Global Goals Yearbook

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2018

Partnerships for the Goals

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H.E. António Guterres
UN Secretary-General

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The 2030 Agenda and the Sustainable Development Goals are our collective response to building a fair globalization. They are a recognition of the need to address the gaps in the extraordinary expansion of the global economy over the last decades.

We need to embed the essence of the 2030 Agenda into everything that we do. How do we get there? Let me point to several essential pathways.

***First**, we must mobilize the transformative power of the world's young people. Education is essential – as a critical tool for empowerment, for advancing gender equality and decent work for all, and for changing the way we produce, consume and live.*

***Second**, we need to get greenhouse gas emissions under control. Climate change is moving faster than we are. Yet we see insufficient political will to meet commitments. The foundation for climate action is the Paris Agreement on climate change. Its main goal is to limit global temperature rise to well below 2 degrees Celsius, and as close as possible to 1.5 degrees. But we must acknowledge that Paris is not enough. The economic and social transformation needed to stay well below 2 degrees, requires nothing short of an industrial and energy revolution and we are not yet there.*

***Third**, funding gaps for SDG investments are vast and urgent. We must unlock the large levels of financing necessary to implement the 2030 Agenda, particularly in vulnerable countries. Countries must do everything to mobilize internal resources. But the international community must do all it can to make sure they support countries in this effort by fighting illicit flows of capital, money laundering, and tax evasion.*

***Fourth**, technology has great potential to help deliver the SDGs. But it can also be at the root of exclusion and inequality. We need to harness the benefits of advanced technologies for all.*

***Finally**, we must further strengthen institutions. For peaceful and inclusive societies, we need justice, effectiveness, transparency, accountability, and participation – principles that institutions should follow to deliver the 2030 Agenda, to realize all human rights and to strengthen the trust on which social cohesion is built.*

We must address the drivers of conflict and support the long-term capacities and institutions that are required for sustaining peace and sustainable development. Multilateralism is the only way to tackle the complex, inter-connected and long-term challenges we are facing.

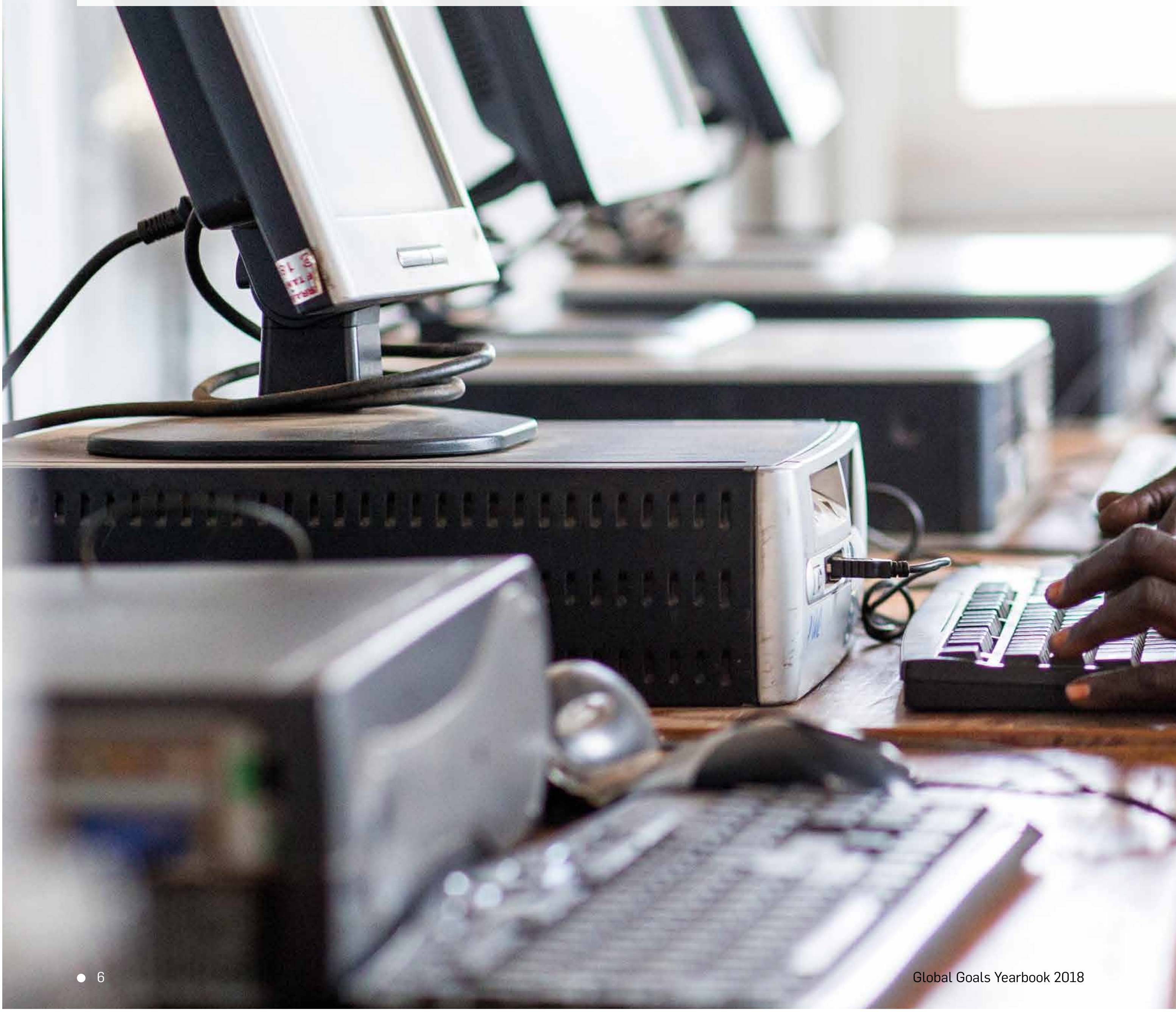
UNITED NATIONS
PRIVATE SECTOR FORUM 2017
6
Rethinking partnerships

GOOD PRACTICE

RETHINKING PARTNERSHIPS

Our world is truly not sustainable at this time. To make the 2030 Agenda for Sustainable Development a success story, we need an enormous increase in effort. This cannot happen without help from the private sector. But businesses need a reason to contribute as well as attractive partnerships that are based on win-win constellations.

We have no alternative but to rethink the role that public–private partnerships can play in this effort. That is why United Nations Secretary-General António Guterres is calling upon UN entities to strengthen and better align their private-sector engagement. In every change there is a new chance.



Partnerships Reloaded

How PPPs Can Produce Meaning and Value

Dr. Elmer Lenzen
Editor-in-Chief
Global Goals Yearbook

"They say money makes the world go around. A different way of saying this is that money, in fact finance, can make or break all our carefully laid plans." United Nations Secretary-General António Guterres does not cherish illusions. He knows very well that the world is at a crossroad and our decisions today determine our future. But Guterres is also optimistic because he has a plan: "We have a blueprint for peace, prosperity, and dignity for all on a healthy planet: the 2030 Agenda. We must unite public and private investors around new concepts, solutions, and instruments, and we need to do so at scale."

The problem is that time is running out for such ambitious plans. Multilateralism is on the decline. With populism and nationalism on the rise globally, the legitimacy of the international system and the United Nations itself are under threat. "Fairly or unfairly, its opponents rail against its bureaucratic ineptitude, ingrained politicization, and poor performance against both urgent crises and long-term threats to shared prosperity," writes Scott Jerbi from the London School of Economics.

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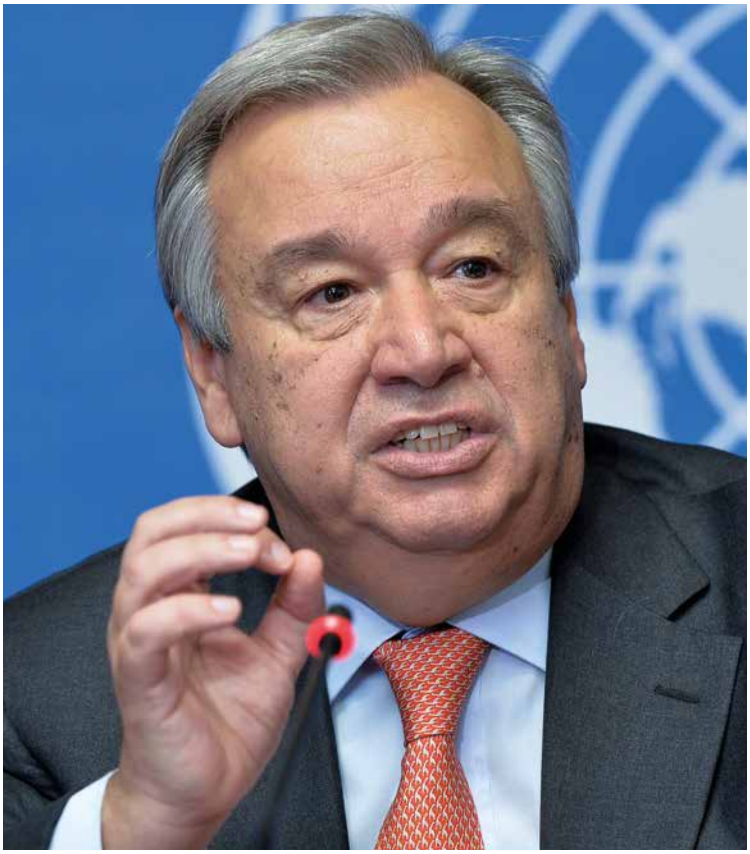


This is just the current state of things! Global political and trade orders are on the edge. Never have there been more people migrating from their homelands (more than 68 million) because of wars and conflicts. In addition, the damages from climate change are continuously mounting, and the UN Security Council is hopelessly at odds. The question is: Can António Guterres take the UN in a new direction?

Like almost all of his predecessors, Guterres has promised to reform the UN. In fact, his actions on partnership are taking form. So far, the UN has focused on models of standard-setting, service-providing, and knowledge-sharing forms of engagement: Initiatives such as the UN Global Compact, Sustainable Energy for All, and Every Woman Every Child are examples. Success often lagged behind. As Scott Jerbi says: "Many past development partnership efforts have produced little measurable output or impact, and have gone ahead without clear rules to ensure accountability."

But his present assessment of Secretary-General Guterres' efforts is positive: "The UN is modernizing its role as a result of two major agreements: the 2030 Development Agenda and the Paris Climate Change Agreement. Both signal a move away from traditional top-down multilateralism among states and toward new ways of coordinating with businesses, civil society, and other non-state actors. As laid out in the UN Sustainable Development Goals (SDGs), 'multi-stakeholder partnerships' are meant to be pragmatic, solution-oriented ways of working to achieve shared aims at a time of squeezed budgets and scarce public resources."

The UN has started to talk business

The plan to improve cooperation with the private sector links Guterres to his two predecessors at the UN. It was Kofi Annan who started this process in 2000 at the World Economic Forum in Davos when he called for a global compact between the public and private sectors to meet the needs of the then Millennium Development Goals. Annan clearly saw that a just form of globalization could not work without the participation of businesses as key players. This was the birth of the UN Global Compact, which is the largest global network for corporate sustainability.

In 2016 then-Secretary-General Ban Ki-moon broadened this initiative by launching a platform to boost public–private partnerships (PPPs): Business.un.org is a multistakeholder internet platform and a kind of marketplace to match supply and demand. It has to be understood in light of the 2015 Financing for Development Conference in Addis Ababa. "This global initiative can support the identification and piloting of innovative financial instruments that can drive investment and support for well thought-out SDG interventions," Ban Ki-moon explained.

Since 2015, a number of new financial ideas have come to the fore. But now Guterres has gone a step further: Private-sector engagement is not the sole task of the Global Compact. Within the UN, it is everybody's business – and everybody is in the business. Thus, Guterres has consistently thought through to the end what Annan began almost two decades ago. As Annan stated: "We cannot wait for governments to do it all. Globalization operates on internet time. Governments tend to be slow-moving by nature because they have to build political support at every step," he said, adding, "Business, labor, and civil society organizations have skills and resources that are vital in helping to build a more robust global community."

Fifteen years later, Guterres echoes these thoughts: "We live in a complex world. The United Nations cannot succeed alone. Partnerships must continue to be at the heart of our strategy. We should have the humility to acknowledge the essential role of other actors while maintaining full awareness of our unique convening power."

> Within the Global Goals, there is a powerful message: **Healthy societies and healthy markets go hand-in-hand.**

Business finds a taste for partnerships

Therefore, the UN is making preparations to welcome the private sector with open arms. The question is: What is the private sector thinking? Willy Foote writes in *Forbes* Magazines: "As entrepreneurs, we center our endeavors around innovative models for collaboration. So it's worth pausing to ask: Are PPPs really worthwhile?"

The good news is that there are a growing number of CEOs around the world who are keen to collaborate on the SDGs. This is the clear message from many surveys – of particular note is the "UN Global Compact / Accenture Strategy CEO Study." We have to admit that this is a significant step forward: The previous agenda, known as the Millennium Development Goals, stumbled partly because many measures were imposed without much business support. This lesson was learned by the UN.

For CEOs, on the other hand, PPPs are an attractive option because they involve the popular approach of "corporate social responsibility": Business leaders nowadays find themselves under pressure from consumers, employees, and even investors. Planetary ecological boundaries, loss and damage from climate change, employer reputation, and state regulations are only some of the reasons why sustainability is no longer a "soft issue" at the C-Level. To increasingly more business leaders, it is dawning on them that legality as well as legitimacy are what a future "license to operate" will require.

Listening to these CEOs highlights central aspects of their motivations:

Judith Rodin, President of the Rockefeller Foundation, still sees a need for multilateralism: "To realize the SDGs, we need to foster a new era of collaboration and coordination, and the UN Secretary-General has unprecedented convening power to do this by bringing together leaders from different sectors."

Walter M. Macnee, from the board of MasterCard, pronounces the need for trust and common ground: "It's really important that the public and private sectors can talk to each other. But to do that, we need trust and a language we can all understand."

Rasmus Schjødt Pedersen, CEO of Sustainia, sees opportunities: "Every CEO on the planet should rest assured that by pursuing the Global Goals, they can turn opportunities into profit and long-term growth."

Ulf Mark Schneider, CEO of Nestlé, argues in favor of predictability: "We need common metrics and standards."

Are CEOs coming to the rescue of the post-fact world?

One has be realistic, though: It is not only the appeal of the SDGs, empathy, or the will to do good that is driving CEOs and politicians; it is also the simple fact that we live in troubled times, in which the known world order is dissolving. The triggers are politicians such as US President Donald Trump governing by disruption. "Born of frustration and dissatisfaction," as the *Washington Post* writes, these kinds of politicians cultivate disruptive styles of leadership. In practice, this means an abrupt end to multilateralism, international treaties, and long-term partnerships. For multinational bodies such as the UN, it becomes harder to get funding from cash-strapped governments. What is worse is that the US administration has announced cuts in overseas aid by more than one-third. New money sources are needed urgently.

Besides the lack of money, disruptive styles of leadership also question established forms of diplomacy and dialogue. Jan Melissen and Ries Kamhof argue in an essay published by the Belgium-based Euractiv Foundation that "diplomacy is all about relationships, and the SDG debate illustrates the importance of diplomats and civil servants coming out of their public-sector comfort zone. In a growing number of policy areas, they need to figure out how to improve their working relationship with private stakeholders."

That converts private-sector participants into real partners, and partnership is more than just writing checks or listening to government messages and policies. Partners co-produce outcomes. For governments, politicians, and NGOs, who >>

TYPES OF PUBLIC–PRIVATE PARTNERSHIPS

Partnerships are widely discussed but poorly understood in negotiations concerning the 2030 Agenda for Sustainable Development, mostly because people always mean something different when they refer to "partnerships," "multi-stakeholder partnerships," and "public–private partnerships." Confusing matters further is the persistent reference to the Global Partnership for (sustainable) Development, which typically refers specifically to the understandings reached in the Monterrey Consensus.

Some of the more prominent examples are "global partnerships" that emerged in response to the challenge of fulfilling the Millennium Development Goals.

Initiatives such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the GAVI Alliance on vaccines galvanized the global community – including governments, business, and civil society – to address major challenges, particularly in health.

Public–private partnerships in the more traditional sense are typically joint venture projects to build large-scale public infrastructure projects or other physical plants, such as schools and hospitals, or for the delivery of basic social services, such as water, sanitation, and electricity, and more recently internet connectivity.

Source: Business for 2030 initiative

favor statal leadership, this is no easy step. Early 21st-century diplomacy is becoming more nationalistic and selfish ("my country first") while also being forced to become less state-based and more privatized. Although business is becoming increasingly aware that doing good in society is also the business of business. Gillian Tett writes in the *Financial Times*: "But the fact that business leaders care enough to start talking about C-suite-style 'metrics' inside the UN is striking in itself; a couple of decades ago, this would have been hard to imagine."

Melissen and Kamhof summarize it as follows:

"Interestingly, changing political winds, not just in the United States but also in Europe, offer opportunities for a public/private meeting of minds. In the present 'post-fact' era, the very idea of SDGs and international cooperation is itself challenged by populist movements. Corporate narratives can complement EU and Member States' public diplomacy. It helps when companies explain complex sustainability issues to the public. It enhances the legitimacy of experts when leading business people are forthright in speaking out against the politically motivated dismissal of facts that are presented as inconvenient opinions of the elites. A recent development is that we see CEOs raising their voice in support of sound arguments and against populist policies which damage business, such as 'SDG advocates' Paul Polman (Unilever) in Europe and Jack Ma (Alibaba Group) in Asia. No longer unlikely bedfellows, business people and civil servants are becoming more closely connected."

Along the lines of this argumentation, you can look to current UN Global Compact activities. The Compact's new strategy focuses on opportunities. So far, the Global Opportunity Reports have identified 55 markets that demonstrate the business opportunities inherent in all of the 17 SDGs. The biggest opportunities can be found at the intersections of traditional markets, which require collaboration and cooperation across sectors and fields, says the co-publishing Norwegian energy and shipping advisory firm DNV GL.

Lise Kingo, Executive Director of the Global Compact, adds: "Through developing breakthrough innovations and forging critical partnerships, the business community has the resources and creativity we need to create the world we want." A win-win constellation? Yes, says Lise Kingo, and she is convinced: "Within the Global Goals, there is a powerful message: Healthy societies and healthy markets go hand-in-hand."

Are states impoverished and unfit to deliver?

So everyone is happy? After so many cheers and so much praise, we have to pour water into the wine. The Global Spotlight Report, published by a global coalition of civil society organizations and trade unions, warns that public–private partnerships involve "disproportionate risks and costs for people and the public purse. The proponents of privatization and public–private partnerships present the state as impoverished and unfit to deliver, leaving the private sector as the only way to provide the necessary means for implementing the SDGs."

The Global Spotlight Report warns that the next generation of PPPs in infrastructure, for example, will add another complication: They are designed to meet the needs of large institutional investors, composed mainly of capitalized pension funds, insurance funds, and sovereign wealth funds. They will become subject to answering their needs and machinations, as opposed to meeting the needs of the most vulnerable.

The Global Spotlight Report concludes that "it is high time to reclaim public policy space and take bold measures to strengthen public finance, regulate or reject PPPs, and weaken the grip of corporate power on people's lives. In short, to put 'people over profit.'"

Is the focus on financial costs one-sided?

The Business for 2030 initiative of the United States Council for International Business has a different viewpoint. In their opinion, critics often mix apples with pears: You simply cannot compare PPP to public projects that would have been executed instead. Why? Simply because, in many cases, an adequate supply of public funding could not be taken for granted, and therefore the choice is to have a project with private involvement or to have no project at all.

Their second argument is that critics mainly focus on financial costs "without considering non-financial, socio-economic benefits provided by PPPs, such as accelerated delivery (delivering services earlier), enhanced delivery (delivering services to a higher standard), and wider social impacts (greater benefits to society as a whole)."

This indeed brings us to some relevant aspects: Measuring non-financial benefits is methodologically complex, but it is necessary in order to enjoy the benefits of the SDGs. Due diligence is also crucial to ensure efficiency, accountability, transparency, and coherence in the future governance of the Post-2015 Development Agenda. Much homework remains undone.

"We need a consistent definition of the term 'partnerships' and a clear understanding of its role in the Post-2015 Development Agenda," says the Business for 2030 initiative. Raymond Saner, professor of Economics at Basle University, gives this advice: To implement the SDGs, each government is supposed to set its "triple bottom line" goals, communicate them to their citizens, make the goal-setting inclusive and participatory, >>

WOULD YOU HAVE KNOWN?

Prof. Raymond Saner distinguishes between nine types of PPPs:

1. Build & transfer (BT)
2. Build, lease & transfer (BLT)
3. Build, operate & transfer (BOT)
4. Build, own & operate (BOO)
5. Build, transfer & operate (BTO)
6. Contract, add & operate (CAO)
7. Develop, operate & transfer (DOT)
8. Rehabilitate, operate & transfer (ROT)
9. Rehabilitate, own & operate (ROO)

and provide for the means to review and monitor the implementation of the SDGs from 2015 to 2030.

Are PPPs just "a marriage of convenience"?

Even if projects have the necessary funding, they often fail or are unable to build a long-term relationship. Talking to experts and veterans of public—private partnerships, there are two reasons for this: a lack of efficiency and a lack of trust. A recent study by the US Agency for International Development analyzed about 1,400 PPPs that the agency supports. One finding was that only one out of ten projects lasted longer than five years. So most projects became stuck in the startup period and never reached a self-maintaining or expansion phase. "Effective partnership-building requires patience, persistence, and a long-term commitment," claims Jane Nelson from the Harvard Kennedy School. This is not the rule. Often PPPs are no more than a "marriage of convenience," as Willy Foote writes.

The question is: How do we form partnerships that persist long enough — and are effective enough — to make a difference? Mainly by building trust — a trust that even includes a culture of failure. "Partners have to trust and rely on each other, knowing that their ultimate success will be bigger as a result," Foote writes. His advice: "Innovation requires adaptability. You have to work backwards from the problem, and add as many partners as it takes to effectively solve it."

The cultural clashes between the public and private sectors should not be underestimated. Recently, at a conference at the UN Headquarters in Geneva, I met the representative of a large UN entity.

He says that companies that charge prices over the cost of manufacturing are "greedy." Shrugging it off, others told me that it is typical of the "old school" staff. Melissen and Kamhof write: "Companies have a sui generis take on strategic action: Their business models are about profit-making, and sustainability aims are not supposed to stand in the way of commercial objectives. SDG policies that depend on collaboration by concrete companies have the best chance of becoming successful if they are commercially viable – which is not a typical concern of the public sector."

Lack of trust is often indicated by a lack of language. Many public–private meetings are described by some observers to be like having cats and dogs in one room. Others complain that the way civil society – and even UN officials – talk about the private sector is alien and sometimes even downright hostile to many business executives. There are, of course, other experiences, such as the Global Compact Leaders Summits, where top-level CEOs and politicians meet. In these events, the altitude of the discussions is so high and the arguments so abstract that everyone agrees. Of course, no one would speak in favor of child labor or poverty. But when it comes to concrete talks at the downstream level, the true conflicts come to light.

Scott Jerbi demands: "If UN agencies and programs want to get their work with outside partners right, more must be done to foster the right sort of institutional culture. This means helping staff develop the skills they need and setting clear terms for partnership initiatives, beginning with adherence to the UN Guiding Principles on Business and Human Rights."

An asymmetrical world needs asymmetrical partnerships

1. THE United Nations do not exist, but THE business does not exist either

When we look at partnerships of UN entities with the private sector in many – maybe most – cases, it is a cooperation with a multinational enterprise. Of course, these enterprises have capacities, scale, and money. But partnerships with Fortune 500 players from the northern hemisphere will not be enough. Cooperations with small and medium-sized enterprises (SMEs) are unused treasures – and imagine the potential. SMEs are responsible for 80 percent of value added as well as 80 percent of jobs around the world!

That also applies to the UN: The UN system has many fragmented coordination and development policy functions.

Each organization within the UN family has its own needs and potentials. We definitely need more coordination and integration. In the past for companies, the UN Global Compact was the entry point for cooperation with the UN. "While extremely laudable in their work, it is unclear that [they] could drive the scale of partnership transformation needed to implement the SDGs," writes New York University expert Sarah Cliffe. Therefore, with the Global Goals used as a common umbrella, companies could – and should – use the opportunity of partnerships with other UN organizations. These entities, on the other hand, should be more strategic in selecting their partners.

The risk of getting this wrong is serious: If PPPs are not properly managed, they can worsen the situation and increase existing inequalities. >>

2. We need to rethink multilateralism

Multilateralism as we used to know it is in crisis. Nationalism and populism question the elements connecting what we hold in common. But there is also a countermovement: At the Bonn Climate Conference of 2017, I observed very interesting new alliances. There were communities, NGOs, celebrities, companies, and local and regional public representatives jointly organizing parallel side events. It was a kind of bypassing of the deadlocked political discussions. Georg Kell, the Founding Director of the UN Global Compact, wrote last year in this yearbook: "People power and bottom-up processes matter more than ever today." He is absolutely right. Such asymmetric alliances and partnerships have enormous potential.

3. We need to rethink partnerships by sector and in sections

Companies can contribute to individual aspects and can contribute their know-how and be a small wheel on the whole vehicle. At the end, what counts is that we have adequate means of implementation — financial resources, technology development and transfer, and capacity-building. Asymmetrical partnerships need smarter and more agile forms of project configuration. Of course, this means more effort in designing the partnerships, but the standard ones do not last long enough or do not have a great

POLICY OPTIONS

If a country has low income and wealth taxes, low VAT, and a non-functioning tax-collection system, then the financing of the SDGs is limited to: a) PPPs / concessions / privatizations, b) foreign aid (official development assistance), c) loans from multilateral development banks, and / or d) loans from capital markets; a, c, and d need to be repaid, otherwise the country must rely on debt forgiveness from the Paris Club.

Type of policy	**Risk to government**	**Risk to private sector**
Government production and delivery	100 %	0 %
Traditional public procurement	70 %	30 %
Public–private partnership	50 %	50 %
Concessions	30 %	70 %
Privatization	0 %	100 %
	Need for policy accountability	Need for regulatory mechanisms

Source: CSEND 2018

enough impact. Greater effort at the beginning will spare you trouble in the end.

4. We need capacity-building on both sides

Both the public and private sectors need to learn what it means to produce shared value. It is always give and take. This requires vocational training and qualification, including in academic programs, knowledge transfer, and practicing a common project culture, which also includes having a constructive culture of error. Thus, we can create long-term and sustainable partnerships.

5. Partnerships need respect and trust

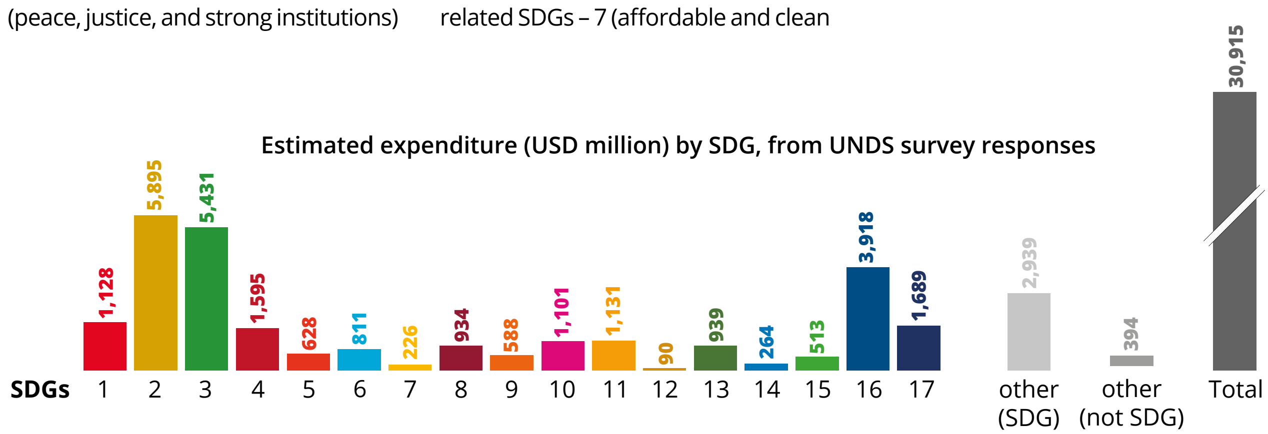
Everyone in the project has to be authentic. Whoever bends has lost. There is no doubt — the public sector needs additional private funding, but this will only work well when we ensure that partners stay independent and cooperate responsibly. The recent Dalberg report on system-wide functions and capacities of the UN Development System (UNDS) impressively showed the risks of funding gaps. Therefore, the public sector cannot just focus on the Goals that are of most interest to the private sector — on infrastructure, for example. The SDGs cannot be cherry-picked.

6. We need quality metrics and monitoring

Experts demand a clear evaluation of projects. Everyone wants to know where the money has gone to, but they are also demanding a holistic understanding of efficiency that is more than pure cost control. For this we need quality metrics. The translation of the SDGs into KPIs is underway. The next step is the translation of metrics into monitoring. This could be solved with intuitive software that enables companies to capture, manage, and report on their sustainability commitments to international standards. This could include GRI-compliant sustainability reporting, ISO standards, environmental and social audits, due diligence and compliance, as well as industry-specific standards. ■

THE NEGLECTED SDGs

In June 2017 the Dalberg report on system-wide functions and capacities of the UNDS was published, illustrating that 3 out of the 17 SDGs receive a lot of support, whereas others receive very little. The SDGs 2 (zero hunger), 3 (good health and well-being), and 16 (peace, justice, and strong institutions) account for 19 percent, 17.5 percent, and 12.5 percent, respectively, of all financial and personnel support. Health, education, and gender follow, probably because they overlap with most of the Millennium Development Goals. By contrast, all environment-related SDGs – 7 (affordable and clean energy), 12 (responsible consumption and production), 13 (climate action), 14 (life below water), and 15 (life on land) – account for less than 7 percent of all expenditures.



Source: System-Wide Outline of the Functions and Capacities of the UN Development System, June 2017

Why Does the United Nations Secretary-Generals Insist on Placing Partnerships at the Heart of the Post-2015 Development Agenda?

Ruben Zondervan
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In 2014, the United Nations Secretary-General (UNSG) published a Synthesis Report titled The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet. In the report, the importance of public–private partnerships (PPPs) is highlighted. By including "partnerships" as one of six "essential elements," the UNSG is further boosting the role of partnerships in the Post-2015 Development Agenda – now known as 2030 Agenda for Sustainable Development.

Although PPPs might have the potential to leverage funding for development, their track record is mixed at best. PPPs have not yet proven to be consistent with inclusive governance. In his report, the UNSG writes that inclusion and dignity are formulas for sustainable development. However, this contradicts the results from numerous studies on PPPs, which have revealed that disadvantaged groups are rarely included in, or the beneficiaries of, these partnerships.

Although the UNSG underscores the importance of financial incentives for private actors, he must also provide more clarification on how it will be possible to ensure accountability, transparency, and coherence in the future governance of the Post-2015 Development Agenda. Participation in PPPs must come with obligations on transparency and accountability. We need a consistent definition of the term "partnerships" and a clear understanding of its role in the 2030 Agenda.

In the UNSG's 2014 Synthesis Report, Ban Ki-moon outlined a blueprint for the road toward sustainable development. The report structured the Sustainable Development Goals (SDGs) – at that time in development – as the building blocks of the Post-2015 Development Agenda, separated into "six essential elements for delivering on the SDGs." These are planet, people, dignity, prosperity, justice, and partnerships. By including "partnerships" as one key element, and by underscoring the importance of private action, the UNSG has effectively put PPPs at the center of the Post-2015 Development Agenda and its SDGs. In the Synthesis Report, PPPs are framed as the best way for implementing – and therefore achieving – the SDGs in an inclusive, efficient, effective, and accountable manner.

The idea of PPPs has been "en vogue" in the international governance of sustainable development and increasingly mentioned in UN reports. The concept of a "global partnership" only appeared in one of the original eight Millennium Development Goals (MDGs) and is mentioned again in one of the seventeen newly proposed post-2015 SDGs. Thereafter, PPPs took a central role in the UNSG Synthesis Report, with "partnerships" being specifically declared as one of six "essential elements."

However, the term "partnership," in combination with other words, can often imply different meanings and purposes. In the MDGs, the primary role of partnerships was to assist developing countries to get out of poverty. The only subtarget mentioning the private sector (8F) focused on making new technologies more available for developing countries (i.e., technology transfer). It cannot be understated the degree to which the framing of partnerships shifted during the 15-year gap between when the MDGs were first adopted and when the SDGs were adopted.

The Johannesburg World Summit on Sustainable Development (WSSD) in 2002 introduced "Type II" partnerships (i.e., PPPs), which formally welcomed both private-sector and civil >>

society actors into the global governance of sustainable development. PPPs are highlighted as a separate Goal (Goal 17) in the proposed SDGs, but the term "partnership" is mentioned only four times in the 17 proposed SDGs and its 164 underlying targets. This is in contrast to the UNSG Synthesis Report, in which PPPs play a large role and are framed as something inherently good.

The following table displays the output from a textual analysis comparing the UNSG Synthesis Report with two related documents: We the Peoples, which was the basis for the MDGs, and The Future We Want, which was the basis of the Rio+20 Conference, at which the SDGs were launched on the international agenda.

This textual analysis revealed several interesting trends. First of all, the analysis illustrates the policy shift toward PPPs. The concept of partnerships was used three times more often in the report released in 2012 than in the report published in 2000. However, more interestingly, the UNSG Synthesis Report mentions partnerships twice as frequently as the UN report published just two years prior, and seven times more frequently than in the UN report from 2000.

It is also worth noting that the purpose of partnerships differs in the three reports. In the We the Peoples report of 2000, the main aim is "to develop strong partnerships with the private sector to combat poverty in all its aspects". The Future We Want report from 2012 describes PPPs instead as engines for a green economy "in the context of sustainable development and poverty eradication". One central difference is the view on poverty eradication, which has gone from being the main target to being a subtarget — much in line with the broader political trend toward further integration of the three pillars of sustainable development. In the 2014 UNSG Synthesis Report, the role of PPPs is no longer framed as a means to an end but an end in itself, as illustrated by this statement: "Implementation is not just about quantity. It is also about doing things together, uniting around the problem". In parallel to the increased use of the concept of "green economy" (or "green growth"), the view on PPPs has shifted from them being a necessary evil to something inherently good.

> Inclusive partnerships must be a key feature of implementation, at all levels: global, regional, national and local. We know the extent to which this may be transformative. The Sustainable Development Goals provide a platform for aligning private action and public policies.
>
> *2014 UNSG Synthesis Report*

What might this shift imply for the implementation of the SDGs in relation to effectiveness and inclusion? Furthermore, how will this pivot toward PPPs affect global environmental governance and the UN's role in it?

One major problem with this increased enthusiasm for PPPs in global environmental governance is that many studies have shown that PPPs rarely meet the high expectations placed upon them. Biermann et al. show through a "large-n" study that the entire system of PPPs that came out of the WSSD in Johannesburg had no positive effects on regulation, implementation, or participation. PPPs will also come at a cost for the UN and its Member States: The perception of legitimacy is likely to decrease when power shifts from governments to private actors. Furthermore, influential private actors and NGOs generally have their bases in developed countries, which, by extension, shifts power from developing countries to developed countries.

The UNSG Synthesis Report also describes PPPs as a means to improve the effectiveness of sustainable development implementations. PPPs are often described as an arrangement that distributes tasks to the most efficient actor by encouraging collaborations between different levels of actors and expertise. However, studies show that the actual effectiveness of PPPs is questionable at best. Szulecki, Pattberg, and Biermann show that powerful actors from developed countries are more commonly part of the most effective partnerships and that "the least effective partnerships include weaker and poorer African countries." Karin Bäckstrand points out that fewer than 50 percent of all PPPs have implemented mechanisms for measuring effectiveness. The lack of transparency and accountability is an inherent problem in PPPs due to the nature of private actors, which often have an incentive to keep information confidential in order to not give away any competitive advantages. The overall effect of PPPs has been inconclusive, and thus cannot be seen as a guarantee for the successful achievement of the SDGs. Hence, the bold claims made by the UNSG in his report are simply not evidence-based. Inclusion is another key concept in the UNSG Synthesis Report. PPPs are framed in the report as a good way to enhance the inclusion of different actors. For example, the report states that partnerships "include the participation of all relevant stakeholders". Inclusion should indeed be something to strive for, but studies continue to show that PPPs have not been the best way to enhance inclusion or participation. One study found that partnerships only strengthen the participation of those actors that are already participating. Philipp Pattberg shows in his study that PPPs in the area of climate change have only shown a limited ability in being able to close the participation gap of actors. Frank Biermann reaches a similar conclusion in finding that the majority of partners in PPPs are based in developed countries. Biermann also finds that there are significant limitations to inclusive participation, given that "of all partnerships registered with the United Nations as of December 2006, less than 1 percent had partners from groups such as farmers, workers and trade unions, indigenous people, women, youth or children." These findings clearly illustrate the fallacy of assuming that using partnerships will automatically drive social inclusion and participation.

Given the diversity found in the private sector, civil society, and among public actors, the typical assumption is that different actors have different incentives and rationalities. Pieter Glasbergen notes that "taking a rather cynical view, one might assume that businesses always try to protect their own market, NGOs are constantly scouting for funding and governments >>

FREQUENCY OF CONCEPTS IN THE UNSG SYNTHESIS REPORT, THE FUTURE WE WANT, AND WE THE PEOPLES

	UNSG Synthesis Report			The Future we Want			We the Peoples		
Key concepts	Occur-rences	Total no. words	Occur. per 100 words	Occur-rences	Total no. words	Occur. per 100 words	Occur-rences	Total no. words	Occur. per 100 words
Partnership(s)	31	8,863	**0.35**	24	15,640	**0.15**	9	17,276	**0.05**
Private	20	8,863	0.23	26	15,640	0.17	31	17,276	0.18
Stakeholder(s)	20	8,863	0.23	26	15,640	0.17	1	17,276	0.01
Note: Only words with four characters or more are included									

[…] see their participation as an opportunity to shift some of their responsibilities onto other shoulders." To a large extent, the UN seems to share the same rationality as national governments. By promoting PPPs, the UNSG seems to be attempting to distribute some of the existing UN responsibilities for promoting equality and protecting the environment to the private sector and civil society. However, a small percent of private actors have the enhancement of equality or the protection of the environment as their top priority.

> Efforts to increase the effectiveness of development cooperation need to be enhanced based on basic principles of country ownership, results focus, inclusive partnerships, transparency, and accountability.
>
> *2014 UNSG Synthesis Report*

The UN's role in a new and more fragmented governance system is constantly evolving. There is a growing call for the UN to evolve its role in the global governance system in order to be "fit for purpose" within the new political and economic realities of the current world system. Global environmental governance is characterized by a broad set of new and increasingly powerful actors, such as local and regional governments, civil society, and private actors. However, in this new environment of actors and agents, PPPs will not automatically benefit good governance or institutions. Studies have shown that PPPs are most frequently used in those areas that are already heavily institutionalized and regulated. The UN should create incentives for PPPs to be more pluralistic, just, and inclusive.

One key motivation for the UN to shift power and influence to external actors is related to finance. The UN and the ambitious Post-2015 Development Agenda need funding, so the private sector is being viewed as the key source for that much-needed funding. But when the UN abdicates responsibility for the Development Agenda to corporations in the private sector, it might lose more than just legitimacy. Would it even be possible to gather public support for the 2030 Agenda in the future (as with the People's Climate March, which took place in New York and around the world in September 2014) if big corporations such as British Petroleum and McDonalds are taking the lead?

The role of PPPs in global environmental governance may increase in the future, and that may or may not be a positive change. But financial incentives for private actors engaged in PPPs must be balanced with real development obligations faced by both individual nation states and the UN in order to ensure transparency, accountability, and just outcomes. In much the same way that there are extensive discussions on what constitutes good governance, we must be equally serious in discussing what constitutes good partnerships. It is time to recognize that PPPs are neither inherently good nor democratic, and thus it is critical that we forge agreement on what a good partnership is and how we can create the right incentives for good partnerships that will actually benefit the 2030 Agenda.

Essential values in the 2030 Agenda, such as equity and inclusion, must permeate the whole process and not just the Goals. Thus, PPPs must reflect these values and be inclusive, fair, and transparent. Finally, we need clarity on the concept of partnerships so there can be some agreement on what elements should be included and excluded, what should be the purpose of PPPs, and in what ways we can ensure accountability and transparency from new partnerships. Without a clear and unequivocal understanding of these concepts, it is unlikely that partnerships — in the way they are being uncritically hailed by the UNSG — will benefit the 2030 Agenda and the Sustainable Development Goals therein. ■

The Rubik's Cube as an Analogy for Sustainable Development

In September 2015, governments agreed on a new development agenda, the 2030 Agenda for Sustainable Development, with a set of Sustainable Development Goals (SDGs) at its core. The 2030 Agenda, now in its third year of implementation, strives for a world that is just, equitable, and inclusive, committing stakeholders to work together to promote sustained and inclusive economic growth, social development, and environmental protection.

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The 2030 Agenda is based on the principle of universality. This means that every country should contribute to achieving the larger vision of sustainable development. Moreover, the 2030 Agenda is transformative, rights-based, and goes beyond rhetoric through a concrete call to action for people, planet, and prosperity.

It encourages all of us to take bold and transformative steps, which are urgently needed to shift the world onto a sustainable and resilient path. It also implies that all relevant actors must go beyond a business-as-usual approach to achieve this change.

Patrick van Weerelt
Head of Office

UNSSC Knowledge Centre for Sustainable Development

But what does this mean?

When talking about the 2030 Agenda and the SDGs, people quickly move to reflect on the 17 SDGs and their 169 targets. But it is fundamental to realize that the 2030 Agenda is about more than just the 17 Goals. Before mentioning the Goals, the Outcome Document of the 2030 Agenda, which is called "Transforming our World," touches on five dimensions — people, prosperity, planet, partnership, and peace, also known as the 5 Ps — as being the essence of sustainable development. Genuine sustainability sits at the core of these five dimensions.

As Achim Steiner, the Administrator of the United Nations Development Program, has stressed:

"The key is not so much to teach everyone to recite the 17 Goals. Rather, what is important is to help people understand what needs to be done differently, and to help the overall package of SDGs — relating to planet, to society, and to the economy — be seen as the foundation for national development programming."

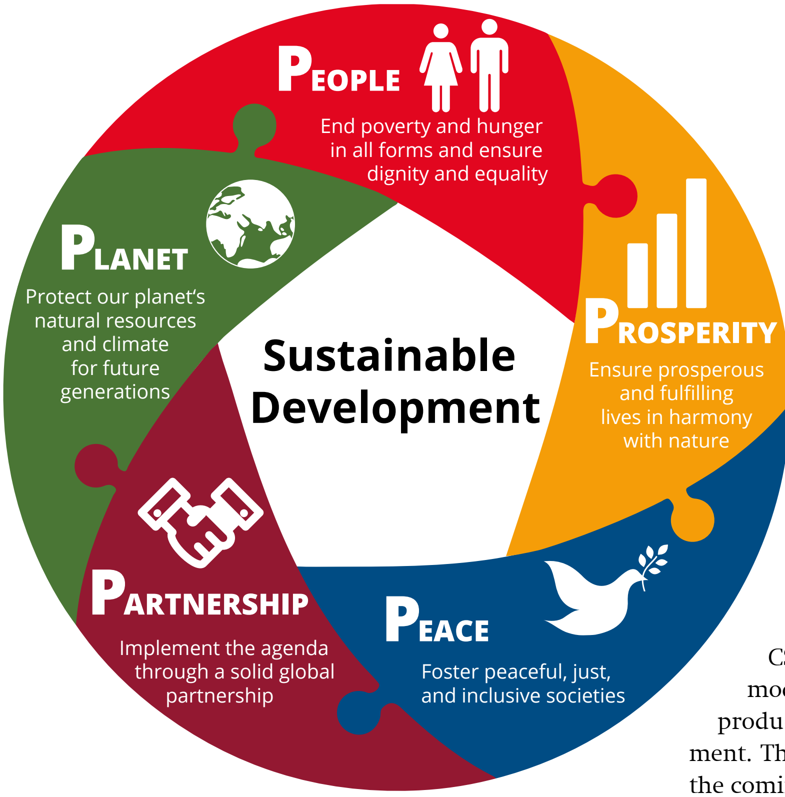
Policy interventions and solutions that touch on one dimension inevitably affect other dimensions. For instance, a policy aimed at cutting carbon emissions within the city by encouraging the use of public transportation concerns more than just environmental issues. It also touches upon matters such as class divides and public perceptions of safety, among others.

The idea of sustainable development means that, for an intervention to be sustainable, it must take into account the social, economic, and environmental consequences it generates and lead to conscious choices in terms of the tradeoffs, synergies, and spinoffs it creates.

An interesting analogy to elaborate upon this point can be found in a popular puzzle: the Rubik's Cube. Even though there are a few possible flaws in its broader use (such as, for instance, the fact that development is never complete, whereas the Rubik's Cube can be completed), for the purpose of explaining sustainable development, the Rubik's Cube is helpful, as it moves us from a one-dimensional to a three-dimensional view of the world.

Many of those currently leading the implementation processes for the SDGs typically use the argument that "if everyone contributes their piece" (meaning their work related to one or more specific Goal), together it will add up to the totality of the SDGs and the 2030 Agenda. But sustainable development requires much more than just meeting the targets of the SDGs, and this is where the 5 Ps and the broader 2030 Agenda must come in. It is obvious that our silo approach to SDGs will not solve our puzzling contemporary development challenges, and yet it remains the dominant narrative and implementation strategy. It is our responsibility to change this one-dimensional approach, so let us look at it through the prism of the Rubik's Cube.

What would happen if 17 Rubik's Cubes would randomly be handed out to 17 development experts? Chances are that several people would solve one side, or maybe two, but the chance that there would be a solved Rubik's Cube among the 17 is actually relatively small. This is exactly the same situation we are currently facing in our attempt to address sustainable development. We are focusing on different elements of the puzzle, but we often seem to forget the bigger picture and implications. We cannot solve a Rubik's Cube by completing side after side; rather, we have to work on all sides simultaneously.



We have access to an impressive amount of knowledge, but somehow we are not able to bring it together in a consistent manner. However, we cannot solve problems by focusing on one side or one dimension alone, as action on one side immediately leads to a reaction on other sides. We must therefore break the silos and start working together, and especially with those with whom we may not necessarily be familiar. As with the Rubik's Cube, sometimes we even have to undo what we have already completed to achieve the ultimate solution.

Innovation, trust, co-creation, and collaboration are of paramount importance, and things may even look or feel worse before getting better. In other words, if we are to move forward in the true context of sustainable development, we must be more open to thinking and acting differently to reach our goal. Pursuing our economic, social, and environmental goals separately has resulted in repeated tradeoffs between goals. Instead, sustainable development is about addressing progress in all dimensions of the 2030 Agenda while acting in concert with all segments of society.

It should also be noted that the 2030 Agenda is not meant to be a rigid prescription for technical assistance, but rather a means to facilitate genuine guidance for setting priorities. It inspires us to think creatively by leveraging innovative approaches and critically rethinking the way we approach the development challenges of today. For that, partnerships – particularly with the private sector – are essential. These inclusive partnerships, which are built upon principles and values, a shared vision, and shared goals that place people and the planet at the center, are needed at the global, regional, national, and local levels.

What is heartening is that there is a rapidly growing realization among businesses that sustainability is not just a "nice to have" but a "must have" for long-term business success. As Marc Pfitzer notes, "Over the long term, no company can focus on reaping profits in a failed society."

As a result, sustainable development initiatives have moved far beyond traditional philanthropic CSR into the creating shared value (CSV) models. CSV models create sustainable economic value, which also produces broader benefits for society and the environment. There will be a strong need to amplify this trend in the coming years.

Moreover, the 2030 Agenda offers the private sector numerous opportunities to access new markets and institutional investments, estimated at about $12 trillion by 2030 while adding 380 million new jobs. This, in itself, is a compelling argument for the private sector and governments to work together to make the 2030 Agenda a reality.

By joining the expertise of public entities with the financial and innovative power of the private sector, inclusive solutions for today's emerging development challenges can be created while adding market value to the economy. Using the 5 Ps in this process as a means for due diligence could prove tremendously helpful in this regard. After all, technological innovation can foster more energy-efficient and "greener" business solutions that are beneficial for the planet and prosperity, but it could also generate jobless growth, and thus have a negative effect on the "people" dimension. It is up to all to weigh in on these questions throughout the process and discover how to address them. Or, in the words of Scotland's Climate Change Plan of February 2018: Sustainable development is about "maximizing opportunities and minimizing disruption," and I would add the words "…while leaving no one behind."

