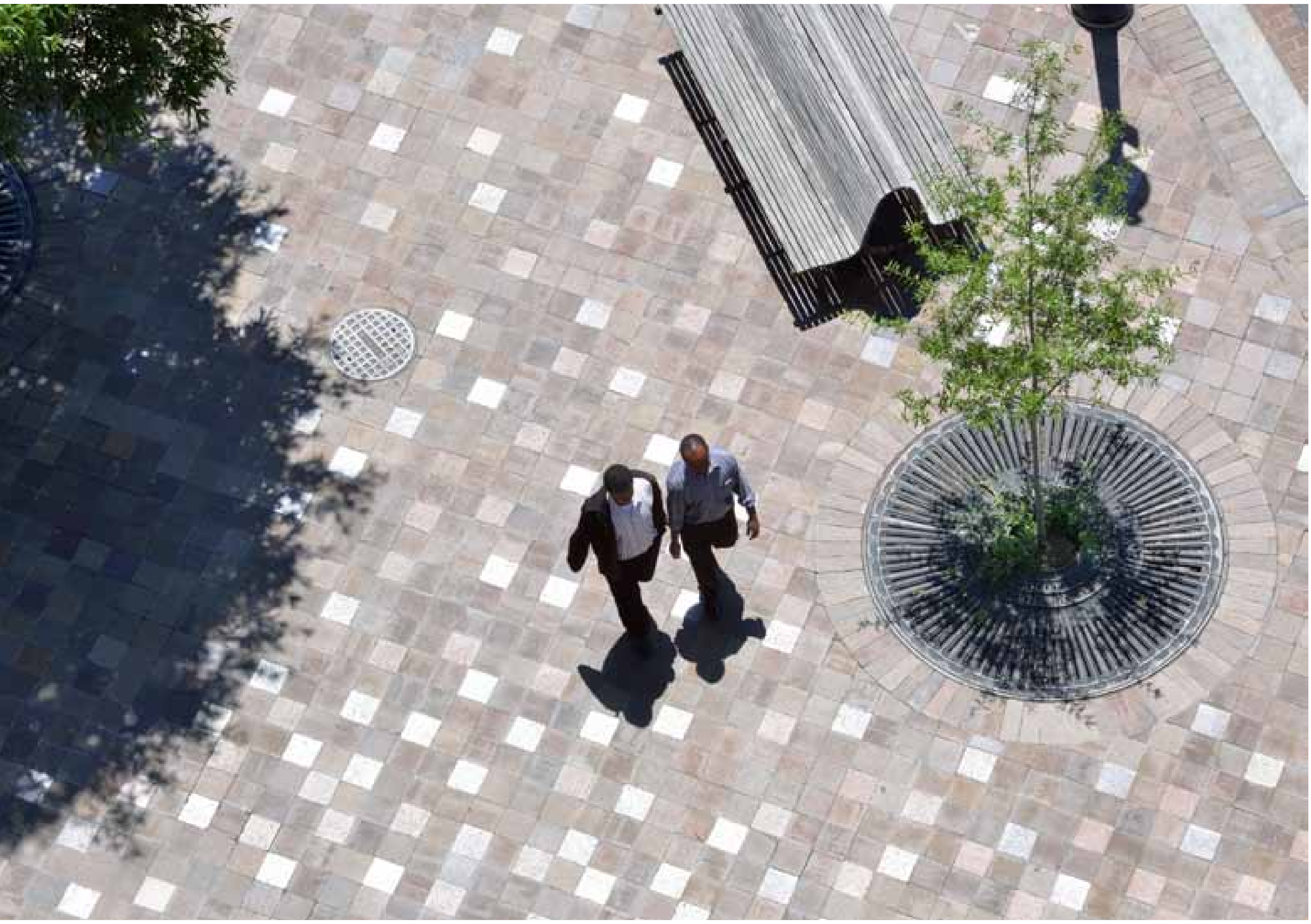
Taking the leap

Achieving the Global Goals

November 2016



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List of abbreviations

ACWI	All Company World Index
BRR	Business responsibility reporting
CEO	Chief executive officer
CRB	Centre for Responsible Business
CSI	Collaborative sustainability initiative
EPC	Engineering, procurement and construction
ESG	Environmental, social and governance
FITs	Feed-in tariffs
GDP	Gross domestic product
GRI	Global Reporting Initiative
GW	Gigawatt
INDC	Intended Nationally Determined Contribution
MDG	Millennium Development Goals
NGO	NGO
NITI-Aayog	National Institution for Transforming India
PV	Photovoltaic
PwC	PricewaterhouseCoopers Pvt. Ltd.
RE	Renewable energy
REC	Renewable Energy Certificate
SDGs	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
USCIB	United States Business Council for International Business
UN	United Nations
UN DESA	United Nations Department for Economic and Social Affairs
USD	US dollar
VAR	Value at risk
WBCSD	World Business Council for Sustainable Development

Foreword by Centre for Responsible Business (CRB)

Simplistically viewed, the United Nations SDGs are the successor to MDGs. However, there is a major difference between the two, and that relates to the focus of SDGs (on sustainable development), approach and structure, and, more importantly, a much greater emphasis on the role of businesses towards achieving the Global Goals.

MDGs, both in their setting up and implementation, were primarily oriented towards government-led initiatives. While the progress towards achieving MDGs varies both across and within countries and regions, SDGs have been developed through a deliberative process involving businesses and civil society, besides governments.

Globally, many large companies have started orienting their business models towards SDGs and committing their contribution. Also, global business alliances such as Business for 2030, an initiative of USCIB, and the Global Business Alliance for 2030, are emerging. These global alliances are mobilising businesses to make their contributions towards the Global Goals.

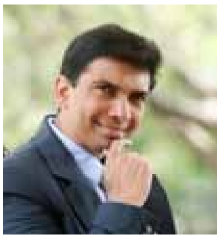
In India, Prime Minister Narendra Modi and his team are going all out to improve the ease of doing business, attract foreign investments, reduce internal and external barriers to trade, create a single market for goods and services, tackle corruption, and improve transparency. India's economy, worth over 2 trillion USD in 2016, is the fastest growing, and by 2030, India could be the world's third-largest economy. With all this and nearly 1.3 billion people—and many of them emerging as middle-class consumers for the first time—India's growth-associated footprints and impact on climate change, socio-economic development, and inequities will continue to rise. Businesses in India will need to take note of these developments earnestly and start putting together their action plans.

