



Aligning businesses with the United Nations Sustainable Development Goals



Aoife O'Donnell

Associate Sustainability Adviser
[linkedin.com/in/aoifeodonnell](https://www.linkedin.com/in/aoifeodonnell)

Key takeaways



The United Nations Sustainable Development Goals (SDGs) are a call to action to secure a sustainable and better future for all. Business has a role to play in delivering on the goals and targets of the SDGs, leveraging their resources, innovation ability, scale and reach to do so.



Aligning business and sustainability strategy with the SDGs can have multiple benefits for a business, including: increased resilience, profit margins, employee retention and stakeholder satisfaction.



Effort is needed to meaningfully align business sustainability strategy with the SDGs; a materiality analysis should be conducted, objectives and metrics identified and progress against said objectives and metrics should be reported on. Numerous resources exist that provide guidance for small and large businesses on how to align with the SDGs.



Reporting on the SDGs is important for enhancing business transparency and accountability. The Business Reporting on SDG initiative, set up by the UN Global Compact and the Global Reporting Initiative (GRI), outlines how to embed the SDGs into existing business and reporting processes, how to report their impact and how to address the information needs of stakeholders.



Investors also have an important role to play with the move towards alignment with the SDGs. By increasing positive outcomes associated with their actions, they also stand to benefit from long-term sustainable growth.



Amy O'Dwyer

Associate Sustainability Adviser
[linkedin.com/in/amyodwyer](https://www.linkedin.com/in/amyodwyer)

Increased societal expectations are prompting all organisations and companies to adopt more sustainable business practices. In tandem, the demand for ESG and sustainability professionals to guide and inform this transition are accelerating as these expectations build. The most prevalent themes in sustainability at the moment revolve around climate action, biodiversity, modern slavery and water. While some businesses have been engaging with these themes for some time, others have not and may struggle with the transition to aligning their business practices with the sustainability agenda. The SDGs can be used as a framework to align business strategy to help achieve the goals set out under the SDGs. Using the SDGs as a framework also ensures that businesses undertake a holistic approach to sustainability and do not just focus on trending themes. Aligning business goals with the SDGs is now more important than ever as progress on the 17 goals has been set back due to the COVID-19 pandemic.

How to align business strategy with the SDGs

There has been a lot written on the steps businesses (large and small) should take to effectively adopt the SDGs. Generally, the first step would be to conduct a materiality analysis to identify which SDGs are most relevant to your business. A materiality analysis involves defining the environmental, social and governance risks and opportunities material to an individual business and mapping them against the SDGs. This would be followed by identifying the relevant objectives and metrics of these goals. Alignment with SDGs is ongoing and iterative as a business reports on its progress against these objectives and metrics on an annual basis. To foster long-term integration of the SDGs, businesses should aim to blend their social and environmental performance into their business models, developing money-making entities whose purpose is aligned with society's wellbeing.

Achieving the SDGs will require a greater focus on partnerships. Once a business has benchmarked the SDGs relevant to its sector and understood the associated roadmap, it should seek out partnerships with other companies in its sector or other sectors, public bodies and society, to help contribute to the SDGs more effectively and reach its sustainability goals more efficiently.

Additional resources which provide helpful and practical guidance on integrating the SDGs at the heart of business strategy can be found in the Sources section of this document.

History and aim of SDGs (2015-2030)

The United Nations' SDGs were adopted in 2015 by the United Nations General Assembly and are intended to be achieved by 2030. The SDGs are an agreed framework for all UN member state governments to work towards achieving a more sustainable and just future for all. The 17 established goals intend to address the global challenges we face, including climate change, poverty, environmental degradation, justice and peace. A full list of the 17 SDGs is shown in the image below.



Following the launch in 2015, the scale and scope of the goals were thought to be broad and interdependent. In 2017, a UN Resolution adopted by the General Assembly attempted to make the SDGs more “actionable” by identifying specific targets for each of the 17 goals and establishing indicators that can be used to track the progress that is being made towards each individual target. In total, 169 targets were developed to underpin the 17 goals.

When the goals and subsequent targets of the SDGs were written they were particularly directed at governments. Although not being directly applicable to businesses and investors, the SDGs have become a powerful framework for these two actors, with some investors already reporting against their impact on the SDGs and driving capital to contribute to their achievement. Business is an important driver of the SDGs due to its resources, innovation ability and its scale and reach. Its involvement is critical to financing the transitions that are required to achieve the SDGs, such as the transition to the [circular economy](#).

The SDGs provide a framework for addressing the environmental, human, economic, partnership and governance issues around the world. Often there can be a myopic focus on areas such as climate action and biodiversity; however, it is important that other SDGs are not neglected. By equally meeting the competing demands of the SDGs, they address the planet, people and prosperity, driving sustainable development across the globe.

Benefits of SDGs to business

The SDGs set out goals and targets that aim to provide a better future for all. Aligning business strategy with the SDG framework can help drive impact across sectors, building a platform for collaboration and innovation. Aligning sustainability and broader business strategy with the SDGs can have a number of benefits, such as: improving employee retention, increased resilience, gaining greater trust with customers and boosting profit margins.

