

# BETTER BUSINESS BETTER WORLD

The report of the Business & Sustainable Development Commission

January 2017





## **Business and Sustainable Development Commission**

c/o Systemiq  
1 Fore Street  
London ECY 5EJ

[info@businesscommission.org](mailto:info@businesscommission.org)

[www.businesscommission.org](http://www.businesscommission.org) and [report.businesscommission.org](http://report.businesscommission.org)

## **Managing Partners**



<http://www.systemiq.earth>



<http://www.unfoundation.org>

Copyright Business and Sustainable Development Commission. This work is licensed under a Creative Commons License Attribution-NonCommercial 4.0 International (cc by-nc 4.0).

January 2017

Cover photo credit: Ly Hoang Long



# THE BUSINESS AND SUSTAINABLE DEVELOPMENT COMMISSION

The Business and Sustainable Development Commission was launched in Davos in January 2016. It brings together leaders from business, finance, civil society, labour, and international organisations, with the twin aims of mapping the economic prize that could be available to business if the UN Sustainable Development Goals are achieved, and describing how business can contribute to delivering these goals.

The *Better Business, Better World* report was led by the commissioners, and supported by: the Australian Department of Foreign Affairs and Trade (DFAT), the Bill & Melinda Gates Foundation, the Global Green Growth Forum (3GF), the Swedish International Development Cooperation Agency (Sida), the Netherlands Ministry of Foreign Affairs (MoFA), the Norwegian Ministry of Climate and Environment, the Rockefeller Foundation, and the UK Department for International Development (DFID).

The Business and Sustainable Development Commission has overseen this report with secretariat support provided by SYSTEMIQ and the UN Foundation. Chaired by Lord Mark Malloch-Brown, the Commission comprises business leaders from around the world.

Members of the Business and Sustainable Development Commission endorse the general thrust of the arguments, findings, and recommendations made in this report, but should not be taken as agreeing with every word or number. They serve on the Commission in a personal capacity. The institutions with which they are affiliated have not been asked to formally endorse the report.

## Learn more at:

🌐 <http://businesscommission.org>

in <https://www.linkedin.com/company/business-commission>

f <https://www.facebook.com/businesscommission>

🐦 <https://twitter.com/bizcommission>

# THE COMMISSIONERS

**Lord Mark Malloch-Brown,**  
former Deputy Secretary-General, United Nations (Chair)

**Amr Al-Dabbagh,**  
Chairman & CEO, The Al-Dabbagh Group

**Laura Alfaro,**  
Professor, Harvard Business School

**Peter Bakker,**  
President, The World Business Council on Sustainable Development (WBCSD)

**Sharan Burrow,**  
General Secretary, International Trade Union Confederation (ITUC)

**Ho Ching,**  
CEO, Temasek Holdings Private Ltd.

**Bob Collymore,**  
CEO, Safaricom Ltd.

**John Danilovich,**  
Secretary General, The International Chamber of Commerce (ICC)

**Begümhan Doğan Faralyalı,**  
Chairwoman, Doğan Group

**Hendrik du Toit,**  
CEO, Investec Asset Management

**Richard Edelman,**  
President & CEO, Edelman

**Hans Vestberg/Elaine Weidman Grunewald (acting),**  
CEO, Ericsson

**John Fallon,**  
CEO, Pearson plc

**Ken Frazier,**  
Chairman & CEO, Merck & Co Inc. (2016)

**Mats Granryd,**  
Director General, The GSM Association (GSMA)

**Helen Hai,**  
CEO, The Made in Africa Initiative

**Svein-Tore Holsether,**  
President & CEO, Yara International ASA

**Mo Ibrahim,**  
Founder, Celtel & The Mo Ibrahim Foundation

**Mary Ellen Iskenderian,**  
CEO, Women's World Banking

**Dr. Amy Jadesimi,**  
Managing Director & CEO, Lagos Deep Offshore Logistics Base (LADOL)

**Donald Kaberuka,**  
former President, African Development Bank Group

**Lise Kingo,**  
Executive Director of the United Nations Global Compact

**Jack Ma,**  
Founder and Executive Chairman, The Alibaba Group

**Andrew Michelmores,**  
CEO, MMG Ltd.

**Sam Mostyn,**  
President, Australian Council for International Development (ACFID)

**Arif Naqvi,**  
Founder & Group CEO, The Abraaj Group

**Mads Nipper,**  
Group President & CEO, The Grundfos Group

**Cherie Nursalim,**  
Vice Chairman, GITI Group

**Ricken Patel,**  
President & Executive Director, Avaaz

**Daniel Pinto,**  
CEO, Corporate & Investment Bank, JP Morgan Chase & Co.

**Paul Polman,**  
CEO, Unilever

**Vineet Rai,**  
Co-Founder & Chairman, Aavishkaar Intellect Group

**Grant Reid,**  
CEO, Mars, Inc.

**Dinara Seijaparova,**  
CFO, 'Baiterek'

**Sunny Verghese,**  
CEO, Olam International

**Gavin Wilson,**  
CEO, IFC Asset Management Company LLC

**Mark Wilson,**  
CEO, Aviva plc







# CONTENTS

<b>The commissioners</b>	<b>2</b>
<b>The challenge</b>	<b>6</b>
<b>Executive summary</b>	<b>10</b>
The business case for the Global Goals	12
Leading for sustainable development	15
Making the choice	17
<b>1. Introduction: The Global Goals and why they matter for business</b>	<b>19</b>
1.1 The Global Goals for Sustainable Development	22
1.2 The Global Goals need business: business needs the Global Goals	23
<b>2. Major market opportunities opened up by delivering the Global Goals</b>	<b>26</b>
2.1 The 60 fastest-growing sustainable market opportunities	27
2.2 Opportunities by economic system	30
2.3 Progress on all the Global Goals is needed to deliver all the benefits	34
2.4 Pricing of externalities would increase the value of market opportunities	35
2.5 Geographic distribution of opportunities	38
2.6 The impact on jobs	40
<b>3. Leading for better business and a better world</b>	<b>42</b>
3.1 Sustainability is already good business	43
3.2 Innovative businesses are already capturing Global Goals opportunities	44
3.3 Transforming the way business operates for better business and a better world	51
3.4 Gaining commitment from CEOs and boards	51

3.5	Incorporating the Global Goals into business strategy	52
3.6	Accelerating sectoral shifts to sustainable competition by working with peers	55
3.7	Shaping public policy	62
<b>4.</b>	<b>Sustainable finance</b>	<b>68</b>
4.1	Simplifying reporting of environment, social and governance (ESG) performance	69
4.2	Unlocking infrastructure investment	73
4.3	Aligning regulation with investment	79
<b>5.</b>	<b>Renewing the social contract</b>	<b>82</b>
5.1	An uncertain outlook for employment	84
5.2	Providing decent work and more jobs	86
5.3	Providing training and skills	88
5.4	Forging a new social contract	90
5.5	Actions for business	92
5.6	Actions for governments	95
5.7	Actions for civil society	96
<b>6.</b>	<b>Conclusion</b>	<b>97</b>
6.1	Actions for sustainable business leaders	97
6.2	Actions for the Commission	100
	<b>References</b>	<b>104</b>
	<b>Acknowledgements</b>	<b>116</b>

## THE CHALLENGE



© Image Source / Adobe Stock

2016 has unsettled business leaders everywhere. Whatever one's political views, uncertainty and the return to a much more nationalist politics in many countries have displaced the assumption of steady global integration. Many commentators have declared that globalisation has already peaked, despite its role in the past 30-year run of unprecedented successes worldwide in health, wealth, education and life expectancy.

Certainly the contradictions of that success caught up with us in 2016. In the West, stagnant incomes among broad groups made them angry at elites who were bailed out after the global financial crisis. Frustrated voters have rejected more international integration. Elsewhere, too, those losing out either economically or environmentally, such as the citizens of smog-choked Asian cities, or socially, through the breakdown of traditional rural communities, are asking whether the costs of our global economy are greater than its benefits.

These hard questions matter to business leaders everywhere. As members of the Business and Sustainable Development Commission, we argue that it is incumbent on all of us to make the case for business to be at the heart of an open global



economic system. But we cannot defend a lazy return to the old model that has been so widely rejected over the past year.

