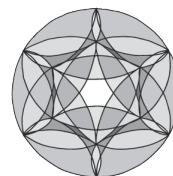




Business and the Sustainable Development Goals

-A guide for getting started-



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Business and the Sustainable Development Goals: A guide for getting started

A publication of the Taller de Pensamiento y Acción INNOVE SAS

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Spanish version can be found at <http://innove.com.co/empresayods/>

Cover Photo: Mauricio Zenteno



The SDGs are a once-in-a-lifetime opportunity to integrate the worlds of development organisations and the private sector under one umbrella, using the same language and working towards a shared set of goals. Innove's concise guide contributes to the successful take-up of the SDGs by the private sector by breaking down the SDGs complexity and making them actionable for small and medium enterprises in Latin America.

Davide Fiedler,

Manager, Inclusive Business Action Network. Germany.

The SDGs are the navigation system for reaching the future we desire; they serve as a compass indicating our direction, and offer a map for measuring progress along the route. INNOVE has presented us with a very practical guide explaining how to use the SDGs, in order to help your business find its path. At the same time, this contributes to the future well-being of your clients and employees, generating sustainable economic value in the market.

Ernst Ligteringen,

Sustainability Consultant. Former Chief Executive of the Global Reporting Initiative. The Netherlands/Colombia.

This is an essential document for those who are interested in understanding the importance of the business sector's role in the transition toward sustainable development.

Fernando Aragón Durand, Ph.D,

International consultant on climate change adaptation in Latin America. Mexico.

For actors in the international cooperation sector, and especially for initiatives like Emerging Markets Sustainability Dialogues (EMSD), which seeks to facilitate dialogue and understanding between different actors, this document from INNOVE is a tool and also an inspiration for the design and pursuit of new practical ways of achieving sustainable development at a global level.

Diego Angelino,

Emerging Markets Sustainability Dialogues. México

The SDGs are the global roadmap for advancing toward a sustainable development model. Businesses should understand that their participation is crucial and that it will not be possible to reach these goals if they don't play an active role in this process. We thus see this document produced by INNOVE as very opportune, since we are certain that it will help businesses to navigate the challenges and opportunities associated with the effective implementation of the SDGs.

Eduardo Atehortua Barrero,

Sustainability Manager, Deloitte & Touche. Colombia

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Introduction

The international community has finally reached a consensus to confront a crisis that can no longer be denied: the sustainability of the human species on this planet.

The year 2015 was of great importance, since it marked two new historic milestones: the declaration of the United Nations Global Development Agenda and Paris COP 21. At these events, the majority of countries agreed to take measures to begin controlling their negative impacts on the environment and climate change; to this end, they agreed to begin moving towards sustainable development models and carbon emission reduction targets. This will involve transforming the global agendas of the past, as well as understanding the concept of “development” and considering the environmental dimension in an organic and systemic manner that simultaneously takes into account the economic and social dimensions that have been worked on for decades. Addressing sustainability challenges will not be easy, but the continued existence of our species on this planet depends on it.

Much more than the 2000-2015 Global Agenda and its eight Millennium Development Goals, this new 2030 agenda and its 17 Sustainable Development Goals (SDGs) calls on actors other than governments to commit to taking action. On the one hand, society is responsible for starting to adopt new consumption habits and new ways of relating to other people and to the planet. Only the actions of billions of individuals taken together will make the difference. On the other hand, the private sector and businesses are especially urged to participate and contribute to changing the production paradigm, since the current one is unsustainable and it is precisely its excesses that have brought us to this historic tipping point.

Organizations that wish to contribute to achieving the SDGs should perform measurement and monitoring activities with social, environmental and economic indicators. Reading and interpreting these indicators will serve as a key input for guiding strategic decision-making processes for their future work.

In order to be able to address the challenges represented by the wide range of issues contained in the 17 SDGs and their 169 targets, it will be necessary to call upon the managerial capacities of businesspeople and their teams. Simultaneously, these challenges represent an opportunity to offer services that respond to new demands and markets. We are experiencing a time of change and there are new paths for being competitive and relevant in the modern context.

Now is the time for businesses of all sizes and from all sectors to contribute in a clear and decisive manner to the Global Agenda for Sustainable Development, and to see the great spectrum of possibilities they have at their fingertips. These possibilities are no longer limited to social investment or philanthropy; rather, they run through the very core of the value chain. The SDGs can serve as a guide for businesses and act as a catalyst in the process of transforming their way of doing business. In order to understand them in this way, it is necessary to have an updated perspective and decisive leadership.

In order to facilitate the understanding and commitment of the business sector to the Global Agenda for Sustainable Development and its SDGs, INNOVE is producing a series of publications – beginning with this one – that offer conceptual tools, case studies and analysis suited to the specific characteristics and contexts of micro, small and medium enterprises (MSMEs) located in countries with emerging economies. This first document presents central concepts that respond to the question: **How can businesses contribute to the Global Agenda for Sustainable Development?**

The first part presents the Global Agenda for Sustainable Development and its 17 SDGs. The second part addresses the role of business in regard to the risks and opportunities that this new context entails and examines a conceptual framework of possibilities and opportunities for contributing to the SDGs.

We hope that this publication will offer tools to this generation of business leaders, who are ready to carry out the corporate and organizational transformation activities demanded by this moment in history.

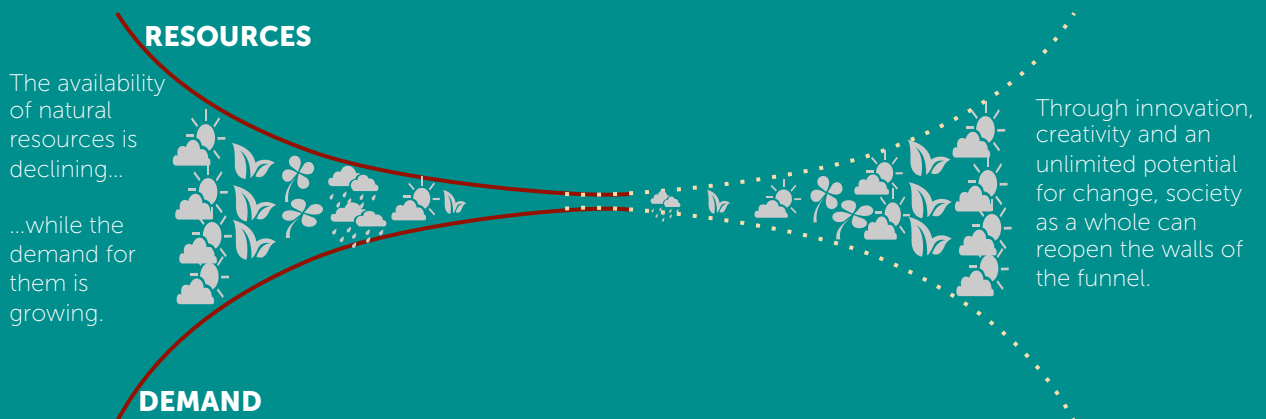
Before getting started: About sustainable development

When one speaks of sustainable development, the best-known reference point is the Our Common Future report, coordinated by the Norwegian doctor Gro Harlem Brundtland and presented by the United Nations World Commission on Environment and Development in 1987. According to this report:

"Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs."