The private sector has the potential to have the biggest impact of any other stakeholder on implementing the 2030 Agenda – through embracing sustainability at the core of business operations and unlocking trillions of dollars in sustainable, long-term investments. Let us move forward together in this direction! ■

The Imperative for Change

A new report prepared by Petru Dumitriu, Inspector of the UN Joint Inspection Unit, reviews the United Nations system partnerships with the private sector. Here are the main recommendations.

The Inspector intends to find ways of improving the existing arrangements for cooperation with the private sector to reflect the new context, namely the holistic, integrative, and universal approach of the 2030 Agenda.

The changes needed are not easy to carry out. Yet, the United Nations system cannot "transform the world" unless it transforms itself. The high-level political commitments contained in the 2030 Agenda are still more of an aspiration rather than a reflection of reality. They imply a process that needs to be supported through concrete and effective changes in the current normative, administrative, and operational arrangements.

It is against this background that the Inspector suggests in the report the following possible lines of action.

RECOMMENDATION 1

Consider a review of the "Guidelines on a Principle-based Approach to the Cooperation between the United Nations and the Business Sector." Particular attention should be paid to the scope of the "authorization by the Secretary-General," the meaning of "prohibition," and the definition of "commercial purposes."

RECOMMENDATION 2

Develop more flexible financial rules governing the transfer of funds in relation to businesses, in the specific context of partnerships. Create an outline of soft, system-wide guidelines on monitoring, assessing, and reporting on partnership engagement with the private sector.

RECOMMENDATION 3

Coordinate and streamline a unique, system-wide package of information about the opportunities for partnerships. The package should contain a description of the specific needs and requirements of the United Nations system as well as an indication of potential partners and their good practices. This is to be used by all interested private companies as a single entry point in a consistent, uniform, and comprehensive way.

RECOMMENDATION 4

Clarify and strengthen the division of labor and the specific lines of responsibility and accountability within the various departments of the United Nations Secretariat.

RECOMMENDATION 5

Develop an enhanced role for the Private-Sector Focal Points Network with regard to sharing knowledge, promoting good practices, and finding innovative solutions to problems.

RECOMMENDATION 6

Create a system-wide database on the profiles and performance levels of the businesses that are involved, or potentially interested, in partnerships with the United Nations, based on the information voluntarily submitted by the participating organizations.

RECOMMENDATION 7

Develop common standard procedures and safeguards for due diligence. Both recommendations 6 and 7 do not propose a "common" system in the sense of "centralized" and "compulsory."

RECOMMENDATION 8

Establish a revised mandate for the Global Compact, including a clearer role for the Global Compact, its foundation, and the local networks, and create an enhanced role for Member States in its governance structure.

RECOMMENDATION 9

Initiate and institutionalize a systematic and regular consultative dialogue with high-level representatives of private-sector companies that contribute — or have expressed interest in contributing — to the implementation of the Global Goals.

RECOMMENDATION 10

Provide a multistakeholder mechanism for consultations and solution-seeking at the country level in which businesses become involved in designing partnerships from the beginning.

RECOMMENDATION 11

Arrange the coordination of innovation partnerships to identify and discuss issues that are relevant for existing initiatives, funds, labs, accelerators, and incubators as well as how they interface with the private sector.

RECOMMENDATION 12

Host a system-wide online platform to facilitate: communication with micro, small, and medium-sized enterprises on the 2030 Agenda; interaction among enterprises; information on accessing funding; the promotion of good practices; and opportunities to engage with United Nations operations.

Can the **Global Compact** Win the New Battles?

In its own words, the Global Compact is "the world's largest corporate sustainability initiative." The aim of the recent review was not to examine the extent to which the initiative has met expectations and fulfilled its initial mandate. Like any institutional innovation, the Global Compact has had to experiment with new modalities of interaction with the private sector in unprecedented ways.

The Global Compact has been criticized for several reasons

From the perspective of civil society organizations, the main reasons for criticisms of the Global Compact include: the lack of independent monitoring of businesses' adherence to the Ten Principles; too close of an alignment with business interests; insufficient legitimacy and objectivity; exposure to risks of undue influence from private-sector donors; and insufficient involvement of Member States in its governance structure.

The United Nations system organizations — while appreciating the assistance of the Global Compact in due diligence processes — indicated that they expect more facilitation of engagement among businesses at the operational level, beyond just the organization of spotlight events. Officials from the International Labour Organization suggested that the Global Compact should consider an enhanced role for representatives of employers and workers.

At the same time, the Global Compact is facing criticism for the lack of an appropriate accountability mechanism for its members. In the eyes of the critics, the voluntary nature of the Global Compact does not justify the fact that "there is no mechanism existing to assess their report and ask them to ensure that global universal values like human rights are adhered to." In turn, the emerging Global Compact Local Networks have already asked for more decentralization, in particular when leveraging changes in business behavior. Other commentators have argued that the Global Compact has evolved into an international business membership network, which is now based on a membership fee rather than on objectives measuring the progress and performance of its signatory companies toward achieving the Ten Principles.

Even if this view is a matter of perceiving a potential danger rather than an actual tendency, the accountability mechanisms administered by the Global Compact should be revisited, and trust should be rebuilt. The Inspector shares the conviction that the Global Compact must assume a strengthened and newly legitimized role in the design and consolidation of a more consistent, effective, and system-wide approach.

The role within the United Nations Secretariat

However, as observed by the Inspector and by several organizations that answered the corporate questionnaire, the issue of governance should also be reviewed, taking into consideration the role that the Global Compact could play in a broader 2030 Agenda context — not only as a fundamental element to enhance system-wide coherence, but also as a true catalyst for effective partnerships. To achieve this, the governance of the Global Compact should be more transparent and inclusive in order to reflect the needs of all interested United Nations funds, programs, and specialized agencies.

Furthermore, the Global Compact governance structure does not include a clear mandate that is endorsed and monitored by the Member States in a more direct and comprehensive way. The existing mandate has never been stipulated in a specific bulletin issued by the Secretary-General to describe the functions of the Global Compact Office, unlike the normal practice for other offices in the Secretariat. Such a situation inevitably brings the risk of inefficiencies and ambiguities, given that other United Nations departments are also involved in different aspects of engagement with the private sector, namely the Department of Economic and Social Affairs and the United Nations Office for Partnerships (UNOP). These departments have, nevertheless, received a clear delineation of their functions, vis-à-vis the private sector, through specific Secretary-General bulletins. For example, the organization and functions of UNOP are well-established by a Secretary-General's bulletin. There is no such description of functions for the Global Compact.

Concerns regarding overlaps were particularly highlighted when the merger of the two entities (UNOP and the Global Compact) was recommended in 2012. Now there is an >>


UN Global Compact
LEADERS SUMMIT 2017
REGISTRATION


Help Desk &
Mobile App Support


UN-BUSINESS
PARTNERSHIPS
United Nations
Global Compact
TAP TO
EXPLORE
OUR
RESEARCH


UN Global Compact
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MAKING
GLOBAL GOALS
LOCAL BUSINESS


LEADERS SUMMIT 2017
accenturestrategy
WHAT MAKES AN EFFECTIVE
PARTNERSHIP?
17 PARTNERSHIPS
FOR THE GOALS

ABOUT THE GLOBAL COMPACT

Established in 2000, the Global Compact initiative advocates 10 agreed-upon Principles of responsible corporate citizenship that are supposed to foster respect for the universal values of the United Nations within the private sector. The initiative brought together approximately 12,700 participants; of these, around 9,600 participants are private-sector companies and small and medium-sized enterprises, while the rest are non-business entities (namely foundations, nongovernmental organizations, and different types of associations). Participation in the Global Compact requires a commitment to respect the Ten Principles in the areas of human rights, labor, environment, and anti-corruption.

Source: Excerpt from the report The United Nations System – Private Sector Partnership Arrangements in the Context of the 2030 Agenda for Sustainable Development. JIU/REP/2017/8. Edited version.

opportunity to optimize resources that should be used in the context of the Secretary-General's current proposals for reform, which are aimed at adopting a system-wide approach to partnerships and at reviewing the role of the Global Compact and its relationship with United Nations Country Teams "to enhance engagement with entrepreneurs, the private sector, financial institutions and others to more effectively support national priorities in the framework of the [Sustainable Development] Goals."

The role of the Global Compact at the United Nations system-wide level

The Global Compact Office coordinates the Private-Sector Focal Points Network. Through the Network, agencies are expected to share due diligence policy templates and practical examples in an effort to improve and strengthen system-wide coherence. However, new companies as well as companies based in developing countries are often not adequately covered by such due diligence procedures. In these cases, organizations usually carry out screening research themselves — a time-consuming and cumbersome process described in other sections of this report. This is an area where the Global Compact has an opportunity to further enhance its role of providing due diligence research support to other United Nations organizations, while reducing duplication and promoting system-wide coherence in accordance with its current priority to "increase collaboration across the United Nations system."

The Global Compact also provides one of the entry points into the United Nations system for the business community. The UN-Business Action Hub was a joint effort of the Global Compact, the Global Hand (a Hong-Kong-based nonprofit organization specializing in facilitating private-sector and NGO connections), and 20 United Nations entities. Both the United Nations and businesses can post projects and use the platform to search for — and interact with — potential partners to scale the impact of their projects. As the 2030 Agenda calls imperatively for a more consistent United Nations system-wide approach and more inter-agency cooperation, the Global Compact could play a pivotal role between the United Nations system and the private sector at different levels — from global advocacy to joint action at the country level. Although the Global Compact's global advocacy efforts are unquestionable, many United Nations organizations with a presence in the field believe that the cooperation between Global Compact Local Networks and the United Nations Country Teams is an area in need of improvement.

Winning the Global Compact's new battles

The Global Compact has focused its activities on delivering against three "must-win battles," among which "creating sustainable growth" is the first. "Making Global Goals Local Business" is the Global Compact's multi-year strategy to drive business awareness and action in support of achieving the Sustainable Development Goals by 2030. This reality, "with converging global trends creating a new context of expectations and opportunities for business to address global challenges," is admitted by the Global Compact itself in its current strategic vision, which is aimed at turning the initiative into "a professional, mature, global organization." ■

Source: Excerpt from the report The United Nations System – Private Sector Partnership Arrangements in the Context of the 2030 Agenda for Sustainable Development. JIU/REP/2017/8. Edited version.

The UN, Governments, and the Private Sector: The Need for Tripartite **Partnership for the Goals**

A common consensus

We have reached a critical and exciting point in global development. On one hand, we see that the world's challenges have never been so big, complex, or interconnected. On the other, there has never been such a strong consensus among stakeholders on our global priorities. For the first time, government leaders, heads of UN agencies, and CEOs are sitting at the table, ready to forge new partnerships in a bid to reach a common 2030 Agenda for Sustainable Development. >>

Dr. Rolando Tomasini
Head of Partnerships Development

United Nations Office for Project Services (UNOPS)

Importantly, key international commitments to pursuing multistakeholder collaborations underpin the adoption of the 2030 Agenda. Goal 17 recognizes partnerships as being an essential instrument for capturing knowledge and mobilizing resources from multiple sources, including the private sector. The Addis Ababa Action Agenda also provides a global framework for financing sustainable development and strengthening the use of domestic resources through stronger tax systems and a transparent financial sector.

A need for a tripartite approach

As such, we are amid a new paradigm for international development, which presents both colossal challenges and huge new opportunities. The development community, such as donors and the UN, must move away from being relevant for only a few isolated actors and toward engaging all of society. This is a paradigm that does not simply require tackling individual development issues through donations and stand-alone assistance but also new business models and innovative ways of thinking. The development agenda is now a social challenge. To think the national governments and the UN could address them alone is simply not realistic.

Progress is being made. The UN clearly recognizes the unique momentum for a renewed engagement of the private sector and has introduced new mechanisms and internal procedures to enable new, innovative ways to partner with businesses. Governments are increasingly playing a mobilizing role in integrating development and economic agendas, placing private-sector participation high as a strategic priority, and establishing new instruments to catalyze private-sector investments and mobilize innovation for the Goals. At the same time, we see that the private sector is progressively viewing the Sustainable Development Goals (SDGs) as a potential framework that offers compelling long-term growth strategies by opening up new market opportunities. Many leading companies are already using the SDGs to help them develop new, inclusive, and sustainable opportunities.

Moving forward

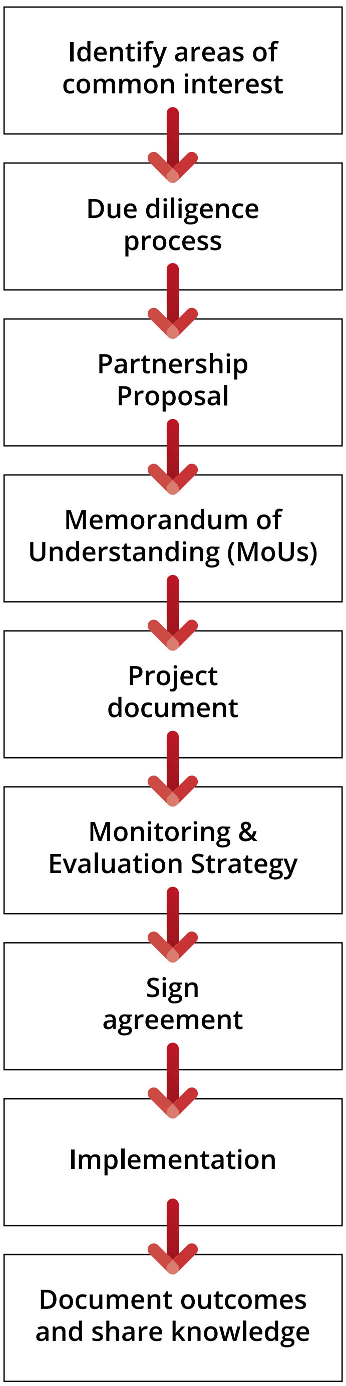
But what next? How can we continue to ensure that a multistakeholder approach which spans the UN, governments, and the private sector continues along the trajectory of us reaching the 2030 Agenda together?

In the end, development actors and the private sector need each other. The SDGs need the business community to seize the market opportunities they open up, in turn bringing the skills, innovation, technology, and investments needed. But the SDGs also present vast, untapped market opportunities for the private sector.

However, to realize these interests, governments and the UN must continue to reshape their thinking as to how public capital can act as an enabler to overcome barriers such as regulatory environments, lack of transparency and information, and lack of systematic public- and private-sector collaboration.

The UN is uniquely positioned for this. It has decades of experience working in the most challenging environments and a strong track record of supporting countries in rebuilding their national institutional capacities. In this new private-sector paradigm — and with it the values of transparency and accountability — the UN can further help governments

PROCESS OF ENGAGEMENT



Source: Sustainable Development Goals Fund: Framework and Guidance for Partnerships with the Private Sector

and the private sector de-risk opportunities and increase the chances of success.

As a project-based and self-funded organization, UNOPS understands the private sector well. We receive no core funding from donors and fund our not-for-profit revenues through the services and projects we deliver for partners. We delivered $1.4 billion in services last year that are fully committed to UN values and our Global Goals. We are not involved in policy development, but action. We implement around 1,000 projects a year in more than 80 countries. More than 60 percent of our turnover is made in some of the world's most challenging environments, such as Somalia, Mali, South Sudan, Syria, Afghanistan, Myanmar, and Haiti. Regardless of where we operate, we would not be able to intervene without the support and engagement of the private sector, whether it be as a partner, supplier, or donor.

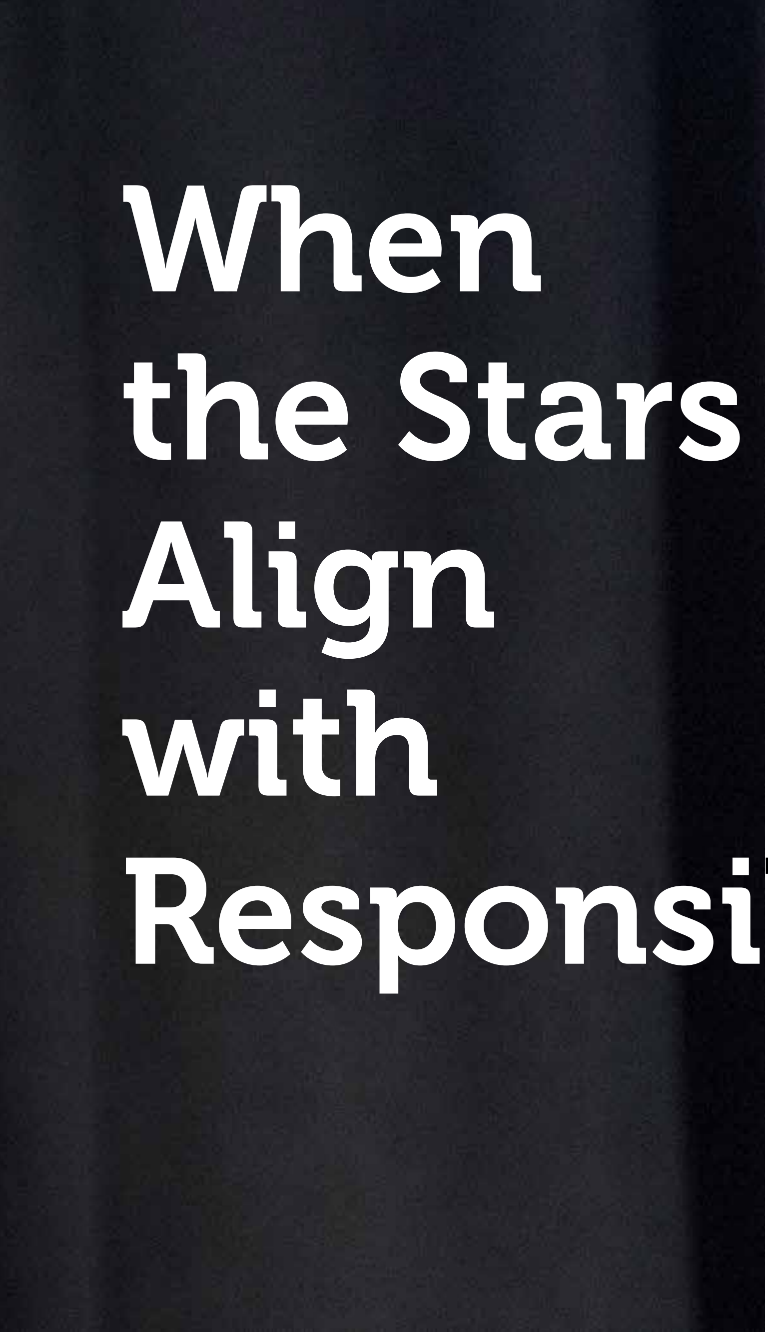
Along these lines, UNOPS is already forging strong alliances and implementing the SDGs together with governments and the private sector. For example, we work with Nordic donors to help facilitate important platforms for dialogue to align and explore synergies in public and private interests. UNOPS has developed new internal procedures to enable new and relevant actors to be brought together to co-develop new, innovative solutions to tackle the challenges we and our partners face. This brings experience and knowledge together from all sides.

A few examples of product and service co-development have demonstrated the value and impact that is created when private-sector expertise and UN operational capacities and mandates are brought together. The impact is felt in terms of efficiencies, innovations, stakeholder engagement, and most importantly and ideally, sustainability. The new approaches designed with the private sector tend to focus not so much on novelty, but on long-term viability, which includes financial considerations but also the capacity development of the communities that will be engaged.

This collective journey has, at its heart, a promise to leave no one behind. The 2030 Agenda is deliberately ambitious and transformational. The SDGs are a watershed in the global development agenda. We must all adjust to this reality — in the markets we support, the partnerships we forge, and most of all, the values and solutions we offer. These are our collective goals. We must reach them together. ■

Now four years into her role as a UN Women Goodwill Ambassador, actress Emma Watson has become a vibrant, vocal, and voracious personality leading the fight against inequality. The actress and campaigner is just one of a number of impassioned influencers who are inspired to "give back" in the form of charitable work. For the most part, these unions are very often hugely successful. After all, they offer profound change, excellent mutual brand recognition, and – even in the face of occasional media cynicism – a unity that promotes admirable philanthropy in an era when we are bombarded with promotional messages on a daily basis.

In September 2014, when Emma Watson offered up her first speech as the UN Women Goodwill Ambassador at a special event for the HeForShe campaign at UN Headquarters in New York, the world listened. Dressed in a tailored white dress coat, the young actress stood before the General Assembly and delivered her articulate, ardent, and well-balanced talk on gender inequality. Within the hour, the then 24-year-old's appearance was infiltrating news feeds across the globe, garnering huge exposure and sparking debate, conjecture, and conversation regarding the role gender has to play in modern society.



When the Stars Align with Responsibility

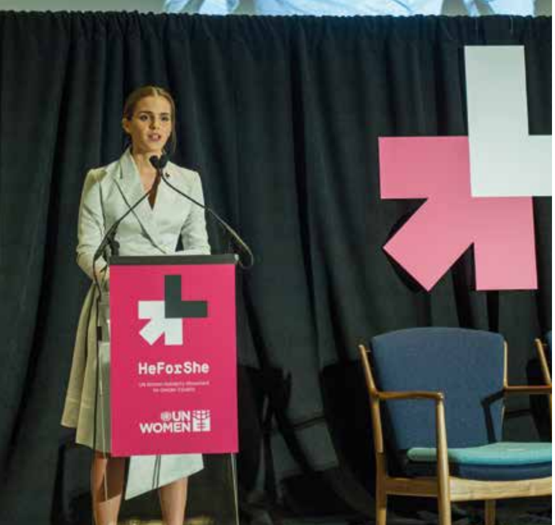
By Simone Lee

The concept of the celebrity ambassador can be traced as far back as 1954 with American actor and comedian Danny Kaye, who was granted the title of UNICEF Ambassador at Large. The adored entertainer remained as a personal endorsee for the organization for more than 30 years — until his death in 1987 — during which time he frequently traversed the globe to promote humanitarian causes and educate millions, perhaps proving that the only universal language that matters is the voice of compassion. For UNICEF, Kaye was the perfect man for the role — he was inherently driven to talk about the future of the world's children, believing them to be our most valuable resource. Few would disagree with that — even now, half a century later.

Through Kaye, the UN realized the value potential celebrities could offer, and that by harnessing their fame and influence to promote a cause, they could reach far more people than by standard means. It is why ambassadors are so commonplace today — indeed, there are few fundraising or awareness-driving organizations that do not try to enlist positive role models to borrow and piggyback influence.

Yet, when it comes to high-profile collaborations, the UN is known to attract the ambassadors of the very highest regard, with Audrey Hepburn, Serena Williams, and Richard Attenborough (all Goodwill Ambassadors), David Beckham (Goodwill Ambassador with a special focus on UNICEF's Sports for Development program), and Angelina Jolie (Special Envoy of the UN High Commissioner for Refugees) all lending their time and voices to the organization at some point.

As is often the case with celebrities, however, one must be prepared to have to counter considerable praise with occasional criticism. Over the years, there have been controversies when a charitable entity has turned to a high-profile name rather than perhaps an individual with expertise in the given field. A good example of this occurred in 2013, when US publication People magazine ran an article documenting a trip taken to "war-torn" Rwanda by Christina Aguilera in her role as Ambassador Against Hunger for the UN World Food Programme >>



(WFP). The criticism was that although the effects of the civil war and genocide still ripped through daily life, the tragedy actually occurred two decades prior. It should be noted that this response was made by rival media outlets. Regardless, perhaps a lack of precision had cast a shadow over what ought to have been a positive piece of PR for the WFP's work in the country.

Emma Watson is well aware of the backlash that can accompany these sorts of projects. “There is nothing in mainstream media today that doesn't provoke feedback,” she says. “This is really what Twitter has created, and while the very best-intentioned work can still find itself criticized, I think it's only fair that people have their say. We are also much the better for social media in terms of spreading messages rapidly and with great impact — as part of that, we have to take the rough with the smooth.”

As someone who has followed Emma around countless press junkets and campaign tours, it is not an exaggeration to state that the 28-year-old actress is not just bright and worldly-wise, she also genuinely cares about her chosen charitable field. Thrust into the global spotlight at the tender age of 10, she has often labored over the conflicting elements of gratitude and anxiety that accompany growing up in such a visible way. “That's never been easy,” she admits. “In my teenage years, particularly, there were periods where, instead of getting to know herself, I invested huge amounts of time trying to figure out the characters I was playing.”

The Paris-born Brit soon accepted the fact that show business would never fulfill her inner intellectual desires, and so she returned to education, studying at both Worcester College in Oxford and Brown University in America (adapting her studies in order to schedule in acting work), eventually graduating with a bachelor's degree in English literature. Yet, her work for the UN has provided a welcome constant. “Fame is not something I have always felt comfortable with; I have really grappled with it emotionally,” she says. “And, in a funny way, my philanthropic work is my way of making sense of the fame, of using it. I have found a way to channel it toward something else, which makes it so much more manageable for me. And this is something I really believe in.”

Watson's strongest message will always be equality. A self-confessed feminist, she has embraced the chance to travel extensively to countries, including Zambia, Malawi, and Bangladesh, to promote the importance of female education on a global scale. “Being asked to serve as UN Women's Goodwill Ambassador has been truly humbling,” she says. “The chance to make a real difference is not an opportunity that everyone is given, and women's rights are something so inextricably linked with who I am … so deeply personal and rooted in my life that I can't imagine an opportunity more exciting.”

The HeForShe campaign that so captivated the actress best-known as Hermione Granger in the Harry Potter series of films comes with the simple premise that "you can't solve whole-of-society challenges with only half of society." The initiative hoped to bring more male voices into the conversation by suggesting that, in order to break the glass ceiling, women need to be supported by men, not pitted against them.

"The whole point of this is to start the conversation," she says. "How can you ever solve problems when only one side is willing to sit down to discuss the issues? You can't, and just as women have a lot to say, so too do we need to welcome the perspective from the other side, because certainly on the subject of equality, nothing is ever black and white."

Indeed, Watson accepts that although she advocates for the use of the word "feminism," she is also sympathetic about how it could be seen as a trigger word among men. "I understand that feminism is not a gender-neutral word. Historically, it has been associated with aggression, and also it has the word 'feminine' in it, which is harder for men to accept. But there is no other word. By doing this, I am hoping it can be reimagined and redefined, but it has to come with the support of men."

In September 2017, HeForShe presented its annual IMPACT 10x10x10 report on gender parity at UN Headquarters, with 30 global leaders in attendance. These included heads of state, global CEOs, and university presidents who were all being asked to use their positions to create more opportunities and fairer conditions for all genders. The report highlighted the four key areas the HeForShe initiative has tackled since its inception: closing the gender pay gap, transforming women's economic empowerment, ending violence against women, and promoting equality in the workplace.

For Watson, the program could not have been better timed, given that — although it tackles inequality on a global scale — no industry has been under the spotlight quite like show business when it comes to its gender practices. In the wake of the Harvey Weinstein allegations and the creation of the Time's Up campaign, many of those in power have been forced to put their own behavior under the microscope. This ranges from performers recognizing when they have either been the subject of — or the instigator of — sexual misconduct; directors understanding their motives when choosing a certain script or hiring an actor; and even studios accepting the ways in which they have contributed to the culture of harassment, not to mention the entirely separate topic of the gender wage gap in Hollywood (which has come to light thanks to greater transparency regarding salaries). In short, everyone is reaching deeper into themselves.

> "Fame is not something I have always felt comfortable with; **I have really grappled with it emotionally.**

Naturally, Watson has taken a leading role in the Hollywood movement. At the Golden Globes in January 2018, she invited the executive director of the UK-based black feminist organization Imkaan, Marai Larasi, as her "plus one," revealing to the press that she had experienced the "full spectrum" of sexual harassment in Hollywood. She boldly adorned her arm with a Time's Up tattoo at the Academy Awards in February — though the absence of an apostrophe is proof perhaps that the young activist still has work to do in her own delivery, as well as trying to change that of others. "Of course that's true," she says. "We are all learning as well go along, and my role is one of fanatical interest and desire to change and improve, and that has to come from within in the first place, because none of us are perfect."

Therein lies the rub — after all, is this not what the UN Ambassador program is for? Namely, guiding celebrities toward a more proactive and productive purpose for their fame, inspiring and galvanizing youth, and proving that change really is possible. After all, despite rather unconventional foundations as a naïve child star, the actress is arguably one of the most passionate and self-driven activists the UN has ever had representing them.

Much like her most famous alter ego, we are reminded never to underestimate Emma Watson as she reminds us that revolution only really comes about when people have the freedom to be themselves. "We want to empower women to do exactly what they want, to be true to themselves, to have the opportunities to develop. Women should feel free. There is no typical feminist, there is nothing anywhere that says you have to meet a certain set of criteria. To be true to yourself and those around us is the thing we should aspire to, and if we get that right, the world will undoubtedly be a much happier place." ■

Do Public-Private Partnerships Offer Enough Value for MONEY?

Krishnan Sharma
Senior Economic Affairs Officer
United Nations Department of Economic and Social Affairs

The implementation of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals presents an immediate challenge. In particular, the financing required for new infrastructure (including clean water, healthcare, and access to energy for all) is huge — amounting to about $5 trillion per year globally. Given the limited government resources, a considerable amount of private finance will be required to fill this gap, and public–private partnerships (PPPs) are seen as a possible modality to attract these additional resources.

Nevertheless, the ultimate rationale of a PPP should be to add value for money — in other words, to improve the coverage, access, and quality of a given service to the citizen in a cost-efficient manner compared to the alternative of public procurement. The evidence, however, suggests that PPPs have often tended to be more expensive than the alternative of public procurement; in a number of instances, they have failed to deliver the envisaged gains in quality of service provision, including its efficiency, coverage, and development impacts. In other words, they have often failed to yield "value for money" in its broadest sense. This includes taking into account not just the financial costs and efficiency gains deriving from a project, but also its longer-term fiscal implications (including the risks of any contingency liabilities) as well as the broader welfare benefits for society, such as the impacts on poverty and sustainable development.

Moreover, the impacts of PPPs vary greatly across sectors. Research findings indicate that PPPs have generally been better suited for economic infrastructure, such as transport and electricity, where demand is relatively steady, the impact on service quality is easy to assess, and where better quality infrastructure can lower costs at the operational stages. However, to date, they have been less likely to deliver efficiency gains in the social sector, such as hospitals and schools, where access and equity are major concerns.

A United Nations Department of Social Affairs (UN DESA) working paper titled "PPPs and the 2030 Agenda for Sustainable Development: Fit for Purpose?," co-authored by K. S. Jomo, Anis Chowdhury, Daniel Platz, and me, has attempted to shed light on these issues. More broadly, the paper discusses the existing and future potential of PPPs in helping to achieve the 2030 Agenda, in particular in the area of infrastructure investment. The paper highlights the fact that PPPs have, in many instances, failed to deliver value for money in its broadest sense. It also points out that — despite a recent rise in the private sector's participation in infrastructure finance in developing countries, especially in electricity and telecommunications — private finance continues to provide just a small portion of aggregate infrastructure investment in the developing world.

The UN DESA study stresses that, in order for PPPs to become an instrument for financing key economic infrastructure projects, it is necessary for countries to have in place the institutional capacities to create, manage, and evaluate them. According to the authors, an enabling institutional framework for PPPs would endow countries with four interrelated capacities, which should have the benefit of ensuring that PPPs are undertaken for the "right reason": ensuring that there is an improvement in the quality and cost-efficiency of a given infrastructure service to the citizen and that they are not used as a vehicle for "off-budget" activities. These capacities, as described in the figure below, are as follows: >>

- The ability to correctly identify and select projects where PPPs would be viable. This would entail sound cost-benefit analysis and would be critical for reducing costs and enhancing welfare benefits.

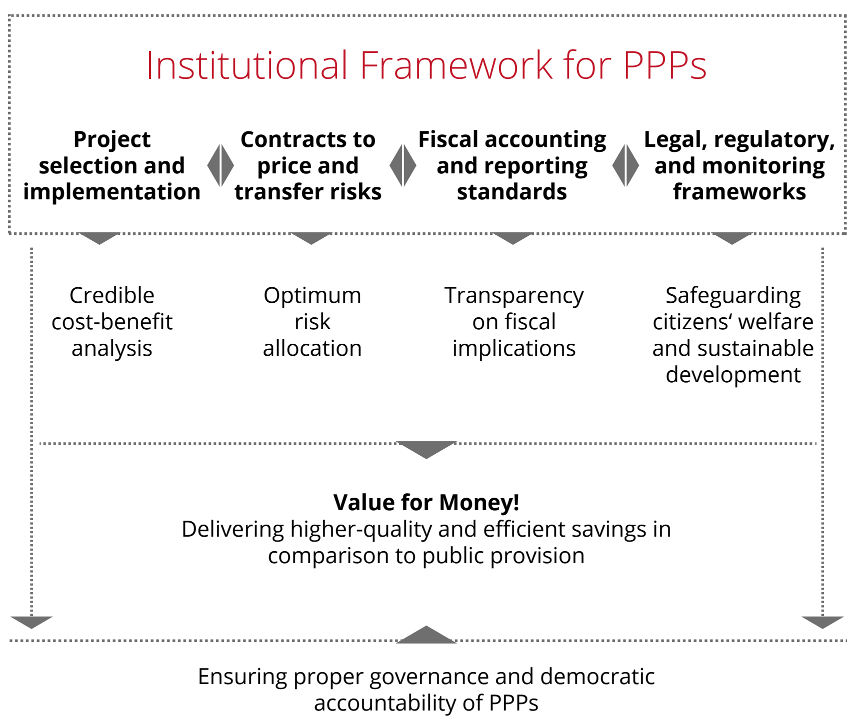
- The structuring of contracts to ensure an appropriate pricing and transfer of risks to private partners. This is a key requirement if PPPs are to deliver high-quality and cost-effective services to consumers and the government. This would depend on sufficient competition in the bidding process and also depend upon a transparent fiscal accounting and reporting standard.

- Establishment of a comprehensive and transparent fiscal accounting and reporting standard for PPPs. This would allow for the comprehensive disclosure of all risks – including contingent fiscal liabilities and medium- and long-term implications – and discourage governments from placing PPP projects off-budget.

- Ensuring legal, regulatory, and monitoring frameworks that ensure appropriate pricing and quality of service. Such frameworks would also need to ensure a competitive environment during the bidding process and take account of the broader welfare benefits of projects, including social externalities and the implications for sustainable development.

Overall, by strengthening transparency and public scrutiny, and by safeguarding the public interest, an enabling institutional framework with the four abovementioned, interrelated capacities would also serve to reinforce democratic accountability and the popular acceptance of PPPs.

For a number of developing countries, setting these institutional and governance capacities in place would require assistance from the international community in the form of technical support and capacity-building. A specific area where global action would be helpful is in discussions about an internationally accepted accounting and reporting standard that can promote transparency on the fiscal consequences of PPPs. This brings us to the issue of the need for further work in developing international guidelines for PPPs. In recent times, many important initiatives have been underway at the national and international levels. There nevertheless remains a strong need to pull together these various initiatives and reevaluate them in an inclusive manner in light of the 2030 Agenda. The commitment of world leaders during the Third International Conference on Financing for Development (which took place in Addis Ababa in July 2015) to hold "inclusive, open, and transparent discussions when developing and adopting guidelines and documentation for the use of PPPs, and to build a knowledge-base and share lessons learned through regional and global forums" is an important step forward. As the most universal international forum for international policymaking, the UN can play a key role in forging these new guidelines for PPPs, which should fully support the implementation of the 2030 Agenda for Sustainable Development. ■



Source: Author

Formula for a New Socially Oriented Business Model?

In the contemporary global context, non-state actors play increasingly large roles in different areas of life: setting national strategies, engaging with governments in multilateral settings, providing alternative sources of finance for development, utilizing expertise, providing consultative opinions, and developing potential leaders. Although governments remain the main entities in the international system, they are not the sole actors, and other forces must join in to achieve the United >>

Nations Sustainable Development Goals (SDGs). Creating viable and sustainable economies should be a societal responsibility, whereby different actors share responsibility, maximize expertise, and create dignifying outcomes. Having a sense of societal ownership is the key to sustainability, and business must be at the heart of this socially responsible system.

In particular, public–private partnerships (PPPs) can form a new socially oriented business model in which businesses play a role in – and contribute to – delivering some of the SDGs. At the level of the international community, there is increasing awareness of the significance of the private sector's involvement, especially in the area of development. This is not new, and business has proven to be instrumental in achieving development and economic growth.

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What are the blueprints for new forms of PPP?

When thinking of the growing role of business in development, two major economic events that took place this year come to mind. The first is the reconstruction conference for Iraq, which was held in Kuwait in March 2018. Although the conference looked at the means of reconstructing the Iraqi economy after years of conflict, it was not a traditional donor-based conference aiming at providing development assistance for the government. Rather, it aimed at attracting investors to play a role in the reconstruction of the economy. This recognizes the growing role of business and its indispensable role in development. The second event was the Cedars conference, held in Paris in April 2018, to support the Lebanese economy. The conference pledged funds to support investments in Lebanon and to implement the Lebanese program presented at the conference. The Lebanese High Council for Privatization and Public Private Partnership signed agreements with the private sector to implement three projects to develop a National Information Center; to expand Beirut's Rafik Hariri International Airport; and to expand one of the highways in Lebanon connecting Beirut to the city of Okaibeh. The objectives and outcomes of these conferences represent a clear recognition of the growing role of businesses and their contributions to development.

What are the advantages of PPPs?

Having said that, it is worth mentioning that PPPs are not a panacea for resolving development problems. Although a PPP model has some advantages – particularly when it comes to alleviating governments' budget burdens and risks they face – it also has limitations due to the following factors.

> Creating viable and sustainable economies should be a societal responsibility.

A) The PPP model is one of the most popular cooperation models to undertake grand development projects through concession agreements. So far, studies show that partnerships undertaken were designed mainly by providing capital while the risks in the partnerships are often neglected. PPPs should be based on partnerships that not only provide public services and develop public infrastructure, but also share both risks and rewards.

B) The role of PPPs is particularly crucial in sectors such as energy, environment, transportation, water, healthcare, and education. Not only do PPPs provide innovative solutions for public services, but they can also lead to significant cost savings, thereby reducing burdens on the governments' already constrained national budgets while sharing the risks. Nevertheless, some Goals under the SDGs, such as security and peacekeeping, should not fall under the umbrella of corporations, otherwise peacekeeping will be commercialized and threaten countries' national security by trading peace.

The limitations of the PPP model were recognized at the Finance for Development conference, held in Addis Ababa in 2015, which acknowledged the role of PPPs, particularly for developing infrastructure, and emphasized the need to create an enabling environment to enter into PPPs. Recommendations from the conference focused on the need to build capacity to be able to implement a PPP model. Both businesses and governments need to do their jobs.

Many countries are struggling with recession

Three years after the adoption of the SDGs, the international environment was looking challenging for countries to achieve the SDGs by the set deadline, according to the United Nations. Economic growth in the West is slow, and many countries are struggling with recession, nonfunctional loans, low levels of investment, high unemployment rates, and low per capita income levels. This economic slowdown is reflected in international trade, which is also witnessing a slowdown. The economic recession in the West impacts the economies of developing countries that depend on international trade, foreign direct investment, tourism, and foreign assistance.

The complex and challenging international scope puts burdens on both governments and businesses alike, requiring the adoption of a new form of cooperation, one that is based on a "system's approach" to achieving development. A system's approach development model engages governments, civil society, and businesses together in an effort to attain the SDGs through a form of cooperation that is based on ownership and inclusivity. If one entity carries all the burdens, the possibilities for alleviating poverty, confronting environmental challenges, and creating prosperous and sustainable development are limited.

A willingness to share the risks of partnerships

It is important for businesses to come up with more innovative models that create sustainability and inclusive economies to prove that they can be key partners in implementing the 2030 Agenda for Sustainable Development. They also need to show a willingness to share the risks of partnerships if they are to benefit from them. Doing business as usual will neither gain the trust of the public nor create a sustainable environment.

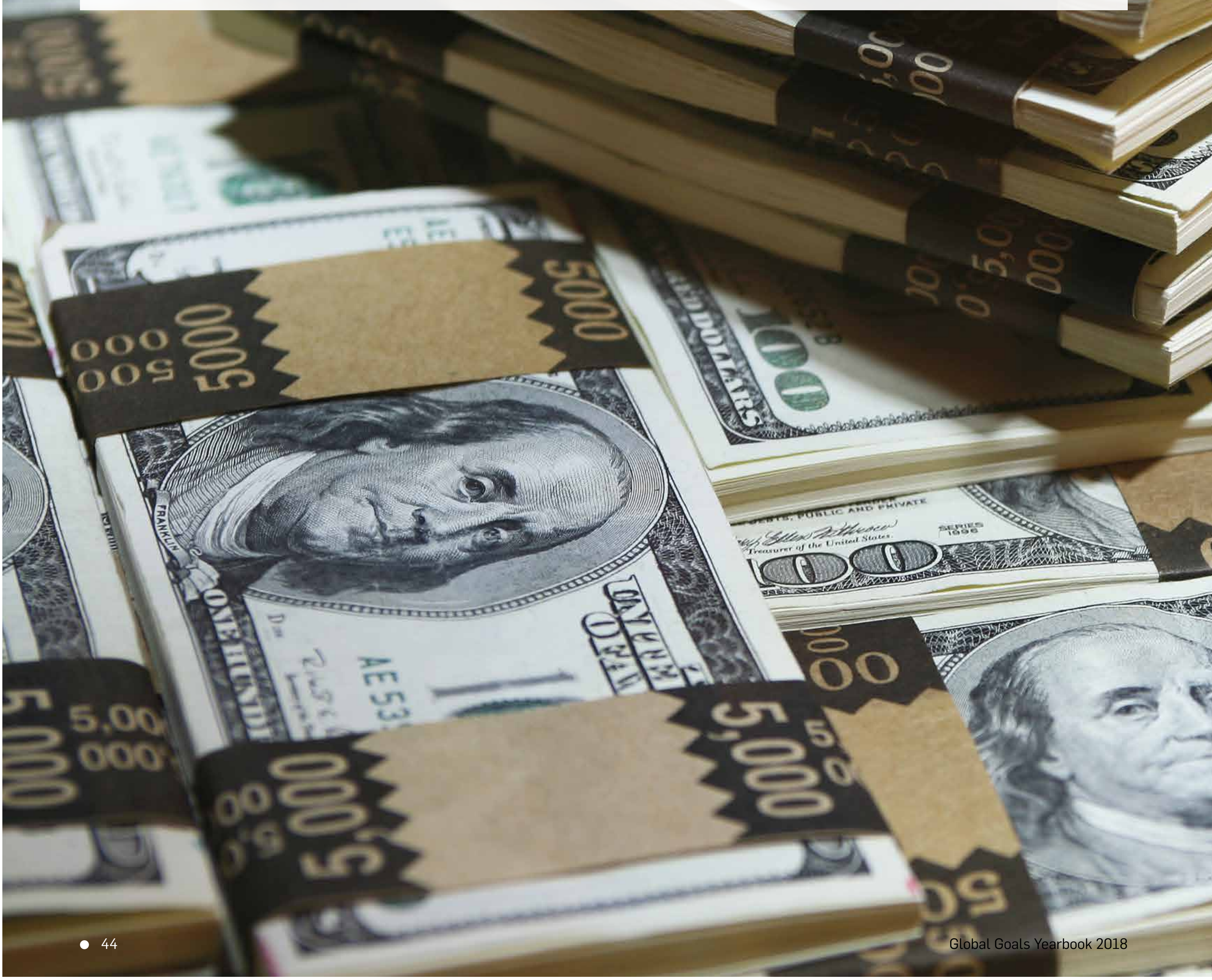
From the government's side, it is important to create an enabling environment for the private sector with clear policies and regulations to encourage it to enter into partnerships and play a key role in developing sustainable national economies. Learning from successful experiences and enacting national laws to organize partnerships with the private sector will enable countries to come up with effective and balanced partnerships that obligate the private sector to provide public services while ensuring a margin of profit, hence contributing to projects that benefit national economies.

Yet, the success of the partnerships is not limited to legislation and regulations. It is also necessary to create successful relations between parties to develop partnerships that have administrative, legal, economic, and social dimensions and are based on the principles of transparency, disclosure, accountability, and the equal rights of stakeholders. Leveraging resources, enhancing competitiveness, attracting sources of funding, and expanding public projects will enable governments to confront challenges and support efforts undertaken to achieve the SDGs. ■

REFINANCING PARTNERSHIPS

Sustainable development requires sustainable financing. UN sources estimate the need for financing the Sustainable Development Goals (SDGs) to be from $4 to 4.5 trillion annually. Current annual investments total about $1.5 trillion. So we are talking about an annual investment gap of $2.5 to $3 trillion. To close this gap, financing from private sources is needed, including from capital markets, institutional investors, and businesses.

With private-sector engagement, not only does a new player enter the arena, but also new rules are being applied: “Financing” is a fundamentally different concept than the traditional idea of “funding.” It connects the “return on investment” concept with the SDGs. The question is: How do we combine social benefits with profit?

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FINANCING
for Development and the 2030 Agenda

Achim Steiner
Administrator
United Nations Development Programme

Getting financing right will be critical in order to meet the Sustainable Development Goals (SDGs) by 2030. There is no shortage of capital in the global economy. The total stock of global financial assets has been estimated at being close to $300 trillion. However, the global financial system is not currently channeling those vast sums very effectively toward investments for sustainable development and achieving the SDGs.

For example, international institutional investors — such as sovereign wealth funds and pension funds — hold an estimated $115 trillion in assets under management. This is a significant potential source of finance for sustainable development. Yet, when we look at the portfolios — for example of the largest pension funds — less than 3 percent is invested in infrastructure, and the shares are even lower in developing countries. Reorienting even a fraction of these investments would accelerate sustainable development.

By some estimates, the official sector and asset managers currently hold as much as $10 trillion in negative-yielding assets. Governments have a key role to play in creating incentives to align larger shares of private finance with sustainable development objectives through direct financial interventions, such as subsidies and guarantees, as well as through strengthened policies and institutional, legal, and regulatory frameworks.

Domestic public finance and international development cooperation nevertheless remain central for the achievement of the SDGs. Domestic public finance, in particular, is the largest and most important source of finance for sustainable development. Enhancing the capacity of tax administrations, widening the tax base and making it more progressive, and more-effective taxation of multinational enterprises are vital for effective domestic resource mobilization. However, performance levels vary significantly across countries. Some are constrained due to narrow tax bases, dependence on a few commodities, and large informal sectors. Many face the challenges of tax avoidance by multinational enterprises, as revealed recently in the Panama and Paradise papers. These challenges are especially acute in jurisdictions where tax administration capacities are weak.

One way we are supporting countries in tackling this challenge is the joint UNDP-OECD initiative "Tax Inspectors Without Borders." Through this program, we have provided 25 developing countries with targeted tax audit assistance programs to help build local capacities to tackle complex international tax questions. These programs have mobilized an additional $328 million in tax revenues so far.

To combat tax evasion and avoidance as well as illicit financial flows that drain developing countries of vital resources, both domestic efforts and international cooperation are necessary. In recent years, efforts have been gathering momentum — particularly within the G20 — to address base erosion and profit-shifting as well as improve tax transparency through the automatic exchange of tax information. We should build on this momentum; strengthened international cooperation in this area can make a real difference in the financing for the SDGs. ■

Source: Excerpt from Mr. Steiner's keynote speech at the High-Level Conference on Financing for Development and the Means of Implementation of the 2030 Agenda for Sustainable Development, Doha, Qatar

MONTERREY CONSENSUS 2002

Synthesis: Finally, a broad understanding between developed and developing countries about the importance of financing development.

Core results: Agreement on levels of official development assistance to be contributed by donor countries (0.7 percent of gross national income) to developing countries. International trade as an engine for development: Foreign direct investment and other private flows to be used to mobilize international resources.

DOHA DECLARATION 2008

Synthesis: In the middle of the global financial crisis, the reaffirmation of the Monterrey Consensus was the best outcome possible.

Core results: Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), with a focus on the protection of patent rights and better access to essential medicines.

ADDIS ABABA ACTION AGENDA 2015

Synthesis: For the United Nations and its Member States, the Addis Ababa Action Agenda is the key means of implementation for financing and achieving the SDGs.

Core results:
People: Scaling-up efforts to end hunger and malnutrition and improving the management of national and global health risks.
Prosperity: Promoting inclusive and sustainable industrialization with decent work for all, including a global strategy for youth employment by 2020.
Planet: Protecting our ecosystems for all and recognizing the need for more cost-effective ways to manage and mitigate climate change impacts and natural disasters.
Partnership: Inviting the private sector to engage and invest as partners in the development process.
Peace and good governance: Improved transparency and effectiveness of tax systems for domestic resource mobilization.

FINANCING FOR DEVELOPMENT

Financing for Development (FfD) is a broad concept. It includes the mobilization of domestic resources (such as tax revenues), international financial resources (such as official development assistance and other international public flows), harnessing the role of the private sector in financing development, maximizing the use of innovative financing sources and mechanisms, increasing trade capacity and investment to create jobs and drive economic growth, and promoting debt sustainability.