### **"Business leaders need to strike out in new directions to embrace more sustainable and inclusive economic models."**

We must have the courage to strike out in new directions and embrace an economic model which is not only low-carbon and environmentally sustainable, but also turns poverty, inequality and lack of financial access into new market opportunities for smart, progressive, profit-oriented companies. These complex challenges need the full and combined attention of government, civil society and business. Otherwise, there is no chance of solving them.

Solutions are urgently needed. We see the next 15 years as critical, with change starting now and accelerating over the period. Business as usual is not an option: choosing to “kick the can down the road” over the next four years will put impossible environmental and social strains on a stuttering global economy. But if enough leaders act now and collectively, we can forge a different path, one that eases the burden on finite resources and includes those currently left behind or excluded from the market, helping to address today’s political grievances.

In the pages of this report, some 35 business leaders and civil society representatives offer our prescription for a new, socially focused business model that reaches parts of the global economy previously left largely to public aid. It considers adopting the same approaches in developed markets to address similar pockets of need. Taking the UN’s new Global Goals for Sustainable Development as the basis for our action plan, we lay out how pursuing these goals in partnership with government and civil society will lead to greater, more widely shared prosperity for all by 2030. We make the case that businesses adopting this plan will transform their own prospects and could outperform those stuck in yesterday’s economic game: this is about return on capital, not just responsibility.

### **"Big business and finance need to regain public trust."**

But responsibility matters too. One casualty of the general meltdown in support for elites is trust in business. Big business and major financial institutions are increasingly perceived as detached and rootless, more willing to justify themselves to each other at meetings like the World Economic Forum than to national legislatures, let alone at town halls in the communities where they operate. So at the core of our argument is also the need for business to regain the licence to operate. We anticipate much greater pressure on business to prove itself a responsible social actor, creating good, properly paid jobs in its supply chains as well as in its factories and offices. Business will need to demonstrate that it pays taxes where revenue is earned; abides

by environmental and labour standards; respects the national politics and customs where it operates; integrates social and environmental factors in its investment decisions; and, above all, engages as a partner with others to build an economy that is more just.

Building those partnerships is not simply a response to the political tides flowing so strongly against what is seen as unaccountable globalisation today. It's also an acknowledgment that the tensions between business and society will remain as each grapples with the changes ahead brought on by disruptive advances in technologies like artificial intelligence and automation. Technology has the potential to drive a better, more sustainable economy for all, but only if there is a continuous dialogue between the innovators and society. Business is a bridge for that conversation. It can apply the capital and skills needed to scale new ideas, taking them from the garage or lab to where they have local and global impact.

The Commission represents a considerable combined corporate value and a wide range of geographies and sectors. But we are still, in the global scheme of things, a tiny handful of people armed only with a big idea. So this is our challenge: we appeal to business leaders everywhere to read our report and join us in building a powerful movement for a new kind of business. Together we can reach that tipping point where business, government and civil society embrace the new model for the future and we create sustainable prosperity for all. This will not happen just through natural forces. It will take acts of real leadership.

We plan to make our invitation personally to colleagues and friends, and we want everybody who reads this report to consider themselves invited to join us. Please contact Mark directly at [m.malloch-brown@businesscommission.org](mailto:m.malloch-brown@businesscommission.org).

**Mark Malloch-Brown and Paul Polman**

Co-founders, Business and Sustainable Development Commission







## EXECUTIVE SUMMARY

**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're 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.<sup>1</sup> Violence and armed conflict cost the world the equivalent of nine percent of GDP in 2014, while lost biodiversity and ecosystem damage cost an estimated three percent.<sup>2</sup> 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.<sup>3</sup>

**"Median real wages have been stagnant in developed economies since the 1980s."**

Median real wages have been stagnant in developed economies since the 1980s, generating deep anxiety about the impact of automation on both service and manufacturing jobs and opposition to more globalisation. 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.<sup>4</sup>

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.<sup>5</sup> Member states will aim their policies

towards achieving the Global Goals for the next 15 years (Exhibit 1).

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 towards 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 think this is government territory.<sup>6</sup>

## EXHIBIT 1: The Global Goals for Sustainable Development



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 they open up and advance progress on the whole Global Goals package, the abundance they offer won't materialise.

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 creates at least US\$12 trillion in opportunities."**

Achieving the Global Goals opens up US\$12 trillion of market opportunities in the four economic systems<sup>7</sup> 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 don't, 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 that follows 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 FOR THE GLOBAL GOALS**

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 licence to operate. That's why sustainable companies around the globe are thriving and delivering attractive returns to shareholders. That is why over 9,000 companies around the world have already signed up to the 10 principles of the UN Global Compact, a guide to sustainable business behaviour.<sup>8</sup>





Photo credit: Flickr / Engineering at Cambridge.

The business case for sustainable development as core strategy gets much stronger as the world achieves the Global Goals. Our research shows that the Global Goals opens the 60 biggest market “hot spots” worth up to US\$12 trillion a year in business savings and revenue in the four examined economic systems alone by 2030. (Exhibit 2).<sup>9</sup> The total economic prize from implementing the Global Goals could be 2-3 times bigger, assuming that the benefits are captured across the whole economy and accompanied by much higher labour and resource productivity. That’s a fair assumption. Consider that achieving the single goal of gender equality could contribute up to US\$28 trillion to global GDP by 2025, according to one estimate.<sup>10</sup> The overall prize is enormous.

## EXHIBIT 2:

# 60 biggest market opportunities related to delivering the Global Goals

	 <b>Food and Agriculture</b>	 <b>Cities</b>	 <b>Energy and Materials</b>	 <b>Health and Well-Being</b>
1	Reducing food waste in value chain	Affordable housing	Circular models - automotive	Risk pooling
2	Forest ecosystem services	Energy efficiency - buildings	Expansion of renewables	Remote patient monitoring
3	Low-income food markets	Electric and hybrid vehicles	Circular models - appliances	Telehealth
4	Reducing consumer food waste	Public transport in urban areas	Circular models - electronics	Advanced genomics
5	Product reformulation	Car sharing	Energy efficiency - non-energy intensive industries	Activity services
6	Technology in large-scale farms	Road safety equipment	Energy storage systems	Detection of counterfeit drugs
7	Dietary switch	Autonomous vehicles	Resource recovery	Tobacco control
8	Sustainable aquaculture	ICE vehicle fuel efficiency	End-use steel efficiency	Weight management programs
9	Technology in smallholder farms	Building resilient cities	Energy efficiency - energy intensive industries	Better disease management
10	Micro-irrigation	Municipal water leakage	Carbon capture and storage	Electronic medical records
11	Restoring degraded land	Cultural tourism	Energy access	Better maternal and child health
12	Reducing packaging waste	Smart metering	Green chemicals	Healthcare training
13	Cattle intensification	Water and sanitation infrastructure	Additive manufacturing	Low-cost surgery
14	Urban agriculture	Office sharing	Local content in extractives	
15		Timber buildings	Shared infrastructure	
16		Durable and modular buildings	Mine rehabilitation	
17			Grid interconnection	

## 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 towards 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 prioritise 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.<sup>11</sup> 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. And you need to help investors 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, including the world's oceans. It would create new economic value of more than US\$2 trillion by 2030 and would be much more resilient to climate risk.<sup>12</sup>

“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, prioritising the key technology and policy levers, developing new skill profiles and jobs, quantifying 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' licence to operate.

#### **4. Work with policy-makers 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 – internalising 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. But 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 through putting less tax on labour income and more on pollution and under-priced resources.

#### **5. Push for a financial system oriented towards longer-term sustainable**

**investment.** Achieving the Global Goals will likely require an estimated US\$2.4 trillion a year of additional investment, especially for infrastructure and other projects with long payback periods.<sup>13</sup> 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. But 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; wider 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, 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 licence to operate by working with governments, consumers, workers and civil society to achieve the whole range of Global Goals, and 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 over 700 million workers employed directly and indirectly in global supply chains.<sup>14</sup> 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, enabling men and women to fulfil their potential, would deliver further returns through higher labour productivity. And ensuring that the social contract extends from the formal into the informal sector, through full implementation of the UN's Guiding Principles on Human Rights,<sup>15</sup> should be non-negotiable. There are still between 20-40 million people working in forms of modern slavery<sup>16</sup> and over 150 million children working in the fields, mines, workshops, and rubbish dumps that underpin much of the global economy, unseen and unprotected.<sup>17</sup>

**"More than 150 million children are working unseen and unprotected."**

This is an unacceptable feature of 21st century capitalism – one that boardrooms, investors and consumers can no longer ignore.