This definition, which has become general and widely accepted, implicitly notes the unsustainable nature of the current model. Although it is broad and imprecise, it is a starting point for approaching this issue. A conceptual framework that was developed based on this definition and that helps us understand the problem encompassed by sustainable development is that constructed by The Natural Step,* an organization of Swedish origin that was created in 1989. In order to exemplify the problem of sustainability, The Natural Step uses the metaphor of a funnel that is closing; its walls on one side represent the services that sustain life (food, air and clean water, fertile topsoil, and others), while on the other side, they represent our demand for these services. At the same time as the services are declining, the demand for them is growing, due to the growth of the population and the global economy.

If this situation continues, the funnel will continue to grow narrower until it reaches a blind spot where the conditions will no longer support the lives of everyone. In order to widen the funnel again – in other words, to achieve sustainability – there is a need for serious changes, sparked by processes of creativity and innovation. We all share the responsibility for enacting these changes.



Source: Translated and adapted from The Natural Step.

* More information about The Natural Step can be found at: <http://www.thenaturalstep.org>

1. The Sustainable Development Goals and business

The Global Agenda for Sustainable Development

The current Global Development Agenda (GDA), expressed in the 17 Sustainable Development Goals (SDGs) and launched by the United Nations in September 2015, is broad, diverse and provocative.

This Agenda represents a new frontier in the context of development, compared to that which came before it, expressed in the eight Millennium Development Goals (MDGs), since it adopts sustainable development as an organizational principle for global cooperation and development efforts, carried out by both social and private actors in addition to governments.

The 8 Millennium Development Goals of the 2000-2015 Global Development Agenda



Source: United Nations

Although the Brundtland report "Our Common Future" presented environmental sustainability as a core component of development in 1987, raising awareness of the importance of not compromising the resources of future generations for our current development, it was not until 2015 that the concept of "sustainable development" was officially adopted by the United Nations as a new Global Agenda.

Sustainable development involves a simultaneous understanding of three dimensions: economic development, social inclusion and environmental sustainability. For this reason, unlike the MDGs, the SDGs not only address the consequences (for example, poverty), but also the causes (such as inequality) and the conditions that enable sustainable development to occur (such as sustainable agriculture, inclusive education and sustained economic growth). This also explains why the number of objectives rose from 8 to 17.

The new 2015-2030 Global Agenda for Sustainable Development represents a valuable presentation of the objectives that are important for the survival of the human species and that will help build a shared vision of the future.

Each SDG contains a variety of issues encompassed in targets. Altogether, there are 169 targets included in the 17 goals. This means that each SDG is a "world" in and of itself, and is more than just its title. For example, SDG #2, Zero Hunger, encompasses a wide variety of issues, ranging from resilient agricultural practices, climate change adaptation capacity, development and diversification of seed and plant banks, to commercial distortions and timely access to market information.

The 17 Sustainable Development Goals of the 2015-2030 Global Development Agenda



Source: United Nations

Although this wide variety of issues represents a challenge, in order to make it possible to address them, it is essential that the understanding of them not be fragmented. The 17 SDGs are interdependent and the work done towards one directly or indirectly impacts others. For this reason, developing a holistic and integral understanding of these goals is essential and should be done prior to any prioritization activity.

The Global Agenda for Sustainable Development

In order to facilitate an understanding of the 17 Sustainable Development Goals, the United Nations promotes a focus on the “five Ps”, which represent the five spheres of critical importance for the human species and the planet. This focus is provided below, as a framework for a holistic understanding of the SDGs.

The five Ps correspond to:

People: SDGs 1 through 6



Issues directly related to the fundamental human rights, which permit all people to lead a dignified life.

Prosperity: SDGs 7 through 10



These focus on enabling human beings to lead a prosperous and full life, and on promoting economic, social and technological progress that occurs in harmony with nature.

Given the size of the challenge, all actors have been called upon to contribute to reaching the SDGs: the state, social organizations, citizens and businesses. To this end, each government will be responsible for prioritizing its own goals and defining its targets and indicators, as well as leading an initiative that involves society and the private and social sectors and enables reporting on the contribution of each sector to the SDGs. Each actor, no matter how small, contributes to a global chain of actions that contribute to reaching the goal of sustainable development.

Planet: SDGs 11 through 15



These aim to protect the planet by promoting sustainable natural resource management and addressing climate change.

Peace: SDG 16



This promotes peaceful, just and inclusive societies that are free of fear and violence.

Partnerships: SDG 17



This aims to mobilize the necessary means to implement this agenda through a revitalized Global Alliance for Sustainable Development, based on a spirit of greater global solidarity.



Source: Created by the authors

The 17 Sustainable Development Goals

Through a general overview, it is possible to see a network of diverse issues contained in the 17 Sustainable Development Goals that impact and reinforce one another. Through a closer look, it is possible to see within each of the goals a complex whole with diverse subtopics, which include causes and consequences. The 17 SDGs are presented below, along with the main issues involved in the targets they are composed of.



Goal: End poverty in all its forms everywhere

Associated issues: coverage of social protection systems for the poor and vulnerable; guaranteed access to economic resources and basic services; increased resilience to extreme phenomena related to the climate and to other crises and economic, social and environmental disasters.



Goal: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Associated issues: food security; resilient agricultural practices; capacity to adapt to climate change; development and diversification of seed and plant banks; investments that increase agricultural production capacity; commercial distortions in agricultural markets; timely access to market information.



Goal: Ensure healthy lives and promote well-being for all at all ages

Associated issues: put an end to the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases; prevention and treatment of addictive substance abuse; universal access to sexual and reproductive healthcare; universal healthcare coverage; deaths caused by dangerous chemicals and air, water and soil contamination; country capacities to issue early alerts.



Goal: Ensure inclusive and quality education for all and promote lifelong learning

Associated issues: free, equitable and quality education for children; equal access to all levels of learning for all people, including vulnerable populations; education for sustainable development and the adoption of sustainable lifestyles; safe and inclusive school facilities; availability of educational scholarships in developing countries; teacher training.