CRB's annual flagship platform, India and Sustainability Standards: International Dialogues and Conference, convenes businesses and their stakeholders to dialogue and develop roadmaps across issues and industry sectors. This platform aims to support the momentum of our contribution towards Prime Minister Modi's forward-looking initiatives and the realisation of the Global Goals. The major themes of this conference are how international and Indian sustainability standards, regulations and policies can be inclusive and facilitative and how CSIs can support the private sector in playing its role.

I am pleased that PwC is partnering with CRB for our third conference, and thankful to the PwC leadership and team for working closely with the CRB team to make this conference a success.

Dr Bimal Arora
Chairperson, CRB

Foreword by PwC



Nearly 200 UN countries came together not once but twice last year to agree upon two unprecedented global commitments around sustainable development and climate change—and to achieve them by 2030. SDGs and the Paris Agreement on climate change bring extraordinary challenges to the front line and point towards a move away from short-termism and a focus on long-term sustainable strategies to deliver lasting change. Significant investment will be required to tackle the global sustainable development puzzle and business will invariably be critical to finding the solution. The business community can expect new regulation and policy related to the goals. Regardless of the regulations that are implemented, though, business will be the driving force behind achieving the Global Goals. This long-term global commitment to sustainable development is a unique opportunity for CEOs to think about their decision-making and strategy through a new lens—one that considers the value of their contribution to society and their impact on achieving the Global Goals as well as the usual financials.

Our Annual Global CEO Survey gives us a peek into how CEOs around the world are thinking about sustainability issues and starting to integrate them into their business. A key insight from this year's survey is the CEO's desire to address wider stakeholder needs.[1] It comes at a time when there is unprecedented intergovernmental agreement to tackle major world issues—issues that have a significant impact on individuals, communities and the environment. It's a sign that CEOs understand just how interconnected their business is with society, the environment and government. They see the bigger picture and are mindful of the need to understand and report on their impact.

At PwC, our purpose is to build trust in society and solve important problems. Through our global Sustainability practice, we can help leading organisations understand how their business is currently impacting SDGs and how they can shape their strategy and operations to make a positive contribution towards achieving the Global Goals. We are pleased to partner with CRB as they bring together key Indian stakeholders at the 'Convention on operationalising SDGs in Indian states' at the India and Sustainability Standards: International Dialogues and Conference 2016. This platform will take the SDG debate forward and shine a light on how to move from ambition to action.

This short report prepared by PwC and CRB encapsulates one of the ways businesses can look at their impact and the possible contribution they can make towards achieving SDGs.

Sudhir Singh Dungarpur
Partner, Responsible Business Advisory
PwC India

[1] *PwC. (2016). 19th Annual Global CEO Survey. Retrieved from http://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2016.html*

SDGs: The story so far

In 2000, when the UN adopted its MDGs, the term 'sustainability' meant very little to most companies. At best, it was seen as a way of cutting energy costs through more efficient buildings or initiatives to recycle waste. At worst, it was employed as a smokescreen for companies to fund minor socially conscious projects while they carried on business as usual.

MDGs were ambitious for their time. They galvanised international support, focused resources and were recognised as a great 'brand'. There were some high-profile key successes—for example, extreme poverty was halved in 15 years, and over 2 billion more people gained access to clean drinking water.

However, there was regression in relation to some key areas, such as deforestation and biodiversity (part of MDG 7: Ensure environmental sustainability). Also, there were some key gaps in the coverage of MDGs—for example, climate, conflict, inequality, human rights and economic development. Development progress in some key areas covered by MDGs ultimately suffered from a lack of ownership, a lack of integration and a lack of underlying processes to drive and measure change. MDGs were seen as an aspiration for the developing world and, because of that, only a few global businesses gave them their full attention. Business, for the most part, did not focus on MDGs because they were aimed at developing nations. The 17 SDGs, however, are relevant for all businesses operating in the interconnected world we live in today: They do not discriminate between mature and emerging economies and their focus is on the broader issues that drive sustainable development.

This time around, expectations are high that business will make a significant contribution towards helping governments as well as society achieve the goals. Smart companies wanting to position themselves as supporters will have to plan now how they can take sustainability and put it at the heart of business growth in order to stay ahead of their competition.

Introducing the Global Goals

Although SDGs (see Figure 1) are seen as the heir to MDGs, in reality, they are very different. The 17 SDGs (also known as the Global Goals) have been deliberately drawn up to move away from a development perspective and reflect the broader issues that drive good growth, focusing on economic and environmental factors as well as social dimensions. They are completely transportable between the developed and developing world and hence relevant for every global company. The agenda is transformative: They address both gaps in the coverage of MDGs and the underlying problems. There are specific goals that aim to put in place policies, institutions and systems necessary to generate sustained investment and growth.

Figure 1: The Global Goals for sustainable development

Source: Global Goals,www.globalgoals.org

There could be no better moment than now for UN, supported by governments globally, to launch SDGs as a roadmap for integrating sustainability with inclusive and good business growth for the next 15 years.

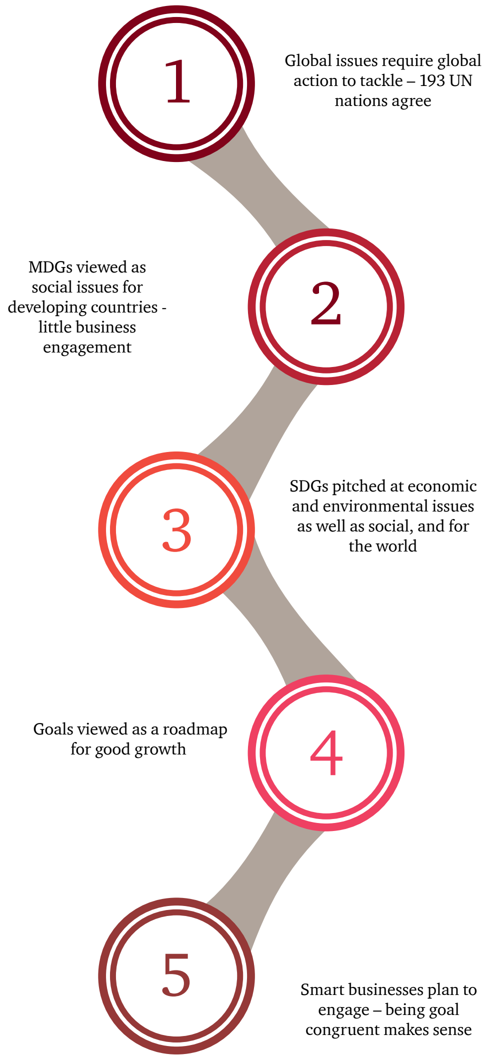
- **The business landscape has changed a great deal over the last 15 years**:
  Businesses are being shaped and disrupted by globalisation, intense competition for raw materials and natural resources, a growing consensus about climate change, increasing urbanisation, changing demographics, migration and growing global and national inequalities, and a revolution in technology that is challenging the business models of many sectors while forcing all companies to be more accountable to, and more transparent with, all of their stakeholders.

