When the 17 Sustainable Development Goals (SDGs) and the 169 targets were launched, the message was clear to all stakeholders of the world – governments, regulators, companies, and populations – we need to do more to protect the world for future generations. So where are we now, and how are companies reacting to this brave new world?

Since the SDGs were launched in 2015, companies have taken a more serious look at the impacts of their businesses on society. If we look at global figures from the United Nations Global Compact (www.unglobalcompact.org/interactive/sdgs/global), 6,839 companies are now reporting on activities to advance decent work and economic growth (SDG 8), which is the highest level of reporting of all 17 goals. Whereas less than half that number (3,234) are reporting on activities that advance sustainable cities and communities (SDG 11). While differences will continue to exist, depending on the nature of the business and its impact on society, it is clear that more can be done.

So what is holding some companies back? After all, we are all fundamentally interested in creating a more sustainable world to ensure the future of the human race in a way that is fair and does not severely and negatively impact the activities of an organization.

Although the UNGP Reporting Framework predominantly addresses sustainability through a human rights lens, there is every reason for businesses to address environmental issues in the same way, especially because certain environmental issues also impact human rights.

BALANCING PROFITS AND RESPONSIBILITY

By Mazars Sustainability Leadership Team
Edwige Rey (France), Jerome Drollen (USA), Kai M. Backmann (Germany), and Richard Karmel (UK)

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Among other things, it has been a critical light of all these factors, even though it is pressure on the global demand for water, abilities. There is also mounting pressure all these processes, there are discharges which is largely in line with SDG 12. In terms of an SDG lens, it is important to understand what they do not know and are looking for support from firms such as Mazars to help them address and embed their CSR strategies. This may include issues such as the identification of actual and potential material impacts on people and the environment; how risk areas have been identified; and whether they are being assessed and monitored. We have observed that CSR has moved from a purely compliance exercise to companies looking to derive greater value through the measurement of performance indicators and indexes. This allows companies to better understand and manage the effectiveness of their processes and track their performance, giving them the confidence to integrate CSR into their broader business strategies.

The impact of regulation
Regulation could have a greater role to play. Regulators could expressly demand that companies not only set out the results of sustainable actions, but also how they are doing it. Given that, on average, 80 percent of the market value of public companies resides in intangibles and is not audited — as is the case with the financial part of the annual report — this non-financial information could be independently audited. This would provide greater confidence in the credibility of what is being disclosed.

Today, countries are at different levels of regulatory maturity in terms of sustainability and human rights development. In France, for example, there is the “Loi Sapin,” which obliges companies to put in place measures in line with the various CSR pillars. Another is the “Loi sur le devoir de vigilance,” which addresses the whole group and its first-tier suppliers and is focused on human rights, the environment, and the health and safety of workers. In addition, the issue of human rights in Europe has taken on new meaning with the EU directive on the disclosure of non-financial and diversity information.

In terms of the overall effect of regulation, we have seen companies start to take greater ownership of the subject. As a result, companies are beginning to report on the SDGs and a plethora of voluntary guidelines — is there only one direction in which to travel. The sooner a business starts to address its sustainability footprint by building it into the culture of the organization, the greater its chances of longer-term profitability. Together with the knowledge that it is playing its proper part within society.

As noted earlier in this article, companies are slowly but surely beginning to report on the SDGs that represent the risks most salient to their business activities. At Mazars, we have been playing our part by helping companies create greater value for all by being more sustainable — be that educating global regulators could have a greater role to play. Regulators could expressly demand that companies not only set out the results of sustainable actions, but also how they are doing it. Given that, on average, 80 percent of the market value of public companies resides in intangibles and is not audited — as is the case with the financial part of the annual report — this non-financial information could be independently audited. This would provide greater confidence in the credibility of what is being disclosed.

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