European Commission

IMPACT INVESTMENT TO CLOSE THE SDG FUNDING GAP

A look at the current state of development funding shows a stark contrast between the price tag for eliminating poverty and protecting the planet by 2030, and the actual financial resources that are available.

Mara Niculescu
Partnership Development Analyst
United Nations Development Programme

The United Nations Conference on Trade and Development says achieving the Sustainable Development Goals (SDGs) will take between $5 to $7 trillion, with an investment gap in developing countries of about $2.5 trillion. At the same time, the most recent OECD/DAC report shows that, in 2016, the total amount of official development assistance (ODA) reached a peak of $142.6 billion, which is one order of magnitude smaller than the needs.

Who is going to cover these gaps and how? The days of "funding" (out of a moral imperative) are over; instead, "financing" is seen as the process of making good investments while contributing to positive development.

Under the new 2030 Agenda for Sustainable Development, it is the actual governments that hold a significant share of the resources needed to achieve the SDGs. The World Bank estimates that between 50 and 80 percent of what is required will come from domestic resources.

Private funding and private capital hold another great potential for growth — it is estimated that only about 10 percent of the current infrastructure investments come from the private sector. A recent report by the Business & Sustainable Development Commission estimates that achieving the SDGs could open up $12 trillion in market opportunities regarding food and agriculture, cities, energy and materials, and health and well-being alone, and that this could create 380 million new jobs by 2030.

So we know the SDGs make business sense. The question is: How do we combine social good with profit?

At the United Nations Development Programme (UNDP), we can mobilize our wide range of partners, deep understanding of country contexts, technical expertise, and impartiality to help governments design interesting funding options to achieve their priorities and broker clever partnerships, such as with the private sector.

Take social impact investment. It frames a social or economic problem as a matter of financial efficiency, putting a price tag on development challenges such as unemployment or public administration efficiency. The financial gains that would result from addressing the problem are presented as an investment opportunity for the private sector, guaranteed and repaid with a premium by the government with potential support from donors. Such approaches have been piloted in several high-income countries, and we believe they have potential in middle-income countries.

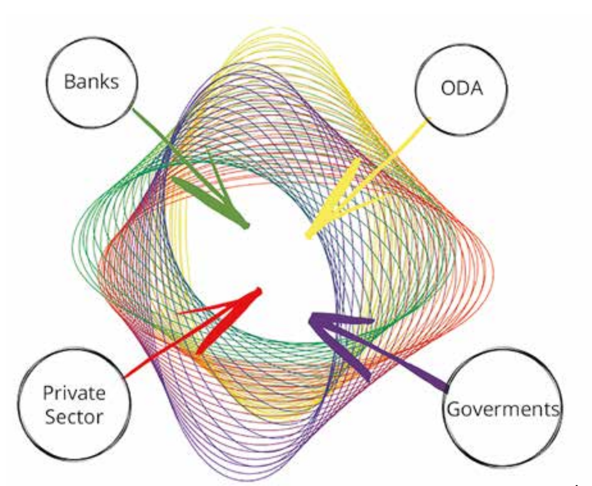
While impact investment is gaining increasingly more popularity in OECD/DAC countries, investors are more cautious about putting their money in riskier developing markets. In these settings, ODA can provide seed money to protect, encourage, or "de-risk" investments.

UNDP brings to the table the methodology to monetize both problems and potential solutions, measure impact, and ensure quality for strong programs while playing a strong convening role. We can design a package of projects that tackles social problems in a way that makes business sense to investors. For example, UNDP in Serbia is working on the country's first-ever social impact bond, addressing youth unemployment, which costs the country more than $1.6 billion per year — the estimated costs of various unemployment-related social benefits and lost income taxes, wages, and productivity.

The funding situation here in Europe and Central Asia — a region of middle-income countries with less traditional donor funding — lends itself very well to more sophisticated, alternative financing models, such as social impact bonds.

There are always risks with any new approaches. But given the unprecedented ambitions and opportunities presented by the SDGs, we strongly believe that piloting, adjusting, and reiterating these new types of partnerships is the way forward and that we at UNDP have an important role to play in brokering development partnerships. ■

CURRENT STATE OF DEVELOPMENT FUNDING



Source: Author

Sustainable Infrastructure – the Untapped SDG Investment Opportunity

Katherine Stodulka
Project Manager for the Blended Finance Taskforce
SYSTEMIQ

We are currently only meeting around half of the SDG funding requirements. This means there is a multi-trillion-dollar investment gap every year for the kind of infrastructure needed to build cities with better air quality and connectivity, ecosystems that are robust and resilient, and energy systems that can curb dangerous climate change.

This gap cannot be filled by the public and philanthropic sectors alone. Estimates suggest that roughly $1 — 1.5 trillion in SDG investment is needed from the private sector every year.

The sustainable infrastructure imperative

The good news is that investing in the SDGs is not just about "doing the right thing" — it also makes business sense. The Business & Sustainable Development Commission estimates that the SDGs represent a $12 trillion economic opportunity for the private sector over the next 10 to 15 years.

More investors are citing the infrastructure funding gap as creating an "opportunity" in emerging markets. Asset owners such as pension funds and insurers have seen infrastructure as a way to improve risk-adjusted returns — especially when interest rates are low — with the added benefits of portfolio diversification, liability-matching, uncorrelated performance, protection from inflation, and stable, long-term cash flows.

The information gap about the historical performance of privately-held infrastructure debt and equity is also slowly being addressed through initiatives such as EDHECinfra to better inform investors about the strength of this asset class, which traditionally suffers from a high perception of risk — particularly in developing countries.

Actual figures on emerging-market infrastructure performance may tell a more compelling story; for example, historically only 2.8 percent of infrastructure projects in Africa default (compared to 7.3 percent in North America).

Finally, the financial and economic benefits of sustainability are becoming more widely recognized in the infrastructure context. Reduced use of materials, pollution prevention, lower carbon emissions,

payment for environmental services, better labor and community relations, and even improving a project's prospects for financing are all factors. Projects such as Brazil's Mato Grosso do Sul State Road Transport Project are good examples; in that case, the sustainable approach to erosion control saved about $46 million.

Underweight on infrastructure

Notwithstanding these benefits, relatively few institutional investors — who manage around $100 trillion in global assets under management — have direct exposure to alternative assets. Today, infrastructure makes up less than 1 percent of institutional investor portfolios. Critically, only a fraction of this is going into developing countries or being deployed for "sustainable" infrastructure.

There is no shortage of investment capital looking for long-term, stable returns, for which sustainable infrastructure could be an attractive asset class. The growth of the green bond market — from $7 billion in 2012 to an estimated $295 billion outstanding at the start of 2018 — shows appetite among investors for this kind of product.

But infrastructure — whether equity or debt, in both developed and emerging markets — can be a difficult asset class. It is illiquid. Regulatory frameworks limit the potential for many institutional investors to play. The business models often involve substantial risks for counterparts. FX hedges in international markets are expensive and typically only available over a relatively short time frame. Infrastructure remains a sector that is prone to corruption.

Institutional weaknesses and missing markets also act as barriers to matching large-scale capital with sustainable investment opportunities. All this compounds to limit capital flows, especially cross-border capital into developing countries. For emerging markets, the high perception of country risk adds to the complexity.

But to deliver the SDGs by 2030, we need to rapidly accelerate investment into resilient economic, social, and natural infrastructure around the world. Mitigating some of the investor risks associated with sustainable infrastructure investment by "blending" public and private capital can help.

Mitigating risks, mobilizing investors

At its simplest, "blended finance" is the use of development capital to mobilize additional private finance for SDG-related investments. Blending may be one of the most important ways to "tip the scales," making assets such as sustainable infrastructure in emerging markets "investable" for mainstream capital providers.

There are already some good examples of blended finance at work. Instruments such as guarantees, insurance, currency hedging, technical assistance grants, and first-loss capital from development agencies, development banks, and forward-leaning foundations are crowding in commercial investment for developing countries. The Emerging Africa Infrastructure Fund (EAIF) is one example of a "blended" vehicle that has attracted commercial investment for sustainable infrastructure by using first-loss development capital from countries, including the United Kingdom, Sweden, Germany, and the Netherlands. EAIF investments range from a water supply project in Rwanda to solar in Uganda. Global insurer Allianz recently committed €120 million to the EAIF as part of a $385 million fundraising round. As the first institutional investor, the 12-year loan arguably signals a shift in appetite for emerging-market risk.

The Danish DKK 4.1 billion SDG Fund is another good example. It has attracted six pension funds to invest in emerging markets. Torben Pedersen, CEO of PensionDanmark, one of the investors in the fund, said that it "is a good example how to mobilize private capital on a large scale to fund the investments needed to fulfill the [SDGs]. This initiative is underlining that the best development aid is sustainable business."

The SDG Fund is the third "blended finance" vehicle in which PensionDanmark has partnered with Danish development agency IFU. Pedersen said that he is "expecting good returns from these investments and at the same time proud of contributing to the solution of the greatest societal issues ..."

Blended vehicles, which can use development capital to mobilize mainstream private investment for sustainable infrastructure in emerging markets, need to be scaled and replicated as a matter of urgency.

Why isn't capital flowing?

Despite growing momentum, these examples are still "one-offs"; there are barriers that prevent the blended finance market from scaling. These barriers affect different actors in the market but combine to limit flows of private investment for SDG-related assets, especially in developing countries.

Investors are hampered by regulatory restrictions and face a range of >>

asset-specific risks related to their infrastructure asset exposure. They also lack reliable data on the performance of such assets in emerging markets to guide their investment decisions.

Development banks do not have strong enough incentives or business models to focus on maximizing private capital mobilization for the projects they support. Despite being the main "blenders" of public and private capital, the multilateral development banks (MDBs) currently mobilize less than $1 of private capital for every development dollar they invest across their portfolios.

Developed countries also need to crowd in more private capital for every dollar spent on development and also consider the mix of instruments they use to ensure that aid money works harder to bring private investment into high-impact sectors.

Lastly, *developing-country governments* often lack the policy and institutional mechanisms to attract long-term capital and develop bankable project pipelines. Countries need to build or strengthen blended finance institutions that can link policies to sectoral strategies, investment plans, and sustainability standards.

Policy matters

Above all, having the right policies and enabling environment will provide the biggest multiplier in terms of attracting private capital to sustainable infrastructure assets in emerging markets. Countries need strong political leadership, the right legal framework, and transparent policies to make it easier for the private sector to do business. This takes time, and the challenge is urgent.

So, although no amount of blended finance can make up for a poor enabling environment, using development capital in a more targeted way to mitigate certain investor risks and crowd-in commercial capital can play an outsized role in narrowing the SDG funding gap.

THE BLENDED FINANCE TASKFORCE

is a cross-stakeholder initiative set up to help mobilize large-scale private capital for the SDGs – is working to help coordinate the leadership needed across the investment ecosystem to unlock this capital. The Taskforce has developed a Programme of Action containing the following eight initiatives to support investment in cleaner and more resilient energy, transport, land, water, waste, and urban systems:

1. **Mobilization:** Provide a clear, ambitious proposition on MDB mobilization targets in line with the requirements of the Paris Agreement and the SDGs.

2. **Investor Club:** Form a high-ambition club of institutional investors and asset managers who are willing to commit to sustainable infrastructure targets (e.g., 2 percent by 2020 and 5 percent by 2025).

3. **Regulatory disincentives:** Support the launch of a standardized development guarantee and accelerate amendments to financial regulations (e.g., Solvency II and Basel III) that currently disincentivize investment in emerging markets and infrastructure.

4. **Infrastructure data:** Drive greater access to data on infrastructure performance (including historical development bank data) as a public good to help build infrastructure as an asset class.

5. **Blended finance vehicles/instruments:** Double capacity for long-term FX hedging instruments to support the deepening of local capital markets; profile existing blended finance vehicles to support scale-up.

6. **Private intermediaries and incubators for pipeline:** Work with investment platforms, incubators, and foundations to seed new blended finance intermediaries (e.g., 20 by 2020) to drive project pipeline and ensure innovation as well as scale, especially in frontier markets.

7. **Investment for priority sectors:** Dramatically scale private investment for resilient cities and sustainable land use (+ ocean plastic, energy access) by developing blended finance strategies for high-impact sectors.

8. **Blended finance capacity in developing countries:** Create a network of blended finance funds and initiatives to share knowledge and build capacity to drive sustainable growth and deliver on the Paris Agreement and the SDGs.

Setting mobilization targets

This will require development banks to set ambitious mobilization targets for external private financing alongside their own activities.

As the main blenders, development banks are indispensable actors in the mobilization agenda. They are central to making the system work: driving policy and institutional reforms on the ground; strengthening the supply and design of investible projects; and shifting investor risk-perceptions by deploying specific products and through their on-ground expertise.

Nevertheless, at best, current estimates suggest that, overall, MDB financing in 2016 achieved a mobilization ratio of 0.8:1 (i.e., only 80 cents of private capital was mobilized for every $1 of MDB financing).

This ratio needs to increase significantly. It would need to more than double over the next decade to get anywhere close to the trillion+ dollar target to meet the private-sector SDG funding gap.

Increasing mobilization ratios

Achieving higher mobilization ratios will require the MDBs to sharply increase the share of private-sector activities, which currently account for only around 30 percent of MDB activities. They will also need to ramp-up the mobilization ratios of the MDB private-sector arms, from just below 2:1 to closer to 4:1 (or more).

Investing a higher share in clean energy and climate-resilient infrastructure can also help, with higher mobilization ratios being seen in MDB climate finance portfolios.

Setting ambitious mobilization targets will also require development banks to improve their interface with private investors (e.g., by streamlining processes, standardizing products, and pooling/recycling assets), provided that they are accompanied by reinforcing shifts in incentives and capabilities.

Of course, targets should not be adopted at the expense of the broader development agenda; they should be set within the framework of safeguards and principles around additionality and market distortion.

"Investor Club" to grow investment in sustainable infrastructure

As important as the development banks are, tackling just one part of the financial system or one set of actors will not do the job. It will not turn the billions of development capital into trillions of commercial investment flows. What we need is a comprehensive, coordinated plan of attack — one which profoundly integrates the voices of the investors alongside those from the development community.

Perhaps the most important initiative in the Blended Finance Taskforce Action Programme is forming a community of investors willing to increase their investment in sustainable infrastructure.

Investors have made major progress in recent years. A growing number of investors now incorporate environmental, social, and governance (ESG) factors as part of their mainstream decision-making. Studies have found that integrating ESG improves the valuation and performance of companies, both through their systematic risk profile (lower cost of capital and higher valuations) and their idiosyncratic risk profile (higher profitability and lower exposure to tail risk).

They are also starting to disclose climate risks in financial reporting — largely driven by recommendations of the Task Force on Climate-related Disclosures, or TCFD — and there have been famous divestments from "environmental sin stocks" such as coal and other fossil fuels.

However, while investors are getting better at factoring in these kinds of risks, most of them have yet to proactively seize the opportunity inherent within sustainable infrastructure as an asset class.

The Taskforce is therefore working with some of the world's leading investors to join its "Investor Club" and make one of the following commitments:

1. **Tier 1** — Increase infrastructure investment: Investors commit to increasing portfolio allocations to sustainable infrastructure.

2. **Tier 2** — Increase infrastructure investment in emerging markets: Investors commit to increasing portfolio allocations to sustainable infrastructure in emerging markets.

3. **Tier 3** — Target-setting: Investors commit to increasing their portfolio allocation to sustainable infrastructure [in emerging markets] [by x%] or [to x%].

Risk-mitigation through blended finance is central to making these kinds of commitments possible. Exponential growth in the green bond market will also be critical.

Ultimately, investors will allocate capital if it makes business sense and they can see a commercial reason to go into a new market or asset class. We need to use development capital to align these interests urgently. There is a huge opportunity for investors in sustainable infrastructure, and an even bigger opportunity to deliver the SDGs and the Paris Agreement as a result. ■

HOW CAN BLOCKCHAIN TECHNOLOGY HELP US TO FINANCE SDGs?

Prof. Dr. Dr. Stefan Brunnhuber
Professor for Sustainability and Psychology
Member of the Club of Rome

We are the first generation in human history with the potential to end poverty. We are also the last generation able to prevent an irreversible ecological disaster in terms of biodiversity, global warming, and resource depletion, a disaster that will go on for decades — possibly even centuries. We know all of this, so why is nothing happening? Some say it is because taking action is expensive, while others say it is due to a lack of innovative technology or simply because of bad governance.

Many of the problems we face have to do with the design of our financial system. In 2015, world leaders met in New York to sign up to a roadmap for the future with 17 Sustainable Development Goals (SDGs) to improve the situation of humanity, the planet, wealth, peace, and partnerships. Most of these SDGs focus on common goods such as clean air, access to universal healthcare, education (including pre-school education), and maintaining biodiversity. These goods are not exclusive. They should be accessible to and enjoyed by everyone. There is enough scientific evidence, technological know-how, and political consensus for each of these Goals to be met. All these Goals are also valid for the entire planet. However, they are expensive to achieve: In fact, financing them will require approximately $5 trillion every year over the next 20 years. How are we currently managing and funding such common goods?

1. The conventional way of doing it: Redistributing money

The conventional way of financing such projects is by redistributing money. This process starts at the central bank, which essentially creates money out of nothing. Next, commercial banks and the capital market loan this money to states, corporations, and private households in the form of credit. The process ends with the production of goods and services. The entire sum — reflecting all goods and services measured as global gross domestic product (GDP) — is about $80 trillion per year.

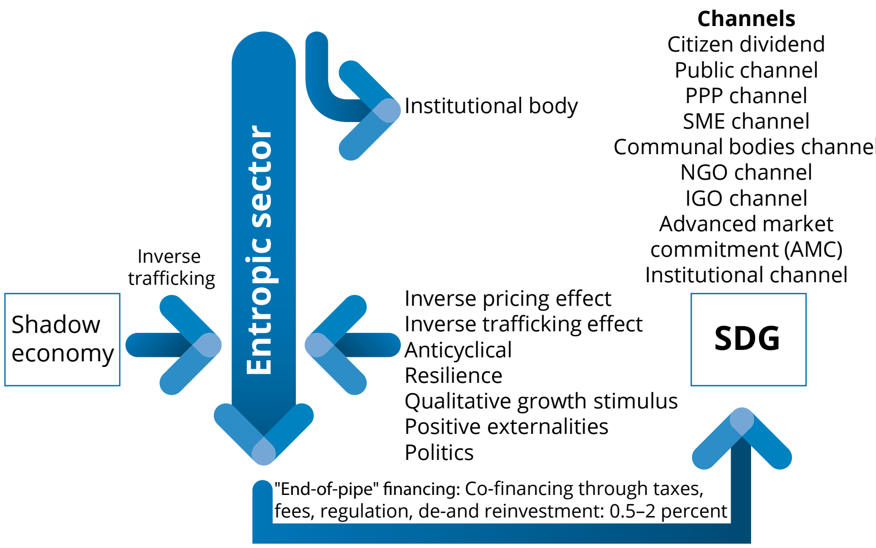
However, the global value chain is affected by the shadow economy. The shadow economy comprises unregulated dark pool, high-frequency trading and shadow banking, which reflects at least one-third of world GDP. It also includes money laundering, trafficking, drugs, illegal financial transactions, as well as economic activities in the informal sector. These parts of the world economy are highly deregulated; at the same time, they are interconnected with — and relevant for — the stability of the conventional economic sector in general, pulling the world economy in the wrong direction.

On top of this, the global value chain contains the so-called entropic sector, which basically reflects the costs of disaster management as well as the social and ecological externalities and spillovers that nobody really wants, but which everybody is affected by and has to pay for. These include, for example, additional healthcare costs due to air pollution, the social costs of exclusion, unemployment, and poverty, as well as additional expenditures for security measures on both a private and public level. The overall rationale for financing all this is a so-called end-of-pipe strategy: Whether tax revenues or fees, austerity programs, privatization, additional public or private debt, or additional overall economic growth — all of these strategies serve to create additional liquidity in order to finance social and ecological projects on the local and global levels. Have these redistribution mechanisms worked in the past?

Historically, the world community signed up to spend 0.7 percent of world GDP — roughly $500 billion a year — on the SDGs. Other than the Scandinavian countries, the vast majority of nations have never attained this 0.7 percent. But even if the whole world managed to raise 0.7 percent, this would not be enough to realistically finance our future. We need to get our figures right: Approximately 8 to 10 times more funding is required to meet these challenges. This amounts to an annual $5 trillion of our annual $80 trillion of GDP. Withdrawing this amount from the economy — even in a gradual manner — would lead to a global recession. So where do we get the money we need to finance the SDGs? It is illusory to assume that a redistribution process will generate enough money — and quickly enough — to finance the Sustainable Development Goals. Could it be that we have the wrong solution? What is actually required is additional liquidity >>

Figure 1

A GREEN PARALLEL OPTIONAL CURRENCY SYSTEM



at a high scale, at full speed, and soundly targeted toward SDGs in a smart way that differs from what has been done in the past. The current operating system, however, is unstable, unpredictable, and expensive.

2. The system is unstable, unpredictable, and expensive

Empirical data and historical analysis have shown that the 2008 financial crisis was not the only one to occur in recent times: It was simply the first one to affect primarily OECD countries. If we take into account the number of debt crises (186), state banking crises (96), and currency crises (180) that have occurred since 1975 and consider the consecutive output losses; direct and indirect costs; the additional debt burden and fiscal costs; the pre-post gap for the pension system; and the default for ecological projects these crises have led to, we can see that the current monetary monopoly is neither efficient nor robust enough to provide a safe and sound framework for investing in our future. Not only has this monopoly led to more than 10 critical events a year over several decades, it has also cost 15—25 percent of GDP over two to three post-crisis years, a sum borne mainly by the taxpayers and future generations. When searching for a solution, there is one fundamental point we need to remember: Money is not a natural law — it is a convention. Much like a club rule, a marriage contract, or a legal contract, it can be modified and adapted to evolving global needs. So can we do things differently?

3. A complementary parallel optional currency system

What if we generated the funds we need globally in a completely different way? Central banks could create an additional $5 trillion using an electronic format such as blockchain technology. What if these dedicated funds were earmarked exclusively for financing SDG-related projects? What if these funds flowed through different channels than the ones we are used to? We would then have a supplementary currency running in parallel to the existing conventional system that could generate the $5 trillion we will need so desperately over the next 20 years. What does science say to all this? Is there any empirical evidence that this could work? Research has shown over a dozen positive effects. For example, we could use new technology, such as blockchain protocols, to create additional and targeted financial liquidity for millions of African citizens through their mobile phone networks. In India, we could use the existing microcredit banking system for Indian citizens. Any dollar spent and invested through these green parallel channels would immediately reduce — perhaps even eliminate — poverty globally within less than a year.

The electronic format would prevent corruption and fraud, as each transaction is transparent and public. Once the currency becomes legal tender for the payment of taxes, communal offices will have additional liquidity to rebuild public infrastructure, and the millions of NGOs worldwide will receive proper funding and be able to do their jobs. Such a mechanism would enhance education and access to universal healthcare that would otherwise never occur; it would reduce resource depletion and clean up the air, avoiding the negative impacts on our common health. We would eventually tap into the untapped potential of the millions of unemployed humans, unleashing the creativity of billions of people. What would the effects on the conventional economy be? These $5 trillion would not hurt nor harm the conventional economy. Precisely the opposite is true. Corporate and state planning, production, and price levels would become more robust and reliable with a longer-term vision.

A complementary currency would stabilize our cyclical economy of booms and busts. It is this pre-distributive — rather than the redistributive — mechanism (end-of-pipe financing) that has the potential to shift our entire society in the right direction (Figure 1).

Firstly, a parallel optional currency system would create new green jobs and allow people from the shadow economy to shift over into the green domain (inverse trafficking). Secondly, it would reduce negative externalities and downsize costs within the entropic sector and reduce damage costs (inverse pricing). Thirdly, it would reduce the pro-cyclical tendencies of the monetary monoculture in money creation, the inter-banking sector, credit lines, and real investments (anti-cyclical). Furthermore, it would stimulate qualitative growth pathways, incorporating new renewable technologies and generating positive externalities by using different channels.

4. A parallel currency system is Pareto superior

Why does such a parallel optional currency system have the potential to increase wealth, resilience, and efficiency at the same time, making the overall economic operating system Pareto superior? The real tragedy of the commons we are dealing with here is not that the commons are not exclusive, but that they are operating within a monetary system that prevents them from unleashing their full potential for the good of humankind. Empirical research shows consistently that the return on investment (ROI) on (global) common goods for society as a whole is a stunning 10 to 100 times higher than the yields achieved through private business models or state bonds. The following table illustrates the yields for private business models and state bonds over a century:

This parallel optional currency mechanism, including blockchain technology and an Ethereum protocol, would provide targeted, programmable, identifiable, and recordable financial transactions and earmarked, dedicated funds, thereby avoiding fraud and corruption. The ID blockchain would ensure that the additional liquidity is spent only on SDGs from the outset. This would create a new parallel marketplace for the 75 percent of the world's population who have not been benefiting from the existing operating model. The new mechanism would eventually become intertwined with the traditional sector. From central banks to governments, local state authorities, IGOs, and NGOs, this mechanism enables the creation of a "complementary, optional, parallel easing" to empower humankind and overcome the shortfalls in financing our future. The following equation demonstrates this as a formula:

$$WE = \frac{LxROIxM}{y} \quad (df)$$

Key: WE: wealth effect generated by a parallel currency; L: additional liquidity created by the central bank; ROI: return on investment per project realized; M: Keynes's demand multiplier; y: annual adjustment df: % of defaults of failed projects

It should be noted that the wealth effects created by the mechanism above are potentially several times larger than the traditional Keynesian multiplier due to the different technology (blockchain), different channels, reduced negative externalities, reduced spillovers in the entropic sector, and the reduced negative impacts of the shadow economy. Accordingly, this mechanism would provide a more stable and resilient framework for the global economy as a whole. I think it is no overstatement to say that a complementary optional currency system would be Pareto superior to a monetary monopoly.

5. Changing mindsets

Instead of thinking in a linear, serial, and sequential manner — which we do when we generate end-of-pipe strategies to distribute money in order to finance our future — we need to start thinking in parallel. Just as a bike needs two wheels, we need a currency system with two branches: a conventional and a complementary one, both designed for different purposes but intertwined. If there is one single variable with a great potential to change the world, it is a parallel monetary system. A parallel monetary system would be a game changer. Moreover, designing a parallel currency system would make our world more efficient and resilient at the same time, and it would definitely make the world a better place. ■

Figure 2

	S&P 500	3-M T-bill	10-Y T-bill
1928–2015	11 %	3 %	5 %
1966–2015	11 %	5 %	7 %
2006–2015	9 %	1 %	5 %

Source: Standard and Poor's 500 index; 3-month treasury bill; 10-year treasury bill

BLOCKCHAIN SOLUTION FOR REFUGEE CAMPS

The World Food Programme (WFP) is taking first steps to harness blockchain technology to enhance its ability to provide effective, efficient assistance to the people – and save millions of dollars.

As part of its Building Blocks pilot, WFP is trialing blockchain as a means of making cash transfers more efficient, transparent, and secure. Cash transfers – through vouchers or prepaid debit cards – allow people to purchase their own food locally and are an effective way to empower them to make their own purchasing decisions to relieve hunger. Cash transfers are an increasingly important means of providing assistance, with the number of people receiving WFP cash transfers growing steadily in recent years, from 3 million people in 2010 to 9.3 million in 2015.

In January 2017, WFP initiated a "proof of concept" to confirm basic assumptions around the capabilities of blockchain in authenticating and registering transactions in Sindh province, Pakistan. Taking lessons learned, WFP built and implemented a more robust blockchain system in refugee camps in Jordan.

As of January 2018, more than 100,000 people residing in camps redeem their WFP-provided assistance through the blockchain-based system. Thanks to the technology, WFP has a full in-house record of every transaction that occurs at that retailer, ensuring greater security and privacy for the Syrian refugees. It also allows for improved reconciliation and a significant reduction of third-party costs.

The next stage of the project will see an expansion to all 500,000 Syrian refugees in Jordan receiving support from WFP. For refugees living in camps, Building Blocks has integrated with the existing biometric authentication technology IrisGuard, which allows refugees to identify themselves with the blink of an eye. Importantly, nothing changes in the experience for the refugees themselves or the supermarket – the only change is how the data is processed on the back end. WFP built the Building Blocks system with the support of private-sector companies with technical expertise.

Recently, WFP also started to use blockchain technology for a startup to track school lunches in Tunisia. The initial rollout will feed 1,500 primary school kids, but the ambitious goal is to have a financing model for all 400,000 Tunisian school children currently receiving food assistance.

"This project is allowing us to explore how supporting innovation, through the introduction of solutions based on blockchain technology, can contribute to strengthening the effectiveness and efficiency of the Tunisian national school meals program," says Head of Country Office for the Republic of Tunisia as well as UN World Food Program representative, Maria Lukyanova, who spoke to the web platform The Sociable.

WFP is also interested in applying blockchain technology to additional areas, such as supply chain operations and digital identity management. Since a neutral blockchain collaboration platform could be beneficial for the entire humanitarian community, WFP invites interested organizations to reach out and explore opportunities for collaboration. ■


Eye Pay

Behold the White Knights!

Abha Joshi-Ghani
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The World Bank Group

Some regard institutional investors — with their deep pockets — as the white knights who will fill the huge investment gaps in infrastructure development in emerging markets and developing economies (EMDEs). The IMF estimates that some $100 trillion are held by pension funds, sovereign wealth funds, mutual funds, and other institutional investors. Unquestionably, the long-term nature of their liabilities matches the long-term financing requirements of infrastructure projects. So it is no surprise that institutional investors are seen as the white knights of infrastructure finance.

While the potential is enormous, the reality is different

A new report, Contribution of Institutional Investors to Private Investment in Infrastructure, finds that the current level of institutional investor activity in new infrastructure deals is abysmally low and constitutes a mere 0.7 percent of total private participation in infrastructure investment in EMDEs.

From 2011 to the first half of 2017, 41 projects benefited from institutional investor contributions: equity investments in 35 projects and debt in 8 projects, with 2 projects receiving both equity and debt. There were 25 different institutional investors involved, of which 15 contributed equity and the remaining 9 contributed debt. One investor contributed both debt and equity in two separate projects. Sub-Saharan Africa and Latin America and the Caribbean saw the highest number of institutional investor transactions — 21 and 12, respectively — while the other regions recorded fewer than 5 transactions each.

Why this huge mismatch?

The hard truth is that very few institutional investors have the appetite to invest in infrastructure assets in EMDEs. A mere 2 percent of fund managers can identify attractive opportunities for investing in EMDE infrastructure.

Several reasons exist for this mismatch:

- There is a lack of a significant pipeline of well-prepared and well-structured infrastructure projects. Because the number of bankable projects in EMDEs is low, it does not make up a significant enough asset class to attract institutional investors.
- There are differing mandates and lower risk-appetites among institutional investors. Simply put, they prefer mature markets with established track records.
- The yields on many EMDE infrastructure investments are relatively low compared to the risks and do not offer compensation to institutional investors that is commensurate with the high levels of risk involved.
- Infrastructure projects have long construction periods. They typically do not yield returns during the construction phase and have relatively restrictive / unclear investment exit strategies.
- Institutional investors often have limited resources to set up the specialized infrastructure teams that are essential to assess and track investments in EMDEs.

What does work for institutional investors?

Even in this limited role, institutional investors clearly show preferences. The report finds that institutional investors prefer energy projects over transport projects, due to shorter gestation periods coupled with the lower number of risks associated with construction. Within the transport sector, there is a strong preference for brownfield projects, which typically have an established performance track record and no construction or operational delay risks. In the energy sector, where institutional investors have been most active, there is a clear preference for contracted revenues over non-contracted revenues. This clearly indicates that revenue visibility and certainty are some of the key considerations for institutional investors.

Although the bulk of the institutional investor projects were in investment-grade countries, investors do not seem to have inhibitions about investing in speculative-grade countries if there is adequate multilateral, bilateral, or government support. With almost two-thirds of all institutional projects relying on development finance initiatives and government support, it is clear that institutional investors also count on reliable policy regimes to protect their revenue streams.

How can institutional infrastructure investment in EMDEs achieve its true potential?

To stimulate the flow of financing from institutional investors into the infrastructure sector, interventions over the entire spectrum of “policy to projects” are needed.

At the project level, improving preparations by carrying out robust feasibility studies and structuring projects with appropriate risk-allocation can help, as can credit enhancements in the form of guarantees from multilateral and other financial institutions. The World Bank Group has a host of guarantee products (including through the Multilateral Investment Guarantee Agency), as do other multilateral development banks, such as the Asian Development Bank, the Inter-American Development Bank, and the African Development Bank (among others). Facilities such as the Global Infrastructure Facility help build robust project pipelines and bring in critical partnerships.

On the policy side, governments and multilaterals can help provide the institutional environment to encourage the securitization of infrastructure assets, allowing for the risk-pooling and subsequent sale of future cashflows arising from a group of similar infrastructure assets. We also need to understand the regulatory constraints and fiduciary responsibilities of institutional investors to build the right climate for their participation. Developing fixed-income infrastructure indices could also address some of the constraints.

If one were to be optimistic about a number of these issues being addressed, participation by institutional investors in infrastructure will no longer be the holy grail in the coming years, but rather an ordinary cup filled to the brim. But for this to happen — and to unlock the trillions of dollars held by institutional investors to finance critically needed infrastructure in emerging markets — governments will need to put in place reliable regulatory environments, build strong institutions, invest in capacity, and commit to robust governance. ■

To read the full report, please visit: https://bit.ly/2ui0LdG

REALIGNING PARTNERSHIPS

We have fewer than 12 years to meet the 17 Global Goals and their associated targets. The remaining To Do list is immense, and the deadline to meet key performance indicators relating to climate change, ocean protection, and biodiversity, among other critical issues, is even tighter. If we do not meet these challenges, we are heading toward an irreversible tipping point.

When businesses engage in partnerships for the Goals, this is more than just signing checks. It means inserting the “do good” imperative of the SDGs into corporate culture, business cases, innovation cycles, investor relationships, and, of course, the daily management processes and (extra-)financial reporting.

Better Business = Better World?

Report by the Business & Sustainable Development Commission

Over the past 30 years, the world has seen huge social improvements and technological progress. We have experienced unprecedented economic growth and lifted hundreds of millions of people out of poverty. We are benefiting from a life-changing digital revolution that could help solve our most pressing social and environmental challenges. Yet, despite these successes, our current model of development is deeply flawed.

Signs of its failure and imperfections in today's markets are everywhere. Natural disasters triggered by climate change have doubled in frequency since the 1980s. Violence and armed conflicts cost the world the equivalent of 9 percent of GDP in 2014, while lost biodiversity and ecosystem damage cost an estimated 3 percent. We continue to invest in high-carbon infrastructure at a rate that could commit us to irreversible, immensely damaging climate change. Social inequality and youth unemployment is worsening in countries across the world, while, on average, women are still paid 25 percent less than men for comparable work.

Median real wages have been stagnant in developed economies since the 1980s. There is deep anxiety about the impact of automation on both service and manufacturing jobs and opposition to more globalization. Real interest rates are historically low — even negative — in several major economies, while total debt remains uncomfortably high. Economic views lurch unpredictably between techno-optimism and political pessimism.

The resulting uncertainty makes it hard for business leaders to see the way ahead. Rather than commit to longer-term investments, many companies are treading water — sitting on cash, buying back shares, paying high dividends. The latest global report on trust in business from Edelman shows a double-digit decline in the credibility of CEOs in 80 percent of countries surveyed.

What else can business leaders do in these circumstances?

This report offers a positive alternative: setting business strategy and transforming markets in line with the UN Sustainable Development Goals. For the past year, the Business and Sustainable Development Commission has been researching the impact on business of achieving these 17 objectives, known as the Global Goals, which UN Member States agreed to in September 2015. Member States will aim their policies toward achieving the Global Goals over the next 15 years.

Achieving the Global Goals would create a world that is comprehensively sustainable: socially fair; environmentally secure; economically prosperous; inclusive; and more predictable. They provide a viable model for long-term growth, as long as businesses move toward them together. The Goals are designed to interact, so progress on them all will have much more impact than achieving only some. Of course, the results will not be heaven on earth; there will be many practical challenges. But the world would undoubtedly be on a better, more resilient path. We could be building an economy of abundance.

These are results that business leaders will surely support. However, they are less likely to feel responsible for delivering them: One survey shows that half the business community thinks this is government territory. Our research tells a very different story. First, it shows that business really needs the Global Goals: They offer a compelling growth strategy for individual businesses, for business generally, and for the world economy. Second, the Global Goals really need business: Unless private companies seize the market opportunities that open up and advance progress on the whole Global Goals package, the abundance they offer will not materialize.

Those of us on the Commission who lead companies are choosing to incorporate the Global Goals for Sustainable Development into our core growth strategies, value chain operations, and policy positions. This report argues that other business leaders should do the same, and soon — whatever the scale of their operations.

Achieving the Global Goals opens up $12 trillion of market opportunities in the four economic systems examined by the Commission. These are food and agriculture, cities, energy and materials, and health and well-being. They represent around 60 percent of the real economy and are critical to delivering the Global Goals. To capture these opportunities in full, businesses need to pursue social and environmental sustainability as avidly as they pursue market share and shareholder value. If a critical mass of companies joins us in doing this now, together we will become an unstoppable force. If they do not, the costs and uncertainty of unsustainable development could swell until there is no viable world in which to do business.

>>

This is new territory. Moving business to a sustainable growth model will be disruptive, with big risks as well as opportunities at stake. It will involve experimenting with new "circular" and more agile business models and digital platforms that can grow exponentially to shape new social and environmental value chains. Knowing how to move first and fast is critical; so is reducing exposure to the risk of assets being stranded by the shift to low-carbon, more automated economies. The report is a call to action for current and future business leaders. It explains why they should go for growth in line with the Global Goals and how to lead that change, in their own businesses and beyond.

The business case

The business case for sustainable development is strong already: It opens up new opportunities and big efficiency gains; it drives innovation; and it enhances reputations. With a reputation for sustainability, companies attract and retain employees, consumers, B2B customers and investors, and they secure their license to operate. That is why sustainable companies around the globe are thriving and delivering attractive returns to shareholders. That is why more than 9,000 companies around the world have already signed up to the Ten Principles of the UN Global Compact, a guide to sustainable business behavior.

The business case for sustainable development as a core strategy gets much stronger as the world achieves the Global Goals. Our research shows that achieving the Global Goals in just four economic systems could open 60 market "hot spots" worth an estimated $12 trillion by 2030 in business savings and revenue. The total economic prize from implementing the Global Goals could be two to three times bigger, assuming that the benefits are captured across the whole economy and accompanied by much higher labor and resource productivity. That is a fair assumption. Consider that achieving the single goal of gender equity could contribute up to $28 trillion to global GDP by 2025, according to one estimate. The overall prize is enormous.

Leading for sustainable development

The Commission has identified the following six actions you can take as a business leader to capture your share of this prize. All of them need real leadership from the top, to inspire purpose and commitment among everyone in your business, and to transform the markets in which you all operate together.

1.

Build support for the Global Goals as the right growth strategy in your companies and across the business community. The more business leaders who understand the business case for the Global Goals, the faster progress will be toward better business in a better world.

2.

Incorporate the Global Goals into company strategy. That means applying a Global Goals lens to every aspect of strategy: appointing board members and senior executives to prioritize and drive execution; aiming strategic planning and innovation at sustainable solutions; marketing products and services that inspire consumers to make sustainable choices; and using the Goals to guide leadership development, women's empowerment at every level, regulatory policy, and capital allocation. Achieving the Global Goals will create 380 million new jobs by 2030. You need to make sure your new jobs and any others you generate are decent jobs with a living wage, not only in your immediate operations but across your supply chains and distribution networks. You also need to help investors to understand the scale of value that sustainable business can create.

3.

Drive the transformation to sustainable markets with sector peers. Shifting whole sectors onto a sustainable footing in line with the Global Goals will unlock much bigger business opportunities. Consider food and agriculture. A global food and agriculture system in line with the Global Goals would deliver nutritious, affordable food for a growing world population, generate higher incomes — especially for the world's 1.5 billion smallholders — and help restore forests, freshwater resources, and vital ecosystems. It would create new economic value of more than $2 trillion by 2030, and it would be much more resilient to climate risk.

"Business as usual" will not achieve this market transformation. Nor will disruptive innovation by a few sustainable pioneers be enough to drive the shift: The whole sector has to move.

Forward-looking business leaders are working with sector peers and stakeholders to map their collective route to a sustainable, competitive playing field, identifying tipping points, prioritizing the key technology and policy levers, developing the new skill profiles and jobs, quantifying the new financing requirements, and laying out the elements of a just transition. Over the next 15 years, driving system change in line with the Global Goals with sector peers will be an essential, differentiating skill for a world-class business leader. It means shaping new opportunities, pre-empting the risks of disruption and renewing businesses' license to operate.

4.

Work with policymakers to pay the true cost of natural and human resources. Sustainable competition depends on all the competitors facing prices that reflect the true costs of the way they do business — internalizing the externalities, to use the jargon. The idea of pricing pollution at its true environmental and social cost has been around for a long time. However, the need for strong carbon pricing is becoming ever-more urgent to tackle the risk of runaway climate change.

Establishing prices for carbon as well as other environmental resources (especially water in many areas) and sticking to those prices fires the starting gun for a "race to the top." Businesses that choose to pay living wages and the full cost of their resources need to be certain that their competitors will do the same in the not too distant future if they are not to be at a cost disadvantage. Business leaders must therefore work openly with regulators, business, and civil society to shape fiscal and regulatory policies that create a level playing field more in line with the Global Goals. This could involve fiscal systems becoming more progressive by putting fewer taxes on labor income and more on pollution and underpriced resources.

5.

Push for a financial system oriented toward longer-term, sustainable investment. Achieving the Global Goals will likely require an estimated $2.4 trillion a year of additional investment, especially for infrastructure and other projects with long payback periods. There is enough capital available, but in the world's uncertain circumstances, most investors are looking for liquidity and short-term gains. As soon as companies are paying "full" prices that reflect social and environment externalities, then their financial performance will be the main signal that investors need to understand companies' relative performance on the Global Goals. Achieving full prices across the economy will take time. Until then — and to help bring that day closer — business leaders can strengthen the flow of capital into sustainable investments by pushing for three things: transparent, consistent league tables of sustainability performance linked to the Global Goals; broader and more efficient use of blended finance instruments to share risk and attract much more private finance into sustainable infrastructure; and alignment of regulatory reforms in the financial sector with long-term sustainable investment.

6.

Rebuild the social contract. Trust in business has eroded so sharply since the global financial crisis that the social fabric is wearing thin. Many see business as reneging on its social contract. Business leaders can regain society's trust and secure their license to operate by working with governments, consumers, workers, and civil society to achieve the whole range of Global Goals, and by adopting responsible, open policy advocacy. Rebuilding the social contract requires businesses to pay their taxes transparently like everyone else and to contribute positively to the communities in which they operate. In total, there are more than 700 million workers employed directly and indirectly in global supply chains. Treating them with respect and paying them a decent wage would go a long way to building a more inclusive society and expanding consumer markets. Investing in their training and enabling men and women to fulfill their potentials would deliver further returns through higher labor productivity. Ensuring that the social contract extends from the formal into the informal sector — through the full implementation of the UN Guiding Principles on Business and Human Rights — should be non-negotiable. There are still between 20 and 40 million people working in forms of modern slavery and more than 150 million children working in the fields, mines, workshops, and rubbish dumps that underpin much of the global economy, unseen and unprotected. ■

LET'S THINK BEYOND PPPs: We Need New Partnerships for the SDGs

Dr. Louis Meuleman
Vice Chair

United Nations Committee of Experts on Public Administration (CEPA)

The 2030 Agenda for Sustainable Development calls for a "revitalized global partnership for sustainable development," but there are different views about how this goal will be achieved. Goal 17 includes targets to enhance a Global Partnership for Sustainable Development — complemented by multistakeholder partnerships — to encourage and promote effective public, public—private, and civil society partnerships. The chapter on "Means of Implementation" asserts that the entire 2030 Agenda will be judged on the success of partnership constructs and their implementation of every Sustainable Development Goal (SDG).

I believe that the most popular existing partnership arrangement, namely public—private partnerships (PPPs), is not a general role model. A better alternative is moving from PPP to "ABC" partnerships, where administration, business, and civil society are partners on equal footing.

PPPs are about cost-efficiency

A PPP is a contractual collaboration between public and private actors, generally to provide what are traditionally public-sector services. The World Bank has been promoting PPPs for more than 30 years. PPPs foster innovation and fill financing gaps for public infrastructure projects. In a PPP, public and private actors are seen as complementing each other, leading to cost-effective ways to deliver public services.

The PPP concept became very popular in the slipstream of the New Public Management ideology from the 1980s onward. The focus on cost-efficiency is important, but this is *not* the main objective of the 2030 Agenda's vision of partnership, which emphasizes effectiveness (i.e., reaching the objectives) and inclusiveness. Over the years, PPPs have had successes and failures. However, just "copy-pasting" PPP practices into the 2030 Agenda is no guarantee for success. Closely related to — and inspired by — PPPs are multistakeholder partnerships (MSPs), as promoted since the 2002 Johannesburg Summit. Whereas PPPs are contracts between a government and a company, MSPs are voluntary agreements between different stakeholders. However, MSPs do not ensure inclusiveness and results-orientation.

From PPP to ABC: New mindsets

The term public—private partnership defines who *owns* the partnership — public actors and private actors — and not what its *purpose* is. Partnerships for the SDGs should instead be described in a way that reflects the actors as well as their purposes. I propose to call the new partnerships "administration—business—civil society" (ABC) partnerships. The administrative partners strive for solutions that serve the commons. The business partners strive to create added value in a context of corporate social responsibility (CSR) and sustainable development. Civil society organizations (CSOs) strive to maximize the interests of the groups/people/topics they represent in a context of social responsibility and sustainable development.

ABC partnerships could be used to address a wide variety of issues, such as administrative decentralization; small-scale and direct democracy; transparent access and participation; green growth; steady-state economies and the challenge of the growth paradigm; and the implications of the precautionary principle and the polluter-pays principle. They could build on the different strengths of business, civil society, and governmental partners. But this probably needs a reorientation of the goals of all three parties: A new mindset.

For administrative partners, the new goal could be to achieve concrete targets in alliance with societal partners while achieving mutual gains, instead of just cost-savings and downsizing government. Efficient governance makes no sense when it is not effective. For CSO partners, the goal could be to take co-responsibility for solving societal challenges. Usually, however, CSOs interact with governments and businesses as advocates for the common good. Advocacy includes lobbying, convincing, fundraising, campaigning, protesting, as well as being a "watch dog." Engaging in partnerships on an equal footing with their traditional "opponents" will be a new challenge, although some are already doing it, and others can learn from them.

For business partners, CSR should become an integrated objective, in addition to creating added value. Voluntary and informal initiatives and agreements between the public and private sectors as well as civil society (such as the "green deals" established in The Netherlands) should be embedded in a regulatory coherence framework that sets out the rules of engagement between different parties. It is becoming clear that businesses that have signed up for CSR want to be a part of the implementation of the SDGs. Various CSR networks, such as the International Network for Corporate Social Responsibility, which is based in Nigeria, have come to understand that high quality in government and governance is fundamental to reaching their objectives. Moreover, where there are so many fragile states with instable, ineffective administrations, I think that the social dimension of CSR should also cover assisting in the development of more robust state organizations. Private companies may have useful experiences to offer — although I am not arguing that state organizations should be run like businesses: That is a mistake from the past, when New Public Management was the predominant paradigm.

PPPs and MSPs have traditionally been implemented on a "North—South axis" within the aid-development paradigm. However, as the SDGs call for universal application, there is a need to develop a new implementation basis, which will be different than in the past with regard to purpose (better, not just cheaper results), vision (keep implementation holistic, inclusive, and oriented toward the long term), scope (not only North—South, but also North—North and South—South), and roles (each partner can take up a leadership role).

Why PPPs need to transform into ABCs

Unfortunately, several PPPs have left a legacy of large disasters, and these examples may serve to show what should not be repeated. One of the worst PPPs was perhaps the water project in Cochabamba, Bolivia, where the Bolivian government and a private company worked together for several years around 2000 to develop infrastructure for water supplies for the public. Partly funded by the World Bank and implemented by a private company more interested in profit than in serving the public — and with little serious support from the authorities — the project inspired large-scale riots, which were followed by police brutality that left several people injured or killed. For PPPs to have a future, stronger accountability and transparency measures would be needed. In their paper "Multi-Stakeholder Partnerships for Implementing the 2030 Agenda," Marianne Beisheim and Nils Simon have already drafted detailed proposals on this. Moreover, adding civil society to PPPs as an afterthought is not enough: Putting wings on a car does not ensure that it will fly; it is still a car. Success criteria for ABC partnerships could be distilled from existing good practices all over the world: These practices constitute the essence — or as the English expression goes, the "ABCs" — of partnerships for the SDGs. ■

Making UN Goals an Investment Issue

Susanne Bergius
Editor
Handelsblatt Group

Investors are paying attention to the UN Sustainable Development Goals (SDGs). But financial investments often benefit corporations more than the companies and people for whom the SDGs are intended. Other financing models are needed.