## Making the choice

Businesses don't have to lead the shift to a sustainable global economy. There are two alternatives. They can do more of the same, so today's slow shuffle towards sustainability continues, two steps forward, one or more steps back. Or they can delay the shift because of apparent advantages to them in the status quo.

But neither option has a long-term future. The environmental and climate science is clear: so are the growing costs of inaction. People and most governments want faster progress.

Delaying a better world is wrong, and decent board members, employees, consumers and investors want to do the right thing. And if progress is too slow, there may be no viable world to do business in.

If social and environmental indicators don't improve in the next 5-15 years, what's most likely is a strengthening popular backlash against business and increasingly drastic regulatory responses from governments. First movers who have already aligned their resource use and workforce management with the Global Goals will have a 5-15 year advantage on the sustainable playing field. The faster a critical mass of company leaders decide to line up their business objectives with the Global Goals and make their sectors more sustainable, the more business there will be for

everyone in a more predictable, prosperous, peaceful world.

**"First movers will have a 5 to 15 year advantage."**

Some of us on the Commission run or serve smaller businesses and all of us have vendor and supply chains that include medium and small enterprises. We recognise that many of the 380 million new jobs that achieving the Global Goals will create, will be in businesses of this scale. Their strategies are critical to progress towards sustainable markets and value chains. Progress could be delayed if they don't get enough support. In particular, they need access to affordable finance to make sustainable investments that make a positive social and environmental impact as well as a decent return.

Over the coming months, members of the Commission plan to give our support to all those business leaders who, like us, want better business in a better world. It is time to change the game.



# 1. INTRODUCTION: THE GLOBAL GOALS AND WHY THEY MATTER FOR BUSINESS

## Key points

- Despite the economic and social gains of the past 30 years, the world's current economic model is deeply flawed.
- Uncertainty and turbulence arising from the current model's failures make it hard for businesses to see a way ahead to future growth and prosperity.
- Past social and economic successes may be reversed without urgent action.
- The UN Global Goals for Sustainable Development offer a compelling growth strategy for individual businesses and the world economy.



Photo credit: Flickr /usdagov

Three decades have passed since the Brundtland Commission report, *Our Common Future*, defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.<sup>18</sup> Since then, the world has seen huge social improvements and continued to experience unprecedented economic growth. Between 1988 and 2008, the poorest third of humanity saw their incomes rise by 40-70 percent, with those of the middle third rising by 80 percent.<sup>19</sup> The proportion of people in extreme poverty declined by more than half between 1990 and 2015, as did the number of children dying before the age of five.<sup>20</sup> Over the past 50 years, while the world population has almost tripled to more than 7 billion, global GDP has expanded six-fold.

However, these social and economic successes mask major fault lines in the world’s current model of development. It is failing the Brundtland test. Many of the drivers of growth in the past – for instance, use of fossil fuels and rapid urbanisation – are no longer sustainable in their past forms. Without urgent correction, growth is likely to be much slower and more erratic over the next 30 years than the past 30, and many who escaped poverty during that period could slide back in.

Failures in today’s development model are adding to a swelling list of global burdens that threaten future stability and shared prosperity. On the environmental front, human activity has already pushed the planet beyond four of its nine safety boundaries, the ones for climate change, loss of biosphere integrity, land-system change and altered biogeochemical cycles.<sup>21</sup> On the social front, there are vast numbers of people who do not have access to basic services such as healthcare, clean water, clean energy and sanitation. In middle-income countries, the growing burden of non-communicable ill health is replacing gains made in the treatment of communicable diseases. Tobacco now kills around 6 million people annually<sup>22</sup>, and the global prevalence of obesity doubled between 1980 and 2014<sup>23</sup>. Although improving, many education systems are still failing to deliver access to high quality education. Without urgent action, the prospects for more than 124 million children and young people lacking access to schools<sup>24</sup> and more than 250 million not learning necessary skills are severely diminished.<sup>25</sup> Income inequality in OECD countries is at its highest level for 30 years<sup>26</sup>, and Oxfam estimates that the 62 richest people in the world have the same wealth as half the world’s population.<sup>27</sup>

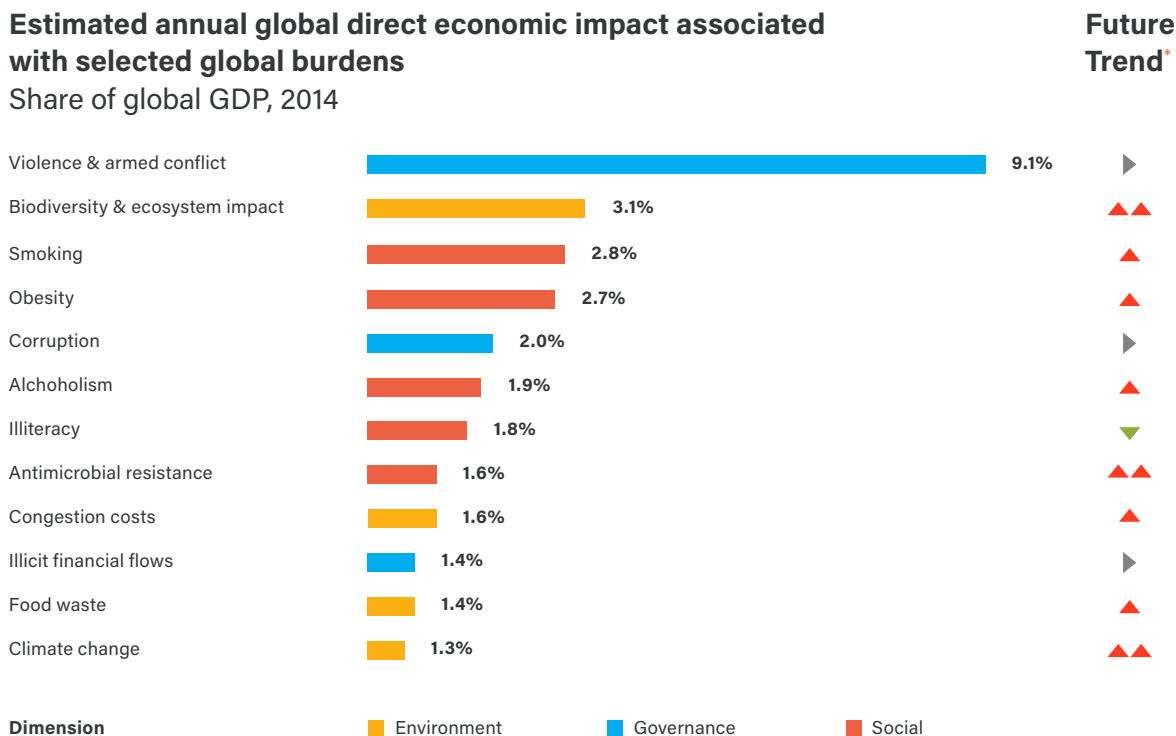
**"Income inequality in OECD countries is at its highest level for 30 years."**

On the economic front, many of these burdens are beginning to place important constraints on the world’s future growth prospects (Exhibit 3). For example, without radical changes in the current food and agriculture system, the cost of biodiversity and ecosystem damage could reach up to 18 percent of global economic output by

2050, up from around US\$2 trillion, or 3.1 percent, in 2008.<sup>28</sup> The costs of runaway climate change could be even greater, acting as a risk multiplier across already fragile environmental and social systems. Finally, there are growing concerns with governance and security related issues. In 2014, the world spent 9.1 percent of its GDP on costs associated with violence.<sup>29</sup> According to the IMF, the cost of bribery is roughly 2 percent of global GDP, and illicit flows from developing countries are over US\$1 trillion.<sup>30</sup>

The uncertainty created by these burdens makes it hard for businesses to make out the future. This is one reason why so many are treading water. Rather than commit themselves to long-term investments based on today's flawed growth model, they are sitting on cash, buying back shares or paying high dividends – tactics that attract criticism.

