
WALKING THE TALK

Assessing companies' progress from SDG rhetoric to action

Three years after the adoption of the Sustainable Development Goals (SDGs), reliable information on how companies are working to contribute to the SDGs remains sparse. This paper uses five general themes (prioritization; integration; ambition; human rights and gender equality; and reporting) to review the SDG engagement of 76 of the world's largest companies. It finds that while uptake of the SDGs by companies is high, there is little evidence of the SDGs changing companies' sustainability strategies with regards to priorities, ambition or transparency. The paper points to good practice for how business can more effectively engage with the SDGs.

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EXECUTIVE SUMMARY

Business has the potential to play a key role in helping society to achieve the Sustainable Development Goals (SDGs). Yet three years after the adoption of the SDGs, reliable information regarding companies' uptake of and contributions to the goals remains patchy. This paper aims to help fill this gap by offering and analysing evidence, based on a review of public information on the SDG engagements of 76 of the world's largest companies, across a set of sectors that have an important impact on the SDGs. The paper provides an analysis of progress and shortcomings in the way companies have engaged with the SDGs to date, as well as an explanation of what is holding back more meaningful action. In addition, it points to good practice to show how business can more effectively engage with the SDGs.

Our analysis outlines five core concerns:

- **Companies display no consistent approach to determining their priority SDGs.** SDG priorities appear to mirror companies' existing sustainability priorities instead of being shaped by a robust analysis of companies' impact on the SDGs. The amount of information provided by companies in our sample on how and why certain goals were prioritized was, in most cases, limited to non-existent.
- **The SDGs have not substantially changed companies' approach to corporate sustainability.** While the majority of companies in our sample have undertaken some level of SDG alignment by linking and mapping their existing work across the SDGs, only two of these companies have made the SDGs the guiding framework for their sustainability strategy.
- **Companies have not significantly augmented the ambition of their sustainability strategies as a result of engaging with the SDGs.** While about two-thirds of companies in our sample have declared that they are supporting the SDGs, only about half of those companies have information available on new SDG-related actions or targets (often focused on discretionary projects with limited scope).
- **Few companies are marrying their human rights commitment with their ambition to contribute to the SDGs.** While the vast majority of companies in our sample have a human rights policy, only five of them place a strong emphasis on human rights when articulating their support for the SDGs. Companies thus miss the link between addressing human rights risks and the potential for positive sustainable development outcomes.
- **Reporting on the SDGs is limited despite receiving significant attention from companies.** More than two-thirds of companies in our sample that are engaging with the SDGs are publishing some kind of reporting information on that engagement. However, since common SDG reporting standards are still in their infancy, reporting data to date has remained inconsistent and limited in its utility for stakeholders.

Our analysis concludes that companies' engagement with the SDGs must substantially improve if business is to have a meaningful role in achieving the SDGs. Three years since the adoption of the goals, we have seen little evidence of companies changing the priorities of their sustainability strategies, or ambition to engage with the SDGs in a meaningful way. There is a substantial risk that for many companies, the SDGs will end up being not much more than a communication tool.

We offer three reasons why businesses are not engaging more meaningfully with the SDGs. The first is the prevalence of a corporate model that sees disproportionate emphasis on short-term financial incentives, and hence provides skewed incentives for SDG engagement. The second is the lack of greater collective action by business to help deal with markets that punish first movers and enable free-riders. And finally, the closing of civil society space in many parts of

the world, accompanied by retreating governance, has meant many of the voices that would normally hold the private sector to account are muted.

We hold that meaningful business action on the SDGs requires a more holistic and ambitious approach that goes beyond 'business as usual'. This starts with companies re-examining their social purpose and impact, changing the performance goals and incentive structures of the business and employees, and considering wider stakeholder concerns (including those of affected communities or women in value chains, for example) in business analysis and decision making.

This paper presents five key propositions for companies in their engagement with the SDGs, including examples of good practice. The propositions are indivisible and progress on the goals requires movement on all of them.

1. **Prioritization:** Prioritization of SDGs should be based on the areas where companies have the greatest SDG impact (direct and indirect, positive and negative) and be grounded in transparent and robust analysis and inclusive consultations.
2. **Integration:** SDG engagements should build on existing corporate sustainability strategies as a baseline to determine gaps in SDG impact areas that companies can address.
3. **Ambitious action:** Companies should aim higher in terms of degree and scale of change to meet the ambition of the SDGs. Ambition is also reflected in a company embracing thorny issues and tackling root causes.
4. **Human rights and gender equality:** Enabling the advancement of the rights of women, workers and communities around the world should be the basis and core objective of companies' SDG engagement.
5. **Reporting and accountability:** Companies should be transparent about what they want to achieve and how they plan to get there when engaging with the SDGs.

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