- **Sustainability is no longer a side issue**:
  Faced with a future of uncertain energy costs, looming regulation on carbon emissions, real concerns about access to raw materials and availability of natural resources like water, business is waking up to the reality that environmental management and planning is a key consideration.

At the same time, companies are facing increasing scrutiny from consumers, NGOs, the media and their own employees (fuelled by the explosion in online social networking) over their treatment of workers and their working conditions, the sourcing and quality of their products, and their corporate culture.

Taken together, environmental and social responsibility can be seen not as a concern just for risk and reputation management but rather as a core driver of how smart, modern companies must develop and one that offers them opportunities to be product, service and market leaders.

Figure 2: Transition from MDGs to SDGs



Interconnected: How SDGs overlap

SDGs are not mutually exclusive. In many cases, creating a positive impact in one will have a beneficial effect across others, amplifying the impact of the effort made. It's also true to say that a positive impact in one may have unintended negative consequences in another, so measuring and understanding the outcomes and impacts of activities will be crucial.

Below are examples of research and analysis exploring the interlinkages of SDGs:

One for all and all for one?

How linked are the goals? David Le Blanc, UN DESA, has shown that two of the proposed goals, SDG 12 (Responsible consumption and production) and SDG 10 (Reduced inequalities), are critically connected to the other goals and make SDGs more tightly linked as a network. He has ranked the goals according to the number of other goals they are linked to. The top of the list includes goals having 10 or more links with other goals:

- SDG 12 (Responsible consumption and production)
- SDG 10 (Reduced inequalities)
- SDG 1 (No poverty)
- SDG 8 (Decent work and economic growth)

At the bottom are goals with 3 or fewer links:

- SDG 7 (Affordable and clean energy)
- SDG 9 (Industry, innovation and infrastructure)
- SDG 14 (Life below water)

Source: Le Blanc, D. Towards integration at last? The sustainable development goals as a network of targets. Department of Economic & Social Affairs. Retrieved from http://www.un.org/esa/desa/papers/2015/wp141_2015.pdf

All SDGs are equal but some are more equal than others—where to put the smart money

In terms of social good, some SDGs provide better returns than others. Made up of 169 targets, if the world were to spend money equally across all of them, it would do about 7 USD of social good for each dollar spent. But according to the Copenhagen Consensus, a much shorter list of just 19 targets will do the most good for the world. Every dollar spent on these targets will likely produce 15 USD of social good. Being smart about development spending could be better than quadrupling the global aid budget.

Source: Copenhagen Consensus Centre. (n.d.). Nobel laureates guide to smarter global targets to 2030. Retrieved from http://www.copenhagenconsensus.com/post-2015-consensus/nobel-laureates-guide-smarter-global-

India and SDGs

India, by virtue of her sheer size and the central position she holds in the world today, will invariably play a crucial role in achieving SDGs. The Indian Prime Minister has on several occasions stressed the importance of the post-2015 development agenda and India's commitment to the same.[2] Over the years, India's development efforts have been centred on poverty alleviation, food, energy and water security, economic growth, skilling, employment generation, and disaster management. There is also a strong focus on transparency and robust governance. The SDG agenda is an excellent opportunity to further integrate and deal with challenges like climate change, natural capital degradation and rising inequality.

For implementing SDGs in India, NITI-Aayog has been identified as the apex coordinating agency. The initial work around mapping of goals with the respective nodal ministries/departments along with targets has been completed.[3] SDGs have also been linked to existing flagship programmes like Make in India. Expert committees and working groups have been set up and a series of national consultations with state chief ministers have also taken place.[4] States, where most of the SDG implementation action will take place, have also taken up a proactive role. A state-level vision and roadmaps for achieving SDGs are being developed. Make in Maharashtra, Vibrant Gujarat and Assam Vision 2020 are a few prominent examples. Similar processes are underway in other states like Kerala, Haryana, Tamil Nadu, Uttarakhand and Himachal Pradesh.

An estimated 5–7 trillion USD a year will be required to achieve the SDGs by 2030.[5] According to a report by Technology and Action for Rural Advancement,[6] the corresponding annual spending needed in India is 0.96 trillion USD. The same report also presents an estimated 0.56 trillion USD as the financing gap based on the current and planned public expenditures. The financing gap is equivalent to 25% of India's GDP in 2014–15. It is a no-brainer that a significant chunk of this gap will need to be bridged from private sector sources.

[2] NITI Aayog. (n.d.). PM's statement at the UN Summit for the adoption of Post-2015 Development Agenda. Retrieved from http://niti.gov.in/content/pm%E2%80%99s-statement-un-summit-adoption-post-2015-development-agenda

[3] NITI Aayog. (2016). Sustainable development goals (SDGs), targets, CSS, interventions, nodal and other ministries. Retrieved from http://niti.gov.in/writereaddata/files/SDGsV20-Mapping080616-DG_0.pdf

[4] NITI Aayog. (n.d.). National consultations. Retrieved from http://niti.gov.in/content/national-consultations

[5] UN. (2014). World Investment Report 2014. Retrieved from http://unctad.org/en/PublicationsLibrary/wir2014_en.pdf

[6] Bhamra, A., Shanker, H., & Niazi, Z. (2015). Achieving the sustainable development goals in India: A study of financial requirements and gaps. New Delhi: Ministry of Environment, Forest and Climate Change.

What's in it for business?

Why do SDGs matter for business?

Governments are already starting to use SDGs as their roadmap for shaping and implementing national policy and regulation. As a top three influencer of business strategy (in the 19th Annual Global CEO Survey, 69% of CEOs said that governments and regulators have a high or very high impact on business strategy), how governments embrace SDGs will have an impact on business as usual. For example, the governments of Canada and Australia have both published reports assessing the opportunities and challenges that arise from SDGs from their national perspective. The Government of Finland has established a multi-stakeholder SDG Commission led by the Prime Minister, with a mission to embed sustainable development into Finnish policies, measures, budgets and action; and the German government has established a Council for Sustainable Development, an advisory body mandated by and reporting back to the German Federal Government. Similarly, the governments of countries such as India, Colombia and Botswana have all made public their strategic planning and commitments to the agenda. Smart companies know that understanding SDGs will give them insight into how the policy and regulatory environment in which they operate will evolve, helping them to develop more resilient business models.