Goal: Achieve gender equality and empower all women and girls

Associated issues: put an end to all forms of discrimination; eliminate all forms of violence against women and girls; promote shared responsibility in the household and family; full and effective participation of women; equality of leadership opportunities; universal access to sexual and reproductive healthcare and reproductive rights; promotion of women's empowerment through technology.

The 17 Sustainable Development Goals



Goal: Ensure access to water and sanitation for all

Associated issues: universal and equitable access to potable water and sanitation and hygiene services; water contamination caused by dumping and discharge of hazardous chemical materials and products; efficient use of water resources in all sectors; sustainable extraction and storage of freshwater; comprehensive management of water resources; participation of local communities in improving water and sanitation management.



Goal: Ensure access to affordable, reliable, sustainable and modern energy for all

Associated issues: universal access to affordable, reliable and modern energy services; renewable energy; energy efficiency; access to research and clean energy technologies; infrastructure and technology for providing modern and sustainable energy services.



Goal: Promote inclusive and sustainable economic growth, employment and decent work for all

Associated issues: economic productivity; efficient resource production and consumption; youth employability; forced labor; labor rights; safe and protective working environments; sustainable tourism; access to secure banking and financial services.



Goal: Build resilient infrastructure, promote sustainable industrialization and foster innovation

Associated issues: access of small industrial enterprises to financial services; adoption of clean and environmentally sound industrial processes and technologies; scientific research and technological capacity of industrial sectors; regulatory environment favorable to industrial diversification; access to information and communications technology; universal and affordable Internet access.



Goal: Reduce inequality within and among countries

Associated issues: income growth among the poorest 40% of the population; social, economic and political inclusion for all; elimination of discriminatory laws, policies and practices; regulation and supervision of global financial markets and institutions; orderly, safe, legal and responsible migration and mobility.



Goal: Make cities inclusive, safe, resilient and sustainable

Associated issues: access to housing, basic services and adequate, safe and affordable transportation services; inclusive and sustainable urban growth; participative planning and management; protection of the world's cultural and natural patrimony; per capita negative environmental impact of cities; universal access to green zones and safe, inclusive and accessible public spaces; comprehensive policies and plans to promote inclusion; efficient resource use; mitigation of and adaptation to climate change; resilience in the face of disasters.

The 17 Sustainable Development Goals

**Goal: Ensure sustainable consumption and production patterns**

Associated issues: sustainable management and efficient use of natural resources; global food waste; ecologically sound management of chemical products and all waste throughout its life cycle; sustainable business practices and reporting on sustainability; increased information and relevant knowledge for sustainable development.

**Goal: Take urgent action to combat climate change and its impacts**

Associated issues: resilience and capacity to adapt to risks related to the climate and natural disasters; measures regarding climate change in national policies, strategies and plans; capacity for efficient planning and management regarding climate change.

**Goal: Conserve and sustainably use the oceans, seas and marine resources**

Associated issues: contamination of oceans; regulation of the fishing industry, overfishing, illegal fishing, undeclared and unregulated fishing, and destructive fishing practices; conservation of at least 10% of coastal and marine areas; access of artisanal and small-scale fishermen to marine resources and markets.

**Goal: Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss**

Associated issues: conservation, restoration and sustainable use of forests, wetlands, mountains and arid regions; degradation of forests; forestation and reforestation; combat poaching and trafficking of protected species.

**Goal: Promote just, peaceful and inclusive societies**

Associated issues: reduction of all forms of violence and associated mortality rates; equal access to justice for all; combating all forms of organized crime, corruption and bribery; access to a legal identity for all; public access to information and protection of fundamental freedoms; promotion of non-discriminatory laws and policies.

**Goal: Revitalize the global partnership for sustainable development**

Associated issues: investments directed at development; regional and international North-South, South-South and triangular cooperation in regard to science, technology and innovation; development and transfer of ecologically sound technologies; creation of effective alliances in the public, public-private and civil society spheres; development of indicators that make it possible to measure progress made in regard to sustainable development.

An interconnected perspective

The SDGs are interconnected, as are the issues that each one addresses. These connections are not always the same, nor do they extend in all directions; depending on the point of view one takes as a point of reference, it is possible to find certain interrelations. In 2015, David Le Blanc, a senior officer in the Division for Sustainable Development of the United Nations Department of Economic and Social Affairs, published a document that helped present the different connections that exist among the SDGs and their related issues, based on an understanding of the functioning of biophysical, social and economic systems.

His conception of the interconnections that exist around SDG 12, Responsible Consumption and Production, are presented below, since this is one of the SDGs on which businesses can take direct action.