### EXHIBIT 3: Global burdens arising from the current model of economic development



\* Assumes a "business-as-usual" approach where no concerted action is taken to address these global burdens.

Source: Literature review; WHO Global Burden of Disease database; McKinsey Global Institute, AlphaBeta analysis.



## 1.1 The Global Goals for Sustainable Development

In 2015, governments took two urgent steps to transform the nature of development so that it meets the Brundtland standard of sustainability. One was the Paris climate change agreement<sup>31</sup>, which set out an agenda and timetable for nations to make the structural shift to low-carbon economies. It aims to keep the world well below two degrees of global warming and to help the most vulnerable communities to adapt. The other step was governments' agreement to achieve 17 Global Goals for Sustainable Development by 2030. (Exhibit 4)

These 17 Global Goals and their 169 component targets have been designed from the bottom up to build the kind of future that most people want, where there is no poverty, the planet is protected and all people enjoy peace and prosperity.

The goals fall into two main areas – social and environmental. Some of the social goals aim to meet basic needs. They include ending extreme poverty and hunger and ensuring universal access to healthcare, clean water and sanitation. Others advance other human rights, empowering people through quality education, gender equality, employment and decent work, reduced inequalities, and innovations in industry and infrastructure so people prosper and feel valued.

The wide range of environmental goals aims to keep the world within key planetary safety boundaries through changing how the economy works across the globe. They cover climate change, access to affordable and clean energy, sustainable consumption and production, and biodiversity on land and below water, treating oceans as vital global commons.

The final two goals focus on values and governance. Goal 16 concerns peace, justice and institutions, and Goal 17 describes the need for a “global partnership for sustainable development”.<sup>32</sup>

Together the 17 goals form an integrated package. The environmental goals cannot be delivered without the social goals and vice versa. Efforts to eradicate poverty without protecting “natural capital” are doomed to failure partly because the lives of so many poor people depend on natural resources. By the same token, progress towards the two degrees warming limit and the Global Goals will together in effect “reboot” the world’s economic systems, making normal business activity intrinsically sustainable, socially fair and environmentally stable.

**"The environmental Global Goals cannot be achieved without the social Goals and vice versa"**

However, progress needs to go much, much faster to get the world onto a sustainable track. Economic choices already made condemn the world to further warming of at least one degree. Without a huge shift towards low-carbon economies in the next 5-10 years, it will be too late to keep below the two-degree danger threshold. The World Bank estimates that failure to take action now to halt climate change puts 100 million people at risk of falling back into poverty by 2030<sup>33</sup>.

## 1.2 The Global Goals need business: business needs the Global Goals

Global Goal 17 explicitly recognises business as indispensable to “global partnership for sustainable development”. Some businesses are already taking the Global Goals as serious signals of future policy and market direction: 2015 research by GlobeScan, a polling firm, found that one in three companies planned to use the Global Goals as input for setting corporate objectives.<sup>34</sup> However, two thirds have yet to join them.

This is perhaps not surprising. The Global Goals are an intergovernmental initiative. Some of the goals appear to lie beyond the scope or interest of companies. Many companies still view sustainable development as a corporate social responsibility (CSR), which they support through their CSR departments essentially to protect and build their reputation and reduce waste.

However, a growing number of companies, including those represented on this Commission, have already made the Global Goals for Sustainable Development a priority on their strategic agenda. This report argues that other company boards should do the same for two main reasons. First, business needs the Global Goals; they offer a compelling growth strategy for individual businesses, business generally and the world economy, one that opens up immense new market opportunities. Second, the Global Goals need business: unless private companies seize the market opportunities they open up and advance progress across the whole range of goals, neither business nor the rest of the world will gain all the benefits that stem from achieving the goals.

Achieving the Global Goals by 2030 is an ambitious vision. But for responsible, far-sighted businesses, it's a vision that offers significant growth through solving the world's biggest problems (see Section 2). As more and more businesses choose that vision as their roadmap to growth, so general confidence in reaching the Global Goals will grow, creating powerful incentives for companies, governments and other stakeholders to plan and invest accordingly. As this unstoppable force gathers pace, so more companies will compete for the opportunities unlocked by creating a future that is environmentally stable and socially inclusive. Businesses anticipating that



Photo credit: Hedio Vaningen

future in the strategic choices they make today are more likely to thrive.

The world will still face many challenges in 2030. There will still be intense competition over resources; corruption won't have disappeared; the environment will still face risks; and social justice will likely be a major issue worldwide. But a world that has been pursuing the Global Goals will be better organised to address these challenges. More capital will be deployed in sustainable infrastructure. More innovation will be directed at environmentally stable solutions. Women will have gained much greater economic and social power and the benefits of trade will be more evenly spread, helping to strengthen further international cooperation.

Board executives don't have to choose this vision. But consider the alternatives. Over the next 15 years, like it or not, sustainability will become as big and disruptive in every sector as digital technologies have become over the past 15. Moreover, over the next 15 years, these two disruptive forces will increasingly converge. The majority of businesses successfully targeting sustainable market opportunities today are built on digital technologies (see Section 3.2). And digital industry groups and policymakers are collaborating already to see how and where digital technologies can speed progress towards the Global Goals and to develop enabling policy. In many sectors, this collaboration is likely to be a powerful driver of rapid change. In the energy sector, the combination of technical innovation, much of it digital, and long-term enabling regulation is making clean power and energy efficiency credible, rapidly



scaling challengers to fossil fuel in countries around the world. In agriculture, digital solutions could drive up yields, cut food waste and transform water management.

### **"Disruptive sustainability can move very fast."**

Whatever drives it, when disruptive sustainability takes off in a sector, it can move very fast – as fast as new mobility service providers are changing transport systems today, leaving unprepared incumbents stranded. By the same token, companies that anticipate the disruption by prioritising the Global Goals in their strategic agenda today will also be driving the disruption to their competitive advantage.

If too few of them do and regulators respond too late, the burdens and costs of fault lines in the current model of development may grow until there is no longer a viable world to do business in.

The Commission believes collective action is needed to deliver the Global Goals. Top-down initiatives won't work. All the actors in the world's markets need to work together on innovative solutions to the most pressing needs of society across the world. They need to scale sustainable markets by shaping the market conditions that will trigger a "race to the top" and unlocking the necessary finance.

The rest of this report describes the major market opportunities opened up by achieving the Global Goals in Section 2, and how business leaders can capture and multiply those opportunities and build a better world in Section 3. Section 4 details changes to the financial system that will unlock investment needed to achieve the Global Goals. Section 5 shows how businesses can contribute to essential progress on the social goals and regain lost trust through a new social contract with civil society (including individual citizens as well as nongovernmental organisations) and governments. Section 6 proposes next steps for business leaders convinced by the business case for sustainable development and how this Commission plans to support them over the next year.

## 2. MAJOR MARKET OPPORTUNITIES OPENED UP BY DELIVERING THE GLOBAL GOALS

### Key points

- **Achieving the Global Goals opens up an economic prize of at least US\$12 trillion by 2030 for the private sector and potentially 2-3 times more.**
- **Well over 50 percent of the prize is located in developing countries.**
- **15 out of the 60 market “hot spots” in the four economic systems reviewed by the Commission – food and agriculture, cities, energy and materials, and health and well-being – account for 50 percent of this prize.**
- **Achieving the Global Goals in these four economic systems could create 380 million new jobs by 2030, almost 90 percent of them in developing countries. One market hot spot, affordable housing, accounts for almost one fifth (70 million) of these jobs.**
- **Pricing in environmental costs such as climate change increases the “real” size of the prize by a further 40 percent.**

The 60 fastest growing market opportunities opened up by achieving the Global Goals across the world in just four key economic systems could be worth up to US\$12 trillion a year for the private sector by 2030, according to research for the Business and Sustainable Development Commission.<sup>35</sup> This amount represents about 10 percent of forecast global GDP in 2030.

The 60 opportunities, in food and agriculture, cities, energy and materials, and health and well-being, could also generate almost 380 million jobs, or work for more than 10 percent of the forecast labour force in 2030.<sup>36</sup>

The Commission has made a conservative scaling of this analysis across other sectors critical to sustainable development, including information communication technologies, education and consumer goods. This indicates a further US\$8 trillion a year of value could be created from business opportunities opened up in a world pursuing the Global Goals.<sup>37</sup> Pricing in externalities<sup>38</sup> pushes the total higher.