Going further and analysing their alignment with the Global Goals, will give both large and small businesses a view on how their activities help governments in achieving their goals. Actively aligning business strategies with SDGs and understanding the linkages between their material sustainability issues and SDGs will enable businesses to maintain or strengthen their licence to operate. We believe that companies which align themselves with the Global Goals also have a distinct competitive advantage over those that neither understand their contribution nor revise their strategies accordingly. The 17 SDGs, and the 169 targets that underpin them, not only provide a blueprint for good growth at the local, regional, national and global levels, but also offer insights to companies on how they can create economic, social and environmental value for their investors and other stakeholders. Aligning with SDGs will allow businesses to understand and better respond to the risks and opportunities they face in a world characterised by rapid change and disruption across social, environmental and economic dimensions. Forward-thinking companies are already going further and developing business strategies that embrace the growth potential of responsible environmental and societal policies, and drive sustainable business practices through their value chains. This is a big shift from the time when business saw sustainability issues as side issues that were only useful for reducing energy or waste disposal costs or supporting worthy community causes.

SDGs are a product of two years of multi-stakeholder negotiations which included the business/private sector, and all 193 UN member states have committed to achieving them. While SDGs are not legally binding on member states, they will act as the de facto roadmap for regulation and will drive the implementation of national policies and incentives for their success.

We believe that when companies globally align with SDGs, they will have a clearer view on how their business helps a government to achieve its goals or hinders it from doing so, and the opportunity to evidence and maintain their license to operate in compliant countries.

We think such companies also have a competitive advantage over those that do not understand their contribution or use the knowledge to revise their strategies accordingly.

How business is engaging

- The PwC SDG Engagement Survey 2015 reveals high awareness of SDGs (92% amongst the business community versus 31% amongst citizens) and considerable ambition to support them, with 71% of business participants saying they were already planning how they would respond to them.

There are already examples of corporates coming forward to make public commitments for the collective achievement of SDGs.[7]

- More than 300 CEOs, heads of state, and UN and civil society leaders attended the UN Private Sector Forum in September 2015 to discuss the role of business in implementing the Global Goals. At the Private Sector Forum, announcements were made of more than 35 corporate commitments to benchmark sustainable development actions, including investment in low-carbon infrastructure, combatting of corruption, gender equality in the workplace, access to and strengthening of healthcare services in the least developed countries and more.
- A number of global corporate household names, such as Aviva, Google, Pearson, Standard Chartered, Unilever and Virgin are founding partners of Project Everyone,[8] which aims to bring SDGs to every person around the world in 2015.
- This early activity is encouraging, as 90% of citizens in the PwC survey thought it important that business sign up for SDGs.

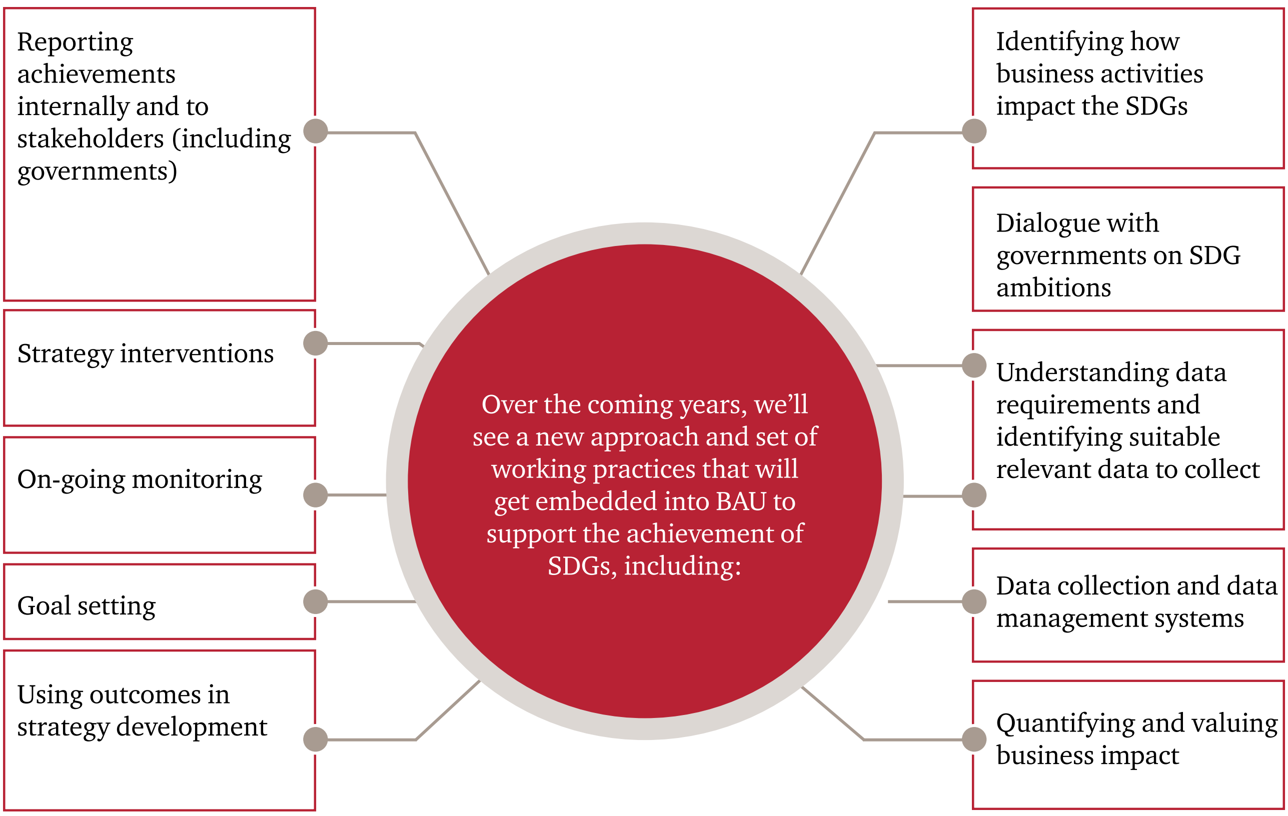
Practical implications for business

In an ideal world, within the next two to five years, every business will know how their activities and the consequences of them (even the unforeseen elements) map across to the Global Goals.

In the long term, their operations will have identified, valued and be measuring how they contribute to each SDG, monitoring their impact, and implementing new ideas to effect improvements. SDG impact awareness will not be confined to a specific showcase project but be embedded in a new way of working that prioritises the impact on SDGs alongside business objectives.