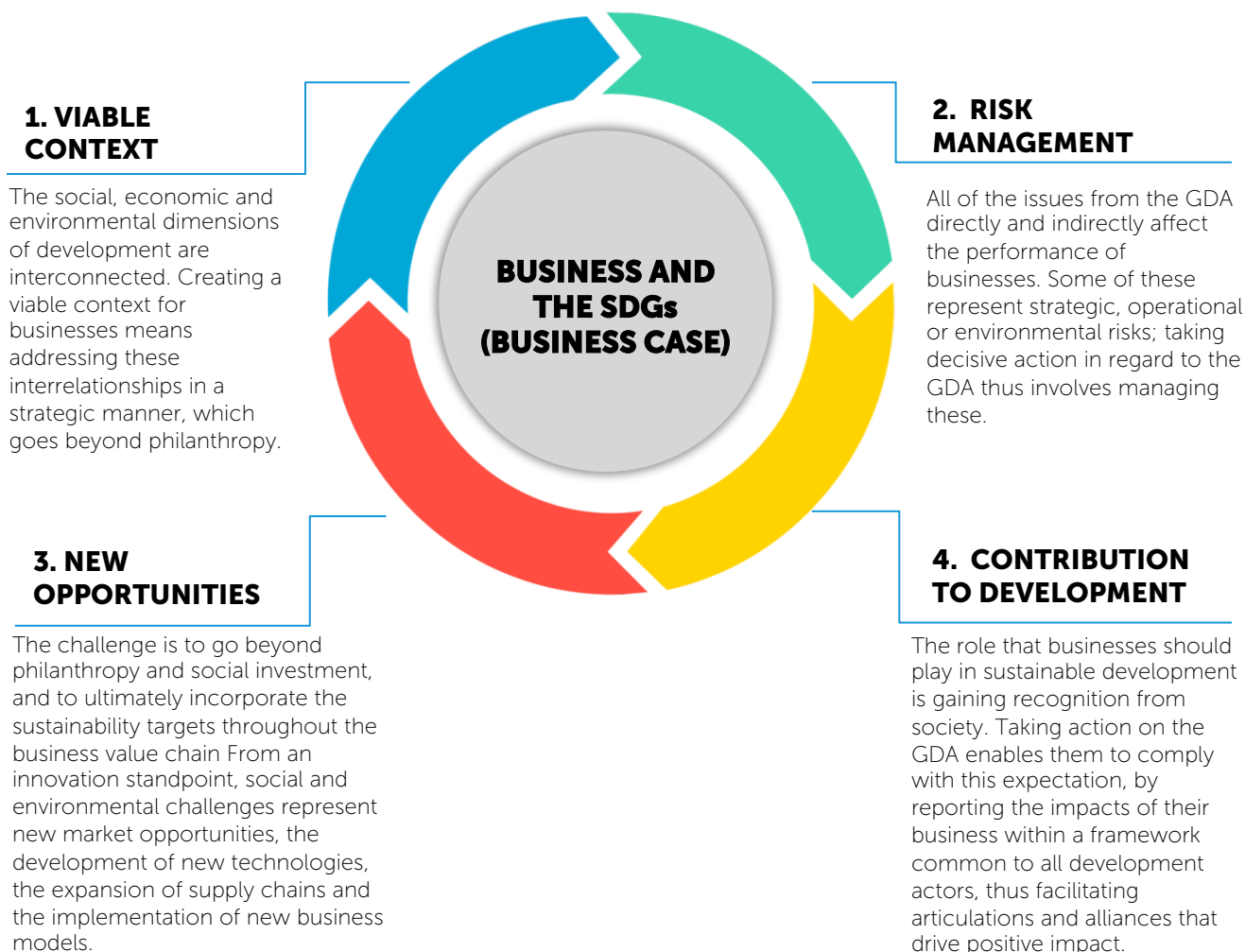
Source: Translated and adapted from Le Blanc (2015)

The 17 Sustainable Development Goals and business

Reviewing each of the 17 SDGs and the issues contained in them can be overwhelming given the size of the task we face as a society. However, it is necessary to overcome this initial sensation in order to find the place of each business and the contribution it is capable of making. For businesses, this place is clear, since the issues that form part of the 17 SDGs have affected, continue to affect and will affect their work in the future.

It is now outdated to think that governments should take on all of the work and responsibility. This idea does not fit with the modern globalized reality, with the revitalized role of civil society, or with the growing influence of the private and business sectors. The sheer size of the challenge also makes it impossible for one actor to address sustainable development alone. Linking efforts is the only way to achieve the SDGs.

The 17 SDGs of the Global Development Agenda are relevant for businesses for at least four reasons, which are explained below:

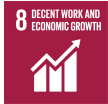


The 17 Sustainable Development Goals and business

Developing a viable context for business operations, managing risks, and contributing to development are widely cited as partial explanations for why a business should be interested in managing its relationship with the SDGs. However, new opportunities deserve special attention, since the business-SDG relationship not only concerns exercising responsibility, but also goes beyond that to include the development of new business opportunities.

In a recent publication*, Accenture indicates that some trends that are transforming the business environment and making it essential to adopt new business models include: changes in global growth patterns, especially in emerging economies; demographic changes that are altering the traditional behavior of consumers and labor markets; the digital empowerment of citizens, clients and consumers; the greater public availability of data; and the decreased availability of finite natural resources for production. The SDGs thus offer a guide for how to operate in this new environment and develop new business opportunities that enable a business to last over time.

Some opportunities related to their *core business* that companies can discover by addressing the global challenges included in the SDGs are:

Design and manufacture of products that address the basic needs of people in emerging markets.		
- Development of local supply and distribution chains that include the population with gaps in their access to formal markets - Development of highly nutritious food products, which are accessible for emerging markets - Development of irrigation systems that are accessible and appropriate for small producers		
Efficient management of resources such as water and energy, and the development of new products through recycling		
Development of renewable energies, energy efficiency, technologies for controlling emissions, and carbon capture.		
		
		
Development of products that use little water and energy, and generate zero waste.		
Development of innovative solutions to conserve marine resources		

Source: Created by the authors based on KPMG and Global Compact (2015), USB (2015) and Accenture (2015)

Inset 1.

Business and the Global Development Agenda: A literature review for businesspeople

Although the number of publications that directly address businesspeople regarding their contribution to the Global Development Agenda is growing, it is small in comparison to the number of publications that inform them about production, marketing and new business models. These are publications intended for a niche, well-informed audience; the vast majority are published in English, and primarily report on cases of large enterprises from the “developed world.” The orientation of this narrative leads to small and medium enterprises, which represent more than 90% of all businesses worldwide, not feeling represented or invited to participate.

Selection of literature focused on the relationship between business and the SDGs

Business and the United Nations. Working Together Towards the Sustainable Development Goals: A Framework for Action.

Authors: Zahid Torres-Rahman, Graham Baxter, Alyssa Rivera, and Jane Nelson

Published by SDG Fund, Harvard Kennedy School CSR Initiative and Inspiris Limited

SDG Compass. The guide for business action on the SDGs

Published by Global Reporting Initiative, Global Compact and World Business Council for Sustainable Development

(Available in Spanish, English, Portuguese, Japanese and Korean)

Sustainable Development Goals as a Business Case: Redefining the Post-2015 Development Agenda for the Private Sector.

Author: Djordjija Petkoski

Published by the German Cooperation Agency (GIZ) in Mexico

SDG Industry Matrix.

Published by Global Compact and KPMG International.

In challenge lies opportunity. Investing for sustainable development

Published by UBS AG, UBS Switzerland AG and UBS Financial Services

Business and the Sustainable Development Goals.

Authors: Jane Nelson, Beth Jenkins and Richard Gilbert.

Published by Business Fights Poverty, Harvard Kennedy School, and UK AID.

Make it your business: Engaging with the Sustainable Development Goals

Global survey given to businesses and citizens, focused on their awareness of the SDGs and their plans to commit to them.

Published by PwC

Delivering on the SDGs: The inclusive business approach

Authors: Filippo Veglio and Davide Fiedler

Published by World Business Council for Sustainable Development

Inset 1 (continued)

Business and the Global Development Agenda: A literature review for businesspeople

In this niche, there are important, large and well-known organizations that have developed a wide range of publications directed at businesspeople, which introduce them to general topics regarding sustainable management and to specific dimensions such as human rights, climate change, water use, inclusive business and others. Two of these organizations are: UN Global Compact and the World Business Council for Sustainable Development. Their websites contain a great volume of information, all available in English, and a growing number of publications in Spanish.

