

Regional Conference on Aligning Corporate Sustainability with the Sustainable Development Goals

Bangkok, 20 May 2015

Summary

The Regional Conference on Aligning Corporate Sustainability with the Sustainable Development Goals (SDGs) was held on 20 May 2015 in Bangkok to collect business views on the role of companies in implementing the SDGs and RBC, as input to the Asia-Pacific Forum on Sustainable Development, held on 21-22 May 2015. Discussions focused on what the upcoming adoption of SDGs will mean for business, and how business and other actors can push sustainability performance and increase investments in SDG sectors. The conference consisted of opening speeches, a keynote address and five plenary sessions, facilitating debate among 70 participants from governments, the business community, civil society, international organizations and academics. The following provides a short summary of the discussions at the conference.

Opening address by Ms. Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP

- 2015 is an important year with the SDG framework being finalized alongside with global agreements on climate change and on financing for sustainable development. Private sector involvement is important in all those areas.
- Business processes and decisions should be aligned with the three pillars of sustainable development. Corporate frameworks and models need to emphasize compliance with sustainability, and we need enhanced corporate disclosure beyond profits and dividend returns.
- Corporate governance frameworks, which protect shareholder value, need to be reinforced to allow for scoring of business models and practices to evaluate compliance with sustainable development imperatives. This will require frameworks for enhanced corporate disclosure of core social and environmental metrics beyond profits and dividend returns.
- Company management teams need to mainstream sustainability in their corporate strategies, and encourage sustainable production, consumption and procurement, along with the use of technologies that promote resource efficiency and productivity, while also promoting workforce diversity with the skills and innovation necessary to achieve sustainability.
- Business should extend a broader range of social and economic services to marginalized communities, helping to lift them into the mainstream of the economy and society.
- We need to pursue inclusive business models and promote investments in companies that provide better jobs and technologies.

- Government needs to create incentive frameworks for business to support adoption of sustainable development approaches; improving access to sustainable technologies; rewarding de-carbonization; as well as encouraging renewable energy use, energy conservation and efficiency, while imposing strict penalties for industrial wastage, pollution and similar environmental noncompliance, and ensure rights are protected.
- Public sector authorities should be proactively encouraging corporates to promote impact investing.
- Business needs to actively innovate and adopt technologies and channel investment in key SDG areas. Public private partnerships are also critical to achieve the SDGs.
- Responsible business conduct (RBC) instruments such as UN Global Compact, OECD MNE Guidelines, ISO 26000 and the Global Reporting Initiative (GRI) provide enough guidance for business sustainable operations.
- We have a joint responsibility to support the next phase of global development, including monitoring and review of actions to ensure the future we want by 2030.

Opening address by Mr. Mohamed Iqbal Rawther, Chairman of ESCAP Business Advisory Council (EBAC)

- The private sector is involved not only in achieving the SDGs but in the overall work of the United Nations. The private sector is not only an engine of growth but also leads on achieving the SDGs by its very nature.
- Business understands that effective development requires paying due attention to incorporating environment and social aspects.
- Business does not look for prescriptions from UN. But business needs to review how it can get substantively and coherently involved in pursuing the SDGs.
- EBAC and the Sustainable Business Network (SBN) are useful mechanisms for business to take concrete action on pursuing sustainable development within the UN framework. The actions and practices undertaken under these mechanisms need to be effectively disseminated among the private sector.

Keynote address by Mr. Mukhisa Kituyi, Secretary-General of UNCTAD

- Social goals can best be achieved through engagement of entrepreneurs and enterprises, as we can not achieve inclusive goals without the involvement of markets.
- Thriving markets which are responsive to social inclusion and environmental sustainability are key to development.
- There is a gap in financing but also an SDG implementation challenge which requires the involvement of business. It is important not to view enterprise as mere sources of money but rather how to incentivize them to invest in SDG sectors.
- It is important to penalize destructive behaviour and incentivize responsible behaviour through taxation and other policies. We need to demonstrate that responsible behaviour is profitable in the long term.

- The private sector has to help achieving the SDGs but can also deliver a reality check for governments on what they are trying to achieve. Dialogue is necessary on how to fill the development gaps and pursue ambitious programmes.
- The best way for business to be partners in development is to be part of the discourse, and engaging early to define how the SDGs can be achieved.
- If governments are to incentivize responsible business then they need to join in efforts towards tax liberalization and lowering of tariffs on trade in environmental goods and services and roll back fossil fuel subsidies to free up resources for better purposes in society.