A new way of thinking and adapting skills and resources is required to engage with SDGs. It is the investment made now with a view towards long-term benefits that will drive significant change (see Figure 3). For business to appreciate the benefits from all this activity to align with SDGs, significant internal engagement is required, along with smooth inter-team communication and collaboration. This will require strong commitment and leadership from the top.

Figure 3 : Driving a new best practice



[7] *Philips. (August 2015). The three SDGs Phillips is focusing on for a better world. The Guardian. Retrieved from http://www.theguardian.com/sustainable-business/2015/aug/19/the-three-sdgs-philips-is-focusing-on-for-a-better-world*
[8] *Project Everyone website: http://www.project-everyone.org/*

Governments will expect business to find out how their operations help (or hinder) governments to achieve the Global Goals and to take action to reduce and eradicate the negative impacts and improve the positive ones.

Businesses will have to methodically understand what their impact—both positive and negative—is, and review process, product, packaging, distribution, procurement, etc. In fact, all the building blocks of an operation that impact its positive contribution towards SDGs will be under scrutiny—as they are already—in order to monitor and manage performance against budget and target.

Governments will hope to see business develop new solutions as well, applying their skills and specialist knowledge to innovate and create new materials, products and processes.

Utilising new thinking in the energy space, climate-smart agriculture, smart data, new materials and the like will go some way to achieving the goals.

Malcolm Preston
PwC Global Sustainability Leader

The business approach to SDGs

Which SDGs should my company focus on?

With 17 goals to consider, it's easy to see how individual businesses will struggle to focus on addressing them all. In our SDG Engagement research, only 1% of companies said they would even be assessing their impact across all the 17 goals, let alone tackling them, with many planning to prioritise those they view as most material. Agreeing on the firm's engagement with SDGs is therefore a board-level discussion as well-informed debate is required in order to zero in on the right set of priorities to drive the strategy.

While framing their sustainability strategy, companies are expected to focus on their material sustainability issues[9] that reflect the significant economic environmental and social impacts, whether positive or negative, as well as those issues that substantively influence the assessments and decisions of stakeholders. Companies then need to effectively report and communicate their positive and negative impacts with respect to these material issues to their stakeholders. According to SDG Compass:

> *'Companies should report on both the positive and negative aspects of its performance against these (material sustainability issues) priorities. This will ensure that the report covers how the company meets its baseline responsibilities related to the SDGs; how it addresses (potentially) adverse impacts on the SDGs; and how it utilizes its core competencies, technologies and solutions to further contribute to the achievement of the SDGs.*
>
> *In addition, an effective report will consider issues of high significance to stakeholders. This means responding to the reasonable interests, concerns, and expectations raised by stakeholders with regard to the company's actions and responses to the SDGs, even if the SDG in question has not been identified as a priority by the company.'*[10]

Many of the goals interconnect with others and some generate more value than others, so defining a strategy is challenging. We recognise the need for a structured approach to these conversations if they are to be productive, and companies will need the necessary tools to do so.

Where to start?

The SDGs cover 17 different issues and come with 169 targets and a whole set of (evolving) indicators. There is much to do to establish your starting point which will no doubt generate much debate (see Figure 4).

There is much to consider about measurements too—their coverage and frequency, the communication of results within the organisation and how internal and external resources will be leveraged and feed into strategy development. How all this data is managed and reported internally and beyond will also require considerable planning and discussions.

And, when it comes to ambition, it consists of a spectrum—using the outcomes of an impact assessment to change business strategy is the ultimate goal.

Converting ambition into action and into achievement

We believe that SDGs are a game changer for the planet and for business, but only if the business community seizes the opportunity and engages. Achieving SDGs will also require a united effort from governments, NGOs, academics and society.

Our SDG Engagement research reveals that just 13% of companies surveyed have identified the tools that will help them assess their impact on the SDGs that are relevant to their business. Although this is understandable, considering the newness of the SDGs, even in five years, only 30% think they will have done so. We recognise that engagement will be slow without the availability of the basic tools to start the process.

With a focus on two early priorities, we have developed a diagnostic tool which will give businesses a quick, replicable and low-cost way to:

- identify the Global Goals that are of most relevance given their countries and sectors of operation,
- evaluate which Global Goals they can best contribute to,
- identify the significant risks (i.e. where business activities

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[9] *GRI. (2013). G4 Sustainability Reporting Guidelines. Retrieved from https://www.globalreporting.org/information/g4/Pages/default.aspx*
[10] *GRI, the UN Global Compact and the World Business Council for Sustainable Development. (2015). SDG Compass. Retrieved from https://www.globalreporting.org/resourcelibrary/gssb/Item%2029%20-%20SDG%20Compass.pdf*

could hinder governments more than help) in relation both to core products and activities and more broadly across the supply chain on a country-by-country basis,

- identify the potential opportunities (i.e. where business activities could help significantly more) in relation to core products and activities and the wider supply chain, on a country by country basis.

PwC's Global Goals Business Navigator combines our market-leading Total Impact Measurement and Management framework (understanding the social, economic, and environmental impacts of a business) with detailed understanding of the targets and indicators that underpin SDGs. In this way, we aim to help business assess SDG impacts, define their priorities and set goals.

Figure 4: Engaging with the Global Goals

Mapping your business activities to the Global Goals, do you…

- Review them all?
- Review all the relevant ones?
- Review some of the relevant ones?

Determining which Global Goals to look into, do you…

- Consider them all?
- Consider the obvious ones for your industry?
- Consider the easiest ones where you can make the strongest improvements?
- Consider the ones that will give you the best media story?

Assessing the impact of your business, do you…

- Include the whole of your business and value chain?
- Include just your direct business?
- Include your key operations?
- Include parts of the business that drive impact on some SDGs?
- Include only specific projects?

Reviewing which countries to include, do you…

- Consider them all?
- Consider only the ones in your new markets?
- Consider only the ones in developing countries?
- Consider only the ones in countries you need to make the greatest positive impression or impact?

PwC's Global Goals Business Navigator

We recognise that engagement will be slow without the basic tools in place to start this process, which is why PwC has developed the Global Goals Business Navigator to help businesses identify which Global Goals are most relevant, given the countries and sectors they operate in. It identifies how each country is currently performing against its SDG goals and targets and uses input-output modelling techniques to highlight relevance across both direct operations and the wider supply chain. It also draws on economic research to identify where value could be at risk from countries failing to achieve their SDG commitments and the potential opportunities (i.e. where business activities could help significantly more) on a country-by-country basis. The navigator thereby helps businesses map out and visualise their strategic priorities in a more informed way.

