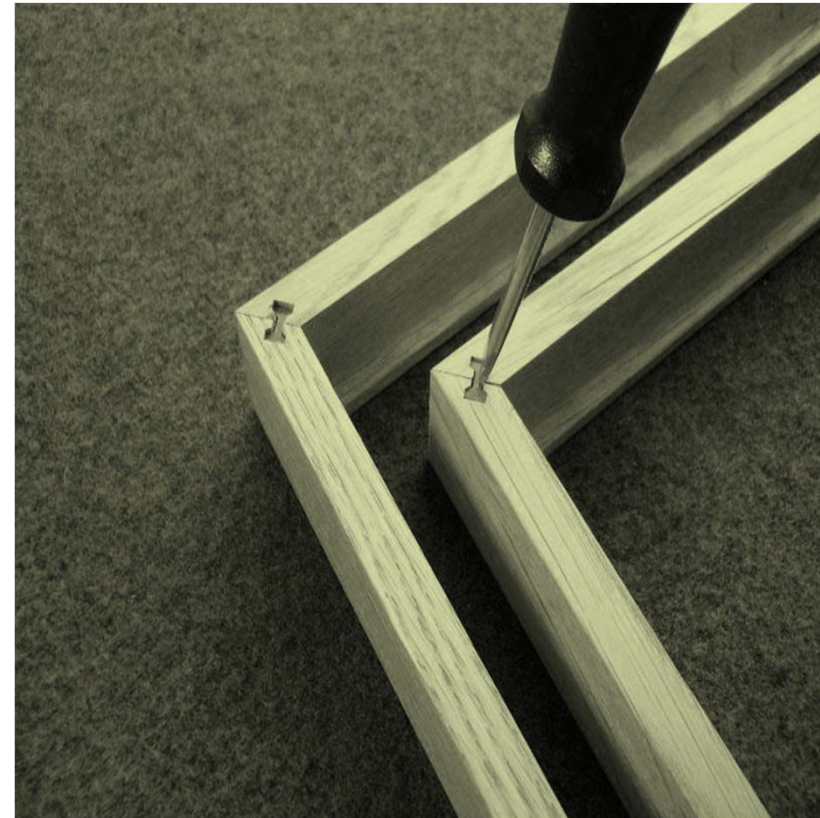
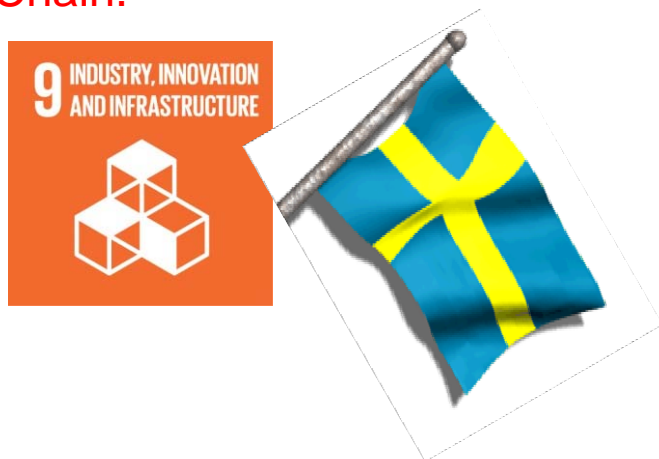
- The tension that often exists between profit (and current models of responsibility towards owners) and development need to be surfaced and addressed in order to make sure businesses are the right kind of partner in reaching the SDGs.
- The SDGs call for a new model of growth: fast and sustained but also green and inclusive.
- Financing the SDGs provides a huge challenge. With public resources insufficient, there is increasing potential for foreign investment and private capital to fill the gap. Attracting foreign investment into developing countries in the scale and pace required will prove difficult, and in some cases may not even be appropriate.

5-7 trillion USD per year to achieve the goals (UN World Investment Report 2014)

# “WILL THE UN 2030 AGENDA REFRAME CORPORATE SOCIAL RESPONSIBILITY”

- Contributing to the SDGs does not substitute mitigating risks in a company's own operations or value chain. Companies should still first and foremost ensure that they are not adversely impacting human rights, labor standards, environment, and anti-corruption before contributing to good.

For example goal 9 (innovation) and sustainable procurement; CSR in Supply Chain.



