

Discussion Paper: SDGs still remain relevant for accelerating focussed sustainability actions by Indian businesses

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Internalizing the externalities – a reality for businesses today

The [5 trends](#) – depicted in the adjoining schematic – are increasingly redefining the measures of business success and continuity. Progressive businesses are increasingly becoming aware of the interconnections of environmental, social and economic issues. [Internalizing](#) these issues – once considered externalities; [and accounting for them in planning and business models will improve companies' competitiveness, reduce environmental degradation, and enhance human well-being.](#)



With the adoption of the [2030 Agenda for Sustainable Development](#) in 2015 – comprising 17 Sustainable Development Goals (SDGs) and 169 associated targets – the world had agreed upon the challenge to accelerate action and achieve the objectives of sustainable development for all. SDGs present a new challenge to the business community. SDGs embody the goals of development that nations and societies need to follow while growing and go beyond the present notions of corporate social responsibility. The corporate world needs to internalise these goals not only in the interest of equitable growth of the society but also in the interest of sustainable growth of their own business.

India's quest to achieve the SDGs and the role of businesses

Like the rest of the world, India has taken up the challenge to end poverty and hunger, boost access to health, education and jobs, along with protecting the earth from environmental degradation. The adjoining schematic

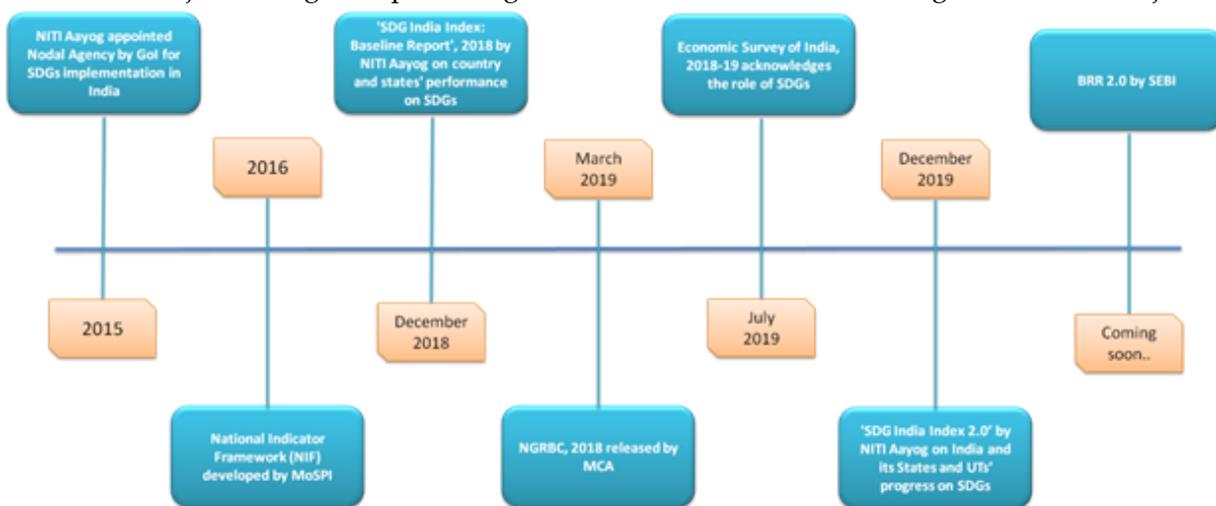


diagram depicts the key milestones of the implementation of SDGs in India that are pertinent for Indian businesses.

While the [Government of India](#) is spearheading the

implementation of the SDGs, the success may be far from being realized [without a strong engagement with businesses.](#) Globally businesses have played a key role in developing the SDGs indicating their strong inclination in advancing the goal of sustainable development for all. Pledging their support, several corporates are aligning their business processes to the SDGs; while some others are evaluating the relevance of SDGs in the context of their business. In India as well, an increasing number of companies are aligning and mapping their activities to the SDGs.

In fact, the [continual support and generous contributions](#) by the Indian businesses are strengthening [India's response to tackle the COVID-19 pandemic](#). The nature and extent of the all-round impacts of the COVID-19 pandemic is yet to be seen. However, it is clear that the [world shall need to be better and effectively equipped now more than ever](#) to address any socio-economic, environmental and health crisis of such scale and magnitude. At the country level, [India shall have to come back stronger to embrace cleaner sustainable strategies and solutions](#). The SDGs shall hold greater significance and relevance for accelerating focussed sustainability actions by Indian businesses.

Businesses will internalize SDGs through



Call to Action: SDGs accelerating focussed sustainability actions by Indian businesses

The following key messages underscore the need and relevance of SDGs to enhance and accelerate business action on sustainability in today's time. Messages 1 and 2 highlight the need to apply the SDG lens while evaluating business strategy and actions; messages 3 and 4 illustrate how the SDGs can be used by businesses to design focused sustainability actions; and messages 5 and 6 demonstrate the results that may be achieved when companies embrace and fully integrate the SDGs into their business strategy and actions.