Economic gains from achieving all the social Global Goals add substantially to the total prize that could be shared by the private sector. Research from the McKinsey Global Institute indicates that achieving gender parity alone would add at least US\$12 trillion to global growth by 2025, and up to US\$28 trillion.<sup>39</sup> Better health and education will increase labour productivity. Reduced social inequality and environmental stress will reduce political uncertainty, lowering business risks and multiplying returns on investment. Seen in this light, the Global Goals offer a compelling growth strategy for individual businesses, business generally and the world economy.

**"Achieving gender parity alone would add at least US\$12 trillion to the global economy."**

This section describes the 60 fastest-growing opportunities and their impact.

## **2.1 The 60 fastest-growing sustainable market opportunities**

The market study produced for the Commission analysed specific business opportunities related to achieving the Global Goals in four economic systems – food and agriculture, cities, energy and materials, and health and well-being – chosen for their economic impact and relevance to achieving the Global Goals. The 60 largest opportunities together could generate business revenues and savings worth more than US\$12 trillion by 2030. The 15 largest of these opportunities account for over half of the total sum.



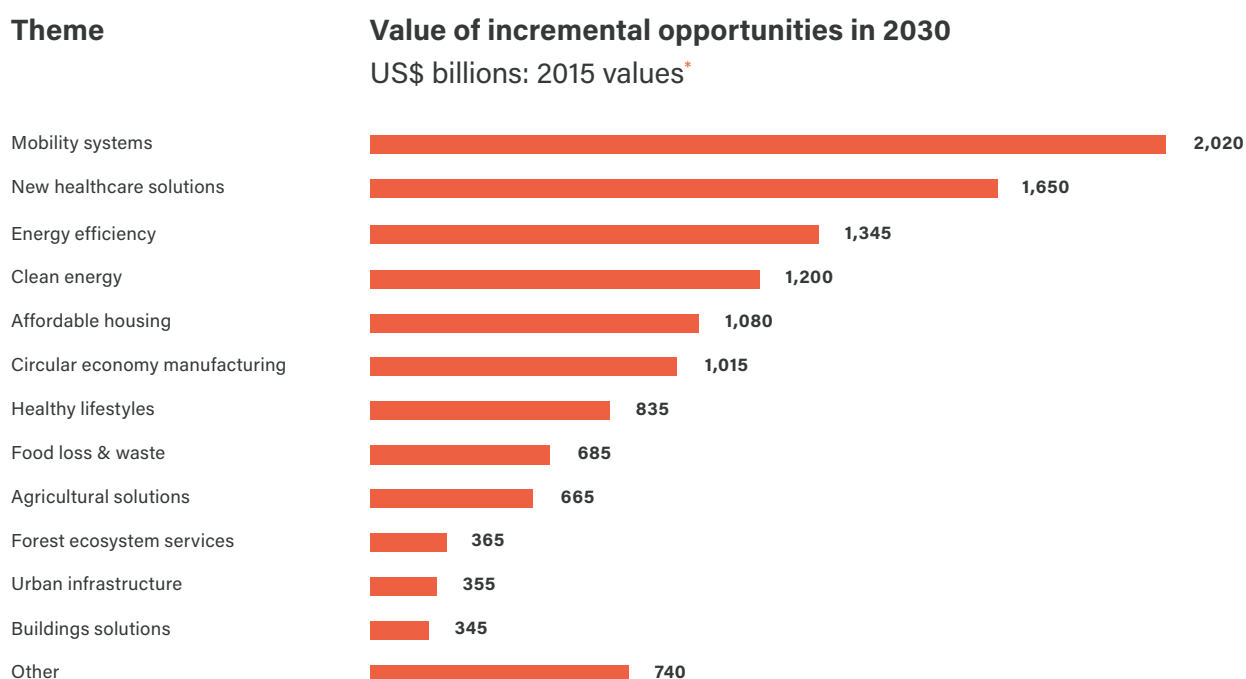
## EXHIBIT 2:

# 60 biggest market opportunities related to delivering the Global Goals

	 <b>Food and Agriculture</b>	 <b>Cities</b>	 <b>Energy and Materials</b>	 <b>Health and Well-Being</b>
1	Reducing food waste in value chain	Affordable housing	Circular models - automotive	Risk pooling
2	Forest ecosystem services	Energy efficiency - buildings	Expansion of renewables	Remote patient monitoring
3	Low-income food markets	Electric and hybrid vehicles	Circular models - appliances	Telehealth
4	Reducing consumer food waste	Public transport in urban areas	Circular models - electronics	Advanced genomics
5	Product reformulation	Car sharing	Energy efficiency - non-energy intensive industries	Activity services
6	Technology in large-scale farms	Road safety equipment	Energy storage systems	Detection of counterfeit drugs
7	Dietary switch	Autonomous vehicles	Resource recovery	Tobacco control
8	Sustainable aquaculture	ICE vehicle fuel efficiency	End-use steel efficiency	Weight management programs
9	Technology in smallholder farms	Building resilient cities	Energy efficiency - energy intensive industries	Better disease management
10	Micro-irrigation	Municipal water leakage	Carbon capture and storage	Electronic medical records
11	Restoring degraded land	Cultural tourism	Energy access	Better maternal and child health
12	Reducing packaging waste	Smart metering	Green chemicals	Healthcare training
13	Cattle intensification	Water and sanitation infrastructure	Additive manufacturing	Low-cost surgery
14	Urban agriculture	Office sharing	Local content in extractives	
15		Timber buildings	Shared infrastructure	
16		Durable and modular buildings	Mine rehabilitation	
17			Grid interconnection	

Though this big group of opportunities arises across four different economic systems, they share common themes (Exhibit 5). The two largest, accounting for more than one-quarter of the total value of the opportunities, are harnessing mobility systems – including public transport, circular economy<sup>40</sup> in automotive and electric and hybrid vehicles – and new healthcare solutions. Clean energy is also a major theme, incorporating both expansion of renewables and carbon capture and storage, and related supporting opportunities such as energy storage and grid interconnection. Healthy lifestyles are important across systems, with opportunities including activity services, switching diets and tobacco control.

## EXHIBIT 5: 12 largest business themes in a world economy heading for the Global Goals



\* Based on estimated savings or project market sizings in each area. Rounded to nearest US\$ billion.

Source: Literature search; AlphaBeta analysis

## 2.2 Opportunities by economic system

The opportunities identified in each system arise from tackling the biggest social and environmental challenges confronting the systems in line with the Global Goals.

**Food and agriculture.** The global food system faces unprecedented challenges. There are 800 million undernourished people and 2 billion suffering from micronutrient deficiencies<sup>41</sup>; crop yields are growing much more slowly than world population, which means that up to 220 million additional hectares of cropland could be needed by 2030 to meet expected demand for food, feed and fuel<sup>42</sup>; and major environmental stresses, including water scarcity, loss of biodiversity, unsustainable fertiliser use and climate-driven extreme weather, all threaten supply.

The 14 largest opportunities in 2030 identified for companies that develop business models addressing these and further challenges facing food and agriculture have an estimated potential value of over US\$2.3 trillion at current prices. These opportunities include:

- **Reducing food waste in the value chain (worth US\$155-405 billion a year by 2030).** Today, 20-30 percent of food is wasted, much of it in post-harvest losses that are easy to prevent with technologies like small metal silos or plastic crates.<sup>43</sup> In India and Rwanda, such technologies have reduced losses by over 60 percent – and increased smallholder farmers' incomes by more than 30 percent.<sup>44</sup>



Photo credit:  
Flickr / LYSCDE



- **Forest ecosystem services (US\$140-365 billion a year by 2030).** Deforestation and forest degradation accounts for 17 percent of global emissions, more than transport.<sup>45</sup> Just four commodities – beef, soy, palm oil and paper/pulp – are responsible for driving half of all deforestation.<sup>46</sup> Assuming a carbon price of US\$50 per tonne by 2030 (roughly consistent with the planning assumption many leading companies make today) opens up major new opportunities in sustainable forest services, such as climate change mitigation, watershed services and biodiversity conservation, if mechanisms to pay for them develop too.
- **Low-income food markets (US\$155-265 billion).** The world's-poorest people spend as much as 60 percent of their household income on food – yet undernutrition and malnutrition remain widespread.<sup>47</sup> Business can address this challenge by investing in supply chains and food innovation to give those on very low incomes access to food products that are more nutritious. As poverty decreases in line with Global Goal 2, so the 800 million people now undernourished will have more to spend on food.