## Five most crucial ESG trend areas for investors 2016

- **Supply chain management becomes stringent (Social)** A crucial case is the Rana Plaza incident Bangladesh. Stringent national laws such as the UK Modern Slavery Act 2015, introduces a requirement for commercial organizations over a certain size to disclose, on an annual basis, the steps taken to ensure that slavery and human trafficking is not taking place in their organization or associated supply chains.
- **Focus on carbon emission reductions and growth of the alternative energy industry (Environmental)** In the United Nations Climate Conference in December 2015, one thing was clear: countries have committed to reducing carbon emissions. 195 countries, rich and poor, large and small, and at every stage of development have pledged to cut, cap or mitigate their carbon footprint. This means that significant coal reserves, oil from oil sands projects and many other sources of carbon intensive fuels will likely stay in the ground while alternative energy should grow at an escalating rate.
- **Risk of higher tax expenses and tax transparency (Governance)** The OECD launched what was described as “an unprecedented international collaboration” on tax reform led by G20 countries in 2015. The two-year initiative, known as the BEPS Project (Base Erosion and Profit Shifting), is aimed at introducing reforms that could eventually put an end to tax avoidance practices.
- **Diversity at the Board of Directors (Governance)** Investors may mitigate the risk of weak oversight by taking a more active role in nominating Boards of Directors. MSCI analyzed this topic further and, using data from its World Index, found that having female representation on company boards can be good for business.
- **Pay gap and the “minimum wage shocks” (Governance)**



# Providing workers in your supply chain with decent/humane dormitories; Goal 1, 8, 12



# Providing workers in your supply chain with clean water and sanitation





**Provide your suppliers with environmental and climate friendly skills and methods, and anti-corruption checks.**



Compliance risks related to local laws governing human rights, labor rights, anti-corruption, tax and the environment in all countries of operation.



# 16 PEACE AND JUSTICE



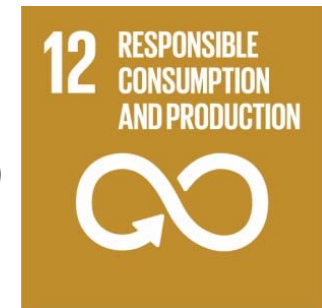
- Build capacity within the company to address emerging trends and meet requirements from civil society, local stakeholders and international guidelines.
- Establish a clear policy on stakeholder engagement. Poor stakeholder engagement risks reputation loss, threats to the license to operate, consumer boycotts and litigation.
- Establish due diligence procedures for sourcing of conflict minerals.
- If employing security personnel, either directly or via contractors, require them to comply with industry codes of conduct.

## 30 (20 MNC + 10 SMEs) Head of Procurement & CSR/Sustainability Managers responded 2015

### **”How do you work with supply chain and CSR or sustainable procurement?”**

- 19 responded: by letting supplier sign the CoC
- Other responses:
  - We have a code but no one knows how to follow up or verify even if supplier signs it.
  - We are not able to determine a business case.
  - We send out self-assessments every year and keep them in a database.
  - We have declared importance of good suppliers in our sustainability report, but we don't verify whether CoC is complied with.
  - We have outsourced compliance through audits. Otherwise "these things" are more head office concerns not really changing line-management so much.
  - We don't buy from China, we buy from Europe.

(Source: The Academy for Human Rights in Business/CSR Sweden)



## 40 (21 MNCs and 19 SMEs) were asked:

### **“How do you work with anti-corruption programs?”**

- 25 companies responded: we have a code (code of ethics, code of conduct, ethical guidelines).
- Other responded:
  - We have never faced any problems with moral issues
  - Everyone knows what is right or wrong in our company
  - When problem occur we will see

### **“How do you check fraud and corruption aspects in your supply chain?”**

-28 responded: “they have our code”, “they understand our company culture”

- The rest responded: “we don’t check”

(Globala undersökningar visar att över 40% av inköpare från 2500 bolag oroar sig över mutor i leverantörsleden)



## Huvudregeln är:

Varje moment och avsnitt i din uppförandekod skall ha en åtgärdsplan som beskriver vad som behöver göras/åtgärdas om du exempelvis hittar miljöavvikelser eller barnarbete i kedjan!



Att du respekterar barnkonventionen räcker inte- har du en åtgärdsplan för om du skulle hitta barnarbete i leverantörskedjan? *Child labour remediation plan.*

Att du respekterar mänskliga rättigheter och ILOs kärnkonventioner och ställer det som krav på dina leverantörer räcker inte!