By 2030, sustainable business models have the potential to create more than $12 trillion in market value and 380 million jobs, according to calculations of the Business and Sustainable Development Commission (BSDC). Through January 2018, this two-year multistakeholder initiative showed companies and investors just how relevant the global SDGs, adopted by the UN in 2015, are to their respective activities.

The BSDC noted that falling short of the SDGs may lead to enormous macrofinancial risks. In particular, armed conflicts, loss of biodiversity, smoking and obesity, and other societal problems could reduce economic growth by one-fifth. The BSDC warned of these issues in the “Better Business, Better World” study in 2017.

Potential for millions of new jobs, trillions in market value

The Blended Finance Task Force, which emerged from the initiative in 2017, now wants to mobilize private capital on a large scale for investments in the SDGs, especially for sustainable infrastructures. In the years ahead, the market may double to $50 trillion in mixed financing, it said.

The task force released a report to that end titled Better Finance, Better World in the first quarter and asked for comments during a consultation period. The final report is scheduled for publication very soon.

One example of mixed financing in order to get specific development results is the Emerging Africa Infrastructure Fund (EAIF), managed by Investec Asset Management. It was created in 2002 and has so far invested $1.3 billion. As a result, more than $10.9 billion of private capital goes to more than 70 projects in 22 sub-Saharan countries.

Private capital for SDGs

The portfolio of EAIF has also been geared toward the UN SDGs since 2016. Projects are meant to directly, verifiably, and quantifiably contribute to making a positive impact on the continent. In April, Allianz was the first private institutional investor to make an investment – not with equity capital, but rather through a borrowed capital investment by way of a loan of around $115 million dollars over 12 years, as Allianz said upon request.

More and more major investors and financial product providers are making use of the UN SDGs as a benchmark (see the October 2017 issue of *Focus* magazine).

In November, the UK-based bank HSBC stated that it issued the world’s first corporate bond for sustainable development. With proceeds of $1 billion dollars, it aims to “support projects that offer broad social, economic, and environmental benefits as aligned to seven selected SDG targets.” These could include hospitals, schools, renewable power plants, and public rail systems. The bond, which matures in 2023, was three times oversubscribed.

In April, fund company DWS launched its own approach: “Our new SDG ratings system significantly enhances our ability to differentiate issuers of equities and bonds based on their contribution to making the world a better place,” says Petra Pflaum, Chief Investment Officer for Responsible Investments at DWS. Pflaum notes that the data of all €700 billion under management may be used for at least €630 billion in liquid assets (stocks, pensions, and liquid real estate investments).

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Integration through a new ratings system started

The investment company is now systematically integrating the ESG Sustainable Impact Metrics data set supplied by the index provider MSCI into its environmental, social, and governance (ESG) software. In terms of listed shares and corporate bonds, it measures the extent to which the products and services of the respective companies support one or more of the SDGs.

For example, DWS identifies "those corporations which — through their products and services — contribute to our world by achieving the SDG agenda." The ratings software also performs broader ESG quality and standard tests and screens countries with a view to human rights violations, prevalence of the death penalty, and corruption. It also takes the form of government into account.

WORLDWIDE SURVEY

As a UN SDG project, the Basel Institute of Commons and Economics conducts one of the world's largest surveys of populations, known as the World Social Capital Monitor. Anyone can participate in the open-access survey in numerous languages. Anyone who has access to the internet can respond.

The objective is to get a better understanding of "social capital" in each country and of insights into people's behaviors from their own perspectives. There are only eight questions. They certainly do not provide comprehensive insights but lower the inhibition threshold for participation and provide different insights than GDP or conventional statistics do.

The Frankfurt-based company analyzed in advance if stock indices are suitable for integrating the SDGs into portfolios. For this, at least a portion of the sales would have to come from adequate products. However, "less than half of the underlying companies in all indices under investigation make a positive SDG contribution," according to one finding from the company's study "Integrating UN Sustainable Development Goals."

Bonds for good goals

Since 2017, the World Bank has been issuing SDG-related bonds. For example, in December, it issued one for private investors in Switzerland and, before that, bonds for Belgian and Italian investors. The Swiss bond invests in 30 companies in the Solactive Sustainable Development Goals World MV Index to promote gender equality, health, and sustainable infrastructure. The bank does not give any information about the amount.

In January, it issued a C$1.2 billion dollar Sustainable Development Bond focused on promoting girls and women, in line with SDG 7 on gender equality. In February, it issued another $350 million bond focused on this and four other SDGs.

The European Investment Bank (EIB) is currently preparing for issues that will help achieve the SDGs, as the bank's President, Werner Hoyer, said during an event of the European Union, according to media reports. Hoyer noted that, by the end of the year, the EIB plans to launch new, more socially focused bonds in addition to the existing sustainable bonds.

According to Credit Agricole and Bloomberg, the EIB is the leader in issuing supranational green bonds, with a share of 59 percent and nearly $5 billion (as of January). However, the EIB is acting carefully. The Responsible Investor quotes President Hoyer as saying, "If we develop such instruments, we need a clear set of criteria worldwide, otherwise these financial instruments will not attain the required credibility among investors."

But there is a crux. Investors should not be able to decide on credibility alone, otherwise the list of capital markets will increase. "Investors think about which equities and government bonds they can use for achieving positive SDG effects. But none of the countries that urgently need the SDGs have even a single stock or government bond on the market in which investors could invest," says Alexander Dill, Director of the Swiss Basel Institute for Commons.

COUNTRY COMPARISONS LAG BEHIND

Standards other than conventional GDP give different impressions of countries, as shown through a comparison of 10 country indices in the Global Index Benchmark of the Basel Institute of Commons.

The ratings are very different. For example, New Zealand ranks 32nd in its GDP, 22nd in the Bertelsmann SDG Index, but 2nd in the corruption index.

According to the Happy Planet Index, the Dutch are not so happy about the things that matter, whereas they are ranked fourth according to the Human Development Index. Indonesia ranks 100th in the GDP and SDG indexes, but much higher (13th place) in the World Giving Index.

Clear criteria are needed – deficit of market forces

Dill and his staff interviewed some 25 investors, from the Abu Dhabi Investment Fund to UBS and the Sustainable Finance Initiative in Geneva. "Because the institutional professionals from AGI to Blackrock could not even invest, even if they wanted to, we have a huge deficit of capitalism," says Dill.

He explains by way of an example: Unilever emphasizes that it does not employ child labor, does not trade in weapons, that it produces solar energy itself, and conducts an audit based on selected SDGs in order to be considered an SDG investment for investors. "But the purpose of the SDGs is not to provide Unilever with a fresh injection of money; they exist in order to help countries with big problems."

Dill is a member of the UN working group Inter-agency Task Force on Financing for Development (IATF). His task is to make suggestions on how to improve financing possibilities for poor countries. Furthermore, he has to report on what is going wrong in the SDG process and provide facts, data, and sources pertaining to obstacles that could affect the SDG progress report in 2019. Dill is one of only four members who are currently publishing IATF reports and who are not representatives of countries or international/supranational organizations.

Peace as a business case

"But I speak as a UN stakeholder and not as an internal critic," he emphasizes. What he finds fault with has already been in his reports for two years — most recently in this year's The Impact of Social Capital on Financing Development, one of five IATF reports about development finance. Although his points of critique are discussed some in the political arena, they are not taken up for political innovations.

"We have to turn SDGs into a business case in developing countries and not just misuse them for audits of multinational enterprises," he says.

He is not the only one who thinks this way: "In Africa, only business helps," says the non-profit Foundation managerswithoutborders. "Local business run by the people here." One might compare it with the European small and medium-sized enterprise sector. "Without commitment and essential groundwork based on an entrepreneurial spirit, there will be neither peace nor financial markets in Africa," says Helene Prölß, founder of the foundation. According to information provided by the foundation, it has implemented more than 150 projects since 2005 that support businesses in entrepreneurship in more than 40 countries, mainly in Africa. >>

FIDUCIARY RESPONSIBILITY

1. According to the PRI, compliance with the UN SDGs is a fiduciary responsibility, as it globally substantiates ESG criteria.

2. Second, all global players in the financial market need to help reduce macroeconomic risks through finance with a long-term focus and by investing in sustainable businesses and economies.

3. Third, according to the initiative, the SDGs provide a framework for growth industries.

4. Fourth, the SDGs are suitable for microeconomic risk management because they bring clarity to external costs and their financial materiality.

5. Fifth, according to PRI, the SDGs can be translated from different asset classes into capital allocations because more and more companies are aligning their business models with the SDGs.

Other allocations of capital are necessary

Alexander Dill explains: "In contrast to the development ministries, we see two main requirements for financing the SDGs: first, peace as a business model."

This would require a modified allocation of national budgets: no more enormous military budgets and no agricultural export subsidies, which destroys the local agriculture sector, for the Global South. Second, Dill notes that capital allocation in countries of poverty and crisis – known as a frontier investment – is necessary. The aim is to provide people and companies there with access to the global bond and equity markets. "Together, these two strategies would make it possible to raise the $2 – $3 trillion needed per year for the SDGs, according to previous estimates." Dill calls for investing in developing countries rather than paying development aid to state authorities. OECD countries, investors, and companies are fond of comparing indicators that they could improve through their own wealth. "But these indicators are not applicable to countries that cannot – or are not allowed to – do so."

Escaping the vicious circle

In contrast to OECD countries, developing countries cannot influence their gross domestic product through government bonds. As a result, they lack funding for public goods such as education, healthcare, climate protection, and social security.

However, these are four of the 167 indicators used to measure the SDGs. "The only option countries have is to go into debt.

They get caught in a vicious circle and cannot escape." That is why Dill proposed in the UN IATF to launch a $10 billion Social Capital Fund designed to invest solely in local companies and cooperatives, thereby stimulating entrepreneurship.

Finding backers is difficult. He has not even been able to get alternative banks such as GLS Bank and Bank für Kirche und Caritas (BKC) on board for this plan, or the sovereign wealth funds of Norway and Abu Dhabi or the Swiss National Bank. "So far, investors think they do not have adequate security and expect a risk premium that is too high," says Dill. GLS Bank confirms that it was asked.

At the time, it was focused on its own impact-driven projects, it notes. The BKC says the sustainability concept is very interesting, but that the fund concept does not seem fully developed yet.

Framework for investor action

The SDGs are an important framework for taking action – not only for governments, but also for asset owners and investors. To this end, the Principles for Responsible Investment (PRI) investor initiative sees five arguments and areas of action.

That is why in December 2017, the initiative founded the Global Alliance on SDG Finance together with the UN Global Compact and the UNEP Finance Initiative. They want to provide a comprehensive set of solutions on their respective platforms. Their objective: getting major private investors to provide money in support of the SDGs. ■

Why It Pays to Think Five Corners

The Sustainable Development Goals (SDGs) will only succeed if we bring business on board. The private sector has the know-how, the money, and the capacities that we need – and business is willing to contribute to a better world. But the tools and training are missing. Especially for small and medium-sized enterprises (SMEs), the SDGs are unknown territory. In this regard, a new initiative being put forward by the macondo foundation offers an innovative solution: It uses the United Nations' 5 Ps as a management system to translate the SDGs for day-to-day business.

Dr. Elmer Lenzen
CEO
macondo publishing GmbH

In the words of former UN Secretary-General Ban Ki-moon: "Ours can be the first generation to end poverty — and the last generation to address climate change before it is too late." It is high time to act and time for a clear roadmap. The world community has set itself a timeline and action framework with the 17 SDGs, also known as the Global Goals. At the heart of the SDGs are five critical dimensions: people, prosperity, planet, partnership, and peace, also known as the 5 Ps.

Originally developed as a political concept, the 5 Ps also have great potential as a management system. So far, companies have had various options when it comes to disclosure and controlling: They can select from the big framing models such as John Elkington's "triple bottom line," the "creating shared value" (CSV) model of Michael Porter and Mark Kramer, or even Archie Carroll's good old Pyramid of Corporate Social Responsibility. Leading reporting frameworks are the GRI Standards, IIRC, SASB, CDP, and ISO 26000, and these are only the tip of the iceberg: There are many other regional and minor frameworks as well. Even for experienced participants, this fragmentation in the sustainability landscape is confusing at the very least; for beginners it is frustrating.

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A robust follow-up and review mechanism for the implementation of the 2030 Agenda for Sustainable Development requires a solid framework of indicators and statistical data to monitor progress, inform policy, and ensure accountability of all stakeholders.

Adopting the 5 Ps for business requirements

Looking at sustainability topics through the lens of the 5 Ps presents a possible — and desirable — future: a sustainable change in the underlying conditions, a new understanding of economy, and value creation. It also represents a new understanding of social responsibility and participation. A 5 Ps business approach requires a redefinition and rethinking of the relationships between the state, the economic system, and civil society.

The 5 Ps may also help us to close another gap: Participation, transparency, and inclusiveness are fundamental for sustainable development. If taken seriously, these principles contradict an expert-driven and top-down approach to evaluation and review. It requires horizontal and vertical integration of management models and competence in managing multi-stakeholder dialogues.

From creating shared value to creating sustainable value

At first sight, a 5 Ps management system refers to the CSV model, with its central premise behind it that the competitiveness of a company and the health of the communities around it are mutually dependent. But there is one fundamental improvement: The CSV model has a strong focus and faith in innovation and growth. It purports that capitalizing the connections between societal and economic progress has the power to unleash the next wave of global growth and to redefine capitalism. The 5 Ps go beyond that thinking because they also ask for the added value that an organization contributes to society. It combines shared and public value methods.

Meanwhile, genuine sustainability is at the core of the five dimensions: The development of coherent policies and business models that consider all five dimensions, seek synergies, and openly negotiate tradeoffs is therefore an imperative for corporate sustainability. Looking at corporate sustainability through the lens of the 5 Ps therefore goes far beyond traditional concepts of CSR as a corporate self-regulatory approach.

Implementation and instruments

How can a 5 Ps management system be exercised for SMEs? There are already a large amount of activities. Overcoming silo thinking and combining existing activities are more important than inventing new instruments. We need new and closer forms of partnership, of exchange and mutual understanding.

The 5 Ps initiative offers new approaches to knowledge and skills development for all actors, fosters holistic thinking, and explores linkages between different thematic issues. It

- provides concrete learning opportunities,
- assists in implementing sustainability management systems,
- helps to engage in constructive partnerships so that these can become genuine catalysts for sustainable development,
- recognizes the importance of a coherent measurement language in the pursuit of the 2030 Agenda and global reporting standards such as GRI, ISO, and UNGP,
- creates space where leaders across sectors can become strategic facilitators, implementers, and leaders of transformational change, and
- offers huge outreach, publicity, and continuous discussions through printed and online publications, live streams of debates, podcasts, and bi-annual journals. ■

THE FUTURE OF SUSTAINABILITY FRAMEWORKS? COLLABORATION

The 2030 Agenda is a great opportunity for all participants and an opportunity to harmonize the landscape. Addressing sustainability issues is complex, but transparency and collaboration will help. The 5 Ps of sustainable development play a key role: Traditionally viewed through the lens of three core elements – social inclusion, economic growth, and environmental protection – the concept of sustainable development has taken on a richer meaning with the adoption of the 2030 Agenda. They include the traditional dimensions of planet, profit, and people while adding two critical components: partnership and peace. 3BL Media quotes Tim Mohin, CEO of the Global Reporting Initiative: "Sustainability reporting has made a significant difference to the way companies approach their impacts, but with confusion about frameworks and static data, the ROI still isn't high enough. We need to make reporting concise, consistent, comparable, and current, to tap into the transformative power of transparency. Through the SDGs, we can ensure our harmonized frameworks connect to and help address the world's most urgent sustainability challenges." In brief: We do not have a shortage of instruments; now we have to bring them into the right order. Therefore, harmonizing is important, but it will not be enough.

THE CORRECT APPROACH? BUSINESS UNUSUAL

The time is right for new, unconventional thinking: Digitalization with its disruptive power, and political disorder on the global stage call into question our faith in globalization, in corporate strategies, and in business as usual. Today, the challenge is to involve a multitude of untraditional actors such as SMEs, the informal sector, and prosumers into the existing sustainability landscape and debate.

Prof. Lichia Saner-Yiu, from the Centre for Socio-Economic Development in Geneva, is right when she says that there are not many known "solutions" or "formulas" for this. Nothing is "business ready." Rather, it is an issue of "experimentation and of capacity development for applying integrative and cross-sector solutions."

This is exactly where the 5 Ps may help: The holistic set of the Global Goals can be used as a management approach to translate societal needs into business needs. Companies should make revenue *and* a positive contribution to societal development. This thinking goes beyond the Ten Principles of the UN Global Compact, which are merely an "act responsibly, do no harm" approach. Instead, the 5 Ps are a compass for new business opportunities and potentials emphasizing the sustainable added-value.

THE PRESENT? SILO APPROACH CONTINUES

When we talk about harmonizing and collaborating, about cross-sector solutions and capacity development, we should not ignore the risks: The biggest one is silo thinking and falling into the trap of "learning by doing" and "doing by learning." The 5 Ps method may help to overcome such echo chambers. This could pick up the so-called triple loop learning, coined by Yale authority Chris Argyris.

Lichia Saner-Yiu says: "Accountability for 2030 SDGs is needed, but necessary support is needed to make it implementable *and* sustainable. There is a need for shared procedures, processes, and commitments to set up baselines and monitor progress. Monitoring needs to be both results-based and process-oriented for institutional learning and innovation."

GOOD PRACTICE SECTION 1: LIST OF ATTENDEES (FROM A - H)

Companies are listed in alphabetic order

Solely responsible for the editorial contributions under the heading "Good Practice" are the companies themselves. Named articles do not reflect the opinions of the publisher.

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3M INNOVATION IS IMPROVING EVERY LIFE

Our commitments and goals reflect our focus on challenging the status quo, finding ways to do things better, as well as doing things differently. We believe that applying science to life – mixed with innovation and creativity – will result in better and different outcomes.

By Dr. Gayle R. T. Schueller, 3M

Our world is facing many challenges. For communities around the world, the status quo is not good enough. As the global population grows, in particular in emerging economies, challenges such as political and economic instability, energy security, raw material scarcity, human health and safety, education, and development must be addressed to ensure that people across the globe can lead healthy, fulfilling lives.

We are a company rooted in scientific exploration, and we believe that every problem has a solution. We approach sustainability in the same way. Sustaining our business and our planet means protecting natural resources and empowering individuals and communities throughout the world to encourage progress. Above all else, it means uniting under a common goal: improving every life.

We have a unique opportunity to apply our science and technology to do things differently while focusing on long-term, sustainable solutions to drive change for the greater good. This requires collaboration — with our customers, partners, and stakeholders. It means understanding the everyday sustainability challenges faced by our customers, the important commitments companies and governments have made, and how all of this impacts the bigger picture — the large, long-term societal issues that must be faced to empower future generations.

> We have a unique opportunity to apply our science and technology to do things differently while focusing on long-term, sustainable solutions to drive change for the greater good.

Stakeholders increasingly expect companies to create social value as well as make financial gains. That is why we have made such an active effort to involve stakeholders in the development of our 2025 sustainability goals, framing each one around a shared global challenge, including: investing in sustainable materials, energy efficiency, and water management; helping our customers reduce their greenhouse gas emissions by using our products; promoting worker and patient safety in healthcare and industrial settings; and strengthening our workforce by doubling 3M's pipeline of diverse leaders by 2025.

This is apparent when one considers how our goals align with the United Nations 2030 Agenda for Sustainability Development and the 17 Sustainable Development Goals. The way we see it, global challenges must be addressed together to ensure that we can all live healthy, fulfilling lives.

Today, sustainability serves to drive innovation — in our manufacturing, in our products, and in new technologies. Whether it is through the incorporation of sustainable materials, helping customers to become more sustainable through the use of 3M products, or developing new products and business models, we recognize that societal challenges both require and provide opportunities for game-changing ideas.

We are actively enhancing sustainability in 3M product development through the introduction of new products and with a redesigned version of Life Cycle Management. As part of this effort, we are looking at our goals, the SDGs, as well as global challenges as sources of innovation inspiration.

We recognize that some of our greatest positive impacts can be realized by helping our customers reduce their environmental footprints. That is why we are committed to partnering with customers to identify and collaborate on solutions to help them address their goals. For that reason, an increased focus on delivering more sustainable materials and components is core to our innovation and sustainability strategy.

3M innovation relies on people who are constantly searching for new and better ways to make things happen — people who challenge the status quo and welcome change. It is inspiring to see how the idea of working toward a greater good — and doing so with creativity and collaboration — sparks new ideas and establishes a sense of purpose, and how recognizing individual roles in creating positive change can drive business as well as personal fulfillment.

As we look to further leverage sustainability to enable innovation across the company — and in collaboration with customers and partners — we are thankful to be doing so on a foundation of great work. We continue to be a leader in sustainability, and we recognize our unique capability to innovate in ways that serve both business growth and societal value. We recognize the opportunity we all have, and we thank those joining us in this journey toward improving every life. ■

3M INNOVATION IS HELPING TO REDUCE DATA CENTER IMPACTS

With the explosive growth of the internet, artificial intelligence, cloud computing, and high-performance computing, data centers are powering dramatic changes, not just in business but in life. But because all that data is stored and processed in data centers, it comes at a cost in energy consumption, water use, real estate footprints, and more. It is no surprise that data centers are working hard to keep up, presenting both great opportunities and great challenges.

To help alleviate the environmental impacts of server cooling and reduce costs, 3M is leading the way in immersion cooling for data centers. How does immersion cooling work?

Data center immersion cooling involves immersing IT hardware directly into non-conductive liquids such as 3M™ Novec™ Engineered Fluids. Heat generated by the electronic components is directly and efficiently transferred to the fluid, reducing the need for active cooling components such as the interface materials, heat sinks, and fans that are common in air cooling.

The result? Energy use (and costs) can be slashed by up to 97 percent while shrinking the size of data centers, enabling optimal performance and helping to reduce environmental impacts.

ACCIONA'S CONTRIBUTION TO SOCIETY

Photovoltaic plant of El Romero Solar (Chile)

ACCIONA contributes to the improvement of society with its projects. The impacts that are generated reach across different dimensions and include the effects on people, the lives of communities, and the generation of wealth and employment in the region.

acciona

By Juan Ramón Silva Ferrada, ACCIONA

It is worth highlighting three types of actions that manage and measure these different impacts: Social Impact Management (SIM), the social investment associated with projects, and the measurement of the socioeconomic and environmental impacts.

ACCIONA's Social Impact Management

The SIM of the development of ACCIONA's projects and services in the communities is one of the main pillars of the company's sustainable business model. The company has developed its own methodology of SIM in order to analyze and manage the negative and positive social consequences of its projects on people. This methodology is being implemented through a specific corporate procedure, in force since 2014 and based on international standards such as the E&S Performance Standard, the International Finance Corporation's Environmental and Social Performance Standards, as well as the standards of the World Business Council for Sustainable Development. It is applicable to the construction, operation, and service provision of projects of ACCIONA Infrastructure and ACCIONA Energy as well as in those projects considered relevant by the company that are outside the described scope. The responsibility for the implementation of this methodology is spread throughout the organization. There are many positive impacts generated through the development of projects: recruitment of local staff, the prioritization of local purchases of products and services, the training of workers, improvements in living conditions, increases in workers' incomes, etc.

PHASES OF ACCIONA'S SOCIAL IMPACT MANAGEMENT METHODOLOGY

- Social-risk characterization
- Identification and assessment of impacts
- Proposed measures and dialogue with communities
- Implementation and monitoring of measures

The SIM methodology also focuses on mitigating the possible negative impacts that may occur. These include: impacts on basic services and supplies in communities; electricity, water, education, health, and communications; alteration of basic rights such as property, education, and health; disruption in the continuity of the economic activities in local communities, among others.

The implementation of the SIM methodology has increased annually in all divisions of the group. In 2017, a total of 100 projects were achieved in the energy, construction, water, services, and industrial business divisions (a 22% increase over the previous period).

Social investment associated with projects

ACCIONA understands its role as a key player in contributing to the sustainable development of society in the countries where it operates, and it contributes toward improving people's quality of life. Within the framework of the Sustainability Master Plan 2020, ACCIONA aims to align 100 % of its social contributions with its Social Action Plan.

The benefits for the communities where ACCIONA operates are: improvements in the living conditions and the economy of the communities, creation of local employment and promotion of local self-employment through microenterprises, labor integration of people at risk of social exclusion, among other benefits.

Methodology for measuring the socioeconomic footprint of its activities

ACCIONA measures the socioeconomic and environmental impacts of its projects in different countries so that the benefits generated by such projects are recorded throughout their lifecycles. Based on the Leontief model (grounded in the analysis of relationships between different industries), the company obtains quantitative results on the impacts of its activities in terms of employment generation (direct, indirect, and induced) and the contribution to the country's GDP, as well as taking into account other positive effects on the environment and communities.

In the last two years, the energy division has worked on new calculations concerning the socioeconomic impacts on solar plants in El Romero (Chile) and Sishen (South Africa) as well as wind farms in Gouda (South Africa) and Oaxaca (Mexico); the infrastructures division worked on calculations relating to impacts on concentrated solar power plants in Khatu (South Africa) and the Quito Metro line (Ecuador), among others. ■

PHOTOVOLTAIC PLANT OF EL ROMERO SOLAR, CHILE

SOCIAL IMPACT MANAGEMENT (SIM)

Since 2016, even during construction phase, the SIM methodology has been implemented.

With the aim of gradually strengthening the relationship with the communities near the project, while the social-impact study was being conducted, a combination of two types of actions were carried out – one-off and related to training – that were mainly connected with employment insertion, such as training for the installation and maintenance of solar panels and the training of private security guards.

Following a social-impact study and dialogues with the communities, social investment proposals were implemented for the community while awaiting revalidation.

SOCIAL INITIATIVES

ACCIONA Energy Chile is implementing a series of social actions in line with the specific needs detected in the area, with a view to help and ensure the sustainable development of the communities situated in the area affected by the project.

- Educational campaigns for the community and environmental workshops
- Financing a course to train technicians into installation and maintenance of photovoltaic panels in the city of Copiapó; awarding grants to 48 students of Vallenar together with the Production Development Corporation
- Food donation campaigns to specific members of the community
- Support offered to 45 members of the Vallenar goat farmers' association
- Training for private security guards

SOCIOECONOMIC IMPACTS OF EL ROMERO SOLAR

The socioeconomic impacts of the photovoltaic plant mainly consist of the contributions made to the GDP and the generation of employment in Chile, as well as its impacts on other external aspects (CO_2 emissions avoided, water saved, and improved air quality). The estimated impacts are:

- Contribution to the GDP throughout its useful life (35 years): €298 million
- Creation of employment throughout its useful life (35 years): 7,876 job-years*
- Emissions avoided: 327,242 t CO_2 per year
- Water saved: 701,310 m^3 water per year
- Air quality: 2,854 t SO_2 and NOx avoided per year

**job-years: full-time equivalent job for one year*

IGNITING THE SPORTING SPARK FOR INCLUSION AND DIVERSITY

The Adecco Group's inaugural Global Sports & Inclusion Day on July 17, 2017, inspired thousands to unite behind the drive to break down discriminatory barriers to employment.

THE ADECCO GROUP

By Diego Navarro, The Adecco Group

Action to address the "diversity divide" – the reality that although companies increasingly recognize the importance and business value of a diverse workforce, most are failing to create one – is a compelling challenge not just for businesses, but also for governments, NGOs, and, of course, the individuals wanting to be "included."

At the heart of the issue is a mix of discriminatory barriers to employment relating to race, age, disability, and gender – the focus of UN Global Compact Principle 6: "The elimination of discrimination in respect of employment and occupation." There is no quick fix, but motivating grassroots engagement behind diversity-targeted policies and programs is key. At the Adecco Group, we harness sports – in a range of innovate ways. We use it as a "spark" to break down barriers and personalize the value of inclusion and diversity among our employees, our clients, and, importantly, our associates – the people who are placed in temporary and permanent work contracts each year.

Sports are a lever to help everyone involved with the Adecco Group embrace inclusion and diversity, not just as a corporate responsibility, but also as a core principle and practice. In 2017, our latest sporting step forward in this area was our first-ever Global Sports & Inclusion Day (GS&ID), held on July 17.

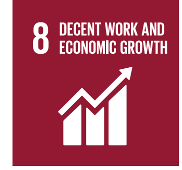
GS&ID engaged 41 of the Group's 60 countries. Events took on a local flavor, reflecting not just different sporting preferences and connections, but also a range of diversity issues and priorities. In this kickoff year for GS&ID, more than 51 different sporting activities engaged nearly 3,000 people – a mix of Adecco Group colleagues, associates, and clients, as well as elite athletes from Olympic and Paralympic communities with which we are well-connected. Sports ranged from wheelchair basketball to a simple run in the park. The common factor in each sporting activity was taking participants out of their comfort zones – the idea being to help them "run in the shoes" or "sit in the chair" of someone different – because experiencing something from someone else's perspective can be mind-changing.

Capturing the magic

One participant was Claire Houston, one of our employees from the HR team at the Adecco Group in Zurich. She took part in a variety of GS&ID sports at the Switzerland Paraplegic Centre in Nottwil, including wheelchair basketball. Claire immediately recognized the value, saying: "Sport like this changes your mind-frame – you don't focus on whether a teammate has impairments. You just focus on the team and the sport. That's why it's so inclusive and inspiring."

The message is: If you want to win at sports, you have to work together, and there's no place for discrimination. The same, of course, is true if you want to create a winning workforce.

That is why we see sports as a lever to promote inclusion in the workplace. In addition, we were able to amplify our inaugural GS&ID by linking it with our other sports-related initiatives, namely global Win4Youth program and the Athlete Career Programme (ACP), which is a collaboration with the International Olympic Committee (IOC) and the International Paralympic Committee (IPC). IPC (emeritus) President Sir Philip Craven, a champion of elite Para-athletes' ability to inspire inclusion in the wider working world, says: "Time and time again, the performances of Para-athletes have triggered seismic shifts in attitudes and



Reaching out for inclusion at GS&ID Switzerland

perceptions toward people with an impairment. We hope that the day will come when no one will struggle to find a job, or lose one because of discrimination or limited accessibility."

The global Win4Youth program, launched in 2007, has become a mobilizing force for inclusion across the Adecco Group. Our employees, associates, and clients take part in sporting activities — recording total kilometers and minutes completed — to raise money for programs that help young people prepare for the world of work. Many GS&ID participants recorded extra kilometers through running, swimming, or cycling to contribute to the Win4Youth 2017 total of 7.3 million km. More than 49,000 people participated in 2017 Win4Youth events, including 22,000 of the Group's 33,000 employees. This translated into 500,000 Swiss francs being donated.

Inclusive companies recognize value of talent

To help Sir Philip's vision to become a reality, more companies are changing their perceptions of inclusion and diversity. This is not a moral issue nor just a good thing to do, but rather an economic issue and a matter of competitiveness, with real business benefits. Inclusive, diverse workforces — truly reflecting the society we live in — bring in talented people with new ideas and different experiences, skills, and backgrounds. Few companies can afford to ignore these performance drivers, especially in times of rising talent shortages. The time is right to step up the drive for inclusion and diversity to another level.

Engaging companies across the globe through GS&ID was a priority for the Adecco Group worldwide. In sports-obsessed Italy, 150 representatives from 15 leading companies took part in soccer, tennis, and volleyball competitions. As well as halftime breaks during games, there were "Edu-breaks." These focused on discussions about Sport for Change, which is a national campaign supported by Action Aid and the Fondazione Adecco in Italy for equal opportunities in Italy. The aim is to help disadvantaged young adults in the NEET (Not in Education, Employment, or Training) category to reach their goal of inclusion in the workforce.

Claudio Solda, Corporate Social Responsibility Director at the Adecco Group Italy, reported the power of the GS&ID Sport for Change concept: "At GS&ID Italy, we were able to share with attendees how Sport for Change is a winning concept for inclusion. As well as involving everyone in some fun and friendly sports, we provide career counseling and coaching support such as interview skills and CV preparation. It's all about inspiring confidence and improving basic skills. And it is working — 50 percent of participants are 'winning the game' and getting a job within a few months. Sport can ignite inclusion in many ways — it's inspiring to help people fulfill their potential and positively change lives."

As a world leader in HR solutions, we realize that the way we deliver our services to clients and associates has a direct impact on the inclusivity and productivity of workforces worldwide. We want to help make the future work for everyone. True to our vision "To push boundaries, challenge conformity, and deliver better futures," we believe that igniting the sporting spark for inclusion and diversity is a powerful, positive force to drive lasting change. ■

TRENDSETTER: KEEP THE COAST CLEAN INITIATIVE

At the Arab African International Bank (AAIB), we believe in the symbiotic relationship between the environment and the economy. Accordingly, our mandate as a financial institution extends to maintaining several environmental initiatives.

By Dalia Noureldin, AAIB

We believe community involvement is essential to achieving the protection and conservation of natural and cultural heritage along coastlines. Therefore, we launched the Keep the Coast Clean (KCC) environmental initiative in the summer of 2015 to encourage community stewardship of coastal areas in Egypt. We believe community involvement fosters this stewardship and helps in restoring Egyptian beaches to their former condition. For three consecutive years, AAIB has led the financial industry with this environmental movement by focusing on rectifying the passive role of individuals and enhancing activists' knowledge about the variety of ways to preserve the environment.

The initiative aims at magnifying the damage caused to our coasts and seas by litter from land-based recreation. Accordingly, the first step was to raise awareness about the detrimental impacts of human waste — especially waste that does not biodegrade easily, thereby polluting beaches and marine life — and the extent to which human practices can significantly harm the environment, sea creatures, and, eventually, the human race. The campaign aims at communicating (especially to children and youth) the necessity to transform the culture into one that respects marine life. Hence, AAIB illustrated the most common waste items on the coastlines — cigarette butts, plastic bottles, plastic bags, cans, and glass bottles — as the "Beach Devils" in entertaining and easily understood cartoons targeted to this young audience.

Economy and environment: Two sides of the same coin

Coastal environmental health is a source of economic and financial growth. The economic value of coastlines is significant and includes: the value of public infrastructure; the income provided through tourism, which represents the most important economic activity in many coastal areas; and the income generated from seafood, which is a main source of animal protein for a significant portion of the population. In addition, coastal waters are the foundation for many economic activities that are essential to society and local economies; fisheries contribute to growing employment rates and GDP in many areas.

However, despite its ecological, social, and economic importance, the marine environment is deteriorating fast. Coasts are threatened by land-based pollutants. The combined impacts of climate change and growing populations in coastal areas have placed costal ecosystems under severe pressure. Our growth will not continue if coasts continue to deteriorate.

KCC and the UN SDGs

Although launched before the UN Sustainable Development Goals (SDGs), the KCC initiative mirrors 7 of the 17 SDGs as follows: SDG 3, SDG 6, SDG 8, SDG 11, SDG 14, SDG 15 and SDG 17.

Starting from the bottom: Awareness-creation

In 2015, AAIB launched KCC as an anti-litter awareness campaign with a vision to educate the public about marine debris and the damage caused to the environment due to bad littering habits. A competition was begun on social media to encourage people to adopt an environment-friendly lifestyle. Out of 184 participants, there were 14 winners. AAIB also had a strong presence in several compounds on Egypt's north coast, making clay ashtrays available for cigarette butts as well as 50 recycling bins for waste to keep the beaches clean.

Toward a cultural change

In 2016, the scope of KCC expanded into a more intensive campaign aimed at cre-

3 GOOD HEALTH AND WELL-BEING
6 CLEAN WATER AND SANITATION
14 LIFE BELOW WATER
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

ating cultural change. Because changing a culture requires engaging people at an early age, the campaign employed on-the-ground activities to engage children in educational activities focusing on the environment. Teenagers and adults also participated in several available games. Different activities took place throughout the Mediterranean shores that engaged children, and they showed their creativity in various ways. There were also challenging beach games and sporting activities that added a competitive edge and ensured the transfer of knowledge.

Initiating communication

In 2017, KCC focused on having a progressive behavioral influence on saving Egypt's magnificent shores. In order to increase the reach of the KCC campaign to include a broader cultural and socio-economic demographic, it was recommended to start a social media competition with prize money of US$10,000 for the first three winners. The competition objectives were not limited to spreading awareness but also included enacting the cultural change needed to restore Egyptian beaches.

Competition mechanics:

Participating teams were required to:

1. Select a beach site of 500 square meters, minimum, and send five photos of the selected site illustrating the volume of trash and waste.
2. Hold a minimum of three awareness sessions in the neighborhood (social and sports clubs, schools, public beaches, public gardens, etc.) to educate community residents about the damage caused from litter on the beach.
3. Send a weekly report supported by photos and videos that indicate the level of achievements and accomplishments.

KCC is growing to include different governorates

The competition succeeded in attracting participation from 13 teams with a total number of 81 contestants from five of Egypt's governorates: South Sinai, Red Sea, Suez, Alexandria, and Mersa Matruh. In addition, the posts received intensive engagement on Facebook, with 47,100 Likes, 698 Shares, and 392 Comments. It is worth mentioning that the winning team was comprised of a group of students between 14 and 16 years old who, despite their young age, were able to coordinate, engage impactful stakeholders, manage their time, and introduce the needed mechanics for sustaining beach cleanliness and beauty.

Stakeholders engagement

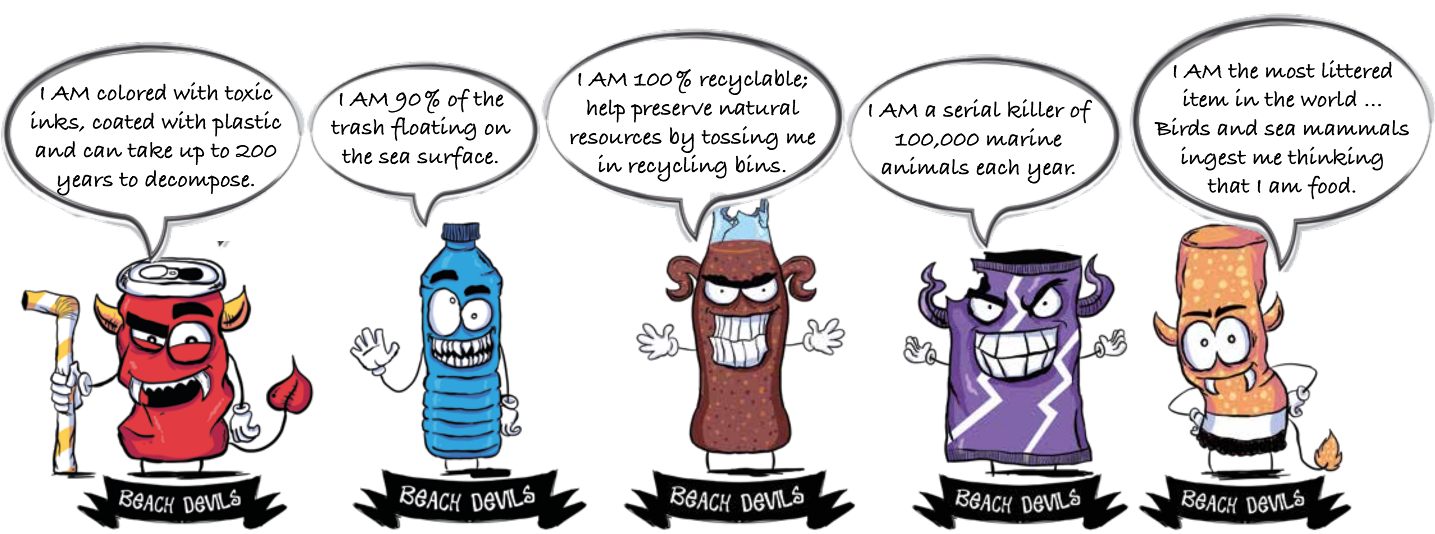
We believe that cross-sectoral partnerships are vital to achieving the desired sustained impacts. AAIB partnered with the Ministry of Environment, the National Research Center (NRC), and various NGOs to achieve breakthrough progress. Engaging stakeholders from different sectors enabled us to share knowledge and expertise and to gain government support to empower the public, who are the real change agents.

This inclusive partnership allowed for the development of scientific materials and a full day of training, which was divided into five lectures from professors in the environmental research division at the NRC. The training curriculum was customized to illustrate the different types of sea debris found by participating teams and how to dispose of it correctly.

Toward a systemic transformation

For AAIB, KCC is not only about triggering change but inspiring a systemic transformation. This encourages us to continue with our stakeholder engagement to ensure a sustained impact.

AAIB is following up with the competition participants in order to maintain what has been achieved. They are now referred to as KCC Ambassadors, and their role is to continue their efforts while developing an annual plan for 2018 to achieve a systemic transformation. ■

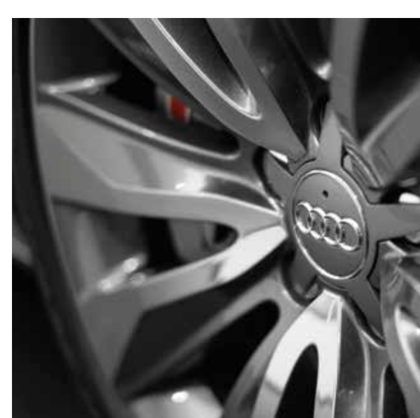


AUDI EMBRACES CIRCULAR ECONOMY FOR ALUMINIUM

Climate change and increasing resource scarcity make it vital for AUDI AG to reduce the environmental impact of its business throughout the entire value-creation process and to preserve raw and processed materials. The Audi Group takes this responsibility seriously as it strives to remain competitive and ensure that future generations can enjoy good quality of life. For Audi, financial success and responsible acting are inseparably linked.

By Dr. Johanna Klewitz and Susanne Haas, Audi

"Audi stands for sustainability. We want to structure our models' entire value chain sustainably and have set ambitious goals with that in mind," says Dr. Bernd Martens, Board Member for Procurement at AUDI AG. "Through the principle of the circular economy, we want to conserve resources by reusing processed and raw materials. Our Aluminium Closed Loop project, for instance, shows that the associated CO_2 emissions can be reduced by up to 39 percent."



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

Audi cooperates with various stakeholders on processing aluminium. The goal is to establish smart material loops along the supply chain and, as a result, minimize environmental risks and avoid resource wastage.

Aluminium is an important lightweight material in car production. It is around two-thirds lighter than steel and can be used in many areas of the car, including the body, chassis, and engine. In the course of car electrification, aluminium is set to become increasingly important as a material that can offset the additional weight inherent in the concept. Lightweight construction is one of Audi's core areas of expertise. The company has been using aluminium since the 1990s. At present, the total share of aluminium materials used by Audi on average is 15 percent — and the rate is increasing. Since the fabrication of aluminium is more energy-intensive than producing steel, measures aimed at using resources responsibly are important: "Changing social values are taking root; for more and more people, sustainability is becoming an expression of an attitude to life," says Prof. Dr.-Ing. Peter F. Tropschuh, Head of the Sustainability Strategy department at Audi. "We build cars that should reflect this attitude throughout the whole value chain. Consequently, we are pushing forward the development of innovative drive technologies and are pursuing closed loop principles within the development, manufacture, and marketing of our products. These principles do not provide any scope for wasting resources."

Spotlight on the circular economy

Audi examines the environmental impact of its products and components across their entire lifecycle. The resulting transparency enables automotive components to be manufactured in an optimum, resource-efficient way. Moreover, the used materials can be recycled. In this respect, recycling scrap also plays an important role — this scrap is used as secondary raw materials. Audi therefore teamed up with a supplier to set up the Aluminium Closed Loop pilot project. This project focuses on the processing of aluminium materials and aims to trial the recycling of aluminium sheet parts.

Audi wants to set up a closed materials loop with its supplier in this way. As part of this approach, the aluminium sheet offcuts that are produced in the Audi press shops are sent straight back to the supplier for reprocessing. Audi then reuses the aluminium sheets in its production. This eliminates the upstream, energy-intensive value chain associated with these materials.

In early 2017, Audi started testing the various workflows to clearly define the requirements, conditions, and processes, and to examine the Group-wide usage of the program long-term.

Goal: Transparency in the aluminium sector

Audi joined the Aluminium Stewardship Initiative (ASI) in 2013. The ASI came about as a result of various stakeholders in the aluminium industry joining forces. The aim behind the initiative is to create greater sustainability and transparency in the aluminium sector and to promote responsible aluminium production. In addition to Audi, many other leading businesses from the entire aluminium value chain — from the extraction of the raw material bauxite, to production and recycling — are cooperating in the ASI.

Since 2014, the ASI has been developing a sustainable standard for using aluminium that the participating companies must adhere to. The standard ensures that the material is manufactured and processed sustainably along the entire upstream chain. It includes various environmental, social, and ethical criteria that apply to all value-creation stages.

Environmental aspects such as requirements relating to the reduction of greenhouse gases, to waste production in aluminium manufacturing, or to the use of water resources are key elements in the standard.

All companies that produce, use, or recycle aluminium are called upon to join the initiative. ASI also cooperates with NGOs such as the International Union for Conservation of Nature, which provides its expertise on the sustainable use of resources. The integration of various stakeholders means that the ASI standard has gained widespread acceptance among all those involved. This also promotes trust among consumers when it comes to products that contain aluminium.

Thanks to the Aluminium Closed Loop pilot project and its engagement in the ASI, Audi is making an important contribution to Goals 12 (Responsible Consumption and Production), 13 (Climate Action), and 17 (Partnerships for the Goals) of the United Nations Sustainable Development Goals. ■

RESOURCE-FRIENDLY USE OF BATTERIES

Audi focuses not just on aluminum materials, but also on battery components with regard to its commitment to resource-friendly processes. By recycling components from test vehicles for used cars and reusing high-voltage batteries, the service life of individual components can be extended substantially. Even after being used in the vehicle, Audi batteries still retain the bulk of their capacity, making them an attractive proposition for further use. Audi plans to use them as stationary energy storage devices – such as for the new quick-charge stations for e-tron models and as buffers for renewable energies.

FOR THE GREATEST BENEFIT TO HUMANKIND

The United Nations declared October 2 to be the International Day of Non-Violence in honor of the non-violence principles of Mahatma Gandhi and to celebrate the birthday of this great legend. In tribute to the great legend, I am writing the history of the journey of Baldha Group.

By Farah Mazid (Saddha), Baldha Group

In the beginning of human civilization, approximately 40,000 years ago, trading began with the exchange of objects such as shells, pearls, and gold. In modern times, it has come to be known as business. New ideas have emerged and created new concepts such as start-ups and dot-coms, but the goal of these organizations is not only to make profits but also to make sure that humankind benefits.

Human rights, gender rights, and other humanitarian issues have been developed to ensure that humankind is safe and corruption-free while engaging in these new forms of trade. Making money is crucial for business, but it is more important to retain ethics and integrity.

How did I end up an entrepreneur while I was a graduate student in electrical engineering at Texas A&M University and working at Nokia, one of the top companies in Dallas? I remember learning about cellular networks during the weekly meetings while working there as a core systems engineer. It was fantastic.

However, during a meeting I found myself lost and asking: Is this really something I want? I had an opportunity to move to Bangladesh for a project at the Nokia office there. Soon I realized: This is it. Entrepreneurship is in my blood and I have to build my own company.

> “The best way to find yourself is to lose yourself in the service of the others.
>
> Mahatma Gandhi

That was my dream. However, my parents were in the services industry and they never wanted me to quit my good corporate job and start a business. They also warned me that it would be extremely difficult because business in Bangladesh is dominated by men. There are a few female entrepreneurs, but they benefited from their family names or spouses. I was determined that no matter how many challenges I faced, I would not quit and would be strong enough to fulfill my dreams.

I founded Baldha Group in memory of my favorite 100-year-old garden, “Baldha,” which was built by King Narendra Narayan Rai Chowdhury. With very little capital, my team and I started our new venture Baldha Apparel Ltd. Our first order was silk pajama sets and our delivery deadline was in two months.

Obviously, we were very nervous. Within a short time, we had to produce quality garments and ship them on time. Our supplier was very helpful and even managed to provide an extra generator when the electricity failed. My team, myself, and even the factory owner helped each other iron and sew the goods. I learned in the United States that if you are a CEO, you first need to learn how to clean the floor. It was teamwork and there was no gender discrimination or inequality. We provided extra food to the workers to cheer them up. Our quality controller and merchandiser finally checked the goods and we were able to ship them. With sweat on our brows and tears in our eyes — and little profit margin — we were able to fulfill our customer commitment and even captured a video of our production: (http://bit.ly/2FPnuVG).

After surmounting many financial barriers as well as personal and social challenges, we were able to move on to our next venture, which was the production house Tarar Porne. We made a documentary to create awareness in the mass media about human rights, environmental rights, labor rights, and anticorruption.