**Cities.** By 2030, 60 percent of the world's population will live in cities, up from about 50 percent today.<sup>48</sup> But modern cities face a long list of problems. Up to 440 million urban households could be living in sub-standard housing by 2025.<sup>49</sup> Already, over 5.5 million premature deaths a year are attributable to household and outdoor air pollution.<sup>50</sup> Obesity is three to four times more common in cities than in rural areas in emerging markets.<sup>51</sup> Congestion is a costly urban trial. In cities, 10-15 percent of building material is wasted during construction<sup>52</sup>, and cities account for 70 percent of global energy use and energy-related GHG emissions.<sup>53</sup>

For businesses addressing these challenges, the 16 largest opportunities have a potential value of US\$3.7 trillion. They include:

- **Affordable housing (US\$650-1,080 billion).** Replacing today's inadequate housing and building the additional units needed by 2025 would take US\$9 trillion to US\$11 trillion in construction spending alone.<sup>54</sup> With land, the total cost could be US\$16 trillion.<sup>55</sup> But the gap between income available for housing and the annualised market price of a standard house is US\$650 billion.<sup>56</sup> Filling this gap requires innovations that will unlock new land and better use of space for development, for instance, through offering "density bonuses" to developers, as well as more efficient techniques and resource use.
- **Energy efficiency – buildings (US\$555-770 billion).** The building sector accounts for around one-third of the total final energy consumption across the world and more than half of electricity demand.<sup>57</sup> Its energy demand could be shrunk by, for instance, retrofitting existing buildings with more efficient

heating and cooling technology and switching to efficient lighting and other electrical appliances.

- **Electric and hybrid vehicles (US\$310-320 billion).** Market research predicts annual sales of battery-powered electric vehicles and hybrids will grow from about 2.3 million units in 2014 to 11.5 million by 2022, or 11 percent of the global market.<sup>58</sup> Assuming an average life of 15 years, the total global passenger vehicle fleet will turn over completely by 2030, presenting an opportunity for a huge increase in sales of electric vehicles and plug-in hybrid electric vehicles.<sup>59</sup> Electric and hybrid vehicles could comprise an estimated 62 percent of new light-duty vehicle sales in 2030, as long as battery costs continue to fall and investments in charging infrastructure grow.<sup>60</sup>

**Energy and materials.** Growth in demand for energy could slow to 2030 because of demographic changes and China's shift from investment-led growth towards greater consumption. That said, over 1.5 billion people are expected to join the higher energy-consuming income brackets by 2030.<sup>61</sup> Meanwhile great inequality in energy consumption persists, with 1.2 billion people still lacking access to electricity.<sup>62</sup> Moreover, risks concerning the location of new sources of supply, their environmental impact, water use and technical complexity are likely to add to the supply costs of energy and materials.

The 17 largest business opportunities arising from tackling these and further energy challenges have a potential value in 2030 of over US\$4.3 trillion in current prices. They include:

- **Circular models – automotive (US\$475-810 billion).** Collection rates for vehicles at the end of their life are generally very high, over 70 percent in the EU for example.<sup>63</sup> However, most collected vehicles are recycled into their base materials, which is energy intensive and results in loss of value. In fact, only a small number of “weakest-link” components are typically responsible for ending a vehicle's useful life, which can be significantly extended if these components are remanufactured and used to refurbish cars.
- **Expansion of renewables (US\$165-605 billion).** There is a massive opportunity for renewable generators and equipment manufacturers. The International Renewable Energy Agency's (IRENA) REmap scenario forecasts that, including hydropower, renewables' share of generation worldwide could increase to 45 percent by 2030, from around 23 percent in 2014.<sup>64</sup> Under this scenario, wind's share of global generation could more than quadruple from three percent in 2014 to 14 percent in 2030, and solar PV from less than one percent to seven percent.<sup>65</sup> In Europe, renewables penetration is already growing quickly – in Denmark in 2015, wind supplied 42 percent of power consumption – while annual global

investment in solar PV has already reached between US\$100 billion and US\$150 billion over the past five years.<sup>66</sup>

- **Circular models – appliances and machinery (US\$305-525 billion).** Many domestic appliances and much industrial machinery are well-suited to circular models but they are collected and reused much less than cars. A washing machine, for example, typically contains 30-40 kg of steel, so a refurbished machine could reduce material input costs by 60 percent.<sup>67</sup> Businesses could shift from selling to leasing appliances or making performance-based arrangements with consumers, to make sure collection and refurbishment captures as much value as possible. This shift would also encourage manufacturers to design products with lower risks of obsolescence.

**Health and well-being.** Despite growth in demand as more people live longer, this economic system faces critical challenges in coming years: the declining power of drugs to treat major communicable diseases – antibiotics are a particular worry, with only 40 contenders to replace them in the pipeline; demographic shifts that change the nature of demand placed on health systems – an “elderly bulge” in developed countries and a “youth bulge” in developing ones; as well as a geographic shift in disease patterns – about two-thirds of child mortality and deaths related to AIDS and TB now occur in middle-income rather than low-income countries.<sup>68</sup> And the burden of non-communicable diseases continues to increase – for example, the prevalence of obesity has doubled since 1980 increasing the burden of diabetes and heart disease everywhere.<sup>69</sup> Basic medical services and supplies are still missing in developing countries and there are looming skill gaps in the medical profession, particularly in aged care.

The 13 largest opportunities for businesses addressing these challenges have a potential value in 2030 of US\$1.8 trillion in current prices. They include:

- **Risk pooling (US\$350-500 billion).** Out-of-pocket healthcare payments push around five percent of households in low-income countries below the poverty line each year.<sup>70</sup> Since the poor pay a disproportionate share of their income in unavoidable health costs, lack of affordable health insurance is also inequitable. Increasing penetration of private, public-private and community insurance schemes can address this problem. As well as spreading health risks across communities, risk pooling often includes organised “contracting” functions that purchase health care on behalf of the individuals covered, which in turn encourages the development of higher-quality private sector providers.
- **Remote patient monitoring (US\$300-440 billion).** Using sensors that read the vital signs of patients at home can alert nurses and doctors cost effectively to problems before they worsen. Emerging technologies include wearable patches



that can diagnose heart conditions, sensors that monitor asthma medication intake and detect poor air quality, and glucose monitors that send diabetics' data straight to their smartphones.<sup>71</sup> McKinsey Global Institute estimates that remote monitoring could reduce the cost of treating chronic diseases in health systems by 10 to 20 percent by 2025.<sup>72</sup>



Photo credit:  
Flickr / timgee

- **Telehealth (US\$130-320 billion).** Basic mobile internet technologies are already extending access to consultation and diagnosis to remote patients around the world. In the United States, Mercy Health Systems in Missouri has built a Virtual Care Center, staffed by hundreds of health care providers, that provides telehealth services across four states.<sup>73</sup> In remote Andhra Pradesh in India, Health Management and Research Institute, a non-profit organisation, provides an internet-based video system that allows pregnant women to consult obstetricians and gynaecologists in Hyderabad city. A community health worker joins the expectant mother for the call and helps the patient carry out the doctor's instructions. The system has helped raise the rate of safe hospital or clinic deliveries by 50 percent.<sup>74</sup>

## 2.3 Progress on all the Global Goals is needed to deliver all the benefits

The Global Goals are highly integrated, which means progress on all of them is needed to open up all the business benefits they offer, as well as the overall societal gains. For instance, the research shows that effective action on climate change can be linked to achieving the objectives of strong economic growth and ending poverty,

while access to affordable energy will help reduce inequality and support sustainable industrialisation in the developing world. At the same time, major investments in infrastructure and innovation will be needed to meet the environmental targets set in the Global Goals.