The series of publications by INNOVE will be added to this stock, and will be directed particularly at Latin American businesses that are beginning to move toward sustainable models.

Global Compact

<http://unglobalcompact.org>

Some publications:

- **SDG Industry Matrix:** presents examples of business contributions to the SDGs in the financial, transport, manufacturing, health and food sectors. Published in 2015. Available in English.
- **Supply Chain Sustainability.** Published in 2010. Available in Spanish.

World Business Council for Sustainable Development

<http://www.wbcsd.org/>

Some publications:

- **Measuring socio-economic impact: A WBCSD guide for business.** Published in 2013. Available in Spanish.
- **Delivering on the Sustainable Development Goals: The inclusive business approach.** Published in 2015. Available in English, and soon to be available in Spanish.

They have also developed the website **SDG Business Hub**, which compiles a wide variety of information about the SDGs and business. This is available at <http://www.wbcsd.org/sdghub.aspx>

2. Business and sustainable development: Four key elements

Business and sustainable development

What is the purpose of creating a business? What is its maximum responsibility? In the past, the answers to these questions only involved economic value creation. Now, however, it is clear that doing business and leading a company with a long-term perspective involves more than economic and social value creation. There is an ever-greater understanding that it is good business to nurture relationships with the community and with all of the groups that are impacted by or can impact the business: employees, consumers, suppliers, shareholders, the government, the environment, and others. **Nowadays, when businesses actively engage in and contribute to development issues, they are simultaneously guaranteeing their own survival.**

How can business contribute to the Sustainable Development Goals?

In order to answer this question, we believe it is essential to have clarity regarding four key elements that shape and orient business participation in development.



In practice, these four elements shape and orient the participation of businesses in development. Having clarity about them and possessing appropriate tools for implementing them is essential in order to be able to identify and carry out actions.

All sectors and sizes

Every activity that entails the use of natural resources and labor, and results in a good or service intended to address a societal need or requirement, has social and environmental impacts. It is clear that the size of these impacts differs in accordance with the business sector, since there are some that more intensively use resources. Nonetheless, sustainable management is not only the responsibility of those who have the most negative impacts - who should of course manage, mitigate and diligently prevent these; it is the responsibility of everyone who generates any impact.

There is a widespread belief that large enterprises are the only ones responsible for managing their sustainability. This is an erroneous myth, since micro, small and medium enterprises (MSMEs), due to their sheer number, are perhaps the most important actors in the business sector, and have a profound impact on local economic circuits. For this reason, and due to the aggregate impact that the actions of all MSMEs have on society, it is necessary that the invitation for them to engage in sustainable management be clearer and more concrete. Of course, due to the characteristics that distinguish them from large enterprises, it is necessary to develop approaches, tools and resources that correspond to their priorities and possibilities and connect sustainability with their realities.

At the same time, the possibility of developing business models in the framework of the SDG issues is also available to everyone. While large enterprises have more resources available, these types of business models need more flexible organizations that can better adapt to change, and that is where the MSMEs and new ventures have greater room for maneuver. These new ventures need more than grand ideas; to achieve them, they need vision, creativity and innovation, as well as the capacity to develop alliances with traditional and non-traditional partners that enable them to increase their efficiency and impact.

IMPORTANCE IN LOCAL ECONOMIC CIRCUITS

SMEs represent around 90% of all businesses worldwide, with research suggesting up to 445 million MSMEs exist in emerging markets (World Bank, 2015).

SMEs are responsible for more than 50% of employment at a global level (IFC, 2012). They thus strongly affect the incomes and labor conditions of a large segment of the population, which depends on the performance of these enterprises.

AGGREGATE IMPACT OF THEIR ACTIONS

They form part of the daily lives of the population around the world, particularly in emerging economies; the decisions they make are thus important.

In an aggregate manner, all of their decisions associated with aspects such as governance, resource use and caring for biodiversity have systemic impacts that go beyond them and have broad social repercussions.

PARTICIPATION IN VALUE CHAINS

Small and medium enterprises form part of the value chains of large enterprises, as suppliers or distributors. Their actions impact these value chains.

New ventures, in their initial years, are small and medium enterprises. They hold in their hands the possibility of generating new products and services that respond to the needs of other businesses of the same size.

Diverse issues

All businesses have the ability to contribute to the SDGs, but the issues that are relevant to them differ. The identification of the issues that each business decides to focus on is a function of their strategy; the issues they identify as risks in the present and as future opportunities; the prospects about what is in the future interests of the business; and an understanding of the social, political and territorial environments in which the business is operating. In other words, each organization has the ability to make specific contributions and has the most potential impact on the issues that are connected to their strategy, their business and the management of associated risks and opportunities.

How to get started:

The starting point is a review of the business strategy; by acting as a roadmap that guides the business regarding what to do in order to meet its objectives, this strategy provides context and meaning to the actions the business decides to take.

According to “SDG Compass: The guide for business action on the SDGs,” written by the Global Reporting Initiative, Global Compact and the World Business Council for Sustainable Development, the first step in defining what actions to take in regard to the SDGs is to map out the value chain and identify the areas of impact. This exercise is of utmost importance, since it is the starting point for responsible and sustainable management. Regardless of the method chosen to perform this mapping, **it is essential to identify: all of the processes the business carries out in order to produce the products and/or services they sell, the positive and negative impacts they generate, and the groups involved.**

This mapping provides an initial idea of the impacts generated by the business in each step of its operations; however, it should be **supplemented with a panoramic view that identifies the strategic environmental, climatic, operational and financial risks that surround the company, as well as the available opportunities.**



Source: Created by the authors.

Diverse arenas and actors

The arenas of business action are directly related to their sphere of influence, i.e. to the areas in which the organization has the capacity to affect the decisions or activities of others. It is imperative for each business to recognize the spheres of action available to them and to identify the actors they should build relationships with in each one.

At the same time, it is essential for the business to recognize which stakeholders to connect to in each arena of action and how this interaction should occur. The following diagram describes these scenarios and the actors associated with each one.



This diagram identifies three differentiated areas of action:

- The first concerns all of the processes related to the company's *core business*; i.e. the actions and processes associated with the main business activity.
- The second refers to the process of connecting to the community in order to gain strength and support. This relationship has traditionally been built through social investment paths.
- The final area of action regards the participation of individuals or business associations in public policy processes that promote institutional strengthening and the improvement of the business environment.