PANEL 1: The Sustainable Development Goals (SDGs) – what impact for corporate sustainability strategies?

Moderator and speakers:

Roel Nieuwenkamp, Chair, OECD Working Party on Responsible Business Conduct (moderator)

Georg Kell, Executive Director, Global Compact (video recording)

Nicholas Rosellini, Deputy Assistant Administrator and Deputy Regional Director for Asia and the Pacific, UNDP

Edward Clarence-Smith, Representative and Director, UNIDO Regional Office

Stefanos Fotiou, Senior Regional Coordinator: Resource Efficiency and SCP, UNEP Regional Office for Asia and the Pacific

David Lamotte, Director, International Labour Organisation (ILO) Office for Pacific Island Countries

Anuradha Rajivan, Advisor, Strategy and Policy Department, Asian Development Bank

- Achieving the SDGs clearly has to be done through a partnership between government and business, as the estimated investment needs to dwarf current levels of ODA.
- Business thrives when society thrives and vice versa. Sustainability is a core business need because it reduces risk. The business case for every SDG is getting stronger. SDGs will provide an opportunity to business to work with partners.
- Business and industry are instrumental in achieving the SDGs, for instance by providing full, productive and decent employment; ensure gender equality, energy, water, and food security and pursue sustainable consumption and production.
- Resource efficiency is a critical area where business in the region can make a significant contribution. It is also an area where the business case is clear. Even SMEs have taken steps to improve resource efficiency because they realize that it pays off already in the short term.
- However, in general the challenge remains how to leverage the potential of business to contribute to sustainable development. In Asia-Pacific domestic saving rates tend to be high whereas investment is often attracted from outside the region. Financial returns are often short-term (even quarterly) and immediate gains matter rather than long-term sustainability returns, driven by competition and absence of level playing field. A systematic framework is required to change that. In addition, we need to find ways to further mainstream sustainability in corporate risk-reward decision-making.

- SDGs need to be cascaded down from the global to the national level, such as national sustainable development frameworks and action plans of countries. At that level business can engage fully, especially when it comes to identifying ways to fill the required investment gaps.
- Goals are at highly aspirational level but business can be involved at the more focused “target” level. Business should consult with UN and prioritize selected targets. Proceed with incremental steps. Both voluntary and regulatory measures are required for business to be involved.
- The three dimensions of sustainable development come together at the workplace. Governments need to put in place an enabling environment but they need help from business. Therefore, business needs to be engaged in public policy formulation.
- The issue of job creation requires urgent attention, and enterprises are the main job providers. However, technology keeps replacing workers while an increasing number of young people join the labour market. To address this, a suggestion was made to reduce the cost of labour by shifting social costs to the cost of utilizing environmental resources.
- Technology needs to be combined with organizational change and other innovations to make better business and reap efficiency gains which free up money for investment. Investment should lead to more jobs but in reality benefits go to only a few. Solutions need to be found at the sectoral level.

PANEL 2: Sustainability monitoring and disclosure – how can it help drive the process?

Moderator and speakers:

Pietro Bertazzi, Senior Manager Public Policy and International Affairs, Global Reporting Initiative (moderator)

James Kallman, Founder, Foundation for International Human Rights Reporting Standards and President Director, Moores Rowland

Michael Zimonyi, Senior Project Officer, Climate Disclosure Standards Board (CDSB) and CDP

Anthony Miller, Economic Affairs Officer, UNCTAD

- Sustainability reporting (SR) is a way for business to increase transparency and accountability and provides a holistic view of organizational impacts and value creation.
- SR has been recognized by the Rio+20 outcome document, The Future We Want, Paragraph 47. It is now a proposed target 12.6 under the SDGs.
- SR can be a mechanism to increase business contribution to SDGs, because transparency drives performance.
- SR has grown rapidly in Asia-Pacific, but is still far from reaching full potential. The Global Reporting Initiative (GRI) is the standard mostly used in the world for the disclosure of sustainability information and its uptake in the region is growing.
- Human rights’ reporting is an important part of achieving the SDGs, as human rights are a foundation of the SDGs. Business has increasingly understood their responsibility in respecting human rights and now they need systems for how to do it and how to report, to capture and report data. The work of the UN Working Group on Business and Human Rights has been crucial in this area. Reporting on financial performance is perceived to be easier for business because

systems are in place, but this is not the case for reporting on human rights. A cultural change is needed, as well as a change in management systems. Certification can represent one way of facilitating this change.