Links between the social and environmental goals are also marked: sustainable management of land and water ecosystems will help improve agricultural productivity and eliminate hunger and malnutrition, while climate action, better housing and less polluted cities will have widespread benefits for health and well-being.<sup>75</sup> Progress on the education goal is linked to improvement on more goals than any other.

Achieving the Global Goals will certainly require new regulations. These are likely to include measures to address greenhouse gas emissions and encourage resource efficiency, like mandated carbon and water pricing (see Section 2.4 below and Section 3.7); regulations to protect labour rights and address discrimination in employment; and policies that strengthen governance, for instance, by tackling corruption and clarifying land rights.

Some of these policies will add costs for individual businesses which, conventionally, business leaders might be expected to resist. And some of the goals may appear to lie beyond the responsibility of business, such as quality education and good health and well-being for everyone. However, the major market opportunities described in this section will not open up and go on growing without a healthy, productive, secure global workforce – formal and informal – with money to spend. They won't be sustainable unless resources are priced for all competitors at levels that boost innovation while making sure current resource stocks last as long as possible. So there is a powerful business, as well as moral, case for the private sector to back progress towards all the Global Goals as they try to capture those market opportunities.

## **2.4 Pricing of externalities would increase the value of market opportunities**

The report's sizing of opportunities is based on current prices. However, these largely do not reflect the cost of a range of externalities, in particular GHG emissions, and they include various subsidised and unpriced resources, including water, fossil fuels and food. The value of these resource subsidies globally is estimated to be over US\$1 trillion a year.<sup>76</sup>

**"The effects of pricing externalities properly is most striking in the food system."**

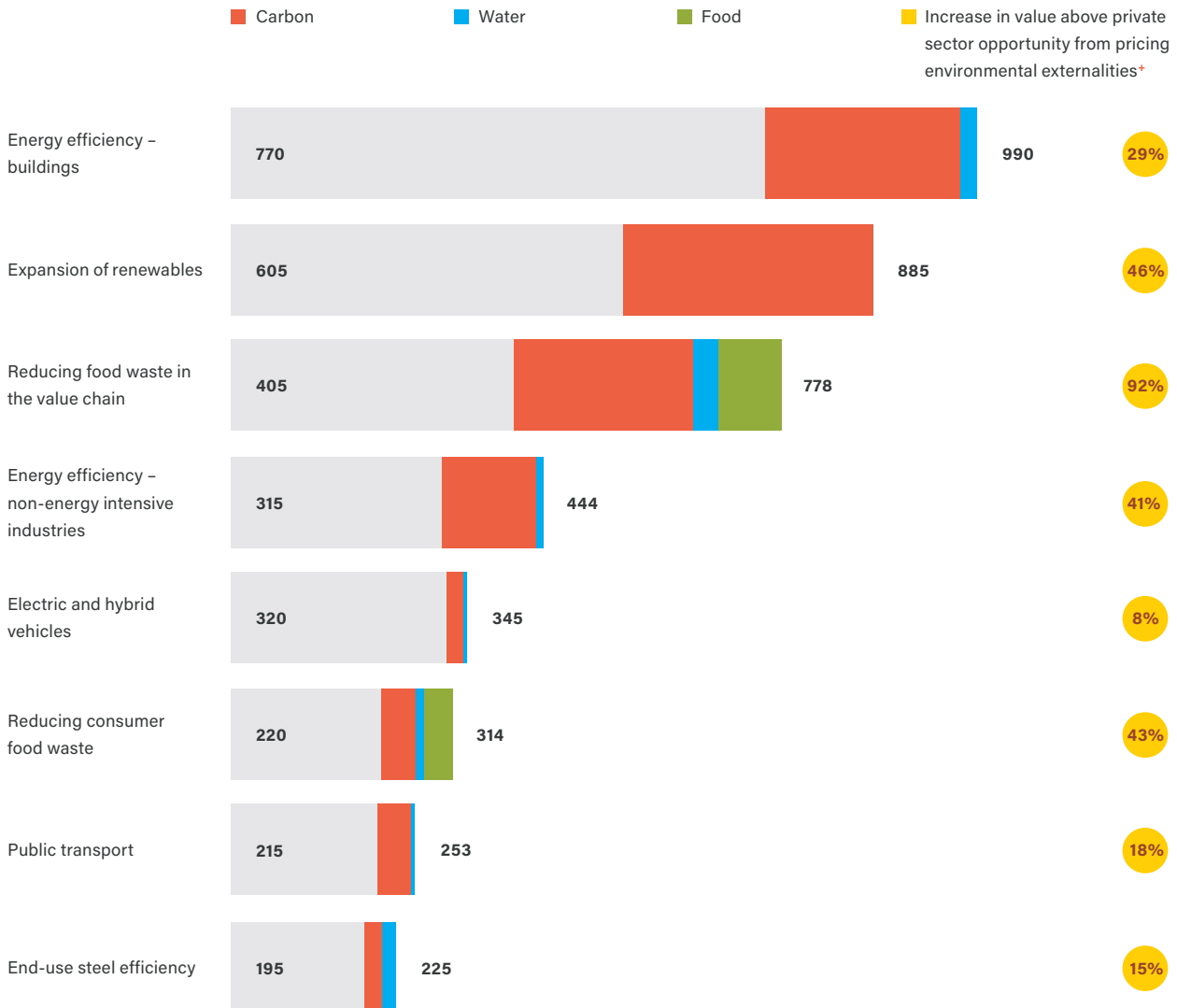
To understand the impact of removing subsidies and properly pricing resources, the research takes a subset of the top opportunities and reprices three components for which reliable data is available: carbon, water and food (Exhibit 6). This “real” pricing increases the overall value of opportunities by almost 40 percent. The effects are most striking in the food system, where pricing of externalities almost doubles the total value of opportunities to reduce food waste. Impacts on energy and materials opportunities are also significant: the size of the opportunity in renewables rises by 46 percent, driven by carbon pricing and by a similar amount in energy efficiency in non-energy intensive industries.

## EXHIBIT 6:

# Pricing externalities into top market opportunities adds almost 40% to their value

### SDG opportunities

Size of incremental opportunity in 2030 with externalities priced\*  
US\$ billions: 2015 values



\* Based on estimated savings or projected market sizings in each area. Only the high case opportunity is shown here.

+ Externality sizing assumptions carbon price of US\$50 tCO<sub>2</sub>e; average water price increased by US\$0.08 for agricultural water and US\$0.40 for industrial use (based on removal subsidies); food prices increased by US\$44/t due to removal of subsidies. Rounded to nearest US\$5 billion.

Source: Literature search; Alphabeta analysis





## 2.5 Geographic distribution of opportunities

More than half of the total value of the Global Goals business opportunities arises in developing countries, though the geographic distribution of the value varies between economic systems. In the case of cities, improving the efficiency of buildings is one opportunity where developed and developing economies each have significant potential, but the affordable housing opportunity is larger in the developing world. The value of energy and materials opportunities is distributed more evenly – while extractive opportunities are primarily in the developing world, circular economy models in durable goods are likely to develop first in developed markets. In the case of food, there are significant opportunities in Africa and India, reflecting their large share of cropland and currently low levels of productivity. Health and well-being opportunities are concentrated in developing countries, where access is currently low, and in the United States and Canada, where healthcare costs are highest (Exhibit 7).

**"Renewable energy is an opportunity across regions of different incomes."**

The importance of individual opportunities also varies by region, with stark differences between developed and developing countries. Affordable housing is the largest opportunity in four regions: Latin America, Russia and Eastern Europe, China and the rest of developing and emerging Asia. Applying circular economy models to durable goods provides the largest opportunities in the US and Canada, Europe and developed Asia-Pacific. Energy efficiency in buildings is a major opportunity in half of the regions, concentrated primarily in the northern parts of the world where heating costs are high. Expansion of renewables is the one opportunity that is important across regions of different income levels, a result of the gathering pace of the worldwide transition to low-carbon electricity generation.