The possibilities for action in each of these areas, within the framework of contributing to development, are extensive and varied. An approach to each one is presented on the following page.

Diverse arenas and actors

Value chain

The first basic action that businesses can and should take is to comply with all of the existing regulations and laws that apply to their processes: those regarding contracts and labor relations, emissions management, marketing and governance with their stakeholders.

Once they have complied with these legal responsibilities, they can carry out specific actions, such as:

- Development of inclusive recruitment and personnel selection policies.
- Generation of decent and local employment.
- Strengthening of entrepreneurship and promotion of local, small and medium businesses through supply and distribution networks.
- Measurement of resource use footprint and attempt to convert resources
- Investment in R&D for new low-carbon technologies and circular economy models
- Development of new business units that use inclusive business models to promote access to basic goods and services for low-income communities
- Incorporation of standards and practices of social responsibility and governance.

Social investment

The connections with the community can have various degrees of depth and can incorporate mixed models that include financial support in the form of donations, strategic investment, social risk funds, volunteering, product donations and other in-kind contributions.

Specific actions can include:

- Support for educational, training, youth development, environmental, health and nutrition projects
- Development of abilities of community leaders and social entrepreneurs
- Training of local technical specialists in areas including health and the environment
- Support for the strengthening of governance capacities and giving voice to local civil society groups
- Support for initiatives that raise awareness about sustainable development issues
- Assistance with voter education, community defense and participative decision-making initiatives
- Establishment of and support for programs that provide microcredit and support for small businesses
- Investment in knowledge generation and good business-development relationship practices

Public dialogue

Individual companies and business associations can participate in the promotion of and dialogue about public policies, joint regulation, and other efforts to build and strengthen public institutions and administrative capacity; this would help close the gaps in governability, improve the political atmosphere, and support systemic change, whether at a local, individual, national or global level.

The examples include:

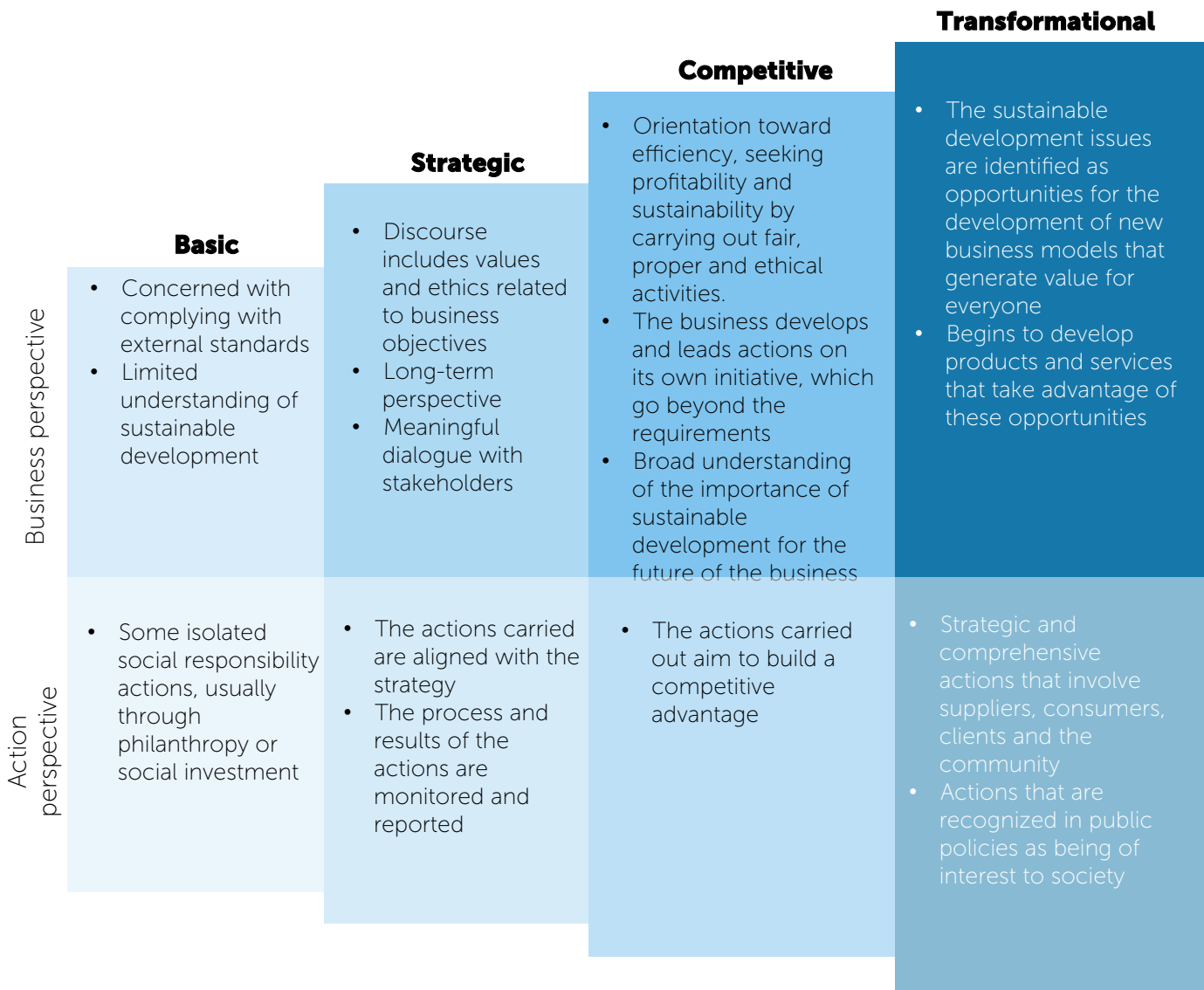
- Support to local and national governments for the protection of human rights, elimination of bribery and corruption, improvement of the efficiency of public administration and service provision, and the equity and transparency of regulations
- Working with the governments to improve social infrastructure through support for healthcare, educational reform and environmental policies
- Participation in global dialogue on questions such as climate change, global health and migration
- Advocacy for a higher quantity and quality of assistance from donors to developing countries

Source: Translated and adapted from Business and the MDGs: A Framework for Action, written by Jane Nelson and Dave Prescott and published by the IBLF in 2008.

Incremental actions

The types of actions that a business can carry out vary depending on the assessment performed regarding an issue, the relevance it has in their map of risks, the available resources, the strategy employed and the alliances generated. A point of vital importance is to clearly recognize that the actions that can be taken on a specific issue vary in their intensity, which means that their impacts are also varied. This is a critical point in regard to transparency.