The Global Rose

We also launched an online news portal, kalerjatra.com, to focus on human rights. Our Kaler Jatra publication has already published several books such as Princess of the Tide, The Global Rose, Belong to the World, and Journey of the Spirit. The Global Rose is a nonfiction novel based on the 10 Principles of United Nations Global Compact and mainly focuses on human rights. Our other new venture, Baldha Agro Limited, focuses on pollution-free and chemical-free fish and vegetables. Therefore, we launched a project in Asulia to produce fresh tomatoes to deliver in the surrounding neighborhoods.

I remember my first convention at the UN Leaders Summit and noticed something very valuable. Somehow I lost my badge but one of the staff members who was maintaining the facility found my badge and returned it. Humanity does exist, as does humankind, but it starts with the very simple actions of hardworking and honest people. I have noticed that in seminars, the CEOs do not join because of a lack of time or maybe sometimes it is about their pride. The Baldha team is small and we do not want to carry any pride. But in order to help humankind and do good work, we will never stop. We will keep on trying until we reach our goal one day and our business is able to benefit humankind. ■

> “There is no excuse for not trying.
>
> Barak Obama

HERE ARE SOME LINKS TO OUR WORK AT BALDHA GROUP:

http://bit.ly/2FMeUXx

http://bit.ly/2pctQUz

http://thekalerjatra.com

BANCA POPOLARE DI SONDRIO: RESPONSIBLE FINANCE

Banca Popolare di Sondrio was founded in Sondrio on March 4, 1871, under the name "Banca Mutua Popolare della Provincia di Sondrio," following the values of the credit cooperative movement promoted by Luigi Luzzatti.

By Mara Simonini, Banca Popolare di Sondrio

The share value of the bank, equal to €1,360 million, is distributed among 175,000 shareholders, many of whom are clients as well. It is by means of the shareholder/client relationship that one of the original and founding principles is implemented, also by developing the relationship with the territory.

Banca Popolare di Sondrio is characterized by its commitment to foster the social and economic development of the territories served, paying particular attention to families as well as to small and medium-sized business operators. This essential link to the territory and the willingness to be an active participant in its development have accompanied the enlargement process of the branch network, which is comprised of 482 units: a network that guarantees the bank's presence in the many geographical areas served.

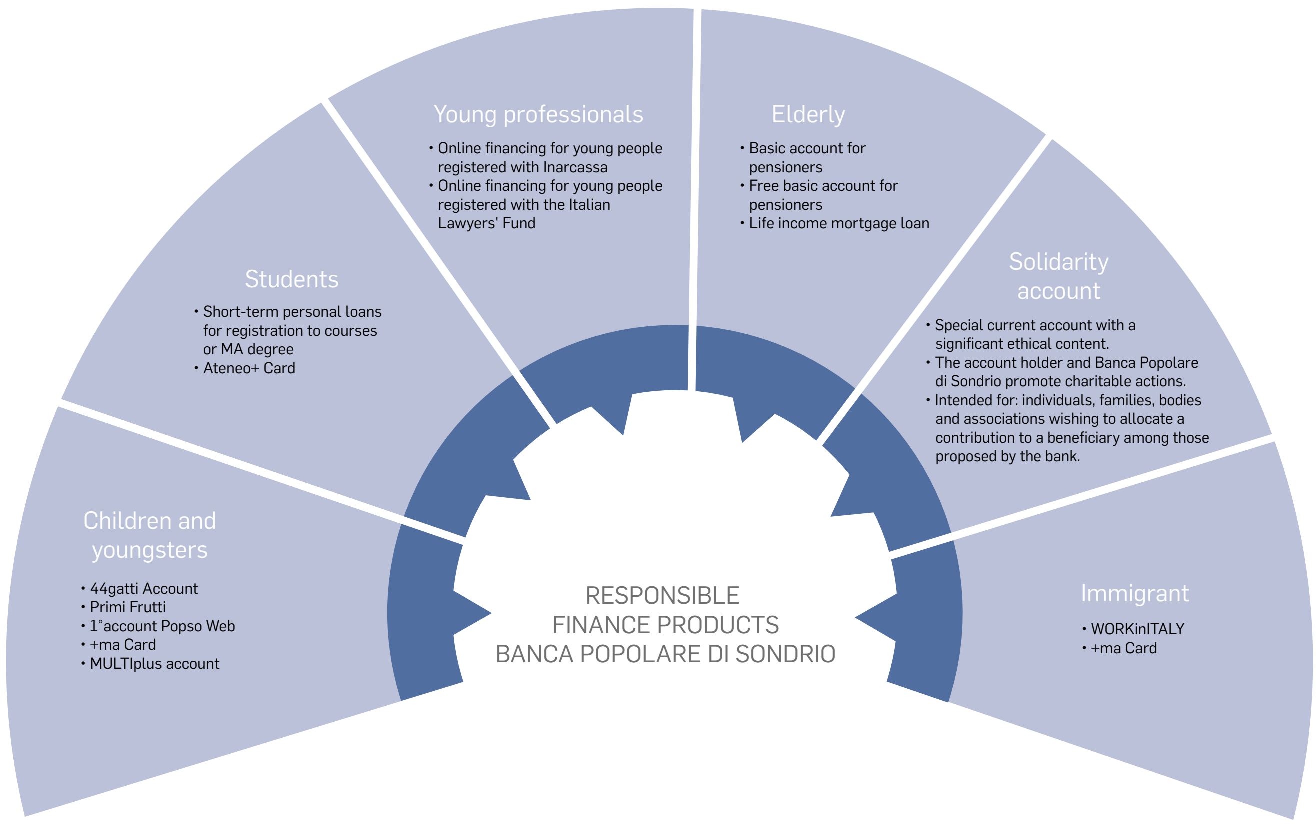
Articles 1 and 2 of the statute of the bank read as follows: "The company inspires its activity to the principles of mutuality and cooperation. [...] In its institutional activities, which aim to promote the development of all productive activities, the company — in line with the specific purposes of a cooperative bank — aims to provide special support for small enterprises and cooperatives, and also to implement any suitable initiatives to extend and encourage savings."

On the basis of these principles, the company is committed to constantly satisfying the demands for products and banking services — credit, in particular — of clients and shareholders. It is the mission that characterizes Banca Popolare di Sondrio as a cooperative bank, which focuses not only on the needs of private individuals, but also on the more general needs of the communities in which the bank operates. This is done to make the most of the resources and unique characteristics of the individual territories and the positivity derived from operating in a healthy and profitable environment.

> Accuracy, contact with the territory, technological approach and kindness, transparency, and understatement are probably the words that best describe this banking institution.

Banca Popolare di Sondrio was among the first on the national credit landscape and has remained financially sound and profitable. During the last 10 years of adverse economic and financial conditions of high volatility and market turbulence, the bank has been active in payment systems, collecting savings, granting credit, and in offering financial, credit, and insurance services. The bank has configured itself as a retail commercial bank that is active in the territory through a network of branches and, via electronic means, through internet banking applications.

Our customers are families as well as small, medium-sized, and large enterprises. The bank is also active with in-



stitutional clients (national professional security bodies, universities, municipalities, mountain communities, schools, etc.), for whom it provides treasury and cash register services and accessories.

The offer is made by using specialized internal structures (commercial, credit, financing, international, public entities, and treasury offices) as well as through subsidiaries or affiliated companies, mostly cooperative banks, that have been operating for many years in many sectors: moveable and immoveable investment funds, pension funds, securities trading, life and damage insurances, leasing, factoring, medium-/long-term loans, consumer credit, trust services, credit cards, electronic retail payments, etc.

The business continues to grow by putting cooperation and local values first while implementing the modernization of structures and refining professional skills. With regard to the development of new products and services, attention is focused in particular on the following sectors: loans, borrowing, managed saving, services for international operators, online current accounts, current accounts for youngsters, credit cards, insurance compartments, and technological products.

Both the individual and the small/medium-sized enterprises find efficient, competent, and careful personnel at the branches to which it is entrusted, as well as clear conditions, well-kept environments, and innovative technological tools. The branch managers are an important — even essential — reference point for the family and the entrepreneur. They are able to analyze the financial and capital framework, identify their needs, and, with a sense of responsibility, offer them choices, even in moments of difficulty. Business specialists are a part of the core services and are ready to offer support at the request of the branch director, who is the cornerstone of the entire system. This way, the bank builds a relationship of mutual trust with the entrepreneur or the investor.

In addition, there is the "operating philosophy," which puts respect for the relationship with the clients at the top of its priorities. This contributes to maintaining good profitability levels and excellent asset levels.

The bank's external contributions in supporting the community are mostly oriented toward sports, especially for youngsters and schools. Banca Popolare di Sondrio also supports the various cultural and recreational activities proposed from time to time by associations and bodies operating in the territories served by the bank itself.

The philosophy that inspires the creation of popular banks — management with ethical values and high professionalism — is more relevant than ever.

A banking institution must have a relationship with the local community and guarantee a balanced composition in the interests of shareholders, stockholders, clients, and various partners. ■

CIRCULAR ECONOMY: THE CONTRIBUTION OF THE CHEMICAL INDUSTRY

At BASF, we combine economic success, social responsibility and environmental protection – and we state this in our corporate purpose: "We create chemistry for a sustainable future". The concept of the circular economy, which is gaining in importance, may hold the key to a more sustainable future by more firmly decoupling value generation from virgin fossil resource use and waste generation.

BASF
We create chemistry

By Dr. Brigitte Dittrich-Krämer, Dr. Christine Bunte, Dr. Andreas Kicherer, and Talke Schaffrannek, BASF

BASF is committed to the economically efficient and ecologically effective use of resources — through our production and our products. These aspects come together in the "circular economy" concept, in which growth is decoupled from resource consumption. The efficient use of raw materials has been implemented in our production processes for decades, yet the transition from a linear to a more circular economy can bring significant changes to the way we do business. It can provide additional value across industries and to society at large. BASF is already applying the circular economy concept in a number of ways by pursuing two complementary approaches: "Keep it smart" and "Close the loops."

Examples of our contribution to a circular economy

• *"Keep it smart"*
"Keep it smart" implies continued efforts to increase efficiency within BASF's own production processes, in our customers' production processes, and for the end-user as well. The smart use of BASF solutions has reduced waste along the value chain and introduced more efficient resource use for our customers. One example is our resource- and energy-efficient Verbund production system, which we operate at six sites around the globe. It creates efficient value chains from basic chemicals right through to high-value-added products such as coatings and crop protection products. While doubling our sales volumes since 1990, we have also been able to cut our greenhouse gas emissions by half in absolute terms, and by 75 percent when measured per metric ton of product. To support a stronger decoupling of production from the use of fossil resources, BASF has developed the "biomass balance"

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A car tire made of dandelions?
Initial tests have determined that the roots of the Russian dandelion can be used as a raw material source for natural rubber. These are the findings of a joint project between the tire manufacturer Continental and the Fraunhofer Institute for Molecular Biology and Applied Ecology in Münster, Germany, along with other partners. BASF sees growing demand for bio-based plastics and expands its portfolio of biodegradable materials.

approach. Meanwhile, we are offering more than 40 products for which raw fossil materials are replaced by sustainably sourced biomass. As the bio feedstock is mixed with the fossil feedstock in our integrated production site, the amount of substituted feedstock is allocated via a certified process — comparable to the green electricity concept. With this approach, BASF manages to combine the resource savings of the Verbund with a diversification of feedstock.

Moreover, many of BASF's products enable our B2B customers to conserve resources in their production processes through an efficient use of our materials. Over their lifecycles, the utilization of many chemical products reduces the amount of resources consumed during production by many factors.

In this way, we can help make the transition to renewable energies economically viable and reduce energy consumption and CO_2 emissions in other sectors, such as construction and transportation.

- *"Close the loops"*

The second approach, "Close the loops," aims at reducing virgin raw material consumption by, for example, extending the lifespan of products and closing loops in production processes by turning waste into resources. Examples are solvents that can be recycled and used again as raw materials in production, or take-back systems for certain chemicals that can be reprocessed. Biodegradable products reduce waste at the end of the lifecycle of the product.

Recycling of plastics

The challenges faced when recycling plastics are technical feasibility, price, and collection and sorting infrastructure. To date, not all materials can be recycled economically with existing technologies, and not all obstacles can be cured by "design for recycling." Hence, new technologies to deal with such materials need to be developed and proven on a large scale. Price is certainly an issue, as recyclates have to compete with virgin materials, and recycling is not always economical. Also, if recycling quotas continue to rise, large investments in collection, sorting, and recycling facilities are required. The European Commission, for example, estimated that ambitious recycling targets, as announced in the recent strategy on plastics, will require between €8.4 and €16.6 billion in investments. Last but not least, any recycling technology requires steady, high-volume, and reliable input. Value-chain collaboration is key to reducing this risk. In the long run, new recycling technologies will be required that can recover those materials which are not being recycled today. One possible way could be feedstock/chemical recycling, that is, the cracking of plastic waste into raw materials for the chemical industry. These technologies require the know-how of the chemical industry to enable this recycling process. BASF is therefore thoroughly evaluating different options for chemical recycling.

Multistakeholder engagement in the circular economy

The circular economy demands massive transformations that can only take place if corporations in the value chain collaborate to jointly implement solutions. The processes along the value chain are highly interconnected, and the circular economy concept encourages businesses to think not only about their individual production steps, but also to consider the supply and value chains involved in their product development.

To further advance and realize our circular economy solutions faster, we joined two Ellen MacArthur Foundation programs in 2017: the "New Plastics Economy" and the "Circular Economy 100" initiatives. Together with other members, BASF aims to drive circular economy solutions further: from innovative product designs to improved production processes, extended use phases, and smart recovery afterwards. BASF joined the foundation's "Circular Economy 100" program to drive not only the concept within our own operations but also the realization of the circular economy, together with other innovators and organizations. The foundation's "New Plastics Economy" initiative brings together key stakeholders to rethink and redesign the future of plastics, starting with packaging. BASF will work closely with the initiative's participants to accelerate the transition toward a circular economy for plastics, while ensuring that benefits such as food protection are upheld.

These initiatives complement other activities such as BASF's membership in Factor 10, WBCSD's initiative on circular economy, or in the World Plastics Council (WPC) which promotes industry topics of global relevance like the responsible use of plastics, efficient waste management and solutions to marine littering. For BASF, which is present in all markets, these widespread actions are implemented throughout all regions to contribute toward a circular economy.

Outlook

The transition from a linear to a more circular economy could bring significant changes to business models and value drivers across many industries. The degree and speed of "circularity" will depend on the pace of technological development, regulatory incentives, new business models, the availability of transition investments, and the willingness of consumers to change behavior. ■

EMPOWERING SUSTAINABILITY THROUGH STRATEGIC INDUSTRY COLLABORATIONS

The sustainability of the supply chain is anchored within the corporate strategy of Bayer. To achieve its goals of implementing social, ethical, and ecological standards in the supply chain, Bayer is primarily collaborating with two strategic industry initiatives. Through its supplier management, Bayer is contributing to the achievement of the UN Sustainability Development Goals.

By Thomas Udesen, Bayer

A promising sustainability strategy cannot be limited to separate, individual activities. What is needed instead is a holistic approach. That is precisely the outlook that Bayer has adopted, as sustainability is part of our DNA and integral to our core business. To optimize global procurement, Bayer has pooled a wide range of goals that affect us as a company, the supply chain, and the entire life science industry.

Taking sustainability in procurement to the next level

With around 94,000 suppliers in 148 countries and annual procurement spending of €14.9 billion, we certainly have to deal with global challenges along our supply chain such as climate change, access to clean drinking water, forms of modern slavery, and child labor.

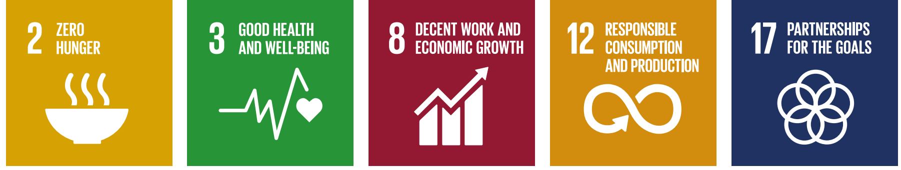
The scale of our procurement alone entails certain risks, and there is a likelihood of the supply chain being affected. The wide use of social media leads to supply chain incidents becoming public much more frequently and quickly, which could potentially damage Bayer's reputation. This gives a special significance to the effort of driving sustainability in the entire procurement process at Bayer. After all, sustainability activities should not only be driven by us but also by our suppliers.

That is why we hold our worldwide suppliers to high social, ethical, and ecological standards. These standards are reflected in our Supplier Code of Conduct, which we integrate into contracts and electronic ordering systems. We have also set two priorities in Procurement. First, we evaluate all of our strategically important suppliers each year according to the aspects of social, ethical, and ecological standards; we also plan to evaluate all potentially high-risk suppliers with significant investments in Bayer by 2020. Second, we are continuously developing our sustainability program at Procurement.

In the past, former Bayer subgroups used to organize their procurement operations individually and had their own approaches to monitoring sustainability in the supply chain. As a newly centralized corporate function since mid-2016, Procurement can now strategically drive a comprehensive approach to supplier management that is more effective from a sustainability perspective. As a result, the Bayer Board of Management has affirmed that this holistic approach to sustainability is a cornerstone of the entire corporate strategy.

Shaping industry initiatives to leverage them

We go even further at Bayer — on the one hand, we want to help our suppliers improve their sustainability performance in the long term. We are pursuing this goal by developing dedicated communication and training materials for procurement, working on transparency for tier II, and improving the screening of our supplier base with regard to conflict minerals. On



the other hand, we also want to anchor sustainable practices in the industry and play a key role in shaping the standards in our sector. That is why we are engaging in two leading global industry initiatives — Together for Sustainability (TfS) and the Pharmaceutical Supply Chain Initiative (PSCI).

TfS, which Bayer helped to establish in 2011, focuses on the supply chains of the chemical industry. It now comprises 20 members, who represent a collective €224 billion in annual spending and have committed to sharing the results of supplier assessments and audits with each other in the spirit of "an audit for one is an audit for all." This avoids the duplication of audits and assessments and allows suppliers to focus on improving their sustainability performance instead of pouring their resources into multiple evaluations.

The fact that 62 percent of TfS-reviewed suppliers at Bayer have improved their sustainability performance within the span of one year affirms that our commitment is worthwhile. It also provides a firm foundation that helps other TfS members to establish long-term business relationships.

Bayer is involved in TfS on several levels, with company representatives active in all four TfS workstreams and on the China Regional Committee, for example. I myself am one of seven elected members of the Steering Committee, which is working on the development of new standards for the industry and its suppliers, among other activities.

The PSCI was founded in 2006. The initiative is steadily growing and currently has 30 member companies. The mission of PSCI is to provide members with a forum to establish industry principles that guide ethics, labor, health and safety, environmental sustainability, and management system practices to support the continuous improvement of suppliers' capabilities.

Since 2011 Bayer has made significant contributions to the work of the PSCI. For example, a Bayer representative is the PSCI Chair for 2018. Moreover, Bayer specialists are also actively involved in all four committees of the initiative. Bayer furthermore provides subject matter experts for PSCI Supplier Capability Building Events, such as the 2017 event in Hyderabad and the 2017 auditor training events in India and China, to ensure that high-quality audits of our suppliers take place.

Contributing to the UN Sustainable Development Goals

Behind all of our company's activities is the goal of working with suppliers to achieve improvements that benefit society and the environment. After all, to achieve sustainability, everyone in the entire supply chain needs to work together. This affects the widest possible range of challenges — from climate change to access to clean drinking water. A company such as Bayer can do a great deal to help deliver the UN Sustainable Development Goals. In our case, this is particularly relevant to the goals of "zero hunger" and "good health and well-being." Moreover, Bayer as a company can also be seen as a positive force in achieving other goals such as "clean water and sanitation" and "decent work and economic growth." These UN Sustainable Development Goals have been incorporated into various activities within the Bayer Group that are either actively driven or supported by Procurement. Examples include developing a procurement concept to support the cultivation of sustainable palm oil, the Child Care Program, which tackles child labor in the cotton industry, and our collaboration with suppliers to improve their sustainability performance through the two industrial initiatives TfS and the PSCI. After all, sustainable procurement ultimately benefits us all — Bayer, our suppliers, the societies in which we operate, and most importantly, our environment. ■

Thomas Udesen is the Global Head of Procurement at Bayer and an elected member of the Steering Committee for the global industrial initiative Together for Sustainability (www.tfs-initiative.com).

Above: *Adherence to the ban on child labor is essential in our partnerships with suppliers of cotton seed in India: Adults should work in the fields, not children.*

Below: *Environmental protection is central to sustainable supplier management. For example, only treated waste water from production plants should be released into the surrounding rivers and lakes.*

BONWS SUPPORTS RESPONSIBILITY IN THE OIL AND GAS INDUSTRY

Social responsibility and the determination to make contributions toward a sustainable society are part of the DNA of BONWS Seguros. We aim to serve as an example for our society by bringing powerful change to the Angolan market and proving that we can pursue our plans and interests more effectively by fulfilling the needs of the less fortunate people in our society. We also strongly believe that ethics and compliance are central to our business strategy, and we are actively working against corruption in all its forms, including extortion and bribery.

By Luis Vera Pedro, BONWS Seguros

Oil and gas insurance forum

In June 2018 we organized the second Oil and Gas Insurance Forum. The event, which took place in Luanda, focused on the topic "The Future of the Oil Market in Angola and the Implications in the Insurance Market" and proclaimed the motto: "Power is gained by sharing knowledge." The goal of the event was to discuss market trends, industry challenges, best practices, and examples from other countries with the purpose of launching and exchanging ideas. The forum was attended by more than 150 guests with an active role in this market: the insurance regulator in Angola, members of the management board of other insurance companies, and major international players responsible for oil and gas exploration in Angola. In addition to BONWS Seguros, representatives and speakers from the World Compliance Association, the American Chamber of Commerce in Angola, Ernst & Young, and Agostinho Neto University were present. One of the topics under discussion at the event was the current model in Angola for co-insurance in the petrochemical sector. Currently, only the state's insurance company is leading the process and is responsible for underwriting risks and inviting other companies to participate in these risks. One of the disadvantages pointed out in the forum was the lack of transparency of this model (among other things). This is because the full

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process of risk assessment and decision making, the determination of the value to be assigned, the terms of the contract, and the control and monitoring of the decisions taken are left to the leader and not shared between the companies involved.

It was also noticed that the model used in other countries — where insurance companies create an insurance pool among them — was also more beneficial to the local economy, besides being more effective in the management and control of high-value risks. This is because these companies are able to retain a higher amount of the insurance premium paid by the oil and gas companies by lowering the amount of risk to be shared with international reinsurance companies.

Another goal of the forum was to promote greater environmental responsibility and awareness — the preventive approach — which the industry must have when handling the environmental challenges of the industry. This topic engaged the audience the most.

Members of the World Compliance Association

As the insurance sector grows, it also increases the level of responsibility in preventing money laundering and combating the financing of terrorism. We have done this namely by acquiring the initiatives that contribute to the analysis of this industry. BONWS Seguros proudly joined the World Compliance Association (WCA) when it was founded in Angola. The intention is to make significant changes in response to national legislation and act in compliance with the 40 recommendations of the GAFI — Financial Action Task Force and good international practices. For the effective implementation of our culture and ethics, our Compliance Officer sees the WCA membership as a source for obtaining knowledge, information, and skills to improve our firm's performance. According to our Compliance Officer, it is a wonderful opportunity to embrace this unique activity, which creates, organizes, and maintains the implementation of standards and rules that not only contribute toward the development and growth of an institution, but also set good examples of practices to be followed.

Sponsorship for the Art and Culture Foundation

The mission of the Art and Culture Foundation is to promote the social inclusion of children, young people, and those at risk. The foundation contributes toward their futures through art education and supports artists in projects that expand the cultural development of Angola and are based on ethical values, transparency, humanism, and respect for diversity. This project enables them both financially and intellectually. Most importantly, it provides hope for a better future, since it offers them the tools to be economically independent.

We have been supporting the foundation's activities since 2016 and been involved in some of the project initiatives. In 2018 we went one step further and became one of the partners of the foundation to encourage and support their cause. We did this by making monthly financial donations to promote the organization of events; providing charity work; offering lectures on sports and arts; distributing food in the pediatric hospital; delivering books and teaching materials in schools; teaching about morals and good customs; among many other things.

As an insurance provider seeking for better solutions in order to improve society's quality of life is not only part of our mission — it is also a way to pass on this example to future generations. Being better in what we do, is not only a matter of size, it is the basis of our daily actitude. ■

AN INTERNATIONAL COMMITMENT TO SOCIAL WELL-BEING

In four different countries, the Bosch Group runs corporate foundations that oversee and coordinate the company's CSR activities. By focusing on corporate citizenship, intercultural management, and the Sustainable Development Goals (SDGs), the foundations drive activities forward that reflect CSR and respect the different cultures of the countries in question. As they put the SDG concept into practice, the Bosch foundations carry out projects that focus on supporting the principles of sustainable development.

BOSCH
Invented for life

By Bernhard Schwager, Bosch

A commitment to social well-being has always been an integral part of the Bosch corporate culture. This central tenet is also reflected in the activities of Bosch corporate foundations around the world. Meeting local needs while emphasizing the common good was also important for company founder Robert Bosch. His remarkable vision was very forward-looking. More than 50 years after his death, addressing social issues has become more pressing than ever before, as Bosch CEO Dr. Volkmar Denner recently emphasized: “I strongly believe that the private sector can make a major contribution to tackling the social challenges we face.” The four Bosch foundations are the Bosch India Foundation, the Bosch China Charity Center, Brazil’s Instituto Robert Bosch, and the North American Bosch Community Fund. These foundations address social problems and a broad range of social, ecological, and economic issues.

Bosch India Foundation

The Bosch commitment to social well-being in India can be traced all the way back to the establishment of a foundation in 1950. Today, it still focuses on a good life and a secure livelihood through improved education and an understanding of technology. Until now, the Bosch India Foundation has supported more than 100 projects, with almost €1 million in financial support each year. The foundation focuses on strengthening the economic, social, and political status of rural women. For instance, self-help groups have been established in Jaipur to encourage women and young people to actively participate in improving the lives of their families and the society they live in. Political education and the corresponding support of women is of special importance to the foundation. Women are encouraged to play an active role in local politics, and thus become political leaders. In addition to this, the Indian organization has taken a comprehensive approach to fighting poverty and its causes. Here, activities focus on education, health, and hygiene.

“I strongly believe that the private sector can make a major contribution to tackling the social challenges we face.”

Dr. Volkmar Denner,
chairman of the board of management,
Robert Bosch GmbH

Bosch China Charity Center

In China, Bosch not only sees its responsibility in offering technologies that promote social progress, but also in support-

ing social well-being across the country. For this reason, Bosch established the Bosch China Charity Center (BCCC) and the corresponding social projects. Since it was founded in 2011, BCCC has focused on promoting education and fighting poverty in China with long-term, sustainable projects. The Bosch China Charity Center supports infrastructure such as campus buildings, canteens, and solar heating systems, and it funds educational projects such as scholarship programs for students, training programs for teachers, early childhood education, and rural daycare centers. Today, the Bosch China Charity Center counts more than 1,500 volunteers in 12 cities across the country. Each year, it supports charitable organizations with funds amounting to some €2.5 million. By funding scholarships and charitable initiatives, and by contributing to community services with financial support and volunteerism, the BCCC is making an active contribution to social development in China.

Instituto Robert Bosch – Brazil

Social issues have always been important to Bosch in Brazil as well. For this reason, a charitable organization was established there in 1971, which then became the Instituto Robert Bosch in 2004. The foundation reflects the company's commitment to social well-being and focuses primarily on education and training projects at the four Bosch manufacturing locations in Brazil. In the spirit of the company founder, the organization helps children and young people from disadvantaged families. In cooperation with the municipal government of Curitiba, a range of courses are offered to more than 500 young people, 70 percent of whom can take up a qualified profession afterwards. A solar heating system that reduces energy costs is another project that supports needy families. The foundation has donated such systems to some 20,000 households. Other activities focus on improving health and reducing youth criminality, infant mortality, and unemployment. Social projects receive a total of €1 million in funding each year.

Among others, the Instituto Robert Bosch works closely with the Primavera — Hilfe für Kinder in Not e.V. charitable initative, which Bosch associates founded more than 25 years ago. As a result, the institute also has the support of volunteer Bosch associates across the country.

Bosch Community Fund – USA

In 2011, the Bosch Community Fund (BCF) was founded as a charitable foundation in the United States. Shortly after, the foundation began project work with the aim of supporting community development initiatives. At first, BCF spent some $1.5 million each year on organizations in the United States. Since 2013, it has doubled its annual expenditure to $3 million. With these funds, the foundation supports 22 communities across the country and has partnerships with more than 30 institutions of higher education. BCF supports communities in a targeted manner to improve education, health, and well-being, to reduce greenhouse gas emissions to a minimum, and to make greater use of clean energy. ■

THE BOSCH GROUP

The Bosch Group is a leading global supplier of technology and services. It employs roughly 400,000 associates worldwide (as of December 31, 2017). Its operations are divided into four business sectors: Mobility Solutions, Industrial Technology, Consumer Goods, and Energy and Building Technology. The Bosch Group comprises Robert Bosch GmbH and its roughly 450 subsidiaries and regional companies in some 60 countries.

BOSCH CHINA CHARITY CENTER MISSION STATEMENT

EXEMPLARY SOCIAL RESPONSIBILITY IN THE GAMBLING INDUSTRY

Corporate social responsibility (CSR) plays a central role in corporate philosophy at the Casinos Austria and Austrian Lotteries Group and is firmly anchored in our strategy through a dedicated CSR management system in accordance with ISO 26000.

By Hermann Pamminger and Susanne Hirner, Casinos Austria and Austrian Lotteries Group

The notion of responsibility and sustainable action has a long tradition in the companies in the Casinos Austria and Austrian Lotteries Group. Ever since it was founded in 1967, the company's philosophy has been defined by the belief that society should benefit from gambling products and services. This goal is written into our statutes, and we have continually embraced and developed this principle further over the years. Nowadays, it is far more than a declaration of our commitment and desire to give something back to society. Behind the abstract principle lie concrete management systems, integrated audits, and regular certifications, all of which ensure that we resolutely apply and adhere to this principle.

Social responsibility is something that the public has a right to expect of a gambling operator. The public has rightly become very sensitive when it comes to gambling, and awareness has grown that some manifestations are socially undesirable, or even dangerous.

Responsibility has thus always been a central element in the business activities of the Casinos Austria and Austrian Lotteries Group. In the meantime, the group offers a full range of contemporary gambling products and services — from classic casinos, traditional lotteries, instant lottery games, and sports betting to online gaming and video lottery terminals — all from a single source. Accordingly, responsible gaming is — and has always been — a core aspect of our corporate responsibility.

CSR-STRATEGY 2020: BEST CLASS FOR PEOPLE, IN GAMING, AND FOR THE ENVIRONMENT

But it also goes far beyond that: It covers the full spectrum of economic, ecological, and social responsibility along the value chain. It means demonstrating responsibility beyond the regulatory obligations or provisions and anchoring this in a sound CSR management system. It is the sum of all our internal and external CSR measures. Our aim here is to be literally the "Best in Class," that is, to set a clear example in the gaming industry with our CSR activities.


Casinos Austria Executive Board Member Prof. Dietmar Hoscher

"Corporate Social Responsibility is gaining ever-increasing relevance. When sustainability is applied and practiced consistently, it can become a competitive advantage and a driver of innovation. The Casinos Austria and Austrian Lotteries Group has long embraced the principle of responsibility: It permeates all our business units and is demonstrated in our diverse engagement for social, cultural, and sporting projects and initiatives. Our participation in the UN Global Compact, which began in 2011, as the first company from the gambling sector, underlines our commitment both to sustainability and to spreading the CSR message around the globe. Our CSR Strategy 2020 'People-Gaming-Environment' demonstrates how we embrace our social responsibility and the environmental and social action fields on which we focus. These correspond fully with the United Nations Sustainable Development Goals." (Professor Dietmar Hoscher, Executive Director, Casinos Austria AG)

Our CSR strategy and integrated Sustainable Development Goals

Our CSR strategy focuses on six targeted action fields, which were determined in a comprehensive materiality analysis conducted in cooperation with our stakeholders. Clear goals and concrete indicators point the way.

Focus area 1: People

Top employer

A central element of the principle of social responsibility is our responsibility to our staff. We do our utmost to be a top employer: The provision of a healthy and safe working environment, motivating training, and further education options as well as diversity and fairness are all contributing factors.

Good for Austria

In our "Good for Austria" action field, we place a strong focus on partnership, cooperation, and raising awareness. As a leading tourism enterprise, we establish and value lasting partnerships on equal terms in which we work together toward a sustainable future. To achieve this, we have to create awareness of the topic of sustainability – a goal we seek to realize through internal and external CSR events.

Focus area 2: Gaming

Player protection of the highest quality

Our portfolio of gaming products and services is diverse, varied, and responsible. Responsible gaming is a key principle of business for us and enables us to provide player protection of the highest possible quality.

Compliance on all levels

By demonstrating compliance on all levels, we guarantee adherence to all laws and regulations applicable to our business and to all internal company rules and procedures. Regular certifications ensure the continued development of our compliance systems.

Focus area 3: Environment

Climate Action

Climate Action is one of the biggest global and regional challenges of our time. We have set ourselves the goal of making a significant contribution toward tackling this challenge by acting in an environmentally and energy-efficient manner at all levels.

Sustainable use of resources

We strive to make sustainable use of the resources that are necessary for our business. This requires fair and sustainable purchasing practices and efficient and sustainable waste management concepts.

The Casinos Austria and Austrian Lotteries Group is also active beyond Austria's borders and is a member of the European Casino Association (ECA), which has been a participant in the UN Global Compact since 2015, and the European Lotteries (EL) – the two most important gambling industry associations in Europe. In both associations, we are particularly involved in all topics pertaining to responsibility.

"Our commitment in the field of CSR is not just a service to society. Both our company and our customers profit in the long term from a high CSR standard. A company in the gambling sector gains a decisive competitive advantage if it has the certification to prove that its business is conducted in a responsible manner. Such certifications serve as seals of approval that give our customers security and confidence. We will continue to develop our CSR activities further with this in mind, orienting ourselves thereby on the UN Global Compact guidelines and the SDGs", says Professor Dietmar Hoscher. ■

For more information, please visit: www.casinos.at

CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS

CEMEX is a global building-materials company that provides high-quality products and reliable service to customers and communities in more than 50 countries. We have a rich history of improving the well-being of those we serve through innovative building solutions, efficiency advancements, and efforts to promote a sustainable future.

By Martha Herrera, CEMEX

At CEMEX, we understand that our business cannot thrive in a world of poverty, inequality, and environmental tensions. This is why we recognize our responsibility to share our experiences and apply business models that tackle the world's most critical challenges. By aligning our business strategies with the Sustainable Development Goals (SDGs), we can not only maintain and strengthen our license to operate, but also innovatively create value for society — thereby improving quality of life and well-being globally.

The SDGs provide a blueprint for CEMEX to achieve its vision of building a better future. They foster our sustainable growth by better supporting the communities in which we operate, creating jobs and business opportunities connected to our core business — from building sustainable cities and communities to innovative infrastructure — and continuously fostering trust and transparency with our stakeholders.

They further enable us to understand and better respond to the risks and opportunities that we face in a world characterized by rapid change and disruption across social, environmental, and economic dimensions. Indeed, we are already going further — developing business strategies that embrace the growth potential of responsible environmental and societal policies while driving sustainable business practices throughout our value chain.

Given our company's core business and sustainability strategies, we are more directly engaged in the achievement of the following SDGs: 1, 3, 4, 5, 8, 9, 11, 12, 13, 15, and 17, as stated in our company's recently published Integrated Report.

Some of our initiatives to support the SDGs around the globe

Our Responsible Business strategy directly contributes to our vision of building a better future and aims to understand our stakeholders' expectations by fully managing our company's impacts and creating value and well-being through three strategic priorities:

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

17 PARTNERSHIPS FOR THE GOALS

- Building a comprehensive strategic network of global and local partnerships and alliances to multiply our sustainability efforts and move forward towards our targets
- Participating in forums, coalitions, and initiatives to support responsible growth and promote sustainable practices

1 NO POVERTY

- Creating jobs in local communities
- Developing high-impact social programs to empower women, youth, and neighboring communities
- Providing support during natural disasters
- Enabling access to housing and basic services for low-income families through our inclusive business models

15 LIFE ON LAND

- Implementing Quarry Rehabilitation and Biodiversity Action Plans
- Deploying conservation efforts at El Carmen, a Nature Reserve 8.4 times larger than the total sum of the areas impacted by our operations worldwide
- Producing annual nature books with recognized NGOs, along with CEMEX Nature website to promote our world's natural diversity

3 GOOD HEALTH AND WELL-BEING

- Ensuring health and safety is our company's top priority – our Zero4Life commitment
- Promoting community health through educational programs
- Contributing to buildings' inside comfort, positively affecting inhabitants' health

13 CLIMATE ACTION

- Deploying a robust global carbon strategy that reflects our mitigation commitment
- Putting risk assessment processes in place for potential climate change impacts
- Supporting development of public policy in the transition to a low-carbon, climate-resilient economy

4 QUALITY EDUCATION

- Developing effective leaders while offering training and development to our employees
- Helping society members develop skills to secure employment through our Community Centers
- Contributing to new and more professional careers in the construction field through our masonry training programs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Providing customers with sustainable products, services, and solutions
- Ensuring efficient use of natural resources in our production processes while contributing to a circular economy
- Extending our sustainability approach through our Supplier Sustainability Program

5 GENDER EQUALITY

- Implementing programs to empower women in both our workforce and our communities
- Supporting diversity within our organization through initiatives such as flexible time for mothers, private breastfeeding facilities, and salary equality, among others

11 SUSTAINABLE CITIES AND COMMUNITIES

- Delivering resilient and energy-efficient infrastructure to support growing urban populations
- Deploying a Community Engagement Strategy in all of our operations, considering environmental and social impacts
- Implementing a Green Building Certification Policy across our worldwide offices

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Delivering solutions for affordable housing and energy-efficient buildings
- Implementing resilient and sustainable infrastructure
- Dedicating R&D to engineer and design innovative construction solutions

8 DECENT WORK AND ECONOMIC GROWTH

- Providing competitive compensation to our employees while protecting their labor rights in a safe, respectful work environment
- Generating economic growth for local suppliers
- Enabling community members to become entrepreneurs through our capacity-builiding efforts

1. co-design and implement socially impactful inclusive business models with customers and entrepreneurs;

2. implement sustainable community engagement plans to improve quality of life; and

3. design and co-create responsible cross-functional practices within our operations and our value chain.

To achieve our three priorities, we focus on:

- education and development capabilities
- sustainable and resilient infrastructure and mobility
- social and environmental entrepreneurship
- culture of environment protection and health

Regarding our sustainable and resilient infrastructure and mobility priority, we foster the sustainable development of our communities by making them more resilient, safe, and committed to the environment. Through CEMEX's Resiliency and Urban Transformation Strategy, we transfer our knowledge of how to promote a culture of prevention, as well as how to act upon a natural disaster. Thus, residents develop the ability to prevent — and to recover from — adverse situations by working together, thereby strengthening our communities' resiliency and social foundations.

As part of our Resiliency and Urban Transformation Strategy, our Urban Upgrading model is designed to foster the transformation of vulnerable urban areas into inclusive, safe, sustainable, and resilient communities. Launched in 2015 as a pilot project in Campana-Altamira, Mexico, the model is supported by more than 50 partnerships with government, academia, NGOs, the private sector, and community partners. Based on a long-term sustainable development plan for the community, we have worked together with more than 10,000 people from Campana-Altamira. Today, there are 11 neighborhood committees leading community participation projects to continue investment in community infrastructure.

Our more than 500 global partnerships have proved to be key success factors in the meaningful role we play through our collaborative efforts and our ability to transform societal challenges into business opportunities that generate positive, long-lasting impacts. ■

DEUTSCHE POST DHL GROUP IS ON ITS WAY TO ZERO-EMISSION LOGISTICS

2018 marks an anniversary year for Deutsche Post DHL Group's efforts and achievements in the area of sustainability. Ten years ago, long before everyone in the business world – and especially the logistics industry – was talking about sustainability and corporate responsibility, Deutsche Post DHL Group assumed a leadership role by launching its environmental protection program, GoGreen. Since 2008, countless innovations have been developed as part of the GoGreen program in an effort to reduce the environmental footprint of the Group and its customers – everything from energy-efficient lighting in buildings and optimized transport routes, to the Group's very own electric delivery vehicle. With the help of measures such as these, the Group achieved its first climate protection target in 2016 – a major milestone for the company. Since then, it has set another ambitious target. In 2017, the Group announced its Mission 2050 – to reduce all logistics-related emissions to zero by the year 2050. Mission 2050, of course, is not an end in itself. The overarching goal is to help preserve the basis of life on Earth, which is why Deutsche Post DHL Group also supports the United Nations Sustainable Development Goals (SDGs).

Deutsche Post DHL Group

By Prof. Dr. Christof E. Ehrhart, Deutsche Post DHL Group

When the GoGreen environmental protection program was being developed, it was clear that it should offer more than just "lip service" to the importance of sustainability and corporate responsibility. Its goal was to make real, measureable improvements to the Group's environmental performance — and a real contribution to environmental protection. This determination is what drove Deutsche Post DHL Group in 2008 to become the first company in its industry to commit to a measurable climate protection target: to improve carbon efficiency by 30 percent by the year 2020, as compared to the 2007 baseline. This meant reducing carbon emissions by 30 percent for every ton of freight, every letter, every parcel, and every square meter of warehouse space. A long list of successful initiatives made it possible to achieve this goal in 2016, four years earlier than planned.

Our new target: The Green Zero

Having achieved its previous target ahead of schedule in 2016, Deutsche Post DHL Group announced a bold new target in March 2017: Mission 2050. As the name suggests, this goal is longer term; it is also more ambitious. By 2050, Deutsche Post DHL Group wants to reduce all logistics-related emissions to zero. As part of Mission 2050, the Group has also set four interim targets for carbon efficiency, local air pollutants, green products, and employee engagement (see inset). To help build momentum toward the ambitious zero-emissions goal, the deadline for these interim targets has been set for 2025. >>

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

GOGREEN MILESTONES SINCE 2006

2006

First green product portfolio in the logistics industry
The Group offers the GoGreen Pluspäckchen, giving customers the option to send parcels carbon neutral.

2008

GoGreen climate protection program
The Group is the first global logistics company to set a quantifiable climate protection target: Reduce carbon emissions by 30% by 2020 for every letter mailed, every container shipped and every square meter of space used.

2010

First interim target reached
The Group reaches its 2012 interim goal two years ahead of schedule, increasing the carbon efficiency of its own operations between 2008 and 2010 by 10% over 2007 levels.

2014

Sustainability integrated into corporate strategy
Strategy 2020 Focus.Connect.Grow. outlines the Group's strategic priorities for the coming years. Beyond ambitious financial targets, the Group wants to become the benchmark for responsible business.

2015

Streetscooter goes into series production
The company's own electric vehicle makes mail and parcel delivery quieter and more environmentally friendly. As of 2017, 10,000 StreetScooters will be produced every year.

2016

Climate protection target achieved
The Group reaches its 2020 climate protection goal early, improving carbon efficiency between 2008 and 2016 by 30% over 2007 levels.

2017

Zero emissions logistics by 2050
The Group sets a new climate protection target and a new benchmark for the industry: By 2050, the Group wants to reduce all logistics-related emissions to zero. Four ambitious interim goals are set for 2025.

Mission 2050: Zero Emissions

MISSION 2050
ZERO EMISSIONS
GOGREEN

Deutsche Post DHL Group

With Mission 2050, Deutsche Post DHL Group once again takes on a leadership role in the logistics industry. While the idea of zero-emission logistics might seem unrealistic at first, it represents the logical next step for the 10-year-old GoGreen program. Deutsche Post DHL Group supports the goal to limit global warming to less than 2°C, as established by the COP 21 world climate conference in 2015. Achieving the 2°C goal will require a radically new approach, especially in energy-intensive industries such as logistics. The goal of emissions-neutral logistics is not optional — it is unavoidable.

Another idea behind Mission 2050 is to contribute to the United Nations SDGs, which Deutsche Post DHL Group supports as an official United Nations partner. Mission 2050 contributes directly to SDG 13 ("Climate Action") and — with its goal of improving air quality through clean delivery — also to SDG 11 ("Sustainable Cities and Communities"). In line with its regular business activities and other corporate responsibility efforts, Deutsche Post DHL Group is also committed to SDG 4 ("Quality Education"), SDG 8 ("Decent Work and Economic Growth"), and SDG 17 ("Partnerships for the Goals").

Mission 2050 on course after first year

One year has passed since the announcement of Mission 2050 and — as documented in the Group's annual Corporate Responsibility Report (published in March 2018) — measurable progress has been made in these first 12 months. In 2017, carbon efficiency improved by two additional index points to reach 32 percent. The Group is also on track to achieve its interim target for clean delivery by 2025. In 2017, the percentage of clean pickup and delivery solutions was already at 28 percent, thanks in no small part to the success of the StreetScooter, which is Deutsche Post DHL Group's own electric delivery vehicle. In Germany alone, more than 6,000 StreetScooters are being used in delivery operations. Moreover, in 2017, the Group positioned itself to significantly increase the number of StreetScooters out on the road.

Another 2025 target is to incorporate green logistics products and services into more than 50 percent of all sales.

The Group took important steps toward this goal in 2017 by expanding its portfolio of green services and developing appropriate sales strategies. To help achieve its employee engagement target, the Group also began developing an employee training program last year. Finally, it was particularly encouraging to see that more than 1,000,000 trees were planted in 2017.

One of the many important components of Mission 2050 is that it has not only symbolic power, but also an immediate positive impact on the environment. ■

MISSION 2050 AND ITS INTERIM TARGETS

These four interim targets for 2025 were set to achieve the ambitious zero-emissions goal by 2050:

1. Improving carbon efficiency by 50 percent compared to 2007 levels.
2. Reducing local air-pollution emissions by operating 70 percent of first- and last-mile services with clean pickup and delivery solutions, such as bicycles and electric vehicles.
3. Incorporating green logistics into more than 50 percent of sales to help make customers' supply chains greener.
4. Certifying 80 percent of employees as GoGreen specialists, and joining partners in planting 1 million trees every year.

A GATEWAY TO KNOWLEDGE: "MEDIA SURE! BUT SECURE"

"Leaving no one behind" is the guiding principle of the United Nations Sustainable Development Goals (SDGs). One of these 17 SDGs demands access to quality education for everyone. Deutsche Telekom not only offers products that provide access to information, it also promotes the use of new technologies.

By Barbara Costanzo, Deutsche Telekom

"Digitalization has the potential to make our world better," says Barbara Costanzo, who is responsible for the Social Engagement within Corporate Responsibility at Deutsche Telekom. Whether it's laptops, tablet PCs, or smartphones, they all open doors to numerous news and education portals on the World Wide Web. "For everyone to enjoy equal access to this knowledge, however, they have to be able to use the digital tools confidently, competently and independently," she explains. This requires critical thinking, creativity and teamwork. "We support all this under the superordinate concept of "Media sure! But secure."

This initiative by Deutsche Telekom provides media skills independently of personal traits and abilities. The various projects in Germany and Europe cater to children and young people as well as adults and seniors. It helps them to explore the almost limitless possibilities of the digital revolution.

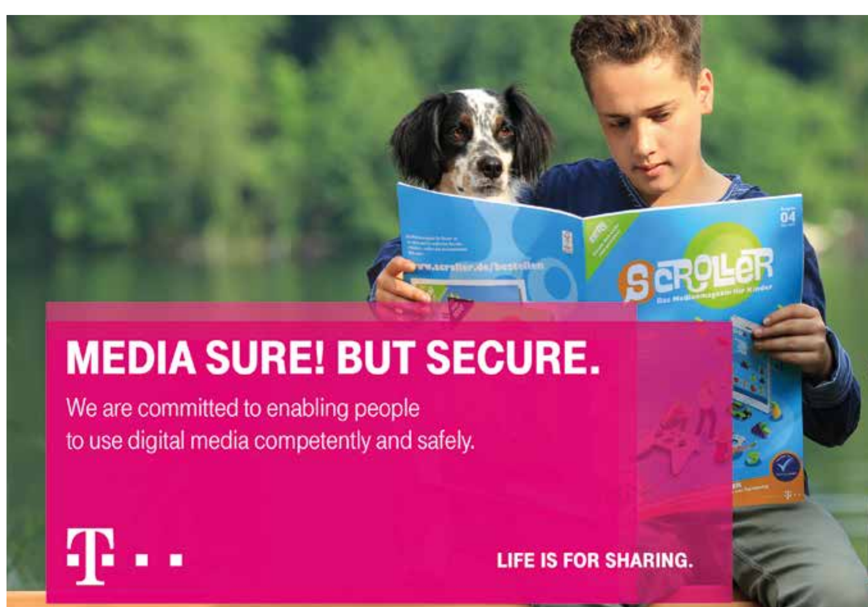
Media skills from the cradle

Even the youngest are active in the digital landscape today. But how can we help adolescents understand the value of their personal data? What influence do social networks have on the shaping of mindsets? And what should people look out for when buying an app? The multiple award-winning initiative "teachtoday" provides answers and helps children and young people – as well as their parents, grandparents and teachers – by offering practice material. The material is based on specific everyday situations and can be put into practice together right away. "teachtoday" has an international scope and is available in seven languages. In addition, the children's magazine Scroller offers valuable tips to children aged nine to twelve on how to protect themselves on the internet.

