

# BUSINESSES, CORPORATES AND THE SUSTAINABLE DEVELOPMENT AGENDA (2015–30)

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*[Abstract: The post-2015 period provides a historic opportunity for international business to contribute to the attainment of the worldwide sustainability and development objectives. World leaders while handing over the post-2015 Development Agenda to the world community have identified the role that is expected to be performed by businesses and corporates in tandem with other stakeholders for meeting the goals. Governments on their part have undertaken to provide an enabling regulatory governance regime, both nationally and globally. This note is towards highlighting the manner in which businesses and governments can collectively engage in the pursuit of the Sustainable Development Goals.]*

In market-led economies, corporates and businesses play a complementary role alongside the government for promoting people-oriented development. Corporates and businesses, while maintaining their primary objective of making profit, have redesigned their operations in alignment with the aspirations of the public who determine the business operating environment. They are becoming increasingly aware that they need to earn and maintain a social license to operate as legal entities. Corporates and businesses face increasing expectations from stakeholders to manage societal impacts, including on human rights, labour, environment and even corruption. In respect of sustainability, corporates and businesses entail both respect for universal principles in these areas and proactive support.

States, forsaking their prejudice, have come to realize that economic growth will now largely depend on business activity, with private financial flows around the world far exceeding official aid or grants. For instance, businesses have set pace in advancing the productivity of human endeavour, defeating disease, communicating and computing, and drawing more nutrients from the soil. Businesses have provided remarkable solutions in many areas such as energy and climate, water, agriculture and food, gender equality, etc. Through innovative initiations, business entities have

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been creating newer opportunities and space, thus becoming an effective and efficient channel for delivering societal value and investor success. Businesses have helped lift people out poverty through social enterprises, delivering green products and processes.

Successful business happens when the world is peaceful, disease- and conflict-free and with an abundance of quality manpower and, more importantly, when there is a lesser degree of arbitrariness in governmental actions. Thus, for business entities, the motivation to succeed is inherent. If people enjoy freedom and liberty and are not hit by disabilities occasioned by poverty and vulnerability, businesses will thrive. Therefore, it is quite natural and logical for corporates and businesses having interest in world development agendas like the year-2000 Millennium Development Goals (MDG) and post-2015 Agenda seeking to achieve the Sustainable Development Goals (SDG).

Even without a supporting role identified in the original Millennium Development Agenda, businesses have been instrumental in achieving many of the Millennium Declaration goals and targets, including reducing the hold of extreme poverty on the world's population, combating HIV/Aids along with malaria and other diseases, connecting and empowering people through mobile telephony and digital technology, and, advancing modern energy sources such as solar and wind energy.

Within the global framework of MDGs, businesses were never found wanting in their contribution whenever there was a call for a collective action on behalf of governments, NGO's and business entities on issues such as water management and women's empowerment<sup>1</sup>.

When the UN set upon to draw up the post-2015 Sustainable Development Agenda (SDA), UN Global Compact<sup>2</sup> urged that the agenda be designed with business engagement in mind, that is, in alignment with corporate strategies that can

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<sup>1</sup> [Corporate Sustainability and The United Nations Post-2015 Development Agenda: Perspectives from UN Global Compact Participants on Global Priorities and How to Engage Business Towards Sustainable Development Goals](#), United Nations Global Compact, June 17, 2013.

<sup>2</sup> The United Nations Global Compact is the world's largest corporate responsibility initiative with over 7,500 business signatories in more than 140 countries, and 101 Local Networks (*Ibid.*).

contribute to achieving global sustainability priorities. With this objective in view, 1712 companies from over 100 countries have been considered via a survey conducted by UN Global Compact in November/December 2012. These entities have been consulted on global development priorities which they consider central to any future development agenda. Following the survey, the UN Global Impact, on the basis of these inputs, identified the priority areas to be part of the post-SDA Agenda. According to UN Global Impact, priorities can be organised into four overarching areas, namely poverty, human needs and capacities, resource triad, and, an enabling environment. At the apex of these priorities is the vision of moving away from poverty to a level of worldwide prosperity. Next level of priority is to develop capacity building by providing quality education, healthcare and bring about gender equality. The next goal on the priority list will be sustainable resource generation through augmentation of food production with improved and innovative agricultural practice and better management of water and sanitation. Sustainable energy and climate management will be also part of the triad of resources. A “list of priorities” will ensure an enabling environment in which development goals will be realised by bringing about peace and stability, developing and deploying technology-based infrastructure, as well as advancing good governance and human rights. Following this approach, the UN Global Compact came out with a set of goals as below.

- i) End poverty and increase prosperity via inclusive economic growth
- ii) Quality education for all
- iii) Empowering women and girls
- iv) Universal health coverage
- v) Good nutrition for all through sustainable food and agricultural systems
- vi) Water and sanitation for all
- vii) Sustainable energy for all
- viii) Build peaceful and stable societies
- ix) Modernise infrastructure and technology
- x) Good governance and realisation of human rights

UN Global Compact also outlined around five targets for each of these goals to lay down the path for achieving the desired results.<sup>3</sup>

All of the goals mentioned above are in perfect harmony with the 17 goals outlined at the summit of the heads of governments from across the world.<sup>4</sup> World leaders in their outcome document acknowledge the role of business activity, investment and innovation as major drivers of productivity, inclusive economic growth and job creation. The diverse nature of the private sector—ranging from micro enterprises to co-operatives to multinationals—has been recalled and confidence has been reposed in its creativity and innovation for addressing sustainable development challenges. The leaders recognise the importance of fostering a dynamic and well-functioning business-sector, while keeping in mind labour interests and environmental consideration. Further, they not only acknowledge in equal measure the role of international trade as an engine for inclusive economic growth and poverty reduction and as a contributor to sustainable development, but also promote universal, rule-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system as well as trade liberalisation.<sup>5</sup>