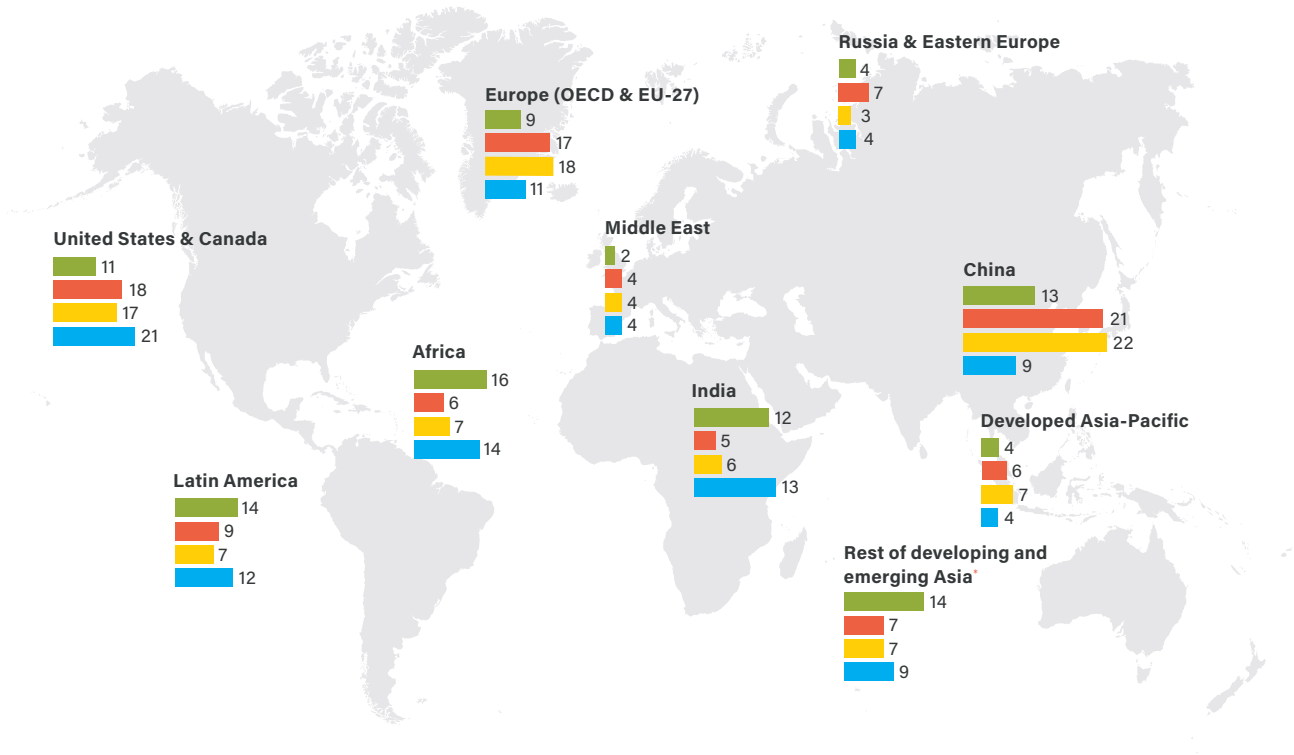
Photo credit:  
Flickr / Scania

## EXHIBIT 7:

# More than half the value of the Global Goals business opportunities arises in developing countries

Share of value of SDG business opportunities by region and system; Percent

Food and Agriculture Cities Energy and Materials Health and Well-Being



## Total opportunity share, %

Food and agriculture

Cities

Energy and Materials

Health and Well-being

## Developing

## Developed



\* Rest of developing Asia includes Central Asia (e.g., Uzbekistan), South Asia (e.g., Bangladesh), Southeast Asia (e.g., Laos), and North Korea.

Note: Numbers may not sum due to rounding

Source: Literature search, AlphaBeta analysis.

## 2.6 The impact on jobs

These 60 Global Goals opportunities could together create more than 380 million new jobs by 2030, more than 10 percent of the forecast size of the labour force (Exhibit 8). Creating jobs might not immediately register as a benefit to an individual business. But these jobs will be created at a time when the outlook for employment is uncertain (see Section 5.1). Creating decent new jobs in line with the Global Goals will also be in line with government strategies, enhancing companies' reputation and ensuring their licence to operate.

**"Around 70 million jobs can come from the opportunity in affordable housing."**

Almost one-fifth of the total employment potential – around 70 million jobs – comes from just one opportunity: affordable housing. Given annual investment of over US\$1 trillion, we estimate this opportunity alone could create 20 million jobs in China, 13 million jobs across Africa and 8 million jobs in India.

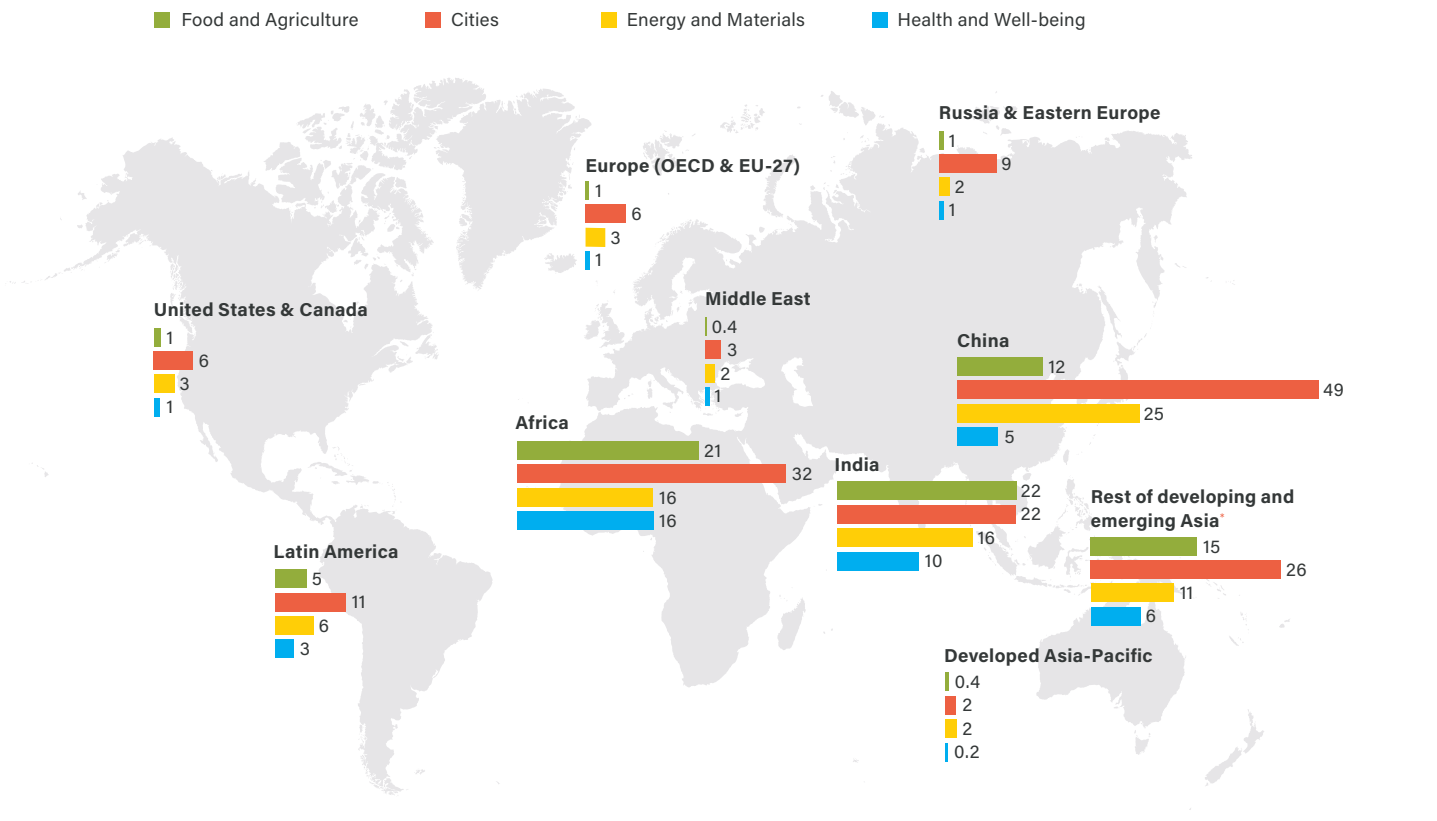
The majority of jobs – almost 90 percent – will be created in developing countries, including 85 million jobs (23 percent) in Africa and 220 million jobs (59 percent) in developing Asia. This is because the need for capital investment is much greater in low- and middