

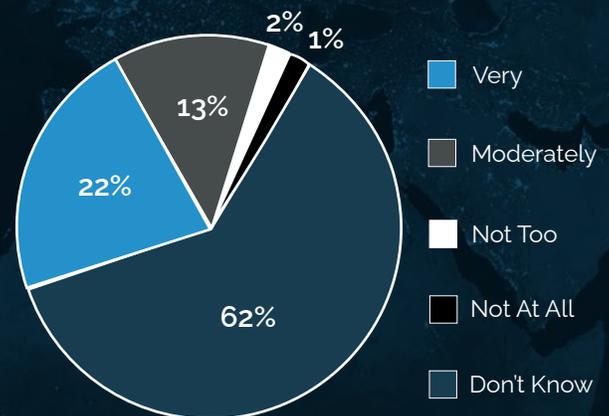
Sustainability

A Practical Business Framework

According to a 2018 survey, of 600 companies and investors in the US and Europe, conducted by the Bloomberg Bureau of National Affairs, “84% of respondents characterized their companies as either moderately or very sustainable.” A closer look at the study reveals a challenge within the survey responses: there was no universally agreed upon understanding of exactly what “sustainable” means. Even without a precise definition, it’s fair to conclude there is a general understanding that sustainable businesses are good stewards of the environment and look after the basic rights of stakeholders.

The reasons for pursuing sustainable business practices are not purely altruistic. More practical motivators include: 1) the concerns over climate change are driving changes in behavior for companies and individuals, 2) consumers indicate growing willingness to choose one product or company over another based on environmental or human rights criteria, and 3) governments and regulatory bodies are placing increased scrutiny and tighter regulations on companies related to these issues.

How Sustainable is Your Company?



Owing to these developments, a relatively new area of business thought has begun to draw more attention from investors and business leaders. Environmental, Social and Governance (ESG) management is now a part of the lexicon of nearly every publicly traded company, as well as those which look to eventually become publicly traded.

ESG, like sustainability, is a somewhat loosely defined term open to interpretation as to what fits within its reach.

(Source: 2018 Bloomberg Sustainable Business and Finance Survey)

SUSTAINABLE DEVELOPMENT GOALS



As companies and investors look to clarify ESG and sustainability, many are turning to the United Nations Sustainable Development Goals (SDGs) as a framework. The 17 SDGs were adopted by the UN in 2015 to rally member states to action on environmental and societal improvement efforts.

The SDGs are integrated and mutually dependent, whereby action in one area impacts others. Many business leaders and investors seeking a framework for defining and organizing ESG efforts, and assessing their impact have turned to SDGs. In an evolving space, these universally recognized goals provide an aspirational guiding North Star.

Even as some of the 17 SDGs fail to fit neatly into any one area of ESG, they provide guidance for what companies can aim to achieve through ESG initiatives and programs.



(Understanding the SDGs in sustainable investing. Berenberg, 2017)

Each company, based on its own market, industry, and strategy sets the underlying programs it prioritizes as part of ESG management. The SDGs can provide a basis for defining goals under those programs. While the challenge of creating concrete KPIs may remain, **the convergence** of ESG and SDGs provides a **valuable** framework for the effort to define sustainability and build sustainable companies.