1. Aligning sustainability actions with SDGs in retrospective is predominant than being strategic

Why it matters: Sustainability reports of Indian businesses reveal a predominant practice of consolidating past and current activities to illustrate alignment with different SDGs. Most of these are done in retrospective. For an organization aiming to integrate SDGs into its sustainability strategy, it is imperative that it shifts its view - from an inside-out to outside-in perspective. To embrace the outside-in approach, it would need to identify the SDGs that represent key business opportunities and that coincide with the national-level priorities; and subsequently redefine its business strategies to impact the SDGs and create maximum shared value for all – by means of core operations and/or through CSR initiatives.

References from Indian business: [NMDC Ltd](#) used the [Mapping Mining to the SDGs: An Atlas](#) for their alignment to SDGs. NMDC contributes to all 17 SDG goals through business action and community. [BASF](#) was actively involved in the development of the SDGs and contributes to all 17 SDGs.

Purposeful Exhibits: The [SDG India Index 2.0](#), released in December 2019 by NITI Aayog, illustrates visible progress in the country's performance, with the composite score having improved from 57 in 2018 to 60 in 2019, with maximum gains observed in Goals 6 (clean water and sanitation), Goal 9 (industry, innovation, and infrastructure) and Goal 7 (affordable and clean energy). The Index does not attribute contributions by businesses to India's SDG performance.

2. Emerging requirements shall compel synergies of SDGs with corporate responsibility

Why it matters: Launched in March 2019, India's [National Guidelines on Responsible Business Conduct, 2018](#) (NGRBC) illustrates alignment with the SDGs. The next version of the Securities and Exchange Board of India (SEBI)'s [Business Responsibility Reporting \(BRR\) Framework](#) i.e. BRR 2.0, will align with NGRBC. The move is bound to change the way businesses publish their BRR in the coming times. Understanding the SDGs, prioritizing them and identifying and devising business actions – both core operations and CSR initiatives – will require more inclusive interactions among stakeholders concerning corporate responsibility with increased frequency, and synchronised and unified efforts.

References from Indian business: With each of its nine principles mapped to the relevant SDGs, the soon-to-be-rolled-out [NGRBC, 2018](#) were created to cater to the need for an India-specific guideline that meets global best practice and Indian realities. [Shree Cement Ltd](#), [Bharat Petroleum Corporation Limited \(BPCL\)](#), and several other companies have already been using the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011 (NVGs)-based BRR framework to report on their non-financial disclosures.

Purposeful Exhibits: Stock market regulators in countries like [Japan](#), [South Africa](#), [Brazil](#) and many others are mandating integrated reporting. Since 2015, SEBI mandated publishing of BRR - for top 500 listed entities. Through [SEBI's notification dated 26 December 2019](#), now top 1000 companies in India are required to report

on their non-financial disclosures. The [Report of the High Level Committee on CSR-2018](#), released earlier in August 2019 by the MCA, GoI recommends that Schedule VII of the Companies Act, 2013 be mapped and aligned with the SDGs.

3. Considering SDGs in corporate's materiality assessment shall lend credibility and completeness

Why it matters: Businesses undertake materiality assessments to ascertain various social, environmental and governance issues that are significant for an organization and its stakeholders. The SDGs provide a useful framework for companies to undertake their materiality assessment. Using the SDGs, in conjunction with existing reporting frameworks, not only ensures completeness of the materiality exercise, but also lends credibility to the process of prioritizing sustainability actions and engaging with stakeholders.

References from Indian business: [Ultratech Cement Ltd](#) has mapped its material topics with the SDGs and aligned its corporate priorities with the relevant SDGs. [GAIL](#) identified "Alignment to the SDGs" as one of their material issues. [ABB](#) uses the GAPFRAME framework to pinpoint five "Grand Challenges" (waste, equal opportunity, clean energy, innovation and carbon) that overlap with their material issues. These five challenges translate to the seven SDGs *viz.* 7, 11, 9, 6, 8, 12 and 17, where they can have the most impact.

Purposeful Exhibits: An increasing number of investors such as [ECube Investment Advisors](#) are basing their investment decisions on the ESG performance of companies and even influencing the improvement and enhancement of investee companies' ESG metrics. The [SDGs](#), being universal in nature, are applicable to any organization irrespective of its size, nature of business, or geographical location. Goals #1 to 6 represent social development; Goals #7 to 11 represent economic development; Goals #12 to 15 represent environment-related issues; while Goals #16 and #17 relate to Governance and Means of Implementation, respectively.

4. Using NIF to articulate impacts of corporate actions shall ensure consistency and transparency

Why it matters: Businesses should improve the quality of monitoring and reporting aligned with the SDGs to strengthen transparency and accountability. The 306 statistical indicators in the Ministry of Statistics and Programme Implementation (MoSPI)'s National Indicator Framework (NIF) will serve as the source for aggregating relevant data/information for monitoring purposes. The KPIs of corporate actions on sustainability and CSR, if synergized with these NIF indicators, could ensure consistency and aid articulating impacts. The consolidation of such data, emanating from corporate actions, could form part of India's narrative to strengthen, augment and accelerate its efforts in implementing the 2030 Agenda.