Aligning business goals with SDGs

It is established that businesses have a role to play but also can benefit from aligning their sustainability strategy with the SDGs. However, in order to meaningfully contribute to the SDGs, businesses must effectively integrate them into their corporate strategy, set relevant targets and report on the progress they are making towards achieving those targets. It is not enough for a business to assume that its business agenda will align with the sustainable development agenda — substantial and prompt changes need to be made in business behaviour to achieve the 17 SDGs by 2030.

In 2016, the [SDG Advocates](#), appointed by the UN Secretary General to promote the universal sustainable development agenda, sent a [letter](#) to Fortune 500 companies to ask them to adhere to universal principles of sustainability and to commit to responsible business by aligning their business with the SDGs.

Aligning business strategy with the SDGs is equally important for smaller companies as it is for larger ones. SMEs make up a huge proportion of the Irish economy, [accounting for 99.7% of active enterprise and 46.6% of gross value added \(GVA\)](#) and their potential impact on the progress towards achieving the SDGs is huge. Small businesses that supply into larger ones should also be aligning with the SDGs as larger businesses continue to expect more from their supply chain in terms of sustainability.

According to the [MSCI All Country World Index](#), only 0.2% of companies are considered to be strongly aligned to the SDGs. Additionally, 38% were considered aligned and 55% were considered to be misaligned or neutral. With high awareness of SDGs in the business sector ([80% in China](#)), there is a reluctance or perhaps a misunderstanding on aligning business and sustainability strategy with the SDGs.

Many businesses are already leading the way in aligning their sustainability approach with the SDGs. Some examples include:

- switching to renewable energy tariffs and using electrical commercial vehicle fleets to contribute to achieving SDG 13 Climate Action;
- reducing waste to landfill, reducing the use of single use plastics and transitioning business models to the circular economy to support SDG 12 Responsible Consumption and Production; and
- using responsibly sourced raw materials such as timber and metals and financing restoration and conservation projects to support SDG 15 Life on Land.

Reporting on SDGs

A challenge with the SDGs is that they are very broad by nature which can result in the perception that they are hard to measure and meaningfully report on. This challenge can be overcome by integrating the SDGs into an existing sustainability approach that is tailored and relevant to the business.

An important part of transparency, when it comes to sustainability in business, is effective reporting. Once a business has aligned with the SDG framework, it will need to measure and disclose its impact on the SDGs to strengthen its accountability, enhance sustainable decision-making processes and improve stakeholder engagement.

The UN Global Compact, in collaboration with the GRI, has established the [Business Reporting on the SDGs initiative](#) to address the challenges associated with reporting on the SDGs. The initiative utilises the GRI standards and the Ten Principles of the UN Global Compact to help businesses incorporate SDG reporting into their existing processes, increase transparency and make achieving the SDGs a reality.

Investor alignment to SDGs

In January 2021, the [Financial Times](#) published results that showed that, while assets in exchange traded funds that claim to invest according to environmental, social and governance (ESG) principles have increased three-fold in 2020, only 40% of them were aligned with the SDGs.

There is still work to do to align responsible investment practices with the broader sustainable objectives of society, as currently best defined by the SDGs. Guiding this alignment, Principles for Responsible Investment (PRI) provides research, education, facilities, collaboration and a framework to support investors in creating investment outcomes that are aligned with the SDGs.

To support the SDGs, investors need to decrease the negative outcomes of their actions and increase the positive outcomes of their actions. Focusing on SDG outcomes will allow investors to identify opportunities, prepare for and respond to legal and regulatory developments and protect their reputation and license-to-operate.

Sources

[Align your business with the SDGs in five steps | UN Global Compact](#)
[An Post Sustainability Report 2020](#)
[Chambers Ireland SDG Toolkit for Business 2021](#)
[Financing an inclusive circular economy](#)
[Gym+Coffee Sustainability Approach 2020 | Gym+Coffee Blog \(gympluscoffee.com\)](#)
[How many companies are meeting the UN SDGs? | World Economic Forum \(weforum.org\)](#)
[Integrating the Sustainable Development Goals into Corporate Reporting: A Practical Guide | UN Global Compact](#)
[Small and Medium Enterprises - CSO - Central Statistics Office](#)
[SDG Advocates letter](#)
[SDG Compass Guide](#)
[SDG Sector Roadmaps \(wbcsd.org\)](#)
[Sustainable ETF assets jump but most funds fall short on UN goals | Financial Times \(ft.com\)](#)
[UNDP Launches New Study on Business Awareness of the SDGs | UNDP in China](#)
[UN Sustainable Development Goals](#)
[UN SDGs under threat as poverty and inequality rise | World Economic Forum \(weforum.org\)](#)



Let's work together.

Call us on +353 1 614 8778
or visit davy.ie/horizons
sustainability@davy.ie

If you are a client of Davy Horizons, this communication has been sent to you as part of our service offering. If you are not a client of Davy Horizons, you can opt out of further similar communications at any stage by emailing sustainability@davy.ie. The Davy Group Privacy Notice can be found at www.davy.ie.

Please note that the provision of this product or service does not require licensing, authorisation, or registration with the Central Bank of Ireland and, as a result, it is not covered by the Central Bank of Ireland's requirements designed to protect consumers or by a statutory compensation scheme.