



August 2023



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The Sustainable Development Goals (SDGs), also known as the 17 Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet and ensure that by in 2030 all people enjoy peace and prosperity.



Where the SDGs can create business value

The SDGs represent a major opportunity for businesses to shape, manage, communicate and report on their strategies, goals and activities, allowing them to capitalize on a range of benefits. Four drivers of financial value that compel companies to make both social impact and SDG delivery part of their core business are as follows:

- Generating new revenues by creating new opportunities for market diversification, expansion and growth, including innovation to enter extremely promising markets that do not yet exist or are in their early days.
- The attractiveness of the employer for improving the recruitment and retention of employees.
- Increase supply chain resilience by increasing supply chain resilience and operational efficiency.
- Increasing investor interest by increasing attractiveness for a wider range of investors.

Achieving the SDGs creates at least \$12 trillion in business opportunities

According to the Business and Sustainable Development Commission, achieving the SDGs opens up about \$12 trillion in market opportunities across the four economic systems examined by the Commission. These are food and agriculture, cities, energy and materials, health and well-being. They represent about 60 percent of the real economy and are critical to achieving the SDGs. The total economic cost (and business potential) of implementing the SDGs could be 2-3 times higher, if the benefits are spread throughout the economy and are accompanied by much higher productivity of labor and resources.

Why do the SDGs matter to businesses?

Creating new market opportunities

One of the incentives for businesses is the direct financial aspect. According to the latest report by the Danish Ministry of Foreign Affairs, the Sustainable Development Goals present new market opportunities worth around USD 12 trillion by 2030 globally and they will create 380 million new jobs.¹

In Denmark, the SDGs could lead to business opportunities for Danish companies worth up to DKK 400 billion by 2030. This means that the SDGs could increase Danish GDP by around 15% by 2030. These benefits prompt many companies to join the cause. In addition to monetary value, working sustainably with emerging markets is morally valuable.

Employee engagement in companies with a purpose

The Millennial Employee Engagement Study by Cone Communications showed that three-quarters of millennials would take a pay cut to work for a socially responsible company. This study shows that employees are more loyal to a company that helps them contribute to social and environmental issues. Research also shows that employees believe a job is more satisfying when they are offered opportunities to make a positive impact on social and environmental issues.

Implementing the Sustainable Development Goals in a company's business strategy is a good way to achieve higher employee satisfaction.

Risk management and securing a license to operate

All members of the United Nations have signed an agreement to implement the SDGs, and those countries can use legislative measures or trigger reputational control to achieve the goals. Companies that want to ensure sustainable and ongoing performance must grow and ensure that they are relevant in the future.

Sustainability is a trend that is not worth arguing against. There is increasing political pressure in emerging markets for transparency, accountability and environmental responsibility. This drastically increases the risks associated with a license to operate in those countries. Addressing regulatory compliance and staying "ahead of the curve" will help companies manage risk.

¹ <https://2030.builders/5-reasons-why-sdgs-are-relevant-for-any-business/>

Optimizing business resources and creating more value

Another benefit of the SDGs is the creation of potential for the optimization of raw materials. Reducing the amount of, for example, water and energy lowers costs and reduces environmental impact. This allows higher prices to be demanded for products as customers are willing to pay more for environmentally friendly products. By marketing sustainable features, companies can add additional value to their product by maximizing production efficiency.

The World Economic Forum (WEF) identified that both water and biodiversity have a high impact and constraining role on business operations. This is another side of the importance of focusing on optimizing the environmental impacts of businesses.

Staying ahead of the competition

The Sustainable Development Goals bring many benefits. Many companies realized this and already joined the initiative for a better future. According to the survey by Global Compact Nordic in 2019, 79% of Nordic Global Compact companies are in an active process of creating and/or adjusting policies to include sustainability visions and goals throughout their strategies. This number is expected to increase significantly in the coming years.

According to research by the NYU Stern Center for Sustainable Business in partnership with IRI, products marketed as sustainable across all categories generated \$113.9 billion in sales in 2018, up 29% from 2013. Over those 5 years, sustainable products grew 5.6 times faster than products not marketed as sustainable. One of the reasons for this rapid growth is that more and more customers demand sustainable products and they demand that corporations act responsibly and sustainably.

According to the 2019 State of the Connected Customer report, where Salesforce Research surveyed more than 8,000 consumers, 65% of them sought to buy from environmentally sustainable companies and 73% of them said that a company's ethics matter more, compared to one year ago. This shows how fast the demand for sustainable businesses is growing.

According to research by PricewaterhouseCoopers, every third company in Denmark has already included the SDGs in their company strategy.