Step 1: The Global Goals Business Navigator identifies how a country is performing on each SDG relative to other countries

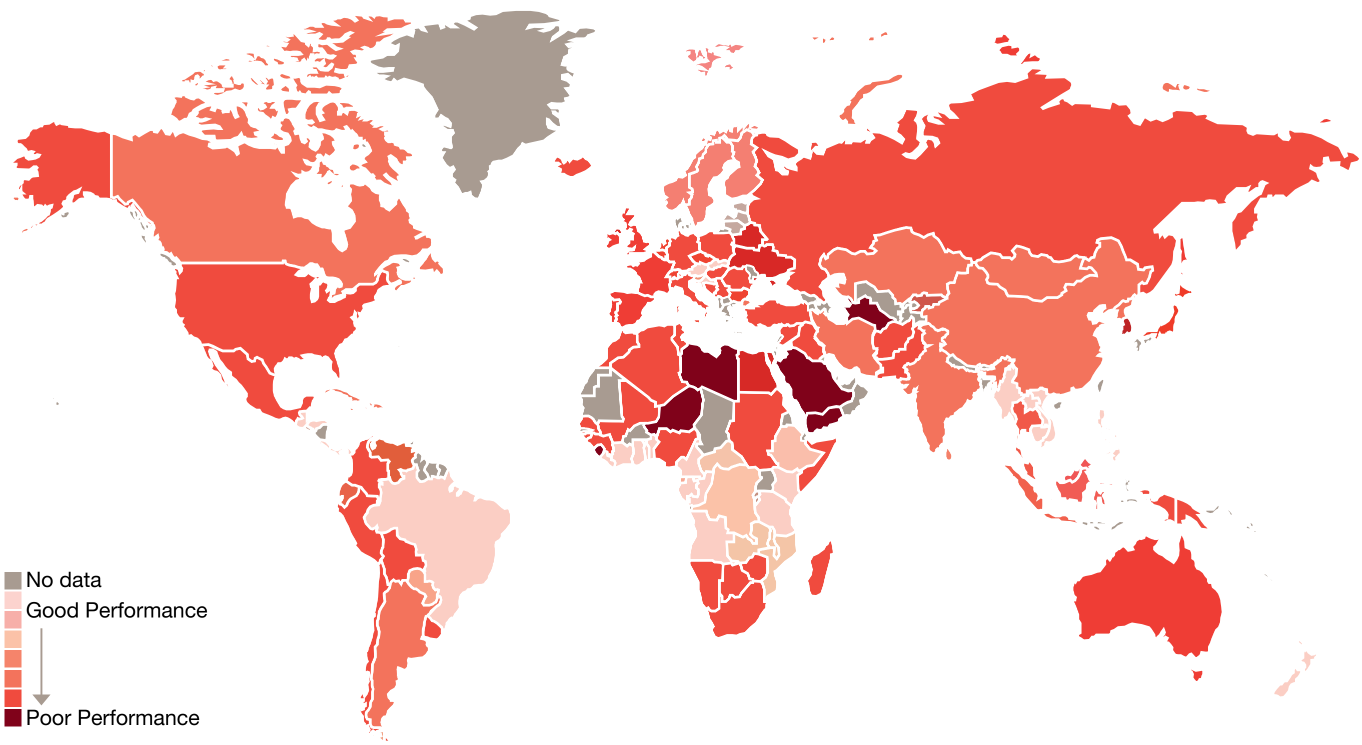
For businesses, this gives a picture of which Global Goals are most relevant for them to focus on, given the countries and sectors of their operations.

We have mapped the performance of all of the countries across the world against their SDG goals, with help from experts in both our Sustainability and International Development practices. We also mapped multiple indicator information for each and every SDG target for every country in the world (around 400 data points for each of the 249 countries and regions), using the extensive 195 indicators and monitoring framework created by UN's Sustainable Development Solutions Network and Inter-agency Expert Group, combined with our knowledge of other data sources.

This gave us the first output from the Global Goals Business Navigator—world heat maps—which can be created for each goal and target. We've included one heat map for each goal in this SDG guide and an example is shown in Figure 5.

Figure 5: Global Goals Business Navigator heat map – SDG 12: Responsible consumption and production

Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources

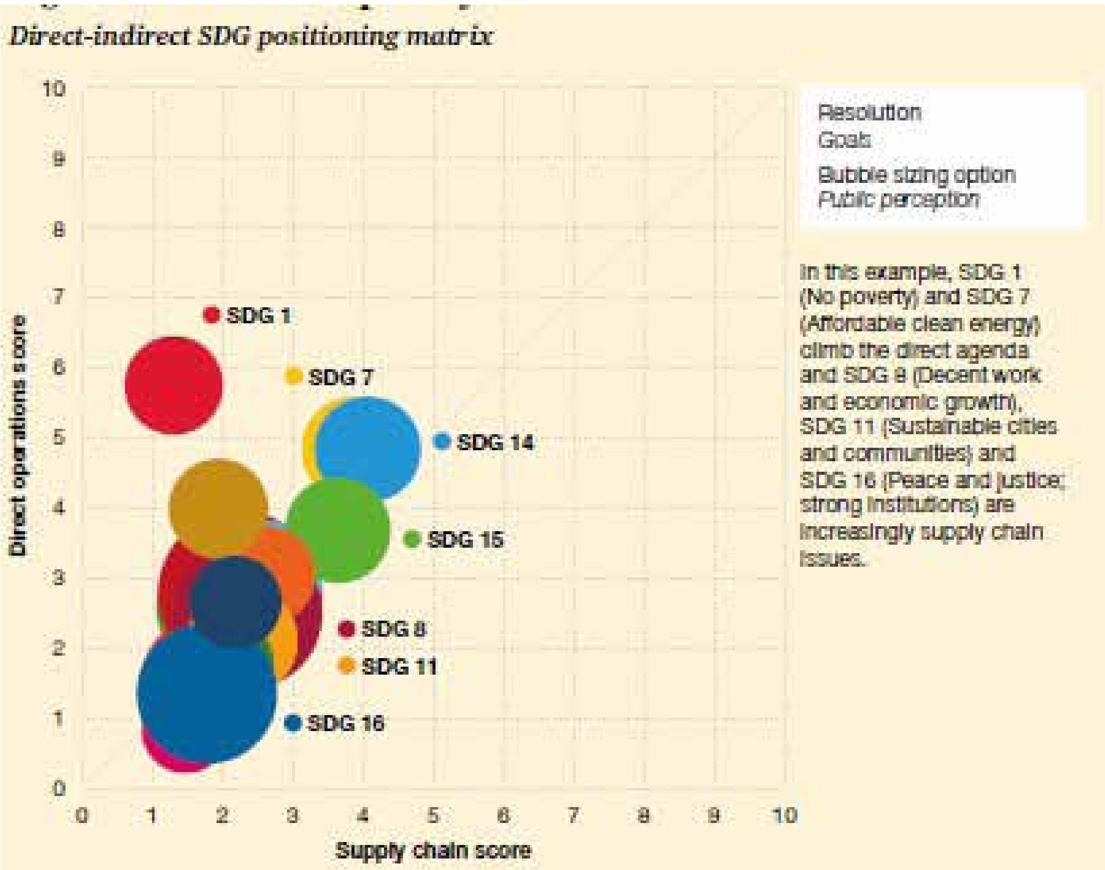


Source: PwC, Navigating the SDGs: A business guide

Step 2: Analysis shows the relative direct and supply chain importance of each SDG based on geography and sector