- Investors increasingly need non-financial information to better assess their investment decisions.
- Reporting on carbon emissions and water utilization can incentivize investments in climate change mitigation and water efficiency across the supply chain. It is becoming more and more mainstreamed in overall corporate reporting.
- Global Compact, GRI and the World Business Council for Sustainable Development (WBCSD) are working together develop an SDG compass to guide business engagement in the SDGs by providing tools for impact assessment, key performance indicator selection (suggested business indicators for each SDGs), and goal setting and communication.
- The challenge is how to capture global indicators on corporate sector contribution to SDGs. In this respect, the role of big data needs to be explored more.
- We have to prevent working in silos and harmonize reporting standards. There is a need for better information dissemination on standards and for capacity building on standards of business to enhance their adoption.
- Reporting of large companies should be prioritized as a target. Increasing transparency in supply chains can be an efficient way to enhance disclosure among small and medium-sized enterprises.
- Policy is a big driver of enhancing transparency. Different approaches apply, but whether a voluntary or mandatory approach is taken depends on individual country preferences.
- Data are meaningless if no appropriate action is taken based on them. There is a need to disseminate the data in proper format, while information reporting needs to be standardized so it can be used for many different applications.

PANEL 3: Private sector views on integrating sustainability in business operations and stimulating SDG investments

Moderator and speakers:

Carson Wen, Partner, Jones Day, Chair of EBAC Task Force of Green Business (moderator)

Asif Ibrahim, Vice Chairman, Newage Group of Companies, Bangladesh

Sutheash Balasubramaniam, Managing Director, Global Strategic Corporate Sustainability Ltd, and Global Compact Sri Lanka network representative

Janet Neo, Regional Sustainability Lead, HEINEKEN Asia Pacific

Aman ul Haque, Head, Engro Foundation, Pakistan

Gilad Regev, CEO, Windfire BV

Michael Greenslade, Director, Pacific Island Trade & Invest

- There is a need to integrate sustainability in business operations as demonstrated by the Rana Plaza disaster in the garment industry in Bangladesh. The economic contribution of the sector is high, including its impact on women employment and development. However, working

conditions, safety and wages still need to be addressed. Vision 2021 adopted by the Bangladesh Garment Manufacturers and Exporters Association seeks to improve both the sustainability and profitability of the sector. International retail companies have also teamed up to improve inspections and set up minimum standards for working conditions in the sector but they should also start paying more for garment products.

- There is a need for stronger leadership and expertise in business on sustainability. Business associations need to be more involved as facilitators.
- Companies can improve sustainability in areas such as energy and water use, carbon emissions, responsible consumption and sourcing through effective stakeholder engagement, technology and innovation.
- Brand reputation and export growth are strong drivers for companies to adopt CSR practices. In this context, supply chain sustainability is key for both brand reputation and achieving SDGs.
- The private sector has to be pro-active and put pressure on governments to ensure sustainable development and use PPP models to scale up social initiatives. Business can also consider adopting inclusive and/or social business models and engage small suppliers (farmers), youth, women and other disadvantaged groups.
- Energy needs to be produced locally and distributed renewable energy (DRE) is increasingly economic and efficient. Such a practice also puts the control of energy into the hands of consumers. DRE development and uptake is driven by technology, costs, regulations and consumers. The increasing uptake of solar energy in the past few years is a result of reduced costs. But we must move from emphasizing costs to emphasizing value and pay attention to the needs of the poor.
- Businesses, including those in the Pacific, need access to affordable energy, quality infrastructure and broadband connections to remain profitable and ensure economic sustainability.
- Global compact local networks play an important role in engaging business in sustainability through awareness creation, capacity building, building strategic partnerships and networking.

PANEL 4: Increasing sustainability and enabling the SDGs: What role for banking and finance?

Moderator and speakers:

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