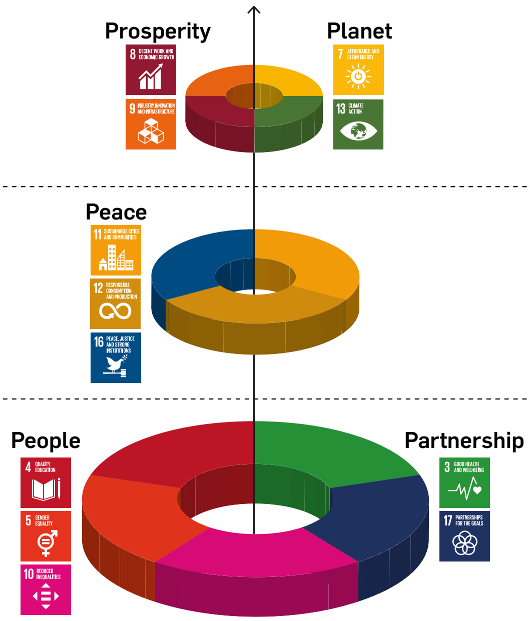
In addition to reading and exercise material, "teachtoday" also offers lots of action. The annual campaign day "Summit for Kids" uses playful methods to help the young participants gain confidence in using digital media: in workshops, on scavenger hunts, on an obstacle course or in creative competitions.

"1001 Truth": security on the web

"Today's young people are growing up with digital products and learning how to han-



SUPPORTING MEDIA SKILLS WITH THE 5P APPROACH



Planet: Climate protection
Prosperity: Sustainable business models

Peace: Societal challenge, promotion of democracy, data privacy

People: Inclusion, media skills
Partnership: Teachtoday, campaign day 1001 Truth, Sea Quest, digital neighborhood

dle them from the start," says Costanzo. "Earlier generations didn't encounter the benefits and risks of technology until adulthood." They also need to know that information on the internet not only spreads quickly and directly, but that it is also completely unfiltered. Reliable news is now often mixed with personal opinions or "fake news." And in social networks, insults and hate messages are becoming increasingly common. How can you recognize fake news, and what steps are being taken against personal attacks online? These and other questions were discussed by more than 2,000 Deutsche Telekom employees in July 2017, at the campaign day "1001 Truth – Opinion shaping and reliability on the web" in Bonn. A number of experts were on hand to answer questions, from Barack Obama's election campaign manager to the founder of "Hass hilft", a facebook group that turns hate messages into donations and raises awareness racism and cyber bulling. The positive feedback from this event encouraged the company to develop additional online modules and make them accessible to everyone. They can be used by different target groups, such as mentors, teachers, parents, senior citizens, and people who have difficulties understanding complex language and topics. To enable this, Deutsche Telekom has developed a platform that offers a variety of materials in different modules – for multipliers as well as for self-learning. First topics range from "Darknet" and "Digitalization and Health" to "Fake News". The interactive content is available in English, German, and simple German, a version in easier words and with more explanations. More modules will follow and more languages are in consideration.

"Of course, there are many issues affected by increasing digitalization," says Costanzo. "We offer an online guide specifically on the topic of data security, for example." The German website sicherdigital.de provides information about risks and protective measures in portals. Deutsche Telekom also advocates for the competent use of media with its commitment to "Deutschland sicher im Netz" ("Making Germany Safe on the Net"). This nonprofit organization supports consumers and businesses with digital security matters. "All these offers show that you don't have to be a digital native to develop an understanding of IT," Costanzo points out. This is also emphasized particularly by the "Digitale Nachbarschaft" ("Digital Neighborhood") initiative, in which the telecommunication company is involved. This project qualifies people who want to share their knowledge with others as volunteer ambassadors.

Support of elderly people

Sharing knowledge is also an important factor for supporting the elderly. That is why Deutsche Telekom and the German Association of Senior Citizens' Organizations (BAGSO) and "Deutschland sicher im Netz" support the collection of material for the "Digital Kompass". This website is aimed at volunteers who work with senior citizens in order to instruct them in the use of new media. Deutsche Telekom also supports the "Golden Internet Prize." This contest recognizes senior citizens who work as internet guides for fellow seniors, as well as innovative, multigenerational IT projects. In this framework, Deutsche Telekom awarded a special prize "Let ideas grow" in 2017 in recognition of a program that supports digital skills and gives elderly people living in poorer conditions the possibility to meet others in order to participate in social events as theatre or opera.

Digital inclusion

"We want to enable people to benefit from the opportunities of digitalization, no matter how old they are or where they come from," Costanzo says. "As a telecommunications company, we feel obliged to do so." A wide variety of measures is helping to ensure that all stakeholders can participate equally to society, as Deutsche Telekom not only supports the Sustainable Development Goals themselves, but also shares the vision of "leaving no one behind." ■

For more information:
https://www.medienabersicher.de/en/
https://www.telekom.com/en/corporate-responsibility

OUR LOW-CARBON COMMITMENT

Although our carbon intensity per kilowatt hour is one of the lowest in the world, our Group is so large that we are a high emitter, as measured by tonnes of CO_2 released into the atmosphere. We must all act urgently to take the fight against climate change to the next level. Like other companies in our sector, we are expected to respond to this issue, and that is just what we are doing.

By EDF Group

NGOs long had the monopoly over it. Then it became the subject of international negotiations and public policy. But today, carbon can also influence decisions in the world of finance. Investors and development banks are gradually moving away from financing fossil fuels. Furthermore, carbon is a key criterion taken into account by ratings agencies and the large customers of electricity companies. The issue of carbon and our emission-reduction strategies are often even pre-qualifications in the bids we submit to our customers. Amazon. Apple. BNP Paribas. Carrefour. Danone. Ikea. These leaders are all imposing new requirements on their suppliers and actively promoting renewable energy, guarantees of origin, or green assets.

So we are adapting to these new game rules. As such, we are firmly committed to making advances through a deep transformation and leading our regions and customers toward the energy transition. Meanwhile, our whole approach to corporate social responsibility pushes us to proactively take the initiative in lowering the carbon content of our energy mix. That is why in April 2018 we laid out the specific steps needed to meet our climate change goal of going beyond the requirements of the 2°C trajectory set by COP 21 by drastically reducing our CO_2 emissions.Our commitment is clear: reduce our direct CO_2 emissions from

- 30 million tonnes of CO_2 in 2030
- 30 GW of solar power in 2030 in France
- 10 GW of storage in 2035

EDF Group strategy: combining renewable energy with nuclear power

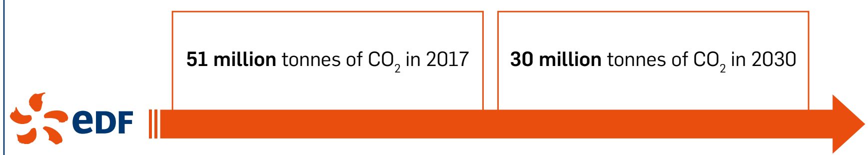
51 million tonnes in 2017 to 30 million tonnes by 2030. We will attain that goal by closing or adapting our remaining coal- and fuel oil-fired power plants and by stepping up the development of our renewable generation capacity to complement our nuclear output. To make the goal a reality, the Group has launched its ambitious Solar Power Plan in France to build 30 gigawatts (GW) of additional solar capacity by 2030. This is accompanied by an Electricity Storage Plan, under which the Group will develop 10 GW of new storage capacity worldwide by 2035 to bring its total storage capacity to 15 GW once the plan is complete.

This strategy embodies our pledge to develop photovoltaic energy in France and become a leader in the industry. By combining renewable energy with nuclear power, which we have made flexible, together with energy storage, we can guarantee CO_2-free electricity by 2050, with the hope of coming closer to carbon neutrality. ■

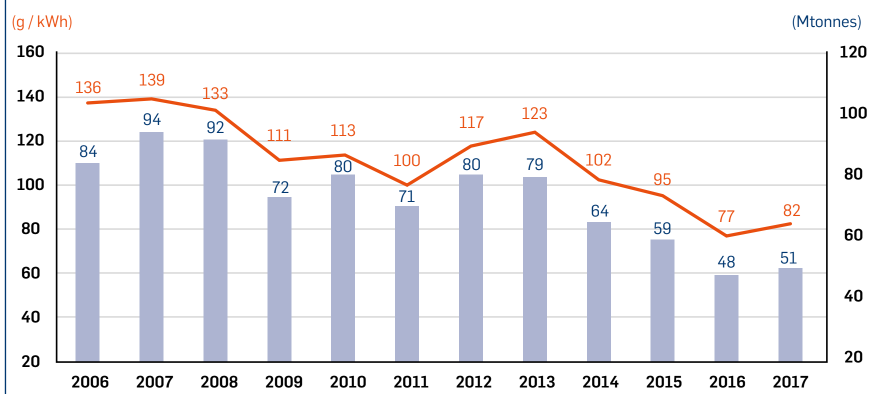
> **We are working towards carbon neutrality by 2050**

EDF group is one of the world's leading electricity companies, not only as measured by net installed capacity and electricity generation, but also in terms of carbon performance. Its direct emissions currently total 88 g of CO_2 / kWh, (Direct emissions, excluding life cycle analysis of the generating plant and fuel) for a carbon intensity that is six times lower than the industry average (Source: International Energy Agency, 2016). In France, with 22 g of CO_2 / kWh generated, EDF's performance is even better.

MOVING TOWARD INCREASINGLY LOW-CARBON ENERGY TO BUILD A FOSSIL-FREE ECONOMY



THE GROUP'S LONGSTANDING COMMITMENT TO REDUCING ITS DIRECT CO_2 EMISSIONS



(Source: EDF)

THESE START-UPS HAVE MORE VALUE!

By Silke Düwel-Rieth, EY

> **Without the award, the relationship with our stakeholders would be much more difficult. Of course, they want to see economic success, but they are also invested in the public value of Sonovum. Because you can't have one without the other.**
>
> *Konrad Sell, CMO Sonovum AG, 3rd Place EY Public Value Award for Start-ups 2016*

This is how Konrad Sell describes the added value of the EY Public Value Award for his company. In 2018, the award will be presented for the third time to Start-ups that represent the highest benefit levels for society through their business models. The award is a cooperation project between the auditing and consulting company EY and the HHL Leipzig Graduate School of Management (HHL).

Companies and society exist in a dynamic relationship. As integral elements of society, companies contribute to the common good and seek to be accepted by society in terms of a "license to operate."

"In Germany, we often look unilaterally at Start-ups. It's all about the profits," says Timo Meynhardt, Professor of Business Psychology at HHL. But how is it possible to measure added value for society? On that topic, Meynhardt has developed the scientifically proven "Public Value Scorecard," which forms the basis for the well-known "EY Public Value Award" honoring sustainable Start-ups. "For Start-ups, there are good reasons to start working on their contributions for the greater good right from the start. This creates a mix of courage and humility, which is very important to the company's success. The common good is not an old-fashioned idea, and it offers an attractive way of meaningfully growing together. The enormous response to the award shows the topicality of the subject," says Meynhardt.

The methodological basis is the "public value theory," according to which real added value only arises when central human or social needs are satisfied. For example, does an upcoming acquisition result in a potentially positive contribution to the common good, or is it viewed more critically? In addition, which impact does that have on the company's success, on product acceptance, and on employer branding? Finally, it is important for companies to understand that society always sits at the table for all decisions.

These ratings are measured by using the Public Value Scorecard. It makes evaluations using four basic needs that contribution to the common good. These needs have been identified in psychological research. Along these lines, companies have to ask themselves if they:

- create a societal benefit by solving a problem
- interact in line with the canon of values in their social environments
- contribute to societal cohesion
- give people a positive experience

Business model has to benefit society

Together with the question about the financial benefits for a company, a scientifically sound basis is created when there is an understanding about the role of a company in the social context. In order to fulfill this guiding principle, the question of social impact is also integrated into advisory work. Because of the increasing importance of this social dynamic, EY is proactively addressing this issue — not only for itself, but also in its service offerings. The motto "Building a better working world" clearly describes the role that EY claims for itself globally.

For EY, the common good approach is not only part of its consulting practice, but also the motor for a series of initiatives, such as the EY Public Value Award for Start-ups. Together with the HHL, EY has been giving the award to young companies since 2016. The business ideas of these companies are growth-oriented and at the same time solve a social problem, take moral/ethical standards into account, or strengthen relations between groups.

"The EY Public Value Award hits a zeitgeist because value is no longer only measured in terms of sales and outcomes but also in terms of contributions to societal relations," says Markus T. Schweizer, Managing Partner Ernst & Young in Germany, Switzerland, and Austria. "With the award, we want to make Start-ups' contributions to societal relations visible and encourage other companies to revise their own business models for the added value of society. With the third year of the EY Public Value Award we are able to send out a message: Public value theory is more than a short-term trend for founders. It is a topic that accompanies them throughout their founding phases," explains Schweizer. With this award, EY is supporting Sustainable Development Goal 8 (decent work and economic growth).

What advantage does the EY Public Value Award bring to companies?

The award offers founders the opportunity to present the uniqueness of their business models. It is intended to serve as a seal of quality and a positive signal to the general public. It is also a sign to potential investors because the societal relevance of business ideas is increasingly becoming a criterion for investors. Therefore, it is important for Start-ups to take economic and social perspectives into account when they start their businesses. This not only applies to Start-ups, as Timo Meynhardt emphasizes: "Entrepreneurship has little to do with simply wanting to save the world. We are not talking about naivety, but about surviving in rounds of financing and having long-term financial success. It may be very good and useful if the business benefits go hand-in-hand with the common good. In other words: A company or Start-up will not be successful in the long term if it permanently violates the common good. Many studies show that orientation towards added social value, especially sustainability, also pays off for companies. That counts for Start-ups and corporations."

Winner of the EY Public Value Award 2017

The Start-up Social-Bee won the EY Public Value Award in 2017, which took place in the "Kongresshalle am Zoo" in Leipzig in front of 250 guests. The founders from Munich were able to prevail against six finalists. In total, 120 Start-ups applied for the prize last year. Social-Bee is the first nonprofit, temporary employment agency in Germany that integrates refugees into the labor market and society. Social-Bee hires the persons concerned and conveys them to interested companies. Furthermore, the founders support refugees with socio-educational supervision, language courses, and partial qualifications.

The awards ceremony 2018

The finalists will be announced in September and the awards ceremony will take place on October 11 in Leipzig. All finalists present the contribution of their Start-up to the common good in a short pitch. It is important to convince both of the idea's importance to society: the jury members and the audience. Immediately afterwards, the jury selects three award winners based on the systematic evaluation process, the Public Value Scorecard. Additionally, the audience awards another prize. Each guest will have the opportunity to vote for their personal favorite. It is a public event and free of charge. Please register in advance. ■

SUPPORTING THE GLOBAL GOALS: FROM SDG PIONEER TO SDG ACHIEVER

The Sustainable Development Goals (SDGs) are a glimpse of hope for developing nations such as Bangladesh. Although many nations have moved forward, there are still global disparities and nations around the world dealing with the urgency of eradicating hunger, attaining proper education for both genders, and achieving gender equality in all fields. The SDGs have also been designed to save the planet by imposing environmental rules to ensure less damage. Their urgency is reflected in the quote of former UN Secretary-General Ban Ki-moon: “There can be no plan B, because there is no Planet B.” The 17 SDGs and their 169 targets deal with the crucial predicaments facing our world.

GREEN DELTA INSURANCE

By Moniruzzaman Khan, Green Delta Insurance

Achieving the goals can turn into a never-ending process. According to the UN, the private sector plays a fundamental role in achieving the SDGs. Experts suggest that now is the best time to mobilize the business community to improve the world and its surroundings. In a country such as Bangladesh, there are multiple companies working toward the achievement of these goals and targets. However, to achieve them, corporations need to focus on where they can have maximum impact. In Bangladesh, the point of focus should be gender equality (Goal 5), quality education (Goal 4), good health and well-being (Goal 3), no poverty (Goal 1), zero hunger (Goal 2), decent work and economic growth (Goal 8), industry, innovation, and infrastructure (Goal 9), climate action (Goal 13), and partnerships for the goals (Goal 17).

We have adapted a holistic approach and designed a socio-economically viable business model to transform ourselves from an SDG pioneer to an SDG achiever. Below is a brief overview of the SDGs that we are working on through our innovative products, services, and projects:

Gender equality:

Nibedita, which is a comprehensive insurance scheme for women, strongly supports Goal 5 (gender equality) through its concept of providing economic security for women. The Green Delta Insurance Company (GDIC) also practices gender equality within its organization. Currently around 30 percent of its employees are women. The HR practices of GDIC aim at transforming the ratio to 50:50 by 2030.

Good health and well-being:

Green Delta has always taken a keen interest in providing good health and well-being to its stakeholders. Health insurance, Niramoy micro-insurance for rural people, Shudin micro-insurance for garments workers, the Shashthya Surokhkha Karmashuchi (SSK) project and Green Delta’s Assist healthcare services support Goal 3.

Decent work and economic growth:

Probashi, which is a comprehensive insurance scheme for migrant workers, strongly supports Goal 8. This scheme ensures that migrant workers, who are considered the force behind the economic growth of the country, are able to safeguard their future, both for themselves and their families.

Green Delta’s strong HR policies also ensure that employees from all levels never face discrimination and that they are promised a decent work environment with opportunities to grow.

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

Industry, innovation, and infrastructure:

Green Delta has been working to transform the whole insurance industry since its inception. We have a vision to grow with everyone else rather than to grow alone. Our innovation is the result of many groundbreaking ideas, the most recent one being Digital Insurance. We are the pioneers in the sector who are digitalizing the insurance industry. We have built up a state-of-the-art IT infrastructure to support the initiative. With the formal launch of Digital Insurance, we are expecting a paradigm shift in the industry that people from all walks of life will benefit from. Our micro-insurance projects, Shudin and Niramoy, as well as the SSK project from the Health Economics Unit of the Ministry of Health and Family Welfare of Bangladesh aim at ensuring proper healthcare to the people living below the poverty line through an innovative infrastructure. These projects are meant to transform the industry, thereby supporting Goal 9.

Climate action:

Green Delta supports Goal 13 through its Weather Index Based Agri Insurance and Green Insurance concept. Green Delta's Weather Index Based Agri Insurance is the first of its kind in Bangladesh's insurance market. The International Finance Corporation, the World Bank, the BFP-B Challenge Fund, and the DAI-AVC USAID project are partners in this pioneering initiative, as they provide technical support and capacity-building. Thousands of farmers all around the country have benefited from this product.

Green Insurance is another concept that Green Delta is about to launch for those who believe in giving back to the environment and going green.

Partnerships for the goals

Green Delta believes in driving the global goals with strong partnerships. We have made strong partnerships with local and international entities supporting Goal 17 both in the public and private sectors. Our major support partners include:

1. Access to Information (a2i) of the prime minister's office
2. Shashthya Surokhha Karmashuchi (SSK) of the Health Economics Unit, Ministry of Health and Family Welfare
3. ICT Division, Ministry of Post, Telecommunications, and ICT
4. International Finance Corporation, World Bank
5. Dnet
6. BASIS, etc.

Green Delta is also supporting and working for Goals 1 (no poverty), 2 (zero hunger), and 4 (quality education) through its innovative projects.

To showcase the SDG initiatives of GDIC, we have come up with a unique tool for 2018. Our calendar is solely based on the SDG theme. Every month highlights a unique project/product of GDIC that supports the SDGs. We are showing the difference that the SDGs make in our lives.

The execution was also neatly crafted by our creative agency. Every page comes with a transparent sheet. Without the transparent sheet, the visual shows life before the SDGs. Once the transparent sheet is placed in front of the page, we get a slightly different visual showing the improved life after incorporating the SDGs. The idea and execution was highly appreciated by stakeholders at different levels.

Likewise, our Annual report 2017, which was published on March, 2018 was also based on the concept of Sustainability Development Goals to show our solidarity with the causes.

This was another project which earned respect from our partners, clients, wellwishers, regulators and other stakeholders. ■

ONE STEP AHEAD FOR MORE THAN 160 YEARS – POWERED BY PASSION!

Ten companies, five product areas, and three business units make the Harburg-Freudenberger Maschinenbau one of the world's leading developers and manufacturers of special machines for the rubber, tire, and edible oil industry. Maximum energy, precision, and the desire for innovation from every single employee at our locations on five continents are the guarantors that this will continue to be the case in the future. We invest regularly and very consciously in the ongoing development of our products so that we are always able to offer our customers the most efficient, reliable, and also ecologically sensible solutions. We stand for high tech that is engineered in Germany and, in many respects, we are the benchmark for the industries in which we operate.

HF GROUP

By Harburg-Freudenberger Maschinenbau

We are actively committed to better working conditions and sustainable production

Our research and development department is always looking for new solutions that consume even less energy and pollute the environment with fewer emissions. We are increasingly implementing this drive in our own production processes with the aim of protecting the environment and offering our employees better working conditions.

That is why we began constructing a biomass power plant at our largest site in Belišće, Croatia, a few years ago. It supplies 1150 kWh of electricity per year for the general grid and 1650 kW of heat for our own offices and halls. During this process, the old gas heating system in the production halls was replaced with a modern hot water heating system, which not only enables more even and efficient heat distribution but also eliminates combustion gases and residues, which could potentially be harmful to our employees. This modernization measure alone reduces CO_2 emissions at the Belišće site by more than 35 percent and also creates healthier and more pleasant working conditions. In addition, a forced ventilation system with heat recovery was installed in the rooms, and the lighting system was completely renewed to save energy, which reduced CO_2 emissions for light energy alone by 47 percent. For this reason, the construction of another biomass power plant is planned for 2018 in order to increase these positive effects even further.

Painting equipment is of great importance when constructing machines for tire production. The previous cleaning and painting systems in Belišće are now obsolete and can no longer meet the required capacities. We are therefore planning to build a new paint shop that will protect the environment by using environmentally friendly chemicals for washing and painting the parts and a closed water circuit. Both advances will offer significantly higher production capacities.

The fully automated cleaning of the parts to be painted significantly reduces the exposure of solvents and volatile organic compounds (VOC) in the external environment as well as the working environment. New types of coatings that can be applied directly without primer enable further significant reductions in VOC emissions in the air that workers breathe, which leads to less odor and fewer allergic reactions.

Manufacturing plant, Belišće, Croatia


Power plant at production site, Belišće, Croatia

How we view Industry 4.0 at Harburg-Freudenberger Maschinenbau

We at Harburg-Freudenberger Maschinenbau are also facing up to the increasing digitalization of Industry 4.0 processes. In doing so, we are currently working on a Customer Service Portal (CSP) for the entire group of companies, which will enable customers to digitally access the machines and systems we supply from anywhere in the world and to use a wide variety of applications. For example, all machine documentation that was previously delivered in paper form will be stored here. The provision of digital data not only enables fast, worldwide access to information around the clock, but it also saves paper, and thus protects the environment. We will also ensure that the latest information will always be available.

The plant-specific electronic spare parts catalog, which will also be available in the CSP, will make it easier to find the right part by means of a clear 3-D representation in the machine model, some of which is even supplemented with explanatory animations. The required spare parts can be easily selected, placed in a shopping basket, and requested, or ordered via the CSP.

With our "Online Condition Monitoring," which will be offered either via a cloud application within our CSP or as an on-premise solution, the machines and systems are equipped with intelligent sensors. These monitor the systems and send messages when limit values are exceeded, for example to request action, and thus protect the systems from damage. Customer-specific dashboards can be used to display and monitor system statuses in order to monitor specific machines. In addition, preventive measures, such as the cleaning or maintenance of individual parts, can reduce machine failures and conserve resources.

Customers will also find the "Knowledge Scout" knowledge database in the CSP. This is where we will store our expert knowledge in a structured manner. This will enable fast and efficient error analysis and troubleshooting by either us or the customers themselves. Additional applications such as e-learning, material database, predictive maintenance analysis, vibration noise control, information on maintenance schedules, etc., are also in progress. ■

WELCOME TO THE FUTURE OF BUILDING

Web 4.0, smart systems, big data – digitalization will shape the future, including the future of building. In places where 2D designs were formerly the basis for everyday construction projects, now project owners, designers, companies, and subcontractors are more connected to each other digitally. Building Information Modeling (BIM) is the method used for the effective handling of digital construction projects. It is based on the active networking of all parties involved with the aid of 3D computer models that can be supplemented with further data, such as time and costs. In short, those who first build digitally – and then in real life – are simply better prepared, which prevents many problems from originating in the first place.

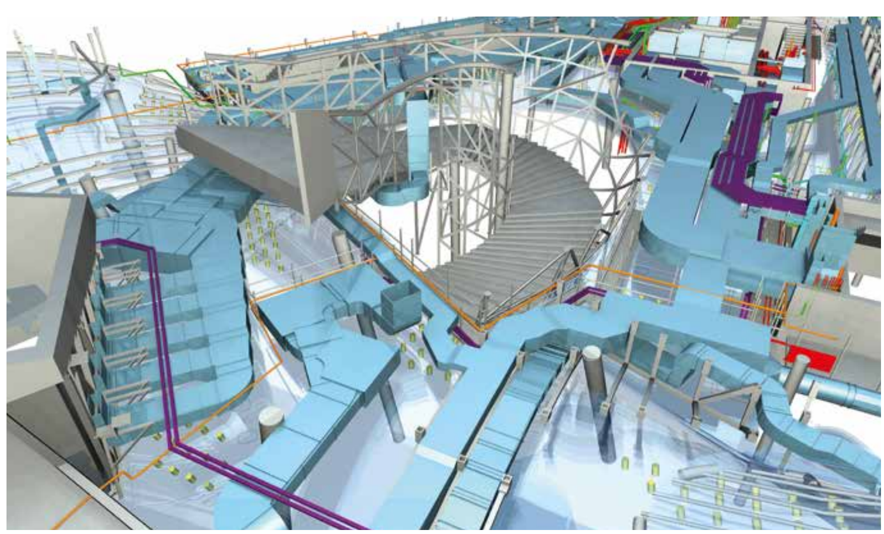
By HOCHTIEF Corporate Communications

HOCHTIEF recognized the potential of BIM early on. Our virtual construction business, HOCHTIEF ViCon GmbH, is considered to be one of the pioneers in this field. We have been expanding BIM know-how within the Group with increasing intensity for some years now. This makes sense and has been demanded more often by public as well as private clients. The step-by-step BIM plan was introduced in Germany in 2015. The plan is for BIM to be the standard for all of the country's transportation infrastructure projects by 2020. Similar standards apply in many countries, including the United Kingdom, Finland, Norway, Singapore, and Malaysia, among others. Turner, our subsidiary in the United States, executes almost no structural engineering projects without the use of BIM — for good reason.

The construction process: Flexible and precise

BIM is more than a 3D model. It is an information tool for all of the parties involved, and therefore a communications system — one could say it is a new philosophy of construction. Because architects, project owners, engineers, and subcontractors can access the model, they are always up-to-date on the current status of the construction project. Pipelines, walls, stairways, and masonry are visible on the screen. Based on this, the system calculates the quantities of concrete, steel, or masonry required at the press of a button. If designs are changed during the construction process, for example if an additional wall is added, then all of the consequences are calculated in mere seconds, and everyone is immediately made aware of them. The model can be supplemented with

The large staircase of the Elbe Philharmonic Hall being designed.



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13 CLIMATE ACTION


The Elbe Philharmonic Hall in Hamburg – a 110-meter-tall work of art

additional information, such as time, costs, and intended use, which results in a wealth of further benefits for the project management.

In order to successfully realize the full potential of BIM, it is important for all team members and parties to be involved in the digital processes. Many people have to be trained for this. In cooperation with select universities, HOCHTIEF ViCon offers people BIM certification courses to become "BIM Professionals," thereby enabling access to project experience from previous years, including large-scale projects such as the Elbe Philharmonic Hall in Hamburg. In 2007 an interference check for technical trades was used there. This is extremely sensible for complex projects and answers important questions: Which trades might interfere with each other? Do cables, pipes, and ducts interfere with each other? The 3D model makes this visible and prevents against walls having to be torn down, duplication of work, lost time, costs, and aggravation. "We promptly identified several thousand interferences during the design of the Elbe Philharmonic Hall and resolved to fix these together with the parties involved before problems could arise in practice," says René Schumann, Managing Director of HOCHTIEF ViCon. "In 2D this is simply no longer possible for such complex projects," he adds.

Control is everything

BIM is a benefit not only for structural engineering but also infrastructure construction, for example large-scale projects such as the Sydney Metro Northwest project in Australia. Our colleagues from the HOCHTIEF subsidiary CPB Contractors were involved in the construction of two 15-kilometer-long tunnel tubes there. The experts from HOCHTIEF ViCon provided support with BIM management services and implemented the Online Rail Information System (ORIS), which was developed in-house.

ORIS is a web-based project management system that was specially developed for the control and evaluation of the data material of railway projects in order to more efficiently manage their realization and operation. The new feature of this project is that the model information is also used directly on the construction site with the aid of tablets. Additional data from there can be fed back into the 3D computer model. The metro project in the Australian metropolis will be that continent's first fully-automated metro system and will transport 100,000 passengers per hour when it is completed in 2019.

One important benefit of BIM is that it provides a perfect overview of all of the data. As a result, this method is also a clear benefit with regard to sustainability. Practice shows that BIM helps to cut construction costs and CO_2 emissions. How does it do that? Logistical steps can be better coordinated, waiting times are shortened, and misunderstandings are cleared up through better planning. These are the best conditions for staying on schedule and within budget. The carbon footprint as well as savings potentials can also be calculated on the basis of the models.

Benefit for operators

It is not only investors, construction companies, and subcontractors who benefit from BIM, but also property and facility managers. During the handover of the building by the company carrying out the construction, property and facility managers receive detailed information on installation locations and specifications of technical systems and equipment or areas to be maintained. The optimal time to take advantage of the opportunities provided by BIM is when the important aspects from the operator's perspective are already integrated into the design process and the product manufacturers make their data available digitally in the 3D computer model.

This benefit is also taken advantage of by synexs, the young HOCHTIEF subsidiary that is responsible for facility management. The company pools all of the pieces of data that are important for the efficiency and resource-conserving operations of the real estate and the facilities. This enables "real-time" control of properties and "just-in-time" management of all issues.

Clients can access the relevant information at any time, and the operation is documented seamlessly and transparently. The BIM data is therefore up-to-date in every phase of the property's life cycle. This, in turn, benefits architects and building contractors in their planning of new projects. Transparency pays off. ■

GOOD PRACTICE SECTION 2: LIST OF ATTENDEES (FROM I-Z)

Companies are listed in alphabetic order

Solely responsible for the editorial contributions under the heading "Good Practice" are the companies themselves. Named articles do not reflect the opinions of the publisher.

3M
ACCIONA
The Adecco Group
Arab African International Bank
Audi
Baldha Group
Banca Popolare di Sondrio
BASF
Bayer
BONWS Seguros
Bosch
Casinos Austria and Austrian Lotteries Group
CEMEX
Deutsche Post DHL Group
Deutsche Telekom
EDF Group
EY
Green Delta Insurance
Harburg-Freudenberger Maschinenbau
HOCHTIEF

Inditex
iPoint-systems
MAN
Manila Doctors Hospital
Mazars
Merck
METRO
Nespresso
Nestlé
Philip Morris International
Rogers
Sakhalin Energy
SARTEX
Scotiabank
Stanbic Bank
Symrise
TÜV Rheinland
Weidmüller
Worldline

EMPOWERING WOMEN IS THE KEY TO A SUSTAINABLE SUPPLY CHAIN

Women play a critical role in the global garment industry, which is why we place them at the center of our supply chain management strategy. We can only foster a sustainable supply chain by taking a gender-sensitive perspective that allows us to understand the issues faced by women workers and cultivate an environment where they can thrive.

INDITEX

By Félix Poza Peña, Inditex

At Inditex, we work with more than 1,800 suppliers and 7,200 factories in almost 50 countries to supply one or more of our eight brands, be it Zara, Pull&Bear, or Massimo Dutti. This gives us the reach to support real change in regions where textile production is a pivotal part of the economy. We fully align our production policies with the UN Guiding Principles on Business and Human Rights. We also know that our presence means we have a responsibility and an opportunity to scale solutions to realize the Sustainable Development Goals (SDGs). Moreover, the characteristics of our supply chain allow us to focus especially on tackling the areas of Gender Equality (SDG5), Good Health and Well-being (SDG3), and Decent Work and Economic Growth (SDG8).

It is the nature of the textile industry and the experience of our efforts for a sustainable supply chain that have shaped our strategy to empower women. We realize this by bringing together nongovernmental organizations, international bodies, and trade unions, among others, in cooperation spaces we call clusters. This allows us to combine local knowledge and international best practices to find solutions to the challenges faced by women in each region where our supply chains are located. Through this strategy, we focus on three key areas: health, protection, and empowerment.

> “When we compete on an equal footing with men, going to work helps us to gain respect in the community.
>
> Spinning mill worker
> Tamil Nadu, India

Health

Raising women workers’ awareness of health issues in our clusters empowers them to take informed decisions about their own health. It also gives women the confidence to seek help when they need it. We do this through engagement and training activities. We have developed projects in countries such as Morocco and India that increase women workers’ access to health services and provide a focus on improved health infrastructure. Training focuses on information around access to a secure health system and reproductive hygiene and healthcare.

Protection

Women can only thrive in their workplace if they feel safe, so we must work to prevent and eradicate any kind of discrimination, abuse, or harassment — not just in the workplace, but also in the community.

In our project clusters, we do this through training programs in factories and schools to support women and girls and influence their teachers to know the importance of respect and gender equality. We have also established whistleblowing channels to be used by workers and developed grievance-handling guidelines for workers and management.

Empowerment

Empowering women means offering them the tools to eradicate gender inequality. For this, we train factory workers at all levels — from management to production. We believe that education is the driver of equality in our supply chain and the surrounding community and gives women the self-confidence to guarantee their rights. ■

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OUR COMMITMENT TO THE SDGs

We strongly believe that a multi-stakeholder approach that places workers at the center is integral to fostering a working environment where women and men can thrive equally. Women are a vital part of the supply chain. Empowering them to participate, contribute, and excel is crucial, not only to build strong economies but also to drive business operations and goals.

This, in turn, improves the quality of lives of women, men, children, families, and communities, as well as society as a whole.

THE SOWBHAGYAM PROJECT IN INDIA

One example of how empowering women in the supply chain is working in practice is the Sowbhagyam project in Tamil Nadu, India. Inditex's work began here in 2011 to contribute toward eradicating a deeply rooted and abusive work practice known as Sumangali. The practice meant that girls from rural areas had to work in certain industries, particularly spinning mills, for up to three years before they received a substantial part of their salary as their contribution toward a dowry in order to marry. This practice increased the likelihood of exploitation. The Sowbhagyam ("good luck" in Hindi) project brings together local authorities and NGOs as well as international organizations such as the Ethical Trading Initiative to work with factories and the community to eradicate the practice. Importantly, the group first engaged directly with the rural community and families to understand the challenges in detail.

Through the local NGO SAVE (Social Awareness and Voluntary Education), we have been able to use training to raise awareness of the practice among families and young women in villages and schools across selected regions of Tamil Nadu, as well as educate current and potential workers on their rights. Training also takes place with employment agencies to ensure they do not promote any unethical practices, and that they recognize and respect working conditions.

"Having worked in spinning mills previously, I faced a lot of problems and I didn't want anyone else to face the problems that I have faced. As a volunteer on this program, I speak to girls returning from work to check they have received their salaries on time, that they have been paid extra for overtime, and I give them support and advice." Volunteer for the Sowbhagyam project, India

So far, the program has reached 5,000 young women directly and more than 19,000 other beneficiaries, who have been trained about their rights.

This is just one of many collaborative projects in the region, since we also work closely with the Ethical Trading Initiative's Tamil Nadu Multi Stakeholder Initiative and the Nalam project to create awareness among young women workers about labor rights and health in the factories. Collaborations such as these complement the work of our Sustainability teams to monitor and guarantee decent labor conditions.

Fostering a vigilant and highly aware community, a sensitive employer, a cooperative and understanding recruitment agent, and a responsible government are key to eradicating Sumangali, and we are striving to move forward in this direction.

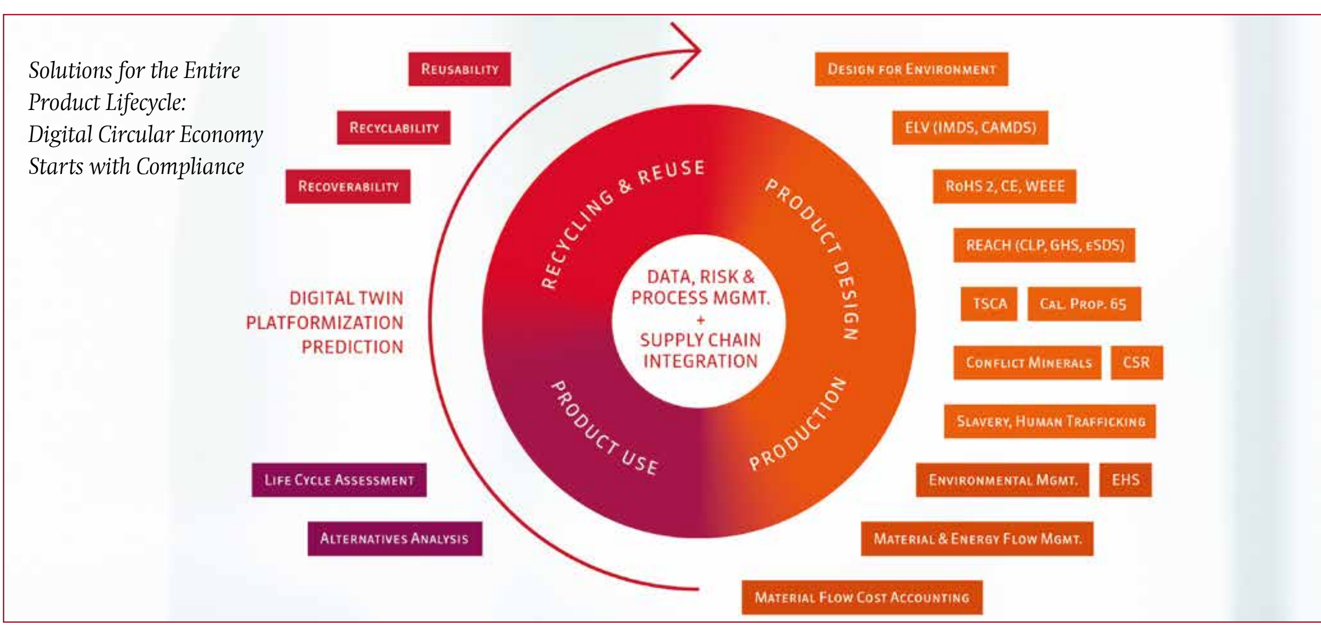
THE DIGITAL REVOLUTION OF THE CIRCULAR ECONOMY

The Circular Economy is seen as the resource-friendly economic model of the future, which is something software specialist iPoint-systems is also convinced of. The company's solutions support a continuous digital lifecycle management process that ensures compliance with the law and the sustainability of products and systems. One example of this is the SustainHub community platform, which facilitates the cross-industry exchange of relevant data within the supply chain.

iPoint

By Dr. Katie Boehme, iPoint-systems

Companies face a multitude of challenges when it comes to product development and procurement. Particularly in technically advanced industries, supply chains are globally branched and highly complex, making it difficult to track the path of a product along the entire value-creation process. A smartphone alone contains hundreds of parts made from more than 60 different raw and processed materials. The resources required are often mined in developing countries and then processed into cellphone components in other countries. If human rights violations occur during this process, this can damage the reputations of the companies involved and also alienate customers and consumers. Moreover, the companies are also confronted with countless environmental laws and obligations: These include the RoHS directive (Restriction of Hazardous Substances) and the REACH regulation (Registration, Evaluation, Authorisation



Solutions for the Entire Product Lifecycle: Digital Circular Economy Starts with Compliance

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12 RESPONSIBLE CONSUMPTION AND PRODUCTION

and Restriction of Chemicals), which contain requirements that must be complied with during the manufacturing process. The transparent exchange of information concerning the legal compliance and sustainability of products is therefore of ever-greater importance to companies.

Digital Circular Economy

This is also the starting point for iPoint-systems' business software. It enables companies to manage compliance with product-related, regulatory, and customer-specific requirements applicable to substances, materials, and processes. The holistic approach of the software makes it possible to control and verify the relevant data across sectors and throughout the entire product lifecycle. "The Circular Economy approach we support does not see an absolute 'end' to a product or process. Our holistic, circular perspective is based on continuous, positive development cycles," explains Joerg Walden, CEO of iPoint-systems. With respect to products, this means that the information from all process steps must be taken into account right from the design phase in order to be able to feed the resources used back into biological or technical cycles after their respective primary use phase. "If this approach is to be implemented in a highly automated manner and the sustainability potentials of new business models are to be developed across the entire lifecycle, we require universally digital models," Walden continues. A digital replica of the products – what is known as a "digital twin" – not only facilitates their efficient development, but also the ability of smart systems to continually gather and communicate data about themselves and their environments. "Thanks to today's trend toward a high level of product customization and the associated heterogeneity of the suppliers and manufactured parts, compliance with the law can be verified only by digitizing the processes necessary to do so," Walden says.

Cloud-based SustainHub platform

For iPoint-systems, the transformation of existing information systems into digital processes and the increasing convergence of cutting-edge technologies that break down the barriers between the physical and digital worlds are key starting points and drivers of new business models in the cloud. One example of this is the SustainHub platform, which can be used to make communication and data collection between companies in the supply chain simple and efficient.

This cloud solution offers the following benefits to users:

- Depending on regulatory and customer-specific requirements, different applications are available. These include the Conflict Minerals app for collecting, aggregating, and reporting relevant Conflict Minerals-related data across the entire supply chain, and the Material Compliance app for managing data concerning substance-related regulations such as REACH and RoHS. These always reflect the most current requirements of the directives and regulations.

- By registering, users become part of the largest community of experts on these issues and can benefit directly from proven processes.

- The applications enable users to make automated inquiries within the supply chain. In turn, the data can be used for reporting in standard formats. With the help of free basic licenses, suppliers can respond to customer inquiries and use existing declarations multiple times.

- Users have the ability to define roles and tasks within their teams, to manage, and to intensify collaboration in the supply chain.

- The platform offers a uniform user interface for the routine use of existing and new functions.

- Introductory tutorials, an extensive knowledge database, and other support tools accelerate the individual learning curve of the users.

To help customers meet their current and future sustainability needs, iPoint-systems plans to add more applications to the SustainHub, for example in the fields of social compliance, life cycle assessment (LCA), and corporate social responsibility (CSR). ■

PARTICIPATING IN THE UN GLOBAL COMPACT INITIATIVE STRENGTHENS IPOINT-SYSTEMS' COMMITMENT TO SUSTAINABILITY

iPoint-systems began participating in the United Nations Global Compact initiative in 2017. "In everything we do, we put sustainability at the heart of our business. With our software solutions, we can actively contribute to supporting the manufacturing of sustainable products," explains Walden. In this way, the company specifically supports Sustainable Development Goals 8 and 12.

"Our corporate strategy is already very much in line with the 10 Principles of the UN Global Compact. That's why it was a logical step for us to participate in the initiative and, by doing so, emphasize our commitment as a company and corporate citizen to help accelerate the transition to a sustainable future."

MAN DEVELOPS IDEAS FOR THE MOBILITY OF TOMORROW

The environmental standards imposed on our cities, be it for noise or emissions, are getting tougher. Not only is this the case for private cars, it also applies to the transportation of goods and to public transportation. In light of the above, and in its capacity as a commercial vehicle manufacturer, MAN Truck & Bus is offering customers solutions that impress with both their efficiency and their eco-friendliness.

By Peter Attin, MAN

Most Germans believe that looking after the environment and climate protection are some of the key challenges faced by societies – this emerged as a result of a survey commissioned in 2016 by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and the German Federal Environment Agency. According to its findings, a large number of citizens feel that noise and emissions are having an increasingly negative impact on their lives.

In light of this, cities and communities are faced with the challenge of striking a balance between improving the quality of air and protecting their citizens against noise while conducting the urban transportation of goods and people. Trucks and buses are indispensable to cities when it comes to transporting goods and passengers. Within this framework, trucks and buses equipped with advanced EURO VI diesel engines have a positive part to play: Vehicles that comply with this emission standard reduce permissible particle emissions by 66 percent and NO_X emissions by 80 percent compared to the old standard, which was already strict – not just during engine tests, but during actual road operations. This is guaranteed by continuously checking whether the thresholds are being observed throughout the journey. In addition to the above, sensors are used to monitor AdBlue quality and consumption as well as its levels in the tank along with NO_X values while driving.

Even with this extremely clean technology, we at MAN predict that the future of transportation for passengers and goods in urban centers will be electric. As a result, we are focusing on electric drives when it comes to this area of application for both trucks and buses. Additionally, we are designing the delivery and distribution trucks of the future in a way that means they can drive safely, even on narrow roads or through built-up inner-city areas. Our electric trucks will fully comply with future requirements imposed on vehicles for urban delivery operations: They will offer plenty of load volume while being relatively lightweight, will not produce any emissions at the local level, and will be extremely quiet and versatile.

We will reach an important milestone on this journey before the end of 2018, when the first fully electric trucks will be delivered to our customers in Austria, which include large supermarket chains, breweries, and haulers. An extensive test-phase involving real customers will play a major role in making sure our electric trucks and buses offer the same level of reliability as their conventional counterparts. Further Truck projects then start from this base.

MAN's new electric city bus will enter the market in 2020

Yet, emissions and noise are also issues for local and public transportation: The ongoing debate about emission limits in inter-city areas is creating a growing demand for buses powered by drives that are particularly climate-friendly. With our new electric bus *New Lions City e*, we present in 2018 our prototype of mobility for urban transportation. As part of MAN's plan for electric vehicles, a demo fleet will be tested to establish its suitability for everyday use in a series of field trials in mid-2020, partnering with various European operators. Development partnerships with public transportation companies in Hamburg, Munich, and Wolfsburg have been in place for a number of years. The serial production of fully electric city buses will start in 2020. However, retrofitting fleets with electric drives often poses unforeseen challenges to businesses, making careful preparation and planning indispensable. MAN's new consultancy service, MAN

Transport Solutions, supports transportation companies and fleet operators as they navigate the path to alternative drives. It is always on hand to answer any questions about drive technologies, route network planning and optimization, and battery management. As well as charging station infrastructure, factors such as the depots' sizes, security, and what the parking situations are like also have key roles to play. Another important job is ascertaining energy needs, which depend on both the number of electric buses and on the charging strategy. In this respect, energy generated in a sustainable way is, of course, key to lowering CO_2 emissions.

Digitalizing long-haul transportation

MAN is also working on alternative drive concepts for long-haul transportation. Having said that, we will not be able to dispense with diesel engines for quite some time, as these continue to play a significant role for this type of transportation. Moreover, while current debates might like to paint a different picture, modern diesel engines installed in trucks and buses are clean and have low levels of CO_2 emissions. Battery technology being what it currently is, we do not believe that purely electric drives are a viable option for the long-haul truck segment — otherwise, there would not be enough room for cargo. Potential alternatives include hybridization, fuels generated by means of green electricity (called e-fuels), and gas engines.

Instead, the spotlight for long-haul transportation is on digitalized and automated vehicles. This innovative development is known as "platooning" and involves at least two vehicles driving close to each other in a convoy. While there is a driver behind the wheel of the first truck, the other truck follows automatically in its slipstream, which allows it to consume up to 10 percent less fuel. The trucks are connected by means of so-called truck-to-truck communication and equipped with driver assistance and steering systems. In turn, these systems have radars, laser scanners, and cameras transmitting information about their surroundings. Not only does platooning drive CO_2 emissions down considerably, it also improves road safety. Taking a mere 0.005 of a second to respond, automated trucks react quicker than human beings ever could and never get distracted or tired. ■

MAN's new electric city bus will enter the market in 2020.

All-electric version of the MAN TGM distributor truck

As the world's leading commercial vehicle manufacturer, we have a particularly important responsibility to our customers as well as to society and the environment. For many years, we have been able to satisfy the steadily growing demand for sustainable and efficient mobility solutions – thereby meeting the Sustainable Development Goals of the UN 2030 Agenda. Our trucks and buses are instrumental in promoting the sustainable development of cities and communities (Goal 11) and, thanks to being low- or even zero-emission, contribute significantly to climate protection through climate action (Goal 13).