References from Indian business: [Tata Chemicals Ltd](#) – links the SDGs with the 6 Capitals – Financial, Manufactured, Intellectual, Human, Social and Relationship, Natural. [Mahindra and Mahindra Ltd](#) aligns its business and community initiatives with the SDGs. Both the companies look at the SDG Global Indicator Framework (GIF) so comprehensively, that they may be very close to adopting the India-specific NIF.

Purposeful Exhibits: MoSPI developed [NIF](#) for monitoring the achievement of SDG targets by means of 306 statistical indicators. In 2018, NITI Aayog released the '[SDG India Index: Baseline Report](#)' comprising 62 priority indicators, covering 13 of the 17 SDGs, to measure the progress of the country and its states towards achieving SDGs by 2030.

5. Determining sectoral relevance for the NIF indicators shall inflict visioning and adoption at scale

Why it matters: Sectoral roadmaps can help the industry sectors identify and prioritize the SDGs, which in turn can enable companies realize their potential to articulate their SDG vision 2030. Aggregating relevant NIF indicators to sectors could help create such a vision, while restraining cherry picking SDGs based on win-win opportunities. For this businesses need to raise their level of ambition, find key areas of conflict between commercial practices and SDGs, and find ways to realign them. Identification of Tier I/II/III indicators in the NIF that illustrates sector-specificity could inflict adoption at scale.

References from Indian business: The [Indian Cement Sector SDG Roadmap](#) explores, identifies and articulates the sector-specific opportunities and challenges posed by the SDGs, thus helping the sector contribute to the socio-

economic and environmental priorities of the nation. The Roadmap covers 4 themes, namely Energy & Climate; Circular Economy; Natural Resource Management; and People & Communities.

Purposeful Exhibits: The [Better Business, Better World](#) report emphasizes the need for developing sector-specific 'roadmaps' to guide transition of individual industry sectors to sustainable development, in line with the 2030 Development Agenda.

6. Coupling India's VNR 2020 with contributions by businesses shall build ownership and continuity

Why it matters: With much of its development goals mirrored in the SDGs, India has undertaken several Central and State-level initiatives for mainstreaming the 2030 Agenda. Means of integrating contribution by businesses in India's Voluntary National Review (VNR) should be determined including, but not limited to, the High Level Political Forum (HLPF) platform scheduled later this year. This coupling could potentially build ownership and continuity of participation by businesses in India's pursuit to achieve SDGs.

References from Indian business: The Comptroller and Auditor General of India's Audit Report on India's '[Preparedness for the Implementation of Sustainable Development Goals](#)', 2019 highlights the lack of a 'roadmap' with well-defined milestones, that is aligned with the United Nations short-, medium- and long-term SDG targets i.e. for 2020, 2025, 2030.

Purposeful Exhibits: The [2019 UN Report](#) on the progress on SDGs drives home the fact that 'a much deeper, faster and more ambitious response is needed by the international community to effect the social and economic transformation required to achieve the 2030 Agenda'.

TERI and the 2030 Agenda: Coherent policies and accelerated business actions

By means of various policy products such as 'Think Pieces', 'Policy Briefs' and 'Discussion Papers', TERI provides high quality [multidisciplinary insights on SDGs](#) towards strengthening its engagement with stakeholders in the government and business sectors to promote integrated thinking on sectoral and multi-sectoral national policies in the context of the SDGs. The institution works closely with NITI Aayog and MoSPI on the SDGs. It has been inducted by MoSPI into its 'Environment' Committee to study the global and national indicators for SDGs in Indian context, study and identify the gaps in the global and national indicator framework, develop methodologies for global/national indicators, assist state and national-level monitoring and promote the implementation of SDGs in India.

Through its ongoing partnership with the National Foundation for Corporate Governance (NFCG), Ministry of Corporate Affairs, Government of India, TERI aims to augment and accelerate business action on SDGs in India. The approach is depicted in the accompanying schematic diagram.



The partnership is expected to provide definite pathways and direction to businesses in India in order to augment their actions towards the SDGs in India. And leveraging the existing frameworks and mechanisms at national and international level, the partnership is expected to address a key component towards mainstreaming the SDGs for Indian businesses through its management systems of governance, monitoring and reporting.

Notes:

1. The references from Indian business and tools depicted in the paper are illustrative and not comprehensive. The usage in the paper does not certify or endorse these practices and tools in any manner.
2. The Call to Action presented here reflects the discussions of TERI's meeting with Sustainability Officers of Indian companies held on 5th March 2020 in New Delhi. Details of the meeting are available on the Weblink <https://www.teriin.org/event/chief-sustainability-officers-forum>
3. The paper has been developed by TERI under the aegis of a research project supported by the National Foundation for Corporate Governance (NFCG). TERI is an accredited institute of NFCG.