Private sector has thus been accorded a distinctive and central role towards the fulfilment of post-2015 Development Agenda. Business is the main source of economic activity and is at the heart of improvements in the living standards. Business has to go forward, overcoming the “business as usual” trend. It has to deliver value not just financially, but also in social, environmental and ethical terms. Within these objectives, business sustainability has to become an integral part of the operations strategy that bypasses the role of philanthropy—a public relations strategy of the corporates. Various factors will influence business sustainability such as market disturbances, civil unrest, social deprivations or ecological distraction

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<sup>3</sup> *Ibid.*

<sup>4</sup> [Transforming Our World: The 2030 Agenda for Sustainable Development](https://sustainabledevelopment.un.org/post2015/transformingourworld). Available at: <https://sustainabledevelopment.un.org/post2015/transformingourworld>

<sup>5</sup> [Draft Outcome Document of the United Nations Summit for the Adoption of the Post-2015 Development Agenda](#), Doc No. A/69/L.85, United Nations General Assembly, August 12, 2015. Available at: <https://sustainabledevelopment.un.org/post2015>

because such happenings will affect value chain, capital flows, public opinion and employee productivity. Therefore, businesses will have to consider factors beyond the traditional business and financial norms. Business entities have to look for opportunities to develop new products, services and models that will not only help address global challenges, but also be associated with green growth and 'base of pyramid' (BOP) endeavours. There is thus enormous potential for the private sector to help advance sustainable development on a broad scale, in line with the post-2015 Agenda.

In commitment to universal sustainable development, businesses have to ensure that in their pursuits they do not hurt the sustainability of other sectors and respect human rights, labour, environment and anticorruption laws. Further, they must take positive steps to support advances in development by looking for new products, services and business models. Such an understanding has to pervade the corporate world both widely and deeply for meaningful contribution to sustainable development. Players in financial sector have a critical role to play by advancing the ethos of responsible investment and sustainable finance.

Companies and businesses use goal-setting as an effective tool to drive motivation and performance in traditional areas of sales and production. To demonstrate and affirm their participation, corporates and businesses will do well to set their own specific, quantitative and time-bound targets in alignment with one or more goals of the post-2015 SDA and incorporate these in their mainline targets. Such goal setting will help translate sustainable development goals into long-term business priorities. Executives and employees of the corporate and business world will also be attuned to the objectives of the Agenda as the targeted completion of tasks will form a part of their performance appraisal. It should be feasible to work out a system of validating the commitment of individual corporate and business entities towards realising the goals of the SDA.

The potential of business entities to advance sustainable development will require supportive policy frameworks that will put an end to violence, social disability and bad governance and encourage respect for human rights and individual

freedom. As expressed in the outcome document, governments have to hold on to their commitment of giving unambiguous encouragement to multilateral co-operation and providing momentum to strengthen international co-operation on global challenges. This will result in market interdependence, thereby bringing nations closer, offering best opportunities for movement of capital, and rapidly diffusing technology solutions. Tariff barriers need to be lowered and invisible barriers not brought about to impede the trade efforts of countries seeking a way out of poverty. Green goods and services (GGS) should have preferential tariff considerations.

Governments will have to design incentive-based regulations so that (i) environments costs and benefits are reflected in the price system, and (ii) short-term profit maximisation should give way to long-term value creation. Governments will also be required to incentivize businesses that advance on the high sustainability path by way of tax and procurement benefits and on the other side establish a stable price for carbon through internationally co-ordinated measures. Cost of externalities such as pollution, impairment of human health and climate change should be brought about by systems like Carbon Tax or a Cap-and-Trade system for products like fossil fuel. Likewise, subsidy on fossil fuel should give way to subsidy on clean and renewable energy. Where the withdrawal of subsidies affects the poor, income support systems need to be brought in.

A resource like water—which is formally recognised as a human right—should be carefully priced and regulated so that it is not wastefully deployed. Also, the current system of subsidising water should be rationalised in a manner that it remains directed towards the poor while excluding the affluent from such benefits.

Governments should reaffirm their commitment to maintaining transparency both in the procurement of goods and in the selection process. Further, sustainability standards and certifications should be actively utilised as a criteria to incentivise those suppliers who demonstrate leadership in sustainability, provided the criteria defined are creditable and accurate.

Financing and investment mechanisms will promote responsible investment, thus encouraging sustainability among corporate entities. Regulators in this area should advance the concept of environmental-social-governance policy and action by investors by requiring both public and private funds to include such policies in their risk management criteria and include these considerations into their operations.<sup>6</sup>

May be there is a need for creating global funds for solving global problems that may arise while meeting sustainable development goals and also for extending development assistance to leverage corporate sustainability and business-led solutions. A new set of guarantee schemes may also be required for long-term investments, particularly in infrastructure systems in developing countries that pay-back over the course of decades.<sup>7</sup>

World leaders from the outcome document of the UN Summit have recognised the role of private sector in reaching the goals of post-2015 Agenda on the one hand, and on the other hand, onerous obligation has been cast on the governments' for providing enabling regulations and governance both nationally and globally. Both the sides will be required to demonstrate their commitment to the Agenda through their respective performances.

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<sup>6</sup> *Op cit.* 1

<sup>7</sup> *Ibid.*