Peter Attin, MAN SE
Senior Vice President Corporate Resposibility

EQUALITY AND QUALITY AS TOOLS FOR SUSTAINABILITY

Hospitals can be a powerful force in promoting Sustainable Development Goals (SDG) not just within the healthcare industry but has the potential to become a bigger influence within the business community which includes its suppliers, patient and the immediate area where it operates. Manila Doctors Hospital has taken a decisive step in increasing its commitment towards being a force for good by being one of the founding members of the Global Compact Network-Philippines.

By Corporate Social Responsibility Office, Manila Doctors Hospital

SDG 3: Ensure healthy lives and promote well-being for all at all ages

The right to quality healthcare presents a challenge for emerging economies such as the Philippines. Public hospitals are always at full capacity, and private hospitals are usually too expensive for those who are struggling financially, especially families that are in underserved areas. However, even private hospitals are expected to do their share in ensuring that the right to health is offered to those who need it the most.

Surgical intervention is one of the most difficult medical services to access in rural areas, especially for those who are economically challenged. The lack of facilities, specialists, and costs are the three most common barriers in the countryside, while the debilitating expense makes it daunting for those in urban areas, even if well-equipped facilities are accessible. Hence, in order to address this health gap, Manila Doctors Hospital, together with its partners, has been implementing free surgical interventions, focusing on the six most in-demand surgical procedures of the past 17 years for those who do not have the resources. These include: (1) Share the Gift of Vision: Free cataract removal with intraocular lens; (2) Bridging the Gap: Cleft lip and palate repair with speech therapy; (3) Goiter Ends Today: Thyroidectomy; (4) We Shout: Women empowerment through surgical help on ovarian and uterine tumors; (5) Great Health: Gallstone removal eliminating adverse threat to health; (6) Path: Pain alleviation through treatment of hernia.

The quality journey in providing non-discriminatory healthcare for everybody

The provision of quality, non-discriminatory healthcare requires unceasing efforts, not just to maintain the current standards but to exceed them. The hospital community was challenged in 2017 during the Accreditation Canada International (ACI) re-certification. There were 2,305 standards audited: 97.2 percent were deemed to be on par with international standards; 52.6 percent were classified within the gold category; 30.8 percent met the platinum standard; 13.8 percent were within the diamond standard; only 2.8 percent needed additional improvements. In achieving the re-accreditation, the auditors required a direct encounter with corporate social responsibility (CSR) partners, specifically those that work with Manila Doctors Hospital in the various underserved communities along with public health institutions that are currently receiving technical support for the improvement of their service delivery systems, namely those focusing on safety and risk management. This is also part of the CSR commitment of the hospital through its Quality and Risk Management Office.

SDG 5: Achieve gender equality and empower all women and girls

#SaveAChildSavetheNation, a campaign under the Men Caring for Women program, was launched in order to provide support for various interventions that may be most effective in reducing negative outcomes of traumatic events experienced by children in vulnerable situations. The main goal is to enhance the adaptive functioning of children subjected to harrowing experiences. Often, because of fear, embarrassment, and a lack of resources, these children go untreated, resulting in troubled adulthoods.

SDG 13: Take urgent action to combat climate change and its impacts

The provision of healthcare services is an energy-intensive undertaking. The health sector is a massive consumer of water, food, medications, technology, and other resources. Most often, improvements in the delivery of healthcare require an increase in energy consumption. Hospitals at this crucial time must renew the oath of "do no harm" to the communities in which it operates. Manila Doctors Hospital, for the past 12 years, has doubled its efforts in decreasing its carbon footprint. Systematized and enhanced recycling, coupled with the responsible management of non-reusable waste, has become a part of the corporate discipline and culture. Styrofoam has been completely banned in the hospital. Proceeds from the recyclables program help fund disaster response, medical missions, and the environment program of the hospital. Manila Doctors Hospital's endeavors in environment protection were recognized by the International Hospital Federation Awards 2017, held in Taipei, Taiwan. This provided us a platform to share our approach with the hopes that others can learn something from our experience.

SDG 17: Partnership for goals

Partnership is instrumental in how Manila Doctors Hospital is able to fulfill its commitment in contributing to these four SDGs. It recognizes the invaluable role of collaboration in avoiding duplication of programs and maximized the use of resources in achieving a wider reach and stronger impact. One of the most palpable result is how the combined efforts of the hospital and the members of its Corporate Social Responsibility Circle of Partners were able to provide much needed critical medical care and surgical intervention — specifically in the area of ophthalmology — for patients residing in the farthest island province in the Philippines. ■

BALANCING PROFITS AND RESPONSIBILITY

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?

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

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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 provide benefits to one group at the expense of others. It cannot be right for one nation to pump out greenhouse gases, through coal-fired power stations for example, to develop its economy more quickly than another that is developing and using biofuels, which may in the short-term be more costly. Similarly, on the social side, it is not right for one nation to have no protections for workers, thus making it cheaper for multinationals to source from, whereas other nations have strict minimum wage levels and advanced health and safety regulations.

This, of course, is the responsibility of both governments and businesses. Governments must be free from corruption and put in place regulations to promote a more sustainable society, while businesses have to accept their responsibilities to act more responsibly. It is fine for businesses to source the cheapest and best-quality supplies from around the world. However, it is not acceptable if those supplies are the cheapest because workers are being treated poorly, paid minimal wages, and the factory has poor safety standards.

In today's increasingly transparent society, businesses can no longer hide behind the excuse that they did not know. They have the resources to know — it becomes a question of priorities.

Can profit and responsibility mix?

For many in the business world, there appears to be a conundrum: How can it be more profitable to act responsibly and potentially accept more expensive supplies? At Mazars, what we have seen is that companies which have made meaningful progress in this area are

more profitable. We have heard comments such as “Now that we have a proper dialogue with our suppliers, we better understand their needs and their limitations,” and “Since we have started engaging much more with our suppliers, there has been an increase in the quality of the supplies and fewer returns, which has led us to be more profitable.”

Mazars, together with Shift — the leading nonprofit for the UN Guiding Principles on Business and Human Rights (UNGPs) — created the UNGP Reporting Framework (www.mazars.com/Home/Business.-For-Good/Human-Rights). This initiative was introduced as a multistakeholder project that engaged with more than 200 different organizations: governments, regulators, multinational businesses, civil society actors, and professional advisers. From those conversations, there emerged a consistent theme: the value of respecting people’s needs to be embedded across the whole organization. If it is seen as only a compliance matter, it remains a cost and little value is achieved. Acting responsibly as well as respecting people and the environment needs to be built into the broader business model. The costs then become an investment and, as with all investments, KPIs can be identified so that policies and processes can be managed and controlled.

Now the issue becomes one of how to begin the process. As identified in the UNGP Reporting Framework, the starting point needs to be the identification of those issues that are most salient, that is, where people have the risk of being severely and negatively impacted by 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, that is, address risks to the environment, especially because certain environmental issues also impact human rights. >>

For example, water is the most vital nutrient in our world and plays a major role in health and sanitation issues. The lack of clean water also impacts gender inequality, as a disproportionate number of women have the burden of traveling long distances to collect clean water. Among other things, it has been a critical resource used as a cleaning material for industrial processes, as a cooling fluid for the energy industry, as well as a nutrient for agricultural operations. At the end of all these processes, there are discharges in natural waterways, which affect the environment and potentially create liabilities. There is also mounting pressure for greater water efficiency to reduce pressure on the global demand for water, which is largely in line with SDG 12. In light of all these factors, even though it is largely absent in non-financial reporting, water is becoming a very important topic for board members and investors alike — whether it is as a risk or opportunity. Without a proper understanding of a company's operational dependence on water — or of its suppliers' dependence on water sources — companies are at risk of destroying value for shareholders and exposing themselves to major reputational risks (www.mazars.com/Home/News/Latest-News3/Global-Water-Risk-Survey).

In terms of an SDG lens, it is important to take into account that an organization is not initially looking at risk to the business, but to the external factors of people and the environment. Those risks that are most salient will converge back as material to the business — it is these risks and these related SDGs where businesses should start to create value sustainably. For example, if an organization is in the extractive or manufacturing industry, then the lack of a living wage is a key risk that aligns with SDG 1 (no poverty). If the business is in financial services, then diversity and social mobility may be key risks, which align with SDG 5 (gender equality) and SDG 10 (reduced inequalities). Whereas if an organization is in the drinks business or garment manufacturing, the risk of polluted water or water scarcity are two key risks, which align with SDG 6 (clean water and sanitation).

However, very few companies expressly demonstrate how producing less pollu-

tion, recycling waste, or manufacturing more with less enhances profitability. In addressing the SDGs, there is a risk that businesses will simply repackage what they are already doing and align their reporting with specific goals without actually introducing anything new. Alternatively, they may select a few SDGs that they think are the easiest to address while missing the SDGs with the greatest impacts. This would be a pity and misses the point of the SDGs.

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 a 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, more companies are beginning 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.

Companies are also looking at specific compliance issues such as: How do I ensure that my value chain is secure? How do we manage risks? How do we demonstrate meaningfully — given everything that we already do — that we are in compliance with regulations?

While the debate continues on whether the regulatory or voluntary approach is better, the reality is that they are mutually reinforcing. For example, in a country where regulations are mainly followed on a voluntary basis, we see that companies which do not initially participate eventually do because of reputational perceptions.

Using SDGs to add value

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 boards, identifying the risks on which to focus, implementing new processes, or providing assurance on non-financial reporting.

With increased levels of regulation and consumer awareness — and with the SDGs and a plethora of voluntary guidance — there is 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. ■

www.mazars.com/Home/Business.-For-Good

SHAPING THE FUTURE WORLD OF WORK RESPONSIBLY

The rapid transformation of the world of work through digital technologies is fueling both hopes and fears. It is therefore all the more important to implement the change process in an intense dialogue throughout society. Companies, employees, management and labor representatives, and government institutions – we are collectively responsible for meeting the challenges of digitalization and making the most of the opportunities they offer. At Merck, the future world of work is therefore at the top of our agenda.

By Kai Beckmann, Merck

Constant change is a core element of human history. With digitalization, however, the technological transformation has taken on a dizzying speed. The deep-seated changes in working life are creating uncertainty in some people, for instance due to the possibility of certain jobs no longer being needed. Others are totally euphoric about the new business models and the tremendous increase in productivity. It is clear that the diverse, complex, and far-reaching effects of digitalization cannot be ignored. Networked equipment, machines, and products are already a reality and are gaining further importance. Consequently, Industry 4.0 is leading to the future world of work. This should not be seen as a threat, but rather as an opportunity, since we can actively shape the transformation in a broad consensus with society. This will lead to modern, future-oriented forms of working that everyone will ultimately benefit from. At Merck, we are driving this process forward in four strategic spheres.

Flexibilization: The result counts

Digitalization enables many employees to gain a great deal more freedom. They can increasingly decide for themselves where, how, and when they will do their work, equipped with a notebook and a smartphone. In the digital age, fixed attendance times and geographic distances no longer play a big role, in particular for office and project work. What counts is the outcome of the work performed. This greater flexibility makes employees more motivated and improves the work–life balance. The same applies to the break from work within the framework of a sabbatical, which we readily offer our employees. We realized our flexible working model – mywork@merck – in close cooperation with the works council. Employees can coordinate their hours and place of work on an individual basis with their teams and supervisors. Electronic time recording and monitoring have been dispensed with. Employees only document their hours when they exceed the statutory working hour limit. The success of mywork@merck is based on a culture of trust and performance, which we want to further strengthen at Merck. The feedback from the participants has been extremely positive.

The principle of (independent) responsibility

The considerable increase in freedom and trust that this company culture offers also poses challenges. For instance, mobile and virtual working require a strong willingness to work independently, exercise self-discipline, and show independent responsibility. Employees are expected to shape their day-to-day working lives efficiently, take advantage of advanced training opportunities, and be mindful of their physical and mental health. At Merck, we have therefore developed a competency model that enables employees to shape their working lives. The competencies it defines – namely purposeful, future-oriented, innovative, results-driven, collaborative, and empowering – are imparted to employees in workshops, videos, internal campaigns, and business-sector-specific initiatives. In addition, the competencies are an integrative component of the interview process during recruiting and of the advanced training offers at Merck.

Education is paramount

With the advance of digital transformation, the need for simple, manual tasks is declining while the demand for highly qualified experts for demanding tasks is rising. Additionally, qualities such as flexibility, agility, independence, and team-player skills are gaining in impor-

Innovation is driven by curiosity. At the Darmstadt headquarters of Merck now there is the perfect surrounding to foster both: The Merck Innovation Center is not just a building though, it's a mindset.

tance in the new, globalized world of work. Government must see to it that children and young people in the general and vocational schools are optimally prepared to meet the growing cognitive and interactive requirements for the future. But that is not all. Lifelong learning is to become ingrained – after all, education is a key success factor in international competition. At Merck, we are therefore investing heavily in the comprehensive basic and advanced training of our employees. Many of our apprentices are, for example, already using new digital technologies such as augmented reality applications. With our "Digital Basics App," all employees have the opportunity to obtain the latest knowledge about digitalization. In all qualification measures, we place high value on close exchanges with our employees and social partners in order to find out – and take into account – their wishes, requirements, ideas, and concerns.

Leadership in the future world of work

A commitment to continuous education applies especially to executives. At our internal "Merck University," we have therefore established a new module in cooperation with Stanford University entitled "Leading Innovation and Digitalization at Merck" for our top talent. Yet, it is not just about knowing and using the technical application possibilities in the various areas of responsibility. "Leadership 4.0" also calls for a change in mindset. In the new world of work, there is no room for hierarchical structures, controls, and sanctions. Modern managers serve to set an example and are prepared to give up control in a controlled manner. They trust their staff, spark their curiosity, listen to them, inspire and motivate them to achieve top performance, and treat them with respect and appreciation. This also applies when mistakes happen or projects fail, because we can learn from failure.

No one can precisely predict today how digitalization and the future world of work will develop further. We have already achieved a great deal at Merck, but under no circumstances will we rest on our laurels. On the contrary: We want to meet future challenges with curiosity, vigor, optimism, and a sense of responsibility. Not least, this also calls for a healthy amount of courage, and courage is one of the core values of Merck. ■

SUSTAINABILITY DRIVES OUR PURPOSE

By 2050 there will be 9 billion people living on Earth, equaling a 35 percent increase in population compared to today. All these people will need to be fed with resources then available. What a tremendous challenge! And what a tremendous opportunity for METRO. After all, METRO's core business is trading resources, hence it is in our core interest to responsibly manage them.

METRO Sustainable
Better for you and the planet

By Nina von Radowitz and Anne Linnenbrügger, METRO

We believe that society is facing unprecedented economic, environmental, social, and cultural challenges, but we are convinced that sustainability is the key to transforming these challenges into opportunities. To ensure a successful and sustainable business, our company needs to not only generate financial value but also social and environmental value.

"When METRO made a fresh start in July 2017, concentrating solely on its food business, we were very aware that a fresh start did not mean going back to square one with everything: When it comes to global challenges like climate protection, hunger, and resource shortages, we do not have the luxury of a fresh start. Not just continuing, but stepping up our sustainability activities is what we strive for," emphasizes Veronika Pountcheva, Global Director Corporate Responsibility, METRO AG.

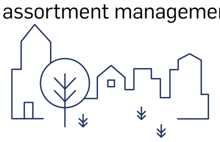
METRO considers itself to be an active member of the global community and strives to contribute to the creation of additional value. We therefore commit to the attainment of the United Nations 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) as well as the Ten Principles of the UN Global Compact, which define the global, yet specific framework for our actions. This is also clearly articulated in our Human Rights Policy, which encompasses our commitment in this respect. We are convinced that we should not limit our efforts to the requirements imposed on us by legislators. As a company, we have a moral obligation to balance our economic interests between both social demands as well as the demands of our customers, employees, investors, and business partners. We must also respect the limits placed on us by humanity and the natural environment. For METRO, sustainability encompasses every single aspect of our actions. It is deeply rooted in our corporate strategy.

To us, sustainable action is both a responsibility and an opportunity to shape our business and engage our customers, employees, investors, and partners. We strive to be an attractive employer and a reliable, service-focused system partner for our customers and all our partners

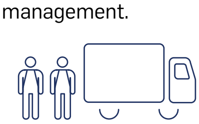
WE ACT SUSTAINABLY FOR ...

... our employees.

... the environment – in our own business operations for procurement and assortment management.

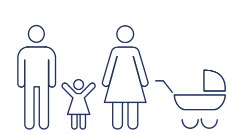


... the people who work for us – in procurement and assortment management.



... our customers – in regard to consumption

... the benefit of society.



by making our expertise, products, and solutions available for their benefit. This contribution toward reaching a new level of sustainability in the food and food services industry is what drives us.

Our people: Committed to change

In the end, it is people who change the world and shape our society, governments, and businesses. Thus, to METRO, sustainability is foremost an attitude and a way of working towards common goals. Our employees are the most powerful lever and provide us with a great opportunity: We have more than 150,000 people working with METRO who are collaborating with thousands of suppliers and other partners and reaching out to our 21 million customers and their countless consumers on a daily basis. We actually can make a change. This explains why "sustainable business" is one of our employees' five guiding principles, illustrating the importance of sustainability to our business.

Principles are of high value, but we do not stop after establishing them. We understand that it is our responsibility to enable our people to live up to our principles: Running a sustainable business cannot be done without strong leadership. Our leaders need to take responsibility and ownership to contribute to a more sustainable environment. Looking for sustainable solutions requires courage, creativity, persistence, and out-of-the-box thinking. Hence, leadership development is crucial to fully make use of the potential of our people. METRO therefore developed a 1.5-year application program for employees who want to drive change toward developing an increasingly sustainable company. In the METRO Sustainable Leadership Program, they are guided through an outstanding journey to develop sustainable leadership within themselves and implement sustainability projects throughout the com pany, thereby truly building "sustainable business."

Our own operations: ambitious targets

With 763 stores and our Food Service Distribution specialists spread across a total of 35 countries, we have direct impact and can drive sustainable change. Committing to sustainability targets and KPIs spurs us to steering our own operations in a more sustainable way and contributing to the fulfillment of the SDGs, namely SDG 13 on climate action and SDG 6 on clean water and sanitation. This is why METRO is committed to:

- reducing the carbon footprint per square meter of sales floor 50 percent by 2030 compared to 2011,
- reducing the amount of food waste derived from own operations 50 percent by 2025 compared to 2016, and
- consuming 100 million fewer liters of water in own operations in 2018 than in 2017.

To reduce our own carbon footprint during our sustainability journey, we implemented Energy Awareness and Savings programs, built "Green Stores," changed our open refrigerant devices to closed-door devices, and started the rollout of e-mobility solutions for our own fleet and delivery businesses. With such measures, by the end of 2017, METRO could already reduce the company's own CO_2 emissions by 21 percent. Cleaning in front of our own doors is part of our self-understanding of sustainable action. Along this journey, we realize every day what sustainability also means: resilience, patience, and collaboration. A true best practice of the described attributes is METRO Austria's zero emissions store in St. Pölten, near Vienna. After years >>

of learning from our "Green Stores," this pure timber construction utilizes regional, FSC®-certified wood, which is fully recyclable and creates a positive indoor climate for customers and employees. The 9,000 square meter photovoltaic system on the roof of the building makes the store energy self-sufficient. Surplus solar energy is made available at METRO charging stations to top customers with electric vehicles at no cost.

Changes in our own operations resulting from the significant growth in the Food Service Distribution (FSD) business imply the creation of potential new impacts on society and the environment. They derive from the natural and social capital we generate with our business and depend on at the same time. Being aware of these relationships, METRO took a new approach in terms of assessing the environmental, social, and economic impacts of our FSD business compared to our traditional Cash & Carry store concept. The results of a thorough analysis of the Natural and Social Capital Protocol were convincing, showing a benefit of €68 per €1,000 in sales through FSD compared to METRO's traditional store concept. The main driver of the impact is generated by the time saved by business customers, who do not need to travel to shop. This comprises 78 percent of the total benefits. Additional benefits are derived from avoidance of food waste during transport and more donations to food banks.

Being a food (lover) business, it is not just our duty to fight against waste — and food waste, in particular — due to ecological, ethical, and social reasons; it is, in fact, an issue close to our heart and a particular challenge of the greatest magnitude. As with many challenges, the key is to work on the topic using a holistic approach. To reduce the amount of food waste, we looked into our own operations in order to steer and optimize our processes. By introducing two indicators — recycling waste rate and donations to food banks (or comparable organizations) — we can continuously monitor our progress.

We collaborate with startups such as WHOLESURPLUS from Turkey, which, following the "food recovery hierarchy" model, introduced a "one stop waste management platform" that has allowed our pilot store in Turkey to donate approximately 70 percent of total surplus food in just the pilot operations, while at the same time greatly improving the sell-by date score.

Following our guiding principle of "customer success," we also want to be a competent partner for the hospitality sector: We provide solutions to help prevent food waste in their operations and create an impact on their communities, for example by donating food.

Raising our wholesale customers' awareness to the value of food is our third pillar. Accordingly, to reduce the amount of food that goes uneaten, our Cash & Carry organizations in Italy, France, Turkey, Poland, and Germany have collaborated with various project partners to design a "doggy bag" for restaurants and caterers and revive the "fashion" of taking leftovers home.

Another project, the METRO Water Initiative tackles water scarcity and addresses the careful use of the valuable resource on a regular basis. In a joint effort with suppliers, awareness and education campaigns are launched for employees and customers. In an effort to optimize its own operations, in 2018 METRO aims at saving 100 million liters of water compared to 2017. For example, METRO Poland saves 2 million liters of water annually following the installation of flow regulators at the water intakes. Rungis Express, a premium food supplier and a part of METRO, saves 1 million liters of water with its new crate-washing machine at its production site in Meckenheim, Germany.

Our sustainable procurement and supply chain approach

Being aware of the scarcity of resources every day — yet being so dependent on them in order to run our core business, while trading with those very same resources — METRO is strongly committed to sourcing its products in a sustainable manner. In 2013 we launched our sustainable sourcing policy, which is implemented through particular commodity policies on sustainable sourcing. Through these policies, METRO contributes toward achieving SDG 12 (responsible consumption and production) and particularly SDG 14 (life below water).

Being one of Europe's leading fresh-fish wholesalers, METRO's specific focus is on the sustainable sourcing of fish. METRO has committed to sourcing 80 percent of its 12 most important fish species in a

2 ZERO HUNGER | 8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 17 PARTNERSHIPS FOR THE GOALS

sustainable way by 2020. To achieve our target, we are collaborating with various international multistakeholder organizations such as the Global Sustainable Seafood Initiative, the Global Dialogue on Seafood Traceability, and the World Economic Forum, and we have also signed the Tuna 2020 Traceability Declaration.

Without healthy oceans our commitment to sustainable fishing though would go to waste. That is why on World Oceans Day 2018, we started an internal and external campaign to raise awareness for the amounts of plastic waste that partly end up in the oceans and put ocean biodiversity at stake. Understanding the problem, educating for solutions and improvement and implementing changes in our own operations, e.g. with our revised packaging policy, we drive the change from within our organization with the #METROPlasticFighters initiative.

METRO is also taking a lead when it comes to traceability by offering a GS1 standards-based solution via its METRO PROTrace App. By scanning a barcode on the product, e.g. fish, the customer can retrieve information on origin, catching method, catch date, etc. In times of food scandals and overwhelming consumer information in a globalized economy, really knowing the origins of our products is of utmost interest to consumers.

METRO perceives this trend as a (r)evolutionary development and considers itself to be returning to the roots of sustainable partnerships with its regional suppliers. Thus, we offer a widespread assortment of regional products to meet our customers' needs. At the same time, we take the traditional interpretation of "regional products" to a new level of proximity: METRO pilots with indoor farming startup companies such as "INFARM" in order to grow products such as fresh herbs and salads directly in the METRO stores — or even at the customers' restaurants.

Our engagement as a corporate citizen

METRO is part of society and convinced of the greater value of giving back. It is only by collaborating with our own employees and external partners that we can help people who are disadvantaged and in need. Following our convictions also helps us contribute toward achieving SDG 2 — zero hunger, which, in the eyes of METRO, is the SDG most likely to be achieved by 2030.

Our program "WeHelp" is a great example of what we can achieve when joining forces. Since 2015 the volunteer work of our employees in more than 200 projects has supported a great number of people in need. METRO contributes by financially supporting the volunteer work of its employees as well as encouraging sustainable leadership also in the area of corporate citizenship.

Following our holistic approach of fighting food waste, METRO has been donating surplus food to food bank organizations for more than two decades now. Furthermore, METRO AG has been the main financial sponsor of the federation of German food banks for more than 10 years. This is a sustainable partnership in every way, manifesting the perfect win-win-win solution for, most importantly, people in need, but also for the food banks and METRO.

METRO Cash & Carry Italy, followed by Ukraine and Pakistan, are proving the success of partnerships with food banks by engaging with the United Nations World Food Programme (WFP). This cooperation, signed in 2016, aims at raising funds with the help of METRO organizations in order to support the work of the WFP in its role as a frontline organization in fighting hunger. Again, it is people who are making the change, as METRO employees have raised funds through their own contributions, for example through paycheck donations but also through in-kind donations.

METRO's IT specialists advise WFP in the area of retail engagement and the corresponding management of itemized sales data. Our customers are also involved in METRO's fundraising campaigns for the WFP, for example via cause-related marketing campaigns and the possibility to donate loyalty points.

We firmly believe that sustainability can only be fully realized by joining forces and finding common ground. In our eyes, collaborating in trustful partnerships — with our own people and our partners along the supply chain — is the key to sustainable, successful business and satisfied customers.

METRO Sustainable — better for you and the planet. ■

THE POSITIVE CUP

Thirty years ago, Nespresso reinvented the way people consumed coffee. Today, the current issues facing our planet and coffee producers present ongoing challenges that require the need to address sustainable production and consumption. We have the responsibility to lead the way in the industry by integrating sustainable production into our value proposition and encouraging consumers to make choices that support a sustainable lifestyle. The Positive Cup, is our attempt to make each cup of Nespresso an extraordinary coffee experience, creating pleasure for consumers and benefits for society and the environment.

By Jérôme Perez, Nespresso

Long-term success requires action beyond core operations

Throughout 30 years of rapid growth, we have been learning how to integrate sustainability into our activities and adapting them accordingly. Our impacts mostly occur beyond the immediate sphere of our production and commercial operations. This requires us to engage with stakeholders upstream and downstream in our value chain. The key topics identified during the process of our materiality assessment led us to define the following ambitions for The Positive Cup:

- Ensure sustainable coffee sourcing and contribute toward improving the livelihoods of farmers and the resilience of their communities
- Unlock solutions for the circular use of aluminum with a focus on sourcing and recycling
- Take action on climate change mitigation and adaptation and improve our environmental performance
- Engage everyone in our company, our partners, and our consumers about the benefits of sustainable production and consumption

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

Partnerships drive innovation and amplify impacts

Long-term collaboration is instrumental in making concrete, inclusive progress and addressing systemic challenges. Today, our company engages with more than 40 partners directly or via coalitions to implement solutions: The Nespresso AAA Sustainable Quality™ Program, our coffee-sourcing program, and the Aluminium Stewardship and Recycling initiatives are practical illustrations of this. Equally, investor partnerships are critical to amplify our actions. Between 2007 and 2015, our operational investments have been matched through a series of public-private partnership channeling $87 million in additional investments into the regions where we source our coffee.

The AAA Sustainable Quality™ Program – our solution for building the resilience of coffee communities

The AAA program, launched in 2003, is a sourcing program for quality coffee designed and implemented specifically for Nespresso in collaboration with the Rainforest Alliance. Through long-standing partnerships with farmers, coffee suppliers, and cooperatives, and with support from NGOs, it promotes the adoption of sustainable agricultural practices on the farm and landscape levels as well as improves the productivity and quality of harvests. Since 2014, the program has also aimed at innovating solutions for broader systemic challenges faced by the farming communities, such as climate change and price volatility. The benefits for producers are many: technical assistance, training, premium on quality, and inclusion in co-financed projects such as retirement savings plans and agroforestry. Thanks to the network of more than 450 agronomists, the program covers more than 75,000 producers in 12 countries, leading to more than CHF 38 million in investments per year, including climate adaptation actions through agroforestry (2.5 Mio trees planted by end 2017).

The Aluminium Stewardship Initiative

In 2009, Nespresso approached the International Union for the Conservation of Nature to trigger the development of a global standard for sustainable aluminum production and sourcing. The resulting partnership inspired 13 other companies and 14 civil society and stakeholder organizations and led to the creation of what is now known as the Aluminium Stewardship Initiative (ASI). The ASI legal entity was created in 2015 as an independent, multistakeholder, membership-based organization with a mission to collaboratively foster responsible and traceable production, sourcing, and stewardship of aluminum. Civil society organizations have joined ASI as members to help build the program to ensure it is credible and rigorous. Eleven principles underpin the ASI Performance Standard.

The aluminum recycling operations

Aluminum has the potential to be an icon for sustainable consumption. It is the best material to protect the high quality of coffee — it is robust, yet lightweight, and it can be recycled infinitely. Recycling is a collective responsibility to unlock the value in aluminum. Since 1991, during Nespresso's first recycling initiative in Switzerland, the company has been developing partnerships that fit the context of the markets in which it operates. At the end of 2017, the company invested CHF 30 million in collection and recycling operations. ■

To learn more, please visit: www.nestle-nespresso.com/nespresso-sustainability

NESTLÉ FOR HEALTHIER KIDS

Today, more than 2 billion people in the world are overweight or obese, and 800 million are malnourished. This calls for action. At Nestlé, we believe that by helping new generations eat and drink better and move more, we enhance quality of life and contribute to a healthier future.

Nestlé Good Food, Good Life

By Henri-Pierre Lenoble and Chavanne B. Hanson, Nestlé

Malnutrition, in every form, presents significant threats to human health. Children are particularly affected by malnutrition. In 2016, more than 41 million under the age of 5 and more than 340 million children and adolescents aged 5 to 19 were overweight or obese. The double burden of malnutrition is surely one of the largest public health challenges ever.

By launching Nestlé for Healthier Kids, we have created an initiative that federates all of our efforts to support parents and caregivers on their journey toward raising healthier kids. Through leading research and product development, education, and innovative nutrition and lifestyle services, our ambition is to help 50 million children lead healthier lives by 2030.

Understanding nutritional needs of children

We know that food intake and physical activity play key roles in overall health. But not all children have the opportunities or the means to get the best start in life. It depends on where they live, their socio-economic environment, and their education. Through Nestlé for Healthier Kids, we are seeking a deeper understanding of the dietary intake, lifestyle habits, and health status of infants and children. The findings from our large-scale research projects, such as the Feeding Infants and Toddlers Studies (FITS) and the Kids Nutrition and Health Studies (KNHS), help define our product developments, consumer communication, and educational programs, and they inform our dialogue with the scientific and medical communities. In 2017, the FITS and KNHS

NESTLÉ for HEALTHIER KIDS

Healthier Habits

We have identified six habits that may positively influence childhood malnutrition.They represent the robust scientific basis for establishing healthier eating, hydration, and lifestyle habits in children from infancy to 12 years of age.

Feed your baby like a baby | **Eat nutritious and varied foods** | **Manage portions** | **Choose water** | **Play and be active** | **Enjoy meals together**

projects have delivered key findings in 10 countries.

Nestlé supports worldwide nutrition and physical activity programs to improve children's health

Adopting good nutrition practices from an early age is essential to becoming a healthy adult. At Nestlé, we aim to foster healthy behaviors from the start of life to adolescence through two robust programs focusing on nutrition and changes in behavior.

Nestlé Start Healthy Stay Healthy is the expression of Nestlé's unique commitment to the first 1,000 days, when nutrition has the greatest impact on lifelong health. It translates the latest scientific findings into practical advice and helps parents understand what to feed, how to feed, and why the first 1,000 days are so crucial to their baby's future health. At the end of 2017, more than 7 million parents had registered with Nestlé Start Healthy Stay Healthy, and our "It takes all of us" breastfeeding campaign reached 120 million parents, almost 95,000 healthcare professionals, and 56,700 employees.

Nestlé for Healthier Kids program for 3- to 12-year-old children focuses on supporting teachers, caregivers, and parents with educational tools and solutions to improve nutrition and lifestyle behaviors. In 2017, the program reached 14.4 million children in more than 81 countries.

Nestlé product brands are also encouraged to support the children's health journey. Every year, we sell more than 360 billion servings of food and beverage products in 150 countries around the world. We have reduced salt, sugars, and saturated fats; we have added important ingredients such as fiber-rich grains and vegetables and increased micronutrients in thousands of products across the world. We have also leveraged our marketing efforts to promote healthy cooking, eating, and lifestyles.

For example:

- Maggi, the cooking brand of Nestlé, helps millions of families to cook tasty and balanced meals. The brand is deploying an ambitious cooking education program for parents and kids using recipes, simple cooking tips, and online courses. In the United Kingdom, Maggi has recently signed up for the "Peas Please" pledge, launched by the Food Foundation, which is committed to promoting vegetable consumption through its packaging and digital communication.
- Milo, the malt beverage brand, inspires millions of kids to exercise through sports. The brand engages with more than 20 million kids every year through grassroots sporting events, engaging technology such as the Milo Champ Squad app, and the iconic partnership with FC Barcelona, which provides unique coaching experiences.
- Nestlé breakfast cereals inspire families to enjoy a balanced breakfast and help parents create a balanced breakfast. With guidance on portion sizes and inspiring food combinations, children can enjoy a nutritious and tasty start to their day. ■

WHAT HAVE WE DONE SO FAR:

#1
Whole grains are the main ingredient in Nestlé breakfast cereals in 2018

17,200
tons of salt removed from our products since 2005

207
billion micronutrient-fortified servings of foods and beverages in 2017

8%
of added sugar removed from our products between 2014 and 2016

10
countries with FITS and KNHS findings in 2017

225
million families reached through digital platforms in 2017

8.3
million kids reached in schools with nutrition and physical activity education in 2017

Source: 2016 CSV report data

TOBACCO, TECHNOLOGY & THE SUSTAINABLE DEVELOPMENT AGENDA: AN IMPOSSIBLE FIT?

By Jennifer Motles, Philip Morris International

WHY: Delivering a smoke-free future

If you had to list three products that, if eliminated, would make the world a better place, would cigarettes be among them? The answer is most probably yes.

If our company decided to go ahead and get rid of them, what would you think? How would you feel? And if it were up to you to get rid of cigarettes, how would you do it? Where would you start? The answers to these questions are certainly as numerous as the people who asked them. Indeed, there are potentially infinite ways to eliminate bad or negative things from our lives, or from society. However, when what we are seeking to eliminate is a systemic and complex issue, the pathways or levers needed to create such a paradigm shift and achieve the desired change are often less simple than we would desire. Although drastic and disruptive action to provoke change might commonly be the most appealing choice, such change usually begins not with a heavy hand, but with patience, empathy, openness, dialogue, and learning.

Despite our own conviction that our vision of a smoke-free future is both achievable and compatible with the UN Sustainable Development Goals, we recognize that the reputational deficit we face — as a company, in particular, and as an industry, in general — makes society, at best, cautiously optimistic of our purpose. The most pertinent example of this can be illustrated in our commitment to stop selling cigarettes as soon as possible by replacing them with smoke-free products.

Indeed, once we made this pledge to replace cigarettes with better alternatives for smokers who otherwise would continue smoking, many responded by arguing that if we were serious about our commitment, we would stop selling cigarettes immediately. Yet, we know that if we were to stop selling cigarettes overnight, it would accomplish nothing from the perspective of public health. Globally, Philip Morris International (PMI) has a market share of approximately 15 percent, which represents about 150 million men and women who smoke our cigarette brands (PMI Sustainability Report 2017). If those brands suddenly became unavailable, our competitors — both the lawful and the illicit ones — would quickly step in to meet the demand. Furthermore, the supply dynamic would change, resulting in short-term turmoil, and crucially, the desire for cigarettes would remain, and people would continue to smoke.

As we transform our business, we know that one of our key challenges is, and will continue to be, earning the trust of our stakeholders and society as a whole. For us — or indeed any tobacco company — to have any credibility in contributing to today's sustainable development agenda, our purpose needs to be none other than to use our resources and creativity to develop and commercialize better alternatives for society and the environment, and ultimately to stop making cigarettes as soon as possible.

That is what we are doing: because we can, because we should, and because it is the right thing to do.

HOW: A paradigm shift and a call for collective action that harnesses the power of collaboration

Thanks to science, technological innovation, and the strength of our ambition, PMI has the opportunity to transform and demonstrate that our efforts are not only compatible with sustainable development, but that they can play a catalytic role in addressing one of society's major challenges. Providing a better alternative for the millions of women and men who continue to smoke cigarettes can, and will, make a leading contribution to the development of a smoke-free future.

Today, an estimated 1.1 billion men and women around the world smoke cigarettes or other combustible tobacco products *(source: Data and projections based on WHO global report on trends in prevalence of tobacco smoking 2015, and UN Population Prospects. These official projects refer to age 15+)*. Member states of the World Health Organization (WHO) are rightly dissatisfied with the slow pace at which smoking is declining. They have established a 2025 target to reduce the prevalence of tobacco use by 30 percent compared to 2010, aiming to achieve a smoking prevalence of 15.5 percent *(source: WHO Budget 2016-2017)*.

Smoking cigarettes causes serious disease, and the best way to avoid the harms of smoking is never to start, or to quit. Smoke-free products — developed using cutting-edge science and substantial investment — offer the potential to significantly reduce the individual risks and population harm compared with smoking cigarettes. These products address a fundamental consumer expectation for better choices than continuing to smoke cigarettes, and they can make a significant contribution toward improving public health.

Yet, having the know-how and developing the right products is not enough. We can only achieve a significant public health benefit when a critical mass of cigarette smokers switch to better alternatives, ultimately leading to a reduction in population harm *(see Figure 1)*. This means that smoke-free products must appeal to smokers by delivering a taste and sensory experience that leads consumers who would otherwise continue to smoke, to switch to them. As such, all manufacturers should be encouraged to develop and commercialize a range of better alternatives for smokers to satisfy varied consumer preferences in all countries where they operate.

While acknowledging the progress that is being made toward a smoke-free future, we recognize the enormity of the challenge ahead. For more than 20 years, the tobacco control community has been trying to eradicate smoking, and yet one-seventh of the global population still smokes. Although alternative, smoke-free products have the potential to significantly reduce the individual risks and population harm compared with cigarette smoking, they are nonetheless addictive and are not risk-free. We support measures to ensure that smokers are accurately informed about the health risks of smoking, effective regulation to discourage the consumption of cigarettes, and efforts to prevent minors from consuming nicotine in any form. To be clear, regulations should continue to dissuade people from starting to smoke and encourage cessation. But it is equally clear that millions of women and men who continue to smoke should have the opportunity and information to switch to better alternatives.

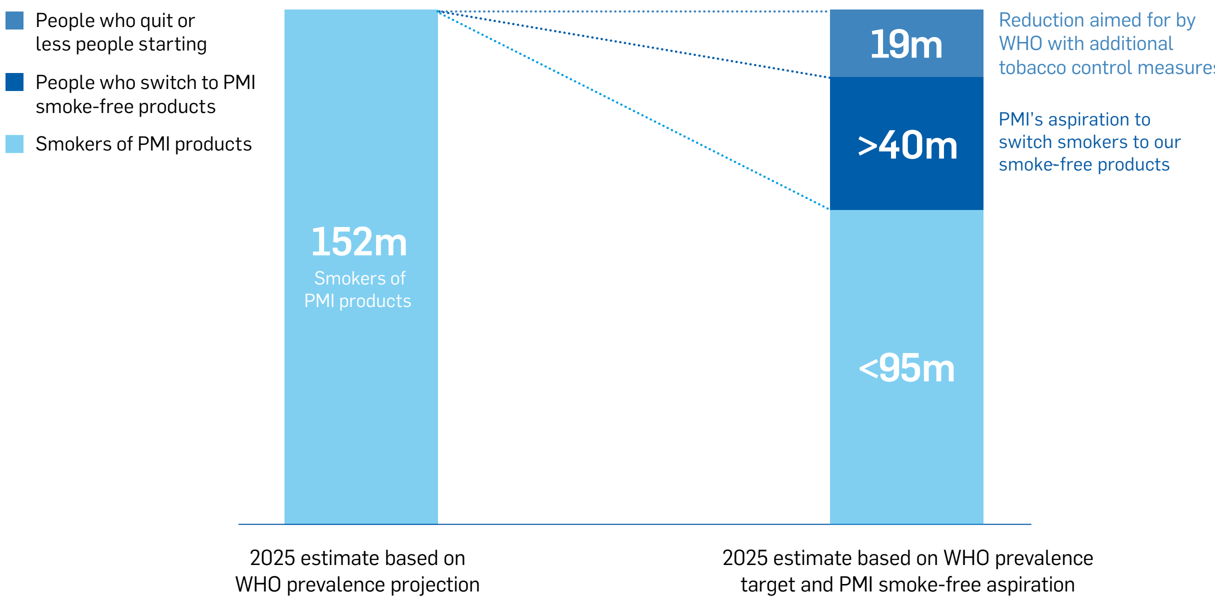
We are humbly aware that we cannot achieve this goal alone: Only by working in unison can some of the biggest challenges we face be addressed effectively. In working to advance progress toward a smoke-free future, we are committed to sharing our science, gathering feedback, and participating in robust scientific debate to help answer important questions about our product innovations from the public, scientific experts, policymakers, and regulators.

Replacing cigarettes with better alternatives will take time, and we are fully committed to doing everything we can to ensure that this happens as soon as possible. To achieve this objective, we have intensified our work and reallocated a significant part of our resources to support the development and commercialization of smoke-free products. We are already witnessing tangible progress: Five million smokers have already stopped smoking and switched to our main smoke-free product, *IQOS*, with approximately 10,000 more switching every day.

It is our ambition that at least 30 percent of our consumers who would otherwise continue smoking, switch to our >>

Figure 1 THE HARM REDUCTION EQUATION

Figure 2 CONSUMERS OF PMI PRODUCTS – PROJECTION 2025 (ASSUMING CONSTANT PMI MARKET SHARE)



Source: PMI Sustainability Report 2017

smoke-free products by 2025. Based on that ambition, we project that, by the same year, at least 40 million PMI cigarette smokers will have switched to smoke-free products *(see Figure 2)*.

A paradigm shift brings new challenges, opportunities, and responsibilities but above all, a shared goal. Our goal of developing and commercializing less harmful alternatives to cigarettes is completely aligned with the WHO's ambitions and with the expectations of smokers, society, and our shareholders.

WHAT: Prioritizing our work for the greatest impact

For many years, PMI has been managing and reporting on sustainability topics, from tackling illicit trade in tobacco products, to improving our health and safety performance and reducing our environmental footprint. However, we believe that a tobacco company cannot credibly engage in sustainability without reducing any harm associated with its products. This can be achieved by replacing them as soon as possible with alternatives that have the potential to present less risk of harm than cigarettes for smokers who switch completely, thereby ultimately achieving a public health benefit.

To track the progress of our goal, we have developed Business Transformation Metrics. Key 2017 milestones included a continuous shift in PMI's resource allocation toward smoke-free products, which accounted for 74 percent of the company's global R&D expenditure and 39 percent of global commercial spend. In addition, smoke-free products represented approximately 4.4 percent of PMI's shipment volume and around 13 percent of net revenues, excluding excise taxes.

To us, sustainability is about creating long-term value while minimizing the negative externalities associated with our products, operations, and value chain. Our sustainability strategy is a key element of PMI's overall business strategy and is structured around four pillars that enable our vision of a smoke-free future: transforming our business, driving operational excellence, managing our social impact, and reducing our environmental footprint. Each pillar encompasses key topics shown in the chart on the next page *(see Figure 3)*. They cover specific programs, management approaches, activities, processes, goals, and key performance indicators, which are managed throughout the company by the relevant functions and business operations.

Broader sustainability efforts to create long-term value include how we are addressing social and environmental impacts to manage the effect of the transformation on our value chain and excelling in how we operate. Key progress in 2017 included: more than one-third of the management positions at PMI

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Figure 3 PHILIP MORRIS INTERNATIONAL'S SUSTAINABILITY STRATEGY

are held by women, showing progress toward our goal of reaching 40 percent by 2022; the rollout of Responsible Sourcing Principles to help identify and manage labor issues in our non-tobacco supply chain; a focus on securing the integrity of our supply chain through efforts to tackle illicit trade in tobacco products, and pushing transparency further by publishing our approach to corporate tax and data privacy, as well as an overview of our Marketing Principles and Principles for Engagement with third parties. We are also on course to deliver on our CO_2 reduction targets. As we progress in our company transformation, we recognize that reducing the environmental footprint of the smoke-free products' manufacturing process, promoting crop diversification among tobacco farmers, and equipping PMI employees to successfully transform the company are essential.

Conclusion

The transformation of PMI starts by changing the product, but it does not stop there. This is the future of PMI: integrating these complex issues into a corporate strategy that fundamentally changes the way we think about what makes us successful. Indeed, transforming our business completely as we progress toward our vision of a smoke-free future is the only way forward.

Transformative change takes time, but looking into the future, we are both optimistic and excited. We have already come a long way, and we look forward to continuing the journey we have started and delivering all that we are committed to achieving. We are realizing the power of positive change: a change that is possible when we choose to work together and collaborate in ways none of us ever thought possible.

Smoking is one of the world's most pressing problems, one that is too complex for any one sector to solve alone. Substantial and tangible change can only be achieved at the convergence of inclusion, collaboration, technology, and innovation. It is up to each of us to identify how we can best work together and contribute toward realizing a smoke-free future. ■

DELIVERING A SMOKE-FREE FUTURE
PHILIP MORRIS INTERNATIONAL

For more information, read our latest Sustainability Report at www.pmi.com/sustainabilityreport2017 and log on to www.pmiscience.com.

ROGERS: INFLUENCING AN ISLAND STATE TOWARD SUSTAINABILITY

As a pioneer group advocating for the environment, Rogers launched a national campaign to inspire the shaping of a sustainable Mauritius.

Rogers

By Audrey d´Hotman de Villiers-Desjardins, Rogers & Company Ltd

In March 2018, Mauritius celebrated its 50th independence anniversary in style. For the occasion, we reflected as a nation on past achievements and on the sharing of our common destiny. We realized that the best way to mark this milestone was to tackle climate change problems head on.

Building on its 10-year engagement in the protection of coastal ecosystems, and in connection with its Sustainable Development Strategy, Rogers decided that, as part of the Independence celebrations, it would embark on a multi-support campaign to seek engagement and responsibility from all citizens, including its employees, to make Mauritius a sustainable island.

From this reflection stemmed the “Hip Hip Hip No Waste” campaign to encourage Mauritians to tackle wastage on a daily basis and live by the “Three R” principle: reduce, reuse, recycle. The campaign prompted the “50 eco-moves for the future” call for action — even though we may have a fairly negligible impact on global changes, we are nonetheless conscious that we should “be the change that [we] want to see in the world” (Mahatma Gandhi). In short, there is no small, menial or insignificant gesture when it comes to behavior change. It is the sum of all citizens’ actions that helps create synergies, builds momentum, and makes a substantive difference in societal development.

Rogers’ initiative is due to last till the end of 2018. Making use of print advertising, social media posts, and even a large banner that stretched down one façade of the Head Office building exterior, the campaign saw the filming of a video clip involving employees of the Rogers Head Office. The power of Facebook and its social media consorts was widely used to report on the different initiatives and provide a broad call to action.

Rogers’ subsidiaries organized multiple cleanup sessions across the island to raise awareness on personal and public levels. Veranda Resorts and Heritage Resorts acted by offering to their neighboring communities the opportunity to make use of a bulky trash bin to get rid of their old equipment and furniture. This type of trash is not collected by the local authorities.

Velogic, our logistics flagship, recycled its castoff pallets into beds for needy families affected by the recent flash floods in Mauritius. Bagatelle Mall, the island’s leading shopping center, organized a Green Market, thus providing green exhibitors and non-profit associations with an exceptional showcase. Our “Ocean Basket” seafood franchise coined a “Last Straw” policy, whereby it banned from its restaurants all straws in

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an effort to curb sea pollution — these items being, with plastic bags and bottles, the leading ocean pollutants.

Rogers Corporate Office also planned a "good-for-your-health, great-for-the-environment" event in our capital, Port Louis, which has the highest concentration of day workers. It was the place of highest impact to witness a hundred or so "ploggers" running on the sidewalks at peak traffic hours plucking discarded trash. Inspired by Swedish citizens on Facebook, this idea of combining a healthy activity such as jogging with the act of picking up trash ("plogging") was highly symbolic, in that it helped employees and members of the public alike to sharpen their perceptions of social responsibility and ethical living.