Using economic, social and environmental impact theories, combined with a detailed understanding of the targets and indicators that underpin SDGs, we have built models to show the relative impact of the different SDG goals. Using multiple lenses, impacts on both the direct operations of a business and its supply chain can be explored. Our model includes cost benefit analysis that uses think tank research, drawing on the work of 60 teams of internationally renowned economists and 100+ research papers. It also includes public perception using lenses such as Twitter conversations (based around 17 topics from 193 countries) and the UN Global SDG Conversation (which gathered more than eight million citizen votes from 193 countries). In Figure 6, bubbles placed higher up the vertical axis indicate increased relevance to the direct operations, and bubbles placed further along the horizontal axis represent increasing relevance to the supply chain.

Figure 6: Relative impact of SDGs – results



Source: PwC, Navigating the SDGs: A business guide

Step 3: Understanding how a business's existing policies and practices impact goals

Many businesses have adopted working practices or have initiatives in place that improve their impact on one or more of the SDGs. This activity needs to be factored into the analysis to create a more representative picture of a company's impact. Our Global Goals Business Navigator questionnaire has been developed by our sustainability and climate change experts with the aim of identifying the current level of awareness of the key issues underlying each SDG, the impact of the practices currently in place, and the extent to which there is a management commitment to respond to and address the risk or opportunity that each SDG poses. The scoring of the questionnaire is then taken into account in step 4, the calculation of VAR.

Step 4: Demonstrating a company's VAR if the SDGs are not achieved

The scores from steps 2 and 3 are translated into risk in terms of lost gross value added, in the event that a host country fails to achieve its 2030 SDG targets. This 'projected VAR' is then allocated across the relevant SDGs in the form of a risk wheel. This helps in describing and depicting the projected VAR in terms of the Global Goals and allows companies to see which SDGs contribute the most to VAR from failing to achieve specific goals.

In this way, we aim to help businesses understand the relevance of SDGs given their countries and sectors of operation, to define their priorities and set goals. The tool will allow a business to:

- evaluate which SDGs they can best contribute to,
- identify the significant risks (i.e. where business activities hinder governments more than help) in relation to both core products and activities and more broadly across the supply chain, on a country–by-country basis,
- identify potential opportunities (i.e. where business activities could help significantly) in relation to core products and activities and the wider supply chain, on a country-by-country basis.

The SDG opportunity

What's the business case for contributing to the achievement of SDGs?

There are a number of compelling reasons for a business to focus on sustainable business practices.

Increased future government focus on sustainable business

By committing to SDG target 12.6, national governments have agreed 'to encourage companies, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle'. Thus, companies should anticipate policies and regulations that seek to deliver on that commitment.

India ratified the Paris agreement on 2 October 2016 and its INDCs continue to demonstrate its ambition to lead the transition towards a green economy by committing to 175 GW of renewables by 2022, including 100 GW from solar PV and 60 GW from wind. By 2030, non-fossil fuel sources are expected to make up 40% of electric power installed capacity.

The Indian renewable energy market is highly attractive as it has the potential to reduce India's rising demand-supply gap and become a key cog in the wheel for India's energy security strategy. The Indian government has set up an encouraging policy and regulatory framework with a combination of FITs, renewable procurement obligations and RECs. The most dominant asset classes—wind and solar—have attracted considerable supplier interest, and hence equipment and EPC are available at increasingly competitive rates, thus boosting margins. We estimate that the investment required for solar and wind is comparable to that of China at 210 billion USD. Around 40 billion USD is required by 2017 to achieve the government's solar mission of 22 GW of installed capacity, causing the government to start with a 1.4-billion USD investment. Increased use of renewables will generate demand for supporting technologies and supply chains.

In November 2015, SEBI expanded the coverage of the companies required to issue BRRs from top 100 listed companies to top 500 listed companies. For the financial year 2016–17, the top 500 listed companies will disclose their BRRs along with their annual reports.

Sustainable business practices improve performance

Evidence shows that companies with higher ratings for ESG factors (i.e. strong sustainable business practices) (1) have lower costs of debt and equity—the market recognises their low risk and rewards them accordingly and (2) generally outperform the market in the medium (3 to 5 years) and long term (5 to 10 years).[11]

Here's supporting evidence: MSCI has recently added a Sustainable Impact Index to their ACWI,[12] which is designed to identify listed companies whose core business addresses at least one of the world's social and environmental challenges, as defined by SDGs. Over the first four months of its operation (from 30 November 2015 to 31 March 2016), the MSCI ACWI Sustainable Impact Index outperformed the MSCI ACWI Index in terms of net returns by 14.8%. A recent review of more than 2,000 empirical studies by Deutsche Asset and Wealth Management found a positive correlation between ESG criteria and corporate financial performance. So, the numbers are backing up the moral imperative to act.