Below we have illustrated the way in which the business perspective on the importance of sustainable development can mature, beginning with a basic understanding and evolving until they reach a transformational or vanguard perspective. It is important to mention that prior to the basic perspective, a business has an indifferent stance on sustainable development issues and actions, which responds only to legal requirements, without any vision regarding sustainability.



Source: Created by the authors based on Van Tulder, R., & Van der Zwart, A. (2006), Ethos (2011) and Accenture (2015)

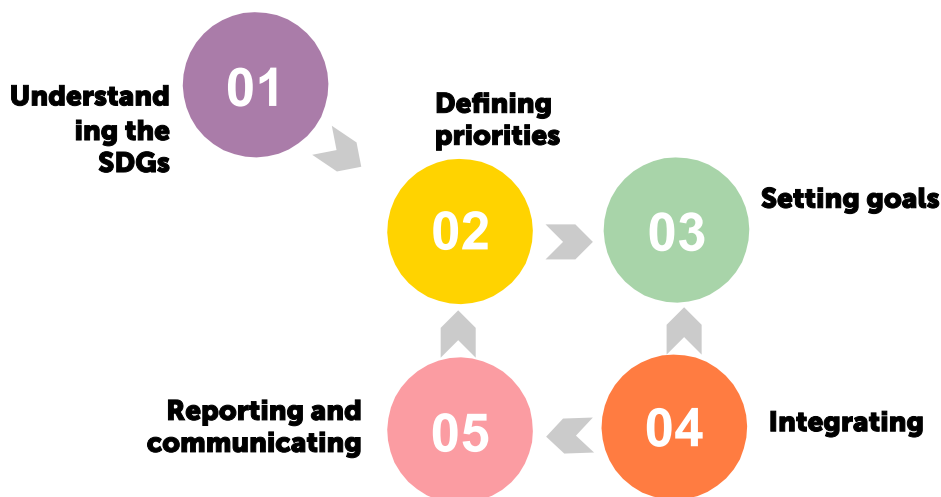
3. How can businesses contribute to the Sustainable Development Goals?

Addressing the impacts generated in the value chain

The four elements considered previously provide a clear idea of the reasons why and scenarios in which a business can contribute to the Global Development Agenda. However, it is necessary to have more details in order to respond to the questions: How can I contribute to the SDGs? What possible actions can I take from my business sphere in order to contribute to the Global Agenda and the challenges of sustainability?

We will take “SDG Compass: The guide for business action on the SDGs,” launched in September 2015 by the Global Reporting Initiative, Global Compact and the World Business Council for Sustainable Development, as a starting point. SDG Compass presents a compendium that aims to guide businesses on how to align their strategies with, and manage their contribution to, the SDGs. It includes a publication that presents a sequence of five steps, and a web repository (<http://sdgcompass.org>) that contains a mapping of tools and indicators that businesses can use to manage their actions in regard to the SDGs.

This sequence of five steps aims to help businesses align their strategies with the SDGs, and to measure and manage the actions they take within this framework. They are mainly geared towards businesses that are already aware of sustainability issues and have incorporated some actions in this regard. These steps are outlined below:



Source: Translation of SDG Compass (2015)

SDG Compass offers an important path for businesses to establish a starting point in the framework of the SDGs. To build on this tool, INNOVE has proposed some new components within the current steps, which we believe can strengthen the exercise of linking businesses to the SDGs in a strategic sense and in regard to medium- and long-term actions.

Contributing to SDG Compass

Current components of SDG Compass

- Know what the SDGs are and in what context they emerged
- Understand the reasons why the SDGs are important for businesses
- Recognize the baseline responsibilities of businesses

Understanding the SDGs

Proposals for strengthening SDG Compass

- Recognize the specific connections that occur among the SDG targets, taking as a starting point the idea that these are a neural network in which each action has a systemic impact.

- Map the value chain in order to identify current and potential positive and negative impacts
- Identify indicators that express the relationship between business activities and the SDG topics, and collecting data
- Define priorities

Defining priorities

- Identify strategic contextual, climatic, operational and financial risks faced by the business, in addition to impacts.
- Recognize trends among consumers, the competition, and industry in general
- Build a value magnifier to identify generated, lost, missed and potential value.

- Define the reach of the goals and select key performance indicators
- Define the baseline and select the type of objective
- Adjust the level of ambition
- Announce the commitment to the SDGs

Setting goals

- Create an inventory of actions that are currently being carried out by the business to address impacts and risks, and all those that are being carried out with a sustainability focus, clearly identifying their scope and possibilities for improvement.
- Review good practices that are carried out in the local context and in other territories and industries.

- Root the sustainability goals within the business
- Integrate sustainability into the functions of the business
- Build alliances

Integrating

- Foster the development of capacities within the work teams in all departments, focused on social intrapreneurship*, in order to achieve critical mass within the business and drive a chain of actions leading toward sustainability.

- Report in an effective manner, using internationally recognized standards
- Communicate about progress achieved in regard to the SDGs

Reporting and communicating

- Participate in territorial alliances that bring together actors from the public, private and social sectors around the SDGs.

Source: Created by the authors. The current components column is a translation and adaptation from SDG Compass.

* A social intrapreneur is a person who works within an already established organization to develop and promote practical solutions to social and environmental challenges related to market shortcomings, thus generating value for their organization and for society.