Along the same train of thought, a special interactive landing page was added to the Rogers Group website featuring information about the "50 eco-moves for tomorrow" to inspire Mauritians to reflect on the effective use of natural resources and on the different ways to impact environmental protection. Every gesture weighs in the balance: Repairing a leaking tap, mending old equipment instead of discarding it, sorting and recycling waste, encouraging eco-driving practices. Moreover, the list of "eco-moves" is far from restrictive: Each individual has the means to take the future into their own hands through decisive action. Change, by all means, begins with oneself. Setting the example through constructive action and a pedagogical approach is not a new avenue for Rogers. Through its Foundation, the group aims to stimulate and inspire youth and adults alike by offering financial support and logistics to environmental projects brought to its attention.

Last but not least, to influence national policy, Rogers' CEO, Philippe Espitalier-Noël, presides over the Business Mauritius Commission on Sustainability and Inclusive Growth. Business Mauritius is the coordinating body and the voice of the business community on the island. This engagement truly reflects our commitment to corporate citizenship and is an indication that ours is a voice to be reckoned with in the local community when it comes to promoting sustainable and inclusive practices. The six sub-committees that were established — focusing on "carbon emission and alternative energy production," "smart agriculture," "inclusive economic development," "lagoon and coastal beach preservation," "sustainable cities and communities," and "waste and waste management" — mobilize Mauritian enterprises to ensure the winds of change blow. ■

HUMAN RIGHTS. ACCESS TO INFORMATION. RESPECT IN PRACTICE

Sakhalin is Russia's largest island and has 470,000 permanent residents. It is separated from Hokkaidō by the La Pérouse Strait and stretches nearly 1,000 km in a long and narrow fish-like shape along the east coast of Eurasia. It is quite mountainous in its southern part, flattening to the north into a swampy plain.

By Olga Beck, Sakhalin Energy

As part of its project development, Sakhalin Energy has created extensive infrastructure for oil and gas production, transportation, processing, and delivery to customers. This infrastructure covers the area that is home to approximately 70 percent of Sakhalin residents, who mostly live in small towns and settlements. This fact has always been the focus of the company when engaging with local communities. During the construction phase, a group of 15 community liaison officers representing the company and its contractors communicated and interacted with the local people in more than 60 communities on a continuous basis. As the construction work was coming to an end and the operations phase commenced, contractors would leave the island, thereby lowering the number of community liaison officers. Consequently, our community liaison approach had to change.

What would be an effective substitute for community liaison officers? How could we make information accessible to local people? There had to be a simple, easy-to-use, and effective solution, and we had to find it.

Sakhalin Energy information centers' network

"The advantage of the Information Centers lies in the greater availability and accessibility of the former due to their wide geographic coverage, the presence of permanent staff-librarians who are familiar with the local communities, and convenient opening hours throughout the week and including some of the weekend." (from Sakhalin-2 Phase 2 Lenders' Environmental Consultant Monitoring Report, September 2017)

Some pointers could be obtained from our experience of partnering with the Sakhalin Oblast Library System during the construction phase. The company and its contractors used local public libraries as venues for public meetings, community liaison officer engagement sessions, and various events under Sakhalin Energy's social investment programs.

It needs to be pointed out that nearly all of Sakhalin's towns and villages have public libraries. For a community in Sakhalin, a library is not just a place to read or borrow a book, it is also a vibrant nexus of cultural and social activity visited by community residents on a regular basis. This is what made local libraries a key ingredient in finding the right solution.

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15 LIFE ON LAND

The first Information Center (IC) was opened by the company in 2008. Currently, 23 ICs are successfully operating in town and village libraries located along the trans-Sakhalin pipeline and in the vicinity of the company's assets. Each IC is equipped with office machines and offers internet access and information boards. Not only do the ICs help the company to meet its objectives, they also makes local libraries more functional by facilitating their everyday activities:

- regularly update materials placed on the company's information boards;
- help people to find information on the company's website;
- provide assistance to community members in writing and submitting complaint letters in accordance with the Community Grievance Procedures;
- provide information booklets from the company when requested by visitors;
- provide assistance from the company when holding public events.

Sakhalin Energy's Information Centers supply materials and help visitors to find information on the company's website. Such information includes:

- Sakhalin-2 project-related information;
- Environmental, Social, Health Impact Assessment (ESHIA) results (impact assessment is a process of impact forecasting and mitigation. The results of impact assessments are published on the company's website);
- Public Consultations and Information Disclosure Plans (these documents are a framework for engagement with external stakeholders based on international standards);
- External Audit and Company Activity Monitoring findings and results;
- information on Sakhalin Energy's social and community projects and how to join them;
- information on active vacancies;
- corporate publications, including annual Sustainable Development Reports, the book series on Sakhalin's natural environment, the Vesti corporate newspaper, etc.

Sakhalin Energy Information center

To perform these functions effectively, IC consultants should possess certain knowledge and skills. All our consultants attend special annual training sessions to help them become more familiar with their activities. These training sessions include:

- lectures focused on specific company activities, for instance, health, safety, environment, and biodiversity; safeguarding and supporting human rights; grievance procedures; UN Sustainable Development Goals;
- practical training sessions aimed at developing the consultants' technology skills and helping them to more effectively use information and resources provided by the company;
- visits to the company's production sites, etc.

Between 3,000 to 5,000 people visit our ICs annually. With the average population density on Sakhalin Island being 5.63 people/km^2, this is quite impressive. Typically, people want to learn about Sakhalin-2 project developments, how they can participate in various community programs and public events of the company, as well as about active vacancies. Corporate publications are quite popular among community members. These publications include our Vesti monthly newspaper as well as series of books about Sakhalin Island's natural environment that are based on materials collected by company specialists over many years of environmental monitoring and biodiversity conservation programs, etc.

Obtaining information is not the only thing people can do at the company's Information Centers. Visitors can also express their concerns or submit a complaint or grievance pertaining to the activities of the company or its contractors. Consultants can help visitors to fill out the complaint forms and promptly file them with the company. This provides freedom of expression on issues potentially related to the project.

The company's ICs are an example of the long and fruitful cooperation that has evolved based on the idea of combining the strengths of our oil and gas projects with the island's extensive public library network. The synergies stemming from this cooperation help to ensure information transparency while the company engages local communities and gives the general public access to information regarding company-related activities.

Have we managed to accomplish this mission in a simple, easy-to-use, and effective way? The answer is a resounding yes. Our view is shared by both Information Center visitors and Sakhalin-2 project lenders. A 2017 report states: "The 2017 public opinion survey confirmed that 100 percent of respondents who visited the ICs gave positive feedback on how they operate, with the opportunity to get the required information being the key reason for this." ■

PARTNER FOR THE WELL-BEING OF EVERYONE AT ANY AGE

SARTEX is a Tunisian company that has shown its socially responsibility by having participated in the UN Global Compact since 2005, and it is now putting its focus on the UN's Sustainable Development Goals (SDGs).

By Rachid Zarrad, SARTEX

This universal commitment confirms the involvement of SARTEX in a CSR certification process. We support and defend the 17 SDGs, and we are acting in a global context toward achieving projects that have a direct impact on improving the quality of life of Tunisian citizens in our region.

Action no. 1: Acquisition of a medical scanner for the regional hospital

Aware that the well-being of a community starts with the development of public health institutions that offer quality services, the Zarrad Foundation equipped the Hadj Ali Soua regional hospital in Ksar Hellal with a high-tech scanner-imaging unit in 2018. The goal is to offer faster and cheaper access to scans to the entire community.

Acquisition of a Medical Scanner for the Regional Hospital

An investment of about 1.5 million Tunisian dinars will undoubtedly allow a population of more than 100,000 citizens to live healthier lives at lower costs. Previously, patients were obliged to travel tens of kilometers for such tests. Thanks to new scanner installations in April 2018, so far 80 citizens have been able to benefit from faster and cheaper access to these medical scans.

Action no. 2: Support for El Amal – the association for children with mental deficiencies

Our CSR policy guides us to make more effort to help the most affected and needy people in certain social demographics, in particular activist associations advocating for the well-being of people with disabilities or who have mental health issues.

These young people without normal lives became our priority because they are marginalized by society and, unfortunately, by their parents sometimes. We owe them not only respect but also moral and financial support.

KAMEL ZARRAD, CEO SARTEX

Since its creation in 1983, SARTEX has always been about people. Having the possibility to change the quality of life for the better and helping our region through important social measures is an honor and privilege for us.

We feel that by helping to improve the social and economic status of our citizens, we will become one of the first sustainable companies in Tunisia.

Having happy and successful employees is the ultimate goal of SARTEX, and we will continue to make investments in this direction.

We hope that by taking small steps in improving our society, we will have great impacts on improving our country.

SARTEX – THE COMPANY OF TEXTILE ARTS

SARTEX is no longer simply an industrial unit with an economic focus. It is also a socially responsible structure and an active strategic partner with actors in Tunisian society as well as with global institutions and organizations campaigning toward the socioeconomic development of Tunisia.

SARTEX is faithful to the principles of its strategic mission: "Contribute to the sustainable development of the country by offering our customers innovative products and services that are safe and attractive in a healthy, motivating, and responsible environment."

These projects are personally supported and financed by the President of the ZARRAD Foundation: Mr. Salem Zarrad is continually generating the means to make his contributions serve as a good example across all levels of society.

It is in this context that SARTEX has been supporting the El Amal Association for several years in strengthening the mentoring system for young people with mental health issues. These young people have the right to a better life — above all, they need our assistance.

We sponsor activities and services for them through different workshops organized by the Association. We just sponsored and developed the Association's website, which represents a window on the outside world through which members can communicate with civil society and possible donors who wish to provide them with help. This website is also a meeting platform for parents to share their worries, experiences, and especially hopes that their children can lead successful lives.

Thanks to this website, the El Amal Association will have a tool to interact with the public, allowing them to participate in the financing of the Association's activities, gather donations, and receive grants.

This will allow the Association to develop more services in addition to the care programs for these youths. To achieve this goal, SARTEX — in collaboration with the volunteers of the German organization SES: Senior Experten Service — will provide the El Amal Association with an expert in the field of rehabilitation of young people.

Social partner for quality education

We have always believed that the locomotive of development remains a nation's education system. This conviction has always motivated us to support schools in our region. Under a partnership agreement with the Regional Directorate of Education signed in 2015, we participate every year in the restoration of some schools just before the start of the school year.

Under the terms of this agreement, we reserve a budget every year for schools that are unable to finance their construction needs for new classes, or for the acquisition of certain teaching materials necessary for the proper teaching of young students. ■

The President of the ZARRAD Foundation: Mr. Salem Zarrad

ENCOURAGING COLOMBIANS TO JOIN THE FORMAL FINANCIAL SYSTEM

Ester Julia Álzate is a 60-year-old working-class mother and grandmother from Yumbo, a small, industrial city and municipality in western Colombia. She has a 28-year-old daughter, a 21-year-old son, and a 5-year-old granddaughter. For the past 25 years, Ester has been steadily employed, working in the accounting and portfolio division of a nationwide network of funeral homes in Colombia. According to the Latin American Development Bank, 37 percent of Colombians save their money at home "under the mattress" instead of using the financial system. Ester was one of these people who resisted joining the formal financial system – until very recently.

By Scotiabank

Access to proper financial tools and resources can advance the success of individuals, businesses, and entire communities. The World Bank's research shows that formal financial services spur economic growth by making it easier for customers to save money, send and receive payments, and mitigate risks.

Formal financial services spur economic growth by making it easier for customers to save money, send and receive payments, and mitigate risks.

Despite the advantages of formal financial tools, many Colombians have not historically kept money inside of banks, largely due to a lack of trust and service costs. In Ester's case, a previous bad experience with a bank led to her mistrust of the financial system. In her perspective, the fees cost more than the benefits of having an account.

As part of their growth strategy, Banco Colpatria, a subsidiary of Scotiabank, looked at how they could gain more unbanked customers and enhance trust levels in the financial services. Scotiabank decided to launch "Zero Fees Strategy", which removes traditional transaction fees for day-to-day bank accounts as well as waiving a minimum deposit requirement when opening an account. They also waived fees for consultations so new customers could have access to banking experts.

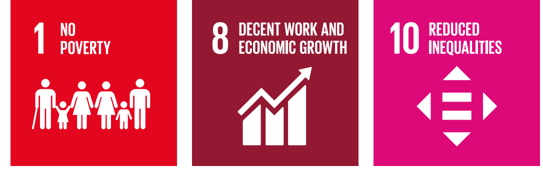
Rolling out the strategy was a massive undertaking for Banco Colpatria. The bank was not simply rolling out a new product or service — it was trying to shift Colombian customers' attitudes about the financial system. All Banco Colpatria staff — from top executives to marketing teams and in-branch employees — worked together closely to spread the word about the strategy, adapt to customers' responses, and make sure that all parts of the bank worked in alignment.

One year after the strategy was launched, customers had deposited more than C$396,000.

The results have been a resounding success for both Banco Colpatria and Colombian customers, like Ester. By eliminating account fees, Banco Colpatria encouraged hundreds of thousands of Colombians to access the formal financial system. One year after the strategy was launched, customers had deposited more than C$396,000.

But perhaps the most widespread advancement of the strategy lies not in what it eliminated — by removing fees — but in what it provided to customers, namely the ability for customers to better manage their finances and take control of their financial well-being. Ester's situation illustrates the benefits created by the strategy. She was able to quickly and easily open her account online. Her account saves her time and effort, as she no longer has to leave work or home to conduct financial transactions.

Best of all, she is now motivated to save. Because, as she says, "From now on I can save for the future of my children — and grandchildren."



In 2016, 286,160 savings accounts were opened, and in 2017 this number increased to 366,897.

The strategy has continued to be a success: In 2016, 286,160 savings accounts were opened, and in 2017 the number increased to 366,897. By increasing access to finance for Colombian citizens, this project promotes financial inclusion for all. This is a key component of Scotiabank's corporate social responsibility strategy.

Scotiabank believes every customer has the right to become better off, which includes providing them with the solutions and tools to allow them to access essential financial services. We have invested in providing access to finance because, when our customers have access to financial services, everyone benefits: Individuals and families are equipped to prepare for the future, our bank helps more customers, and society enjoys more opportunities for success. This priority, along with the Zero Fees Strategy initiative in Colombia, is directly in-line with UN Sustainable Development Goal 8 (decent work and economic growth), as it is able to assist in strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services to all. This is also an example of SDG 1 (no poverty) and also SDG 10 (reduced inequalities), in which equal rights to economic resources and economic inclusion are ensured.

The Zero Fees Strategy is just one example of Scotiabank's efforts to increase the ability of individuals and enterprises to access essential financial services. ■

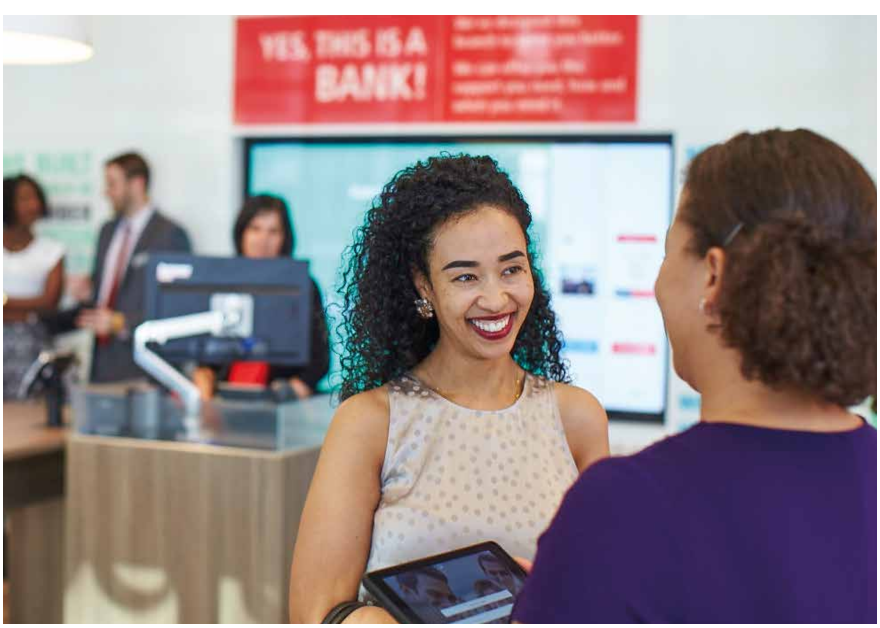
OTHER SCOTIABANK INITIATIVES RELATING TO ACCESS TO FINANCE:

"Impulsa tu PyME": Resources to support **small businesses**

We have **27** Aboriginal Banking Centres across Canada, including four on-reserve branches

50.4% of global microlending goes to women-owned businesses

In Scotiabank Peru Billetera Movil is processing an average of **2,000 transactions** per month, and has **87,190 customers**



ACCESS TO FINANCIAL SERVICES

Zero Fees Strategy

The Zero Fees Strategy, one of the first of its kind for Banco Colpatria (a subsidiary of Scotiabank), has been able to demonstrate that banking is a safe place where people can trust that their money is being handled, without costing them a thing in administration fees, thereby encouraging more Colombians to access the financial system.

This initiative resulted in the following new accounts being opened:

286,160 savings accounts in 2016
366,897 savings accounts in 2017

Important related themes:

- Promotion of financial inclusion
- Innovation and digitalization
- Creation of products with social benefits

SHARED VALUE, SUSTAINABILITY, AND THE WELFARE OF THE COMMUNITY

Stanbic Bank Ghana understands the need for shared values in our community. We recognize that for us to continue to exist as a successful and sustainable business, we must measure value beyond financial outcomes. That is why we believe in the "creating shared value" principle. We see this as the business model that will accelerate the achievement of the Sustainable Development Goals (SDGs) of the United Nations.

Stanbic Bank

By Portia Oduro-Morrison, Stanbic Bank

Our success and growth over the long term is built on making a difference in the communities in which we operate. By investing in these communities and helping to make these areas healthy and economically viable, there is a direct impact on our long-term business growth. In effect, as our stakeholders live and work in the communities in which we operate, we hope that by supporting and investing in the well-being of these communities, the bank will be investing in its own future.

Corporate social investment (CSI) is an integral part of our value-creation process and a key instrument used to help our business, the financial industry, and our country to grow, develop, and transform. In carrying forward this agenda, Stanbic Bank Ghana has, over the past decade, played a supporting role in the country alongside government, civil society, and the communities to help tackle complex global challenges such as hunger, poverty, the lack of healthcare, and education.

Education and financial literacy

The largest chunk of our CSI budget is devoted to financial literacy. The objective is to empower the Ghanaian populace to be well-versed in financial matters, the subject of savings, as well as timely investments. In pursuing this aim, we sponsor information-sharing on these topics on the radio and through online activities. Although there is no direct method to understanding finances, we have put together a few education packages that are essential for putting our stakeholders on the path to having financial soundness. One such program is the Stanbic Breakfast meeting, which has become an agenda-setting event in which critical issues that impact the economy are deliberated. The meeting has so far discussed how Ghana can make the economy more secure by using agriculture, the new tax law (Act 896), and deposit insurance.

Healthcare and sustainable development

The link between healthcare and sustainable development is more relevant than ever. Both from a human and economic perspective, good health yields high returns on investment, reduces poverty, and supports economic development. The goals of sustainability cannot be achieved when there is a high prevalence of debilitating illnesses. In 2017, the bank identified and financially assisted in the resolution of several health-related problems as part of its corporate social responsibility. The projects included the provision of medical equipment for Effia Nkwanta Hospital, sponsorship for infanta malaria prevention, the fistula-ending project, the funding of surgeries for three children, and support for a mother and child nursery, among other efforts.

The bank also drives an agenda that encourages employees to volunteer through the bank's Employee Community Involvement initiative, which is an initiative that inspires staff volunteerism by matching funds generated among themselves for a chosen cause. Our Finance Unit has adopted the Dzorwulu Special School, a state-funded boarding institution for students with mental and social challenges. They are usually taken through academic, cognitive, and vocational skills training in order to help them to properly integrate into society.The bank has also adopted two houses of the SOS Villages in Ghana. This involves the upkeep of the children in each house until they finish their secondary education.

Casting their nets beyond their immediate surroundings, staff of the bank recently constructed a toilet facility for students of the Akropong School for the Deaf. The lack of adequate toilet facility had compelled male and female students to use the same facility. This, the staff of the bank found to be unacceptable and got them to contribute to the project.

Stanbic Business Incubator project

Our Entrepreneurial Development pillar, the Stanbic Business Incubator project, is targeted at strengthening businesses and entrepreneurs within their first three years. The main aim is to accelerate the growth of SMEs in the broader scheme of business development in Ghana to aid economic growth. The project is based on five strategic pillars: the ideation pillar, which seeks new ways of helping companies understand the concept of packaging and how to do things differently; the incubation pillar, whereby we receive laudable initiatives from Ghanaian youth and equip them with the necessary tools to become sustainable businesses; the acceleration pillar, which takes SMEs from a lower to a higher profit level; and the supply chain pillar, which provides local businesses the opportunity to feed their products to multinational organizations in order to boost production. These supports are provided within the areas of manufacturing, agribusiness, ICT, and healthcare. The Stanbic Business Incubator is part of the bank's corporate social initiative, which seeks to specifically focus on women and youth as special groups that drive social impact. This will go a long way to creating jobs and eventually help to reduce poverty in Ghana.

Agriculture

With more than 150 years of providing financial services and support to the agriculture sector, Stanbic Bank remains at the forefront of agricultural development through key partnerships with major agricultural players. Its actions are aimed at creating a sustainable sector, and its range of specialized financial solutions add value to farming enterprises and agribusinesses across the value chain. Stanbic Bank regards itself not only as a financier but also as an integral contributor to the development and transformation of the agricultural sector. The bank financed Ghana's first plant for the processing of cassava into ethanol and carbon dioxide in the Volta region, valued at $4.5 million, among other valuable investments. To help tackle the challenges of low productivity, Stanbic Bank has been supporting the Ministry of Food and Agriculture for the annual National Farmers' Day celebrations. In addition to engaging in the discourse on agriculture and its potentials during the celebrations, we donated vehicles to some winners of prizes at the event to motivate more farmers, show appreciation, and to acknowledge the hard work of the fisher folk and farmers of Ghana. This is one way we are contributing toward boosting food production in the country. As our world still revolves around money, achieving the positive goals set out in the SDGs — such as ending poverty and hunger and promoting good health, education, and decent work conditions — will be a reality if financial profits are recognized and achieved as well. For us at Stanbic Bank, we derive satisfaction from the shared value model and from solving societal issues. ■

SYMRISE IS ALL-IN FOR SUSTAINABLE VALUE CREATION

Symrise AG is a model for how a global company can consistently align its overall strategy for sustainable growth. The fragrance, flavor, and ingredient manufacturer, based in Holzminden, Germany, views this as expanding its business in a way that can be maintained permanently while taking ecological and social conditions into consideration. This is coupled with efficient production and a portfolio that helps cover the basic needs of the world's growing population. Symrise has formulated goals along its entire value chain to do just that.

By Christina Witter and Friedrich-Wilhelm Micus, Symrise

The company bundles its sustainability goals – within view of its core business – into the four pillars of its sustainability agenda: (1) Footprint, (2) Innovation, (3) Sourcing, and (4) Care. The company thus closely links its economic goals with its daily responsibilities for the environment, employees, and society. With this strategy, Symrise aims to actively contribute to the Sustainable Development Goals (in short, SDGs) of the United Nations.

In the Footprint pillar, Symrise is directly contributing to 6 of the 17 SDGs with its progress. These include access to sustainable energy (SDG 7), sustainable economic growth and full and productive employment (SDG 8), building resilient infrastructure (SDG 9), ensuring sustainable consumption and production patterns (SDG 12), measures to combat climate change (SDG 13), and the protection of ecosystems on land (SDG 15).

GLOBAL DEMAND REQUIRES MORE CITRUS FRUITS TO BE CULTIVATED

Citrus fruits are existentially important for Symrise for the manufacturing of fragrances and flavors. In addition to bergamot, the raw materials used most include lemon, lime, orange, grapefruit, and other exotic varieties. In the food industry, the essences extracted from the peels or juices are used in soft drinks and shandies, teas, candies, chewing gums, yogurts, ice creams, sauces, and soups. Luxury perfumeries utilize numerous citrus scents, and the fragrances are also indispensable in the homecare segment – from simple household cleaners to air fresheners. Symrise is focused on sustainability when it comes to bergamot from Calabria as well as citrus fruits in general. These tend to be cultivated on large plantations in South America and other parts of the world in order to fulfill ever-growing demand from the world's population. Sustainable business activities from the numerous major corporations that process these citrus fruits are essential in order to reduce monocultures in the producing countries and to improve the living conditions of small-scale farmers.

Biodiversity as part of the sustainability strategy

The ambitious goals of Symrise's approach to sustainability include reducing emissions, conserving resources, and maintaining biodiversity. The global diversity of species is an indispensable source of inspiration as well as natural raw materials for Symrise in order to create new flavors and fragrances. Maintaining biodiversity is therefore an essential objective for Symrise.

To solidify its commitment in this area, the company became one of the first to sign the Business & Biodiversity Pledge at the end of 2016. This voluntary commitment, as part of the UN Convention on Biological Diversity, is a testament to the company's dedication to the global protection and sustainable use of biodiversity, as well as a fair distribution of the benefits of using genetic resources.

Sustainable purchasing of the exotic citrus fruit bergamot

Sustainable purchasing of the citrus fruit bergamot represents one example of Symrise's commitment to biodiversity. The plant grows and thrives in places such as Calabria in southern Italy. Its oils are great for perfumes, for example. It gives more than 50 percent of all fine perfumes around the world their special note, as well as adds the beloved citrus notes to ever-popular Earl Grey tea.

Symrise works closely together with the family-run company Capua 1880, which has produced bergamot oils for five generations. It processes more than half of the total harvest in the region, which in turn represents four-fifths of global production.

Other partners include the University of Calabria and the Union for Ethical Biotrade. Together, they invest in research and development, for example to better utilize the byproducts of production. This includes flavors derived from the previously unused juice and oil in the peels, which can be extracted using innovative technologies. Together with the producers in Calabria, experts are setting standards for how the local diversity can be promoted through the sourcing and use of raw materials.

In addition, this approach ensures that the Calabrian farmers will be able to better secure their livelihoods in the future. Economic survival motivates them to continue to invest in cultivating citrus fruits and also to inspire the next generations to keep growing bergamot. Fixed purchases at a fair price by Capua 1880 or Symrise give the fruit farmers planning certainty.

Biodiversity and protecting aquatic life

With a variety of environmental goals along the entire value chain, Symrise is helping to maintain biodiversity in oceans and seas. Because bergamot is cultivated fairly close to the Mediterranean coast, scientists are researching the impact of bergamot production on aquatic life with the aim of better protecting the flora and fauna in the sea. Furthermore, Symrise is working on developing highly biodegradable natural substances and is thus making another contribution to water protection. The company wants to continue to expand its research in green chemistry in the coming years. ■

DR. AUMA OBAMA RECEIVES INTERNATIONAL TÜV RHEINLAND GLOBAL COMPACT AWARD

What responsibilities do companies have? What role do the Principles of the Global Compact play in everyday life? How can people work together to make a contribution to sustainable development? These questions were discussed in the run-up to the presentation of the fourth International TÜV Rheinland Global Compact Award. The non-profit TÜV Rheinland Foundation issues the International TÜV Rheinland Global Compact Award to honor outstanding individuals who are particularly dedicated to promoting the Ten Principles of the Global Compact. In 2017, the foundation awarded the prize to Dr. Auma Obama for her consistent commitment to sustainable development.

TÜVRheinland®
Precisely Right.

By Susanne Dunschen, TÜV Rheinland AG

Companies have many opportunities to support the United Nations Global Compact. First and foremost, of course, they can support it by consistently applying its principles to their own business activities. It is also important, however, to send a signal to the outside world and to raise awareness for this important initiative among societal stakeholders. After all, the more widely known the Global Compact is, the more widely accepted it will be. In turn, this increases the pressure for players to commit to the Global Compact's Ten Principles and to adhere to the social, ecological, and economic principles they outline.

Honoring long-term dedication

It was for this reason that the TÜV Rheinland Foundation, with the support of the United Nations, introduced the first prize of its kind anywhere in the world by launching the International TÜV Rheinland Global Compact Award in 2008. Once every three years, the foundation awards this prize to outstanding individuals whose work supports the principles of the Global Compact. The award winner is intentionally selected to reflect the range of the Principles outlined in the Global Compact. In 2008, the former German Federal Minister for Research, Dr. Volker Hauff, was honored for promoting the concept of sustainability and embedding it in government policy. In 2011, the entrepreneur Dr. Michael Otto received the €25,000 award for his dedicated involvement in social and ecological matters, which is by no means limited to his own company. In 2014, the prize was accepted by Prof. Edda Müller, Chair of Transparency International Deutschland, for her environmental advocacy and her work countering corruption and unethical conduct. In 2017, Dr. Auma Obama was awarded the prize for her commitment to the future of children and young people in Kenya. Through her foundation, which is called Sauti Kuu (strong voices), she presents young people with educational, economic, and cultural opportunities, and she helps them to build a future that is self-determined and self-reliant. Dr. Obama was born in Kenya and grew up there. She studied in Germany, where she graduated with a master's degree from the University of Heidelberg. Following her MA program, she completed a degree at the DFFB Berlin, a graduate film academy, while also writing a thesis for her PhD at the University of Bayreuth. When she returned to Kenya, the sister of former US President Barack Obama worked for the aid organization CARE. She is also a member of the World Future Council and is a sought-after speaker. She promotes sustainable development, both through her foundation and through giving speeches.

"You are your future"

In his laudatory speech, Hans-Joachim Fuchtel, Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development (at the time), praised the award winner's longstanding dedication: "Through her Sauti Kuu Foundation, Auma Obama

From the left: Chairman of the TÜV Rheinland Foundation Prof. Dr.-Ing. Bruno O. Braun, Award winner Dr. Auma Obama, Cologne Lord Mayor Henriette Reker, and Hans-Joachim Fuchtel, former Parliamentary State Secretary at the Federal Ministry for Economic Cooperation and Development.

DR. AUMA OBAMA – PRIZES AND AWARDS

Dr. Auma Obama is a well-known author and speaker who gives keynote speeches and presentations throughout Europe about ecological, economic, and social sustainability.

- Fourth International TÜV Rheinland Global Compact Award, October 2017
- Fit4Future honorary award, June 2017
- Kiwanis Award 2016, Kiwanis Club Stuttgart, March 2016
- World Human Rights Award, Look magazine, Austria, November 2015
- German Speakers Award, GSA German Speakers Association, September 2015
- International B.A.U.M. Special Award, September 2015
- Prix Courage Award, ZDF Mona Lisa and Clarins Paris, October 2014

TÜV RHEINLAND FOUNDATION

TÜV Rheinland Foundation is a non-profit organization that is particularly active in the areas of safety and energy technology, environmental protection, joint development initiatives, and improving training and education. The International TÜV Rheinland Global Compact Award was born out of the International Rheinland Prize for Environmental Protection, which had been running since 1974. In addition to awarding this prize, the TÜV Rheinland Foundation funds projects that focus on the areas outlined above.

Founder: TÜV Rheinland Berlin Brandenburg Pfalz e.V.

Executive Board of Management: Prof. Dr.-Ing. Bruno O. Braun (Chairman)

Board of Trustees: The Board of Trustees is made up of seven people from the private and public sectors. It guides the work of the foundation and advises on candidates for the International TÜV Rheinland Global Compact Award.

has been an energetic advocate for disadvantaged children and young people for many years, ensuring that they develop powerful voices. She wants the best for the young people in our world – after all, they are the future. Disadvantaged children and young people becoming confident and self-reliant adults – that is a textbook example of sustainability. Auma Obama's foundation shows young people how to cultivate trees so that they can be sold in other districts in the region. Families learn how to farm their small gardens so that they can meet their own needs while also having a surplus to sell. The foundation offers young people opportunities to develop in ways that fit with their own unique abilities and talents – regardless of whether their parents are rich or poor. This lays excellent foundations for lifelong employment and therefore provides brighter futures."

The recipient of the award, Dr. Auma Obama, expressed her gratitude for the award, saying, "Receiving this award is a great honor for me. It also shows that my work – and the work of my team at the Sauti Kuu Foundation and of many people at our site in Kenya – is being recognized and can make a difference. So I hope that lots more people will get involved. The place we need to start is where future change happens – the education and training of children and young people. We tell them loud and clear: You are your future. And we build up their confidence in very practical ways, right where they are – together with their families." The prize was presented by Prof. Dr.-Ing. Bruno O. Braun, Chairman of the Executive Board of Management of TÜV Rheinland Berlin Brandenburg Pfalz e.V. and of the TÜV Rheinland Foundation.

TÜV Rheinland has been a signatory to the Global Compact since 2006 and is convinced that economic, social, and ecological factors are closely intertwined with the long-term success of the enterprise. This is why, since 2010, TÜV Rheinland has been including details of its sustainability endeavors alongside the financial data when it publishes its company report. ■

CREATING NEW PROSPECTS IN TANZANIA WITH RENEWABLE ENERGIES

The Weidmüller Group has been advocating sustainable development around the world for many years now as well as assuming social responsibility in its capacity as a family-owned company. Working together with the "Club der guten Hoffnung" (Club of Good Hope) – the network for business partnerships organized by the International Catholic Mission Society missio in Munich – the company has been supporting an education project in Tanzania since 2015, which has created strong employment prospects and the basis for the acquisition of knowledge by supplying the region with electricity and training in the field of renewable energies. In so doing, the company is not only providing the local population with financial support, but it is also creating opportunities for them by means of education as well as helping them to learn how to help themselves.

By Carsten Nagel, Weidmüller Group

Weidmüller

All that is left to do is tighten a screw and connect three cables and voilà! The teenager proudly shows off the recently assembled photovoltaic system. The young student had sat through many hours of assembly lessons in the Mbeya Trade School in Tanzania and had practiced a great deal beforehand to ensure that he could correctly assemble the various parts. This represented a milestone that opens up new prospects, as there are parts of this country that do not have access to electricity. This is backed up by the fact that less than 25 percent of the population of Tanzania is supplied with electricity, with this figure dropping to just under 10 percent in rural areas. The country is faced with many challenges: Although the economy is on the upswing, the population is growing, and general mobility is increasing, the number of social injustices also seems to be rising. Young people are finding it difficult to climb onto the first rung of the career ladder, as there is not a well-regulated education system in place, like there is in Germany, and some of the country's schools do not offer a quality education.

Mbeya Trade School – training center for young people

In order to address these challenges, the International Catholic Mission Society missio in Munich is working together with its catholic partners in Mbeya, a city in the southwest of the country, to support a wide range of help organizations. Mbeya has a population of just under 500,000 and is one of the top 10 largest cities in Tanzania, as well as being one of the country's most important transport hubs. The diocese began building the training, advice, and rehabilitation center here in 2015, the aim of which is to provide new opportunities to young people living on the streets. Part of this complex is made up of the Mbeya Trade School, which mainly operates in the education and training segment. The school currently offers courses in electrical installation, car mechanics, carpentry, metalwork, and tailoring — in particular for school dropouts, that is, students who otherwise would not have the option of receiving an education.

Creating the conditions for accessing knowledge

Weidmüller has been supporting the International Catholic Mission Society missio's project to build an integration- and further-education center in Mbeya since 2015. One of the many facets of this project is a pilot training course on solar energy and photovoltaics. "The support we provide is part of our global social commitment, which comes under

"CLUB DER GUTEN HOFFNUNG" (CLUB OF GOOD HOPE) – ASSUMING SOCIAL RESPONSIBILITY

The assistance provided by Weidmüller is part of a major funding project supported by the "Club der guten Hoffnung" – the CSR platform of the International Catholic Mission Society missio from Munich, which facilitates almost 1,050 projects in 60 countries in Asia, Africa, and Oceania, focussing on issues such as human rights, the advancement of women, education, and infrastructure. More information is available at www.club-der-guten-hoffnung.de

the mantle of 'Weidmüller helps'," explains Sustainability Officer Dr. Eberhard Niggemann. In this area, Weidmüller attaches great value to its employees taking a holistic view of sustainability within the company and putting these views into practice. The company also strives to achieve the right balance between the environmental, economic, and social aspects of sustainability. The work being carried out in Tanzania aims to address two points that will have a mutual influence on increasing employability in the region:

1. the promotion of education and training opportunities, as education provides young people with new prospects and is the best tool to bring about sustainable change;

2. the provision of electricity, as electricity makes it possible to access media, and thus knowledge, too.

This project offers young people new prospects, such as by providing training in electrical engineering and renewable energies, thus allowing Weidmüller to make an active contribution to improving their living conditions. "After all, you need light and electricity in order to supply basic needs, such as preparing food or studying in the evenings," says Niggemann.

The provision of electricity and education as the basis for creating employment prospects

Thanks to support from Weidmüller, the Mbeya Trade School was able to set up a pilot course on renewable energies for the first time. This will make the school the only training center in the region to offer courses on solar energy. Students in this course will thus be able to install and maintain small solar energy plants themselves in the future. "We are thus ensuring that the assistance we provide is not a one-off act, but will instead enable the local population to be able to help themselves in the future. Otherwise, what use is it if the region has the technology, but no one to repair the plants when needed?" asks Niggemann.

Helping to fulfill the key Sustainable Development Goals of the United Nations

By supporting the project in Mbeya, Weidmüller is actively helping to fulfill some of the key Sustainable Development Goals of the United Nations. The project focuses in particular on the goals "Education for everyone – Ensure inclusive and quality education for all and promote lifelong learning" and "Sustainable and modern energy for everyone – Ensure access to affordable, reliable, sustainable and modern energy for all."

Employee support for education project

The employees at Weidmüller have also reacted positively to the work being carried out in Tanzania and are supporting the social project. For example, they can help out by paying the school fees for a vocational school student in Mbeya or by donating money to be spent on school books.

All of the money donated by employees will be matched by Weidmüller with the aim of creating long-term prospects with respect to renewable energies, investment in education, and the provision of electricity. "I am confident that these types of projects will prove to be a massive help in transforming society in the future and will provide people with access to electricity, thus ensuring better as well as more economic and environmentally friendly development," says Niggemann. ■

BRINGING SUSTAINABILITY TO THE DIGITAL SECTOR

As one of Europe's leading payment companies, Worldline successfully addresses the sustainability challenges raised by digital transformation, such as data protection, cyber security, ethics, energy efficiency, and equal access to essential IT services. Driven by new digital usages, the payment value chain is being radically transformed, creating opportunities to tackle global challenges.

By Sebastien Mandron, Worldline

As a result, Worldline has invested significantly in innovations for its payment solutions and digital services assets. The company aims to strongly contribute to the sustainable supply chain of its customers. Worldline's solutions foster a transparent economy by fighting against shadow economies, fraud, money laundering, and all types of financial violations, thus contributing to the United Nations Sustainable Development Goals (SDGs).

Integrating sustainability at the heart of our business

In line with the principles of the UN Global Compact and the SDGs, Worldline strongly supports sustainable growth throughout four strategic pillars:

- **Business:** Building clients' trust with fully available and secured platforms, and reinforcing value for clients through sustainable and innovative solutions.
- **People:** Being a responsible employer by revealing our employees' potential.
- **Value chain:** Endorsing our business ethics within our value chain.
- **Environment:** Leveraging the eco-efficiency of our data centers and offices.

Processing billions of transactions that affect all its stakeholders around the world, Worldline must ensure it provides them with the highest standards in the quality of its services while maximizing its sustainable value creation. Consequently, Worldline has defined its TRUST 2020 CSR ambition, which is supported by 14 objectives and to be achieved by 2020. Two years after launching it, Worldline has already achieved 40 percent of its targets.

In parallel, Worldline has committed to supporting the SDGs. Through its sustainable solutions and its value chain, Worldline has decided to concentrate its efforts on the five most relevant goals: SDG 16, SDG 8, SDG 13, SDG 12 and SDG 4.

Two complementary SDGs — SDG 3 on good health and well-being, and SDG 5 on gender equality — complete Worldline's contribution through its wellbeing@worldline and gender equity programs.

Addressing challenges concerning security and data protection and ensuring fair business practices

Worldline is committed to protecting the data privacy and integrity of its payment processes and ensuring the full availability of its platforms. Multiple certifications, including PCI-DSS (Payment Card Industry) and ISO 27001, testify to the robustness of this global approach to security. Also, as a signatory of the

Global Compact since 2016, Worldline is committed to fighting against corruption and respecting the principles related to Human Rights.

Thanks to its innovative offers, Worldline is able to address the global challenges facing the IT sector, thus contributing to SDG 16 on promoting peace and justice. Through its responsible practices and solutions, such as e-signatures and e-government solution, for instance, Worldline ensures security, privacy, and data protection, thus impacting citizenship and democracy in positive ways.

Worldline's fraud risk management, e-banking, and processing solutions reduce fraud and corruption risks and prevent cyber threats. Commercial acquisitions, payment acceptance, and other electronic payment services ensure trust and compliance with laws and regulations, such as the PSD2 directive, and mitigate supply chain risks through strong service-level agreements and robust platforms.

The solution Worldline Pay also offers acquisition and authorization — in combination with the online fraud detection application, this dramatically reduces card fraud, and the "tolling" solution prevents tax evasion and money laundering. Other services such as online banking mobile apps contribute to digital inclusion by providing greater accessibility and financial inclusion by supporting

> **Worldline won the best 2017 Communication On Progress award from the Global Compact France.**

all payment types: SEPA coverage and also multi-currency services.

Fostering innovation, economic growth, and decent working conditions

Regarding its internal organization, Worldline has implemented specific policies to enhance employee well-being and working conditions. The company has set up dedicated and specific human resources action plans covering training, skills development, gender equity, and health and safety measures. Furthermore, social initiatives undertaken across the organization empower host communities, for instance offering coding lessons in highschools to foster education.

Sustainability is a major driver for innovation that creates meaningful and sustainable added-value for clients and for society as a whole. Among its innovation priorities in 2017, Worldline has invested in and introduced blockchain technology at the heart of many projects. For instance, Worldline has participated in the development of the first traceability system, which aims to provide customers with complete end-to-end traceability of a product's lifecycle. This disruptive innovation solution will increase transparency for end-customers and for the entire food value chain.

By making payments easier with flexible digital business models, solutions such as Payment Acceptance, Kiosk, and Digital Retail enable economic value creation and growth for clients via shorter time-to-market and cost reductions. Indeed, Worldline's solutions and services allow customers to save time through new digital infrastructures.

Managing the environmental footprint of our operations and promoting green IT through our offers and solutions

Following COP 21 in 2015, which resulted in the commitment to limiting global warming to 2°C, Worldline significantly strengthened its environmental commitments and accelerated its transformation to become a low-carbon company by reducing business activities that are carbon- and energy-intensive. The Worldline TRUST 2020 program reflects the company's "green IT" approach and addresses these environmental challenges.

As a result, Worldline has committed to decreasing the environmental impacts of its activities, including through the reduction of its GHG emissions and the improvement of energy efficiency linked to its data centers, offices, and business travels. The company also promotes sustainable production and consumption patterns by embracing circular economy principles for its payment terminals.

Worldline's digital solutions directly contribute to the fight against climate change and preservation of the environment by reducing the pollution and production of waste. For example, digitization and online banking solutions reduce transportation and use paperless methods that contribute to the fight against deforestation and CO_2 emissions. Providing online, cloud, and remote payment solutions thus avoids travel to access services and creates mobile solution services. ■

Global Goals Editorial Board

Global Goals Yearbook

The "Global Goals Yearbook" is published under the patronage of the macondo foundation. It is a non-commercial publication and emerges from the renown "Global Compact International Yearbook" (2009–2017).

The Global Goals Yearbook helps to advance corporate transparency, promotes the sharing of good business practices, and, perhaps most significantly, gives a strong voice to the regional and global stakeholders that are at the heart of the sustainability agenda.

The task of the "Global Goals Editorial Board" (EB) is to support and advise macondo foundation to identify and locate core corporate sustainability issues. These issues should find entrance in the editorial content of the Global Goals Yearbook and dialogue panels perform under the title "Global Goals Forum".

The support does not involve any responsibility for the contents of the yearbooks in terms of liability or (inter-) national press law.

Awards

Silver Medal, 2016

10th Axiom Business Book Awards, Category "Philantrophy/Nonprofit/ Sustainability"

Bronze Medal, 2015

20th Independent Publisher Book Awards, Category "Finance/Investment/ Economics"

The **United Nations Environment Programme** (UN Environment) is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment.

Our mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.

Headquartered in Nairobi, Kenya, we work through our divisions as well as our regional, liaison and out-posted offices and a growing network of collaborating centres of excellence. We also host several environmental conventions, secretariats and inter-agency coordinating bodies. UN Environment is led by our Executive Director Erik Solheim.

We categorize our work into seven broad thematic areas: climate change, disasters and conflicts, ecosystem management, environmental governance, chemicals and waste, resource efficiency, and environment under review.

UNICEF works in 190 countries and territories to protect the rights of every child. UNICEF has spent 70 years working to improve the lives of children and their families.

UNICEF promotes the rights and wellbeing of every child, in everything we do. Together with our partners, we work to translate that commitment into practical action, focusing special effort on reaching the most vulnerable and excluded children, to the benefit of all children, everywhere.

In all of its work, UNICEF takes a life-cycle based approach, recognizing the particular importance of early childhood development and adolescence. UNICEF programmes focus on the most disadvantaged children, including those living in fragile contexts, those with disabilities, those who are affected by rapid urbanization and those affected by environmental degradation.

UNICEF was created with a distinct purpose in mind: to work with others to overcome the obstacles that poverty, violence, disease and discrimination place in a child's path. We advocate for measures to give children the best start in life, because proper care at the youngest age forms the strongest foundation for a person's future.

UNOPS is focused on implementation and committed to UN values. We support our partners' efforts to bring peace and security, humanitarian and development solutions to some of the world's most challenging environments.

UNOPS works towards a better, more sustainable future by contributing to broader efforts to help partners achieve all 17 of the Sustainable Development Goals.

While UNOPS can expand capacity towards achievement of all the Sustainable Development Goals, focus is always defined by the needs of people, partners and countries.

As part of this, we're also committed to helping achieve the Paris Agreement on Climate Change, the Sendai Framework for Disaster Risk Reduction and are working with partners – like UN-Habitat – to make progress on the New Urban Agenda.

The development needs, as articulated by the above agreements and the Addis Ababa Agenda on Financing for Development, will require trillions of dollars in investments. UNOPS is committed to facilitating private sector investment to achieve the Global Goals.

The **UNSSC Knowledge Centre for Sustainable Development** supports the policy and operational work of the UN through the development of learning tools, platforms for interaction and a mature set of learning offerings for UN Staff. It also serves as a catalyst and convener prompting dialogue and knowledge sharing on issues relevant to the vision and mission of the United Nations between UN staff and a diverse set of stakeholders from academia, the private sector and civil society.

Building on our experiences in 2016 and 2017, programmes for 2018 at the United Nations System Staff College (UNSSC) Knowledge Centre for Sustainable Development are now in full swing. In the coming year, our partners and beneficiaries in the UN and beyond can look forward to an enhanced range of offerings to meet the learning needs demanded by the 2030 Agenda, and drive collective results for development.

The UNSSC Knowledge Centre for Sustainable Development will also focus on empowering stakeholders, and facilitating integrated and transformative action for sustainable development by equipping UN staff and stakeholders from governments, civil society, academia, and the private sector with the necessary capacities and skills to implement the 2030 Agenda through our learning and training offerings.

CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. Over the past 15 years we have created a system that has resulted in unparalleled engagement on environmental issues worldwide.

To achieve this, CDP, formerly the Carbon Disclosure Project, has built the most comprehensive collection of self-reported environmental data in the world.

Our network of investors and purchasers, representing over $100 trillion, along with policy makers around the globe, use our data and insights to make better-informed decisions. Through our offices and partners in 50 countries we have driven unprecedented levels of environmental disclosure.

Over the past 15 years CDP has created a system that has resulted in unparalleled engagement on environmental issues between investors, companies, cities, states and regions worldwide. CDP's data enables our network to link environmental integrity, fiduciary duty and public interest to make better-informed decisions on climate action.

The **Club of Rome** is an organisation of individuals who share a common concern for the future of humanity and strive to make a difference. Our members are notable scientists, economists, businessmen and businesswomen, high level civil servants and former heads of state from around the world. Their efforts are supported by the Secretariat in Winterthur, Switzerland, the European Research Centre registered in Constance, Germany and National Associations in more than 30 countries.

The Club of Rome conducts research and hosts debates, conferences, lectures, high-level meetings and events. The Club also publishes a limited number of peer-reviewed "Reports to the Club of Rome", the most famous of which is "The Limits to Growth".

The Club of Rome's mission is to promote understanding of the global challenges facing humanity and to propose solutions through scientific analysis, communication and advocacy. Recognising the interconnectedness of today's global challenges, our distinct perspective is holistic, systemic and long-term.

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