Broad range of wider business benefits

Companies report that sustainability strategies deliver value through reduced operational, reputational and regulatory risk; decreased operating and supply chain costs; enhanced product value propositions attracting greater market share or price premiums; and/or growth via new markets or product innovation.[13]

Increasing focus of CEOs

For sustainability strategies—like any other business strategy—to be successful, companies need to set goals and establish accountabilities, supported by business metrics. According to PwC's 19th Annual Global CEO Survey, 72% of CEOs stated that their companies are reporting non-financial information. CEOs are recognising that short-term, profit-centric models are reducing in relevance and they are changing their approach accordingly: 84% of CEOs said that they are expected to address wider stakeholder needs, 86% said that they are changing how they measure success and what they hold themselves accountable for, and 76% said that the success of a business is about more than just financial profit. This new perspective will drive new business behaviours.[14]

[11] Deutsche Bank Group. (2012). Sustainable investing: Establishing long-term value and performance. Retrieved from https://institutional.deutscheam.com/content/_media/Sustainable_Investing_2012.pdf [3] NITI Aayog. (2016). Sustainable development goals (SDGs), targets, CSS, interventions, nodal and other ministries. Retrieved from http://niti.gov.in/writereaddata/files/SDGsV20-Mapping080616-DG_0.pdf

[12] MSCI. (2016). MSCI ACWI Sustainable Impact Index. Retrieved from https://www.msci.com/msci-acwi-sustainable-impact-index

[13] McKinsey & Company. (2014). Profits with purpose: How organising for sustainability can benefit the bottom line. Retrieved from http://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/profits-with-purpose-how-organizing-for-sustainability-can-benefit-the-bottom-line

[14] PwC. (2016). 19th Annual Global CEO Survey. Retrieved from http://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2016.html Environment, Forest and Climate Change.

Getting started: Tools for businesses

Our research reveals that just 13% of the companies surveyed have identified the tools that will help them assess their impact against the Global Goals that are relevant to their business. This is understandable considering the newness of the goals, but even in five years, only 30% think they will have carried out such an assessment. That being said, we recognise that engagement will be slow without the basic tools in place to start the process.

PwC's stated purpose is to 'build trust in society and solve important problems'. So, there is a real determination to see the SDGs achieved and to recognise that business will be the key differentiator that sees them delivered.

Our **'Navigating the SDGs: A business guide**[15] to engaging with the UN Global Goals', gives business leaders the salient information needed to start the process of engaging with SDGs in an effective way. It cuts through the growing documentation available on SDGs, focusing on the pivotal points for business. We've also been thinking about what tools businesses need to help them. As a starting point, we've developed the **PwC Global Goals Business Navigator**, which explores which SDGs are more relevant to a business and the potential VAR if they are not achieved. It's the first step to inform internal conversations.

Getting to grips with the targets and indicators that sit behind each goal is fundamental. Businesses would want to understand their impact on each and identify market opportunities too. When agreeing on plans, they would want to know which initiatives and strategic options will make the biggest positive difference or shrink a negative impact the most. They would also be interested in knowing where to direct attention and investment. So, to help businesses work out which direction to take, we have explored each of the SDGs and developed the **PwC SDG Selector**. Taking each one in turn, we have looked at the issue and its implications for businesses, and also identified practical steps to consider.

PwC SDG selector: Helping businesses prioritise

We know that understanding government priorities is crucial. So, we have included results from our Business Navigator tool to reveal the top SDG priorities for each of the 193 governments who have ratified SDGs based on the indicators they need to make the most headway on. The tool allows you to review the priorities of your local government as well as those of your operations and suppliers around the world. For an overview, we've created an interactive SDG Selector. The tool tells which SDGs are important to your sector based on the impact on SDGs and the opportunity they represent. The tool is free for use and is available at: https://dm.pwc.com/SDGSelector/

[15] *PwC. (2016). Navigating the SDGs: A business guide to engaging with the UN Global Goals. Retrieved from https://www.pwc.com/gx/en/sustainability/publications/PwC-sdg-guide.pdf*

Developments since the ratification of SDGs have been fast-paced, and we are cognisant that a number of organisations have also created tools and approaches to help support businesses square up to the SDG challenge (and we've supported the development of many of them). Here, we've highlighted three:

1

SDG Compass brings together **GRI, the UN Global Compact and WBCSD**. They've developed a five-step process which explores: (1) understanding SDGs, (2) defining priorities, (3) setting goals, (4) integrating, (5) reporting and communicating. It's a good starting point, providing strong guidance on how to engage with and embed SDGs. There is great content on the SDGs themselves as well as an overview of useful tools available that align to an SDG. Their inventory of indicators is useful as well, allowing filtering by indicator so you can see clearly how attention on one indicator will impact several SDGs. For more details, visit www.sdgcompass.org

2

WBCSD has created an **SDG Hub** that includes a useful collation of current tools. It is strongly engaged in translating SDGs' ambitions and words into business action underpinned by business solutions. It defines solutions as business-led ventures that are impactful, scalable, measurable, replicable and going beyond business as usual. It expects these solutions to enable companies to better manage their risks, anticipate consumers' demand, build positions in growth markets, secure access to needed resources, and strengthen their supply chains. More information is available here: www.wbcsd.org

3

GRI has focused its energy on **SDG target 12.6**, which 'encourages companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle'. It has created the **SDG 12.6 Live Tracker**, which governments can use to understand the status of sustainability reporting in their countries and track progress toward SDG target 12.6. It is expected to make sustainability reporting data available in a manner that is easier for decision makers to use. More information is available here: www.globalreporting.org/sdgs

Moving forward

SDGs are aimed at addressing complex real world problems, which is why there's a lot to digest. Their implications are far-reaching—relationships right across the stakeholder spectrum are impacted and need to be considered, alongside global and local strategies, operations, marketing, R&D, finance, process, supply chain, human capital and purchasing.

Making the right decisions on SDGs will provide the foundations for the right dialogue with governments, communities and other stakeholders, and help businesses identify the opportunities for growth, positive contributions to sustainability as well as risk reduction.

We believe if a business uses its scale and reach to make a positive contribution and to address any negative impacts, then there is a good chance for achieving SDGs. In our experience working with clients, once the CEO and senior leadership are on board, momentum builds quickly in tandem with the opportunity to drive real change. Engaging the board therefore becomes a crucial milestone on the journey to delivering a thriving society in a thriving environment.

Therefore, it's vital that a business is clear on how to approach SDGs with expediency and efficiency.

This report is meant to help businesses navigate the complex SDG universe and initiate their journey towards achieving these goals. It is obvious that businesses will need the right tools to frame their approach and this report provides an overview of all the tools available right now.

We believe that the Global Goals can be a game changer for the planet—but only if the business community seizes the opportunity and engages fully with governments, NGOs and society.

About Centre for Responsible Business

CRB is a centre of excellence facilitating social and environmental impacts and organizational behaviour change towards incorporating responsible business strategies, policies and practices. CRB partners with and supports actors and stakeholders across the global value chain – national and transnational brands and companies, manufacturers and suppliers (SMEs), national and international organizations, and governments – as they promote and move towards more sustainable and responsible future that will contribute to harmonious relationships at workplaces, organizational productivity, environmental sustainability, business continuity and growth

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About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 2,23,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com

In India, PwC has offices in these cities: Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune. For more information about PwC India's service offerings, visit www.pwc.com/in

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AG/October2016-7947/v2