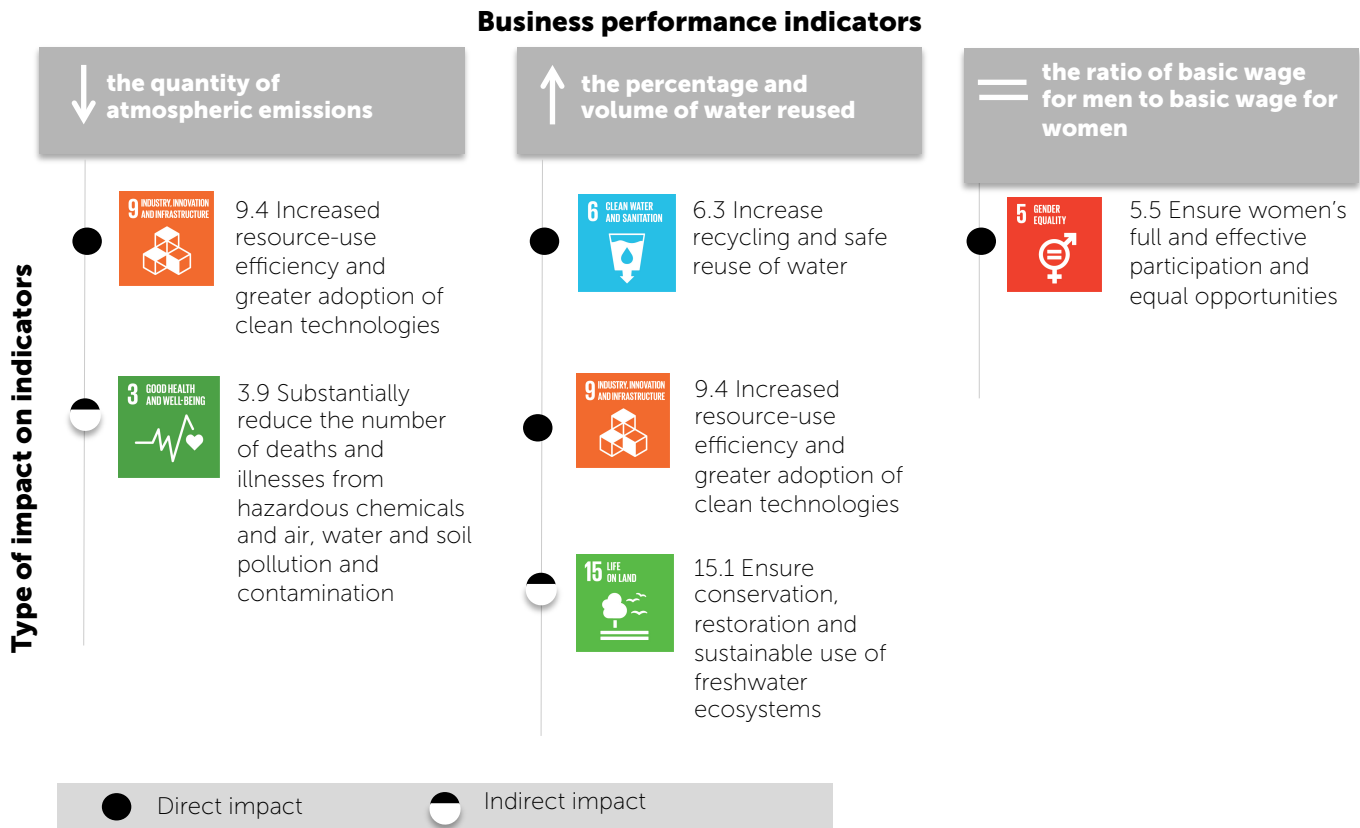
Business and the SDGs: Some tips for getting started

This publication was written with the intention of providing an entry point for those who work in businesses and are beginning to link their actions to sustainability, taking the Sustainable Development Goals as a proxy. We hope that reading this document will set in motion processes of learning, reflection and action. For those who are setting out on this path, we wish to share some final ideas that can shed light on certain aspects and provide perspective for conversations taking place in the business world.

- The SDGs should not be understood as just one more standard added to the various standards that businesses should comply with. They are a navigation chart that make it possible to simultaneously see complex social, economic and environmental realities, as well as risks and opportunities for the development of businesses.
- The connection between the strategy and the actions taken in the framework of the SDGs is crucial, and cannot be ignored. If this connection is clear and coherent, it will be possible to more clearly identify the type of value they generate. For this reason, it is necessary to have this connection in writing and to develop learning spaces within the organization that permit this to be truly adopted by the personnel teams throughout the business, and not only by the department in charge of sustainability matters.
- The linking of business activities with the Global Development Agenda is a path forward, in which progress is made gradually. One way to continually advance is to think of the issues from a value creation perspective, asking yourself about the perspective of each stakeholder.
- Advancing toward sustainable management requires opening up to innovation and strengthening work teams. Both require focusing on the human dimension; without ethical personnel and a true understanding of the culture of sustainability, these processes cannot take place. Therefore, in addition to training on technical matters, ways of learning and sharing knowledge within the organization, with a human focus, should be incorporated.
- The establishment of a connection between business activities and the SDGs should transcend the basic connection of indicating the type of SDG the action is oriented toward, as presented on Page 16 of this document. This is the necessary starting point, but over time the path should take us toward a concrete connection with specific targets from one or more SDGs, and toward an exercise of specifically measuring how each action contributes toward these. Inset 2 presents an initial approach to how to connect business performance indicators with specific targets and how to establish whether the impact is direct or indirect.

Inset 2. Business performance indicators and the SDGs

Below we have provided an initial outline on how business performance indicators could be linked to some targets for five of the SDGs. This type of exercise makes it possible to gain clarity about how each business indicator has direct or indirect impacts on issues from the SDGs, and not only those related to community-oriented actions.



Source: created by the authors.

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All links for this bibliography are available at <http://innove.com.co/businessandsdgs/>

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About INNOVE and its work with the SDGs

INNOVE is a think, engage and do tank that works for organizations that wish to carry out processes of transformation toward sustainable models. To do so, the company focuses on promoting a culture of sustainability in business work teams and on supporting the design of strategies geared toward a transition to a production model that contributes to meeting the Sustainable Development Goals and the COP21 targets. The company was created in 2015 and is headquartered in Medellín (Colombia), with a reach that extends throughout Latin America.

In order to fulfill its objectives, INNOVE has developed methods that address the different processes necessary for transitioning to sustainability, which include: knowledge management, the construction of social intrapreneurship capacities in work teams, value generation for the business, and the construction of alliances.

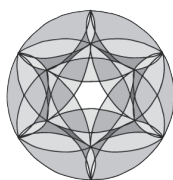
This document is the first in a series of publications that aim to provide a clear approach to concepts and tools for anyone who is beginning to move toward sustainability. All of the concepts reviewed here are incorporated in the spaces for business training and accompaniment that INNOVE provides to the businesses and organizations it works with.

As part of its work on the SDGs, INNOVE is involved in two concrete initiatives:

Sustainable Antioquia: On April 5, 2016, Innove launched Sustainable Antioquia, a regional initiative that aims to generate an open space of learning and articulation for organizations from the public, private and social sectors in the Antioquia department and manage knowledge about sustainability issues and the SDGs. The long-term goal of the initiative is for Antioquia to comprehensively report its contributions to the SDGs in order to build a Socially Responsible Territory.

Innove is in charge of the conceptualization and methodological design of this strategy, which is being led by Proantioquia, the Centro de Pensamiento Social, INNOVE, Corporación ProSUR and the Universidad Pontificia Bolivariana. This is an open model for replication in other territories.

New publications: INNOVE will release another two publications in the near future. The first will present a review of reporting and measurement standards and the composition of the sustainability ecosystem. The second will focus on examples of business activities regarding each SDG, incorporating the key elements addressed in this document into the analysis.



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