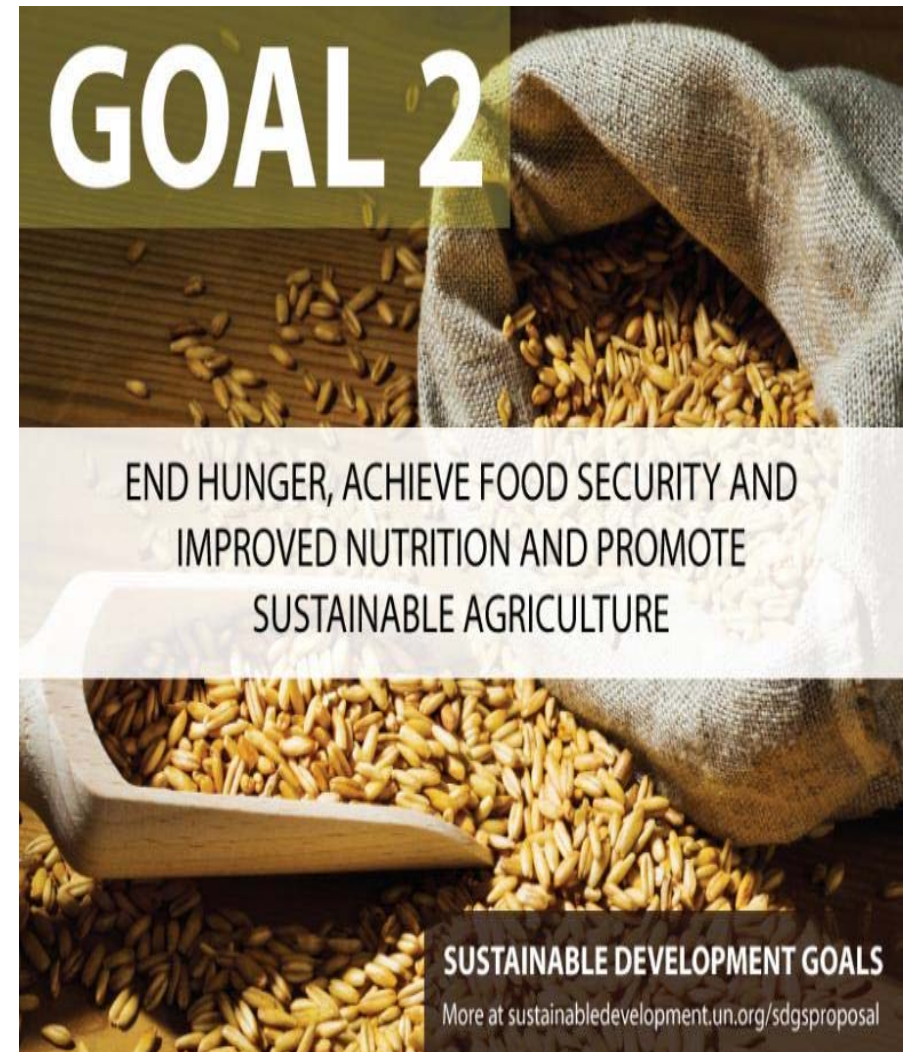


## Case study

“Through 2013, DuPont directly touched more than 347,000 farmers to help improve their success and strengthen agricultural systems.

An example is a partnership with the Government of Ethiopia and the U.S. Agency for International Development (USAID) to improve maize productivity and raise income through agronomic training, improved inputs, and greater access to credit, markets and grain storage.

This is in addition to the ongoing work already being done by DuPont to enhance the lives of hundreds of millions of farmers.”



## Case study

**The Coca-Cola Company** committed to enable the economic empowerment of 5 million women across its global value chain by 2020.

This initiative is called 5by20, launched in 2010. By the end of 2013, 5by20 had enabled more than 550,000 women in 44 countries around the world.





## Case study

**Gap Inc.**, through a partnership with Swasti Health Resource Centre, is helping to build water filtration plants in rural communities in India, which are providing clean water to thousands of people. Three systems currently in operation already serve more than 5,000 households and 29 schools across 30 villages in India.

**Nestle** has shown the way with big push on clean and available water, new technologies e.g. desalination.



Goal 6. Ensure availability & sustainable management of water & sanitation for all

6 CLEAN WATER AND SANITATION



## Case study

Governments with cash heavy economies are unable to maximize tax revenue or monetary policy. With 85% of the world's retail transactions still done in cash and check, **MasterCard** is actively working to build a *World Beyond Cash* where more people have access to and use electronic payments. Economies that successfully shift away from cash can help governments increase domestic revenue that can be mobilized toward development goals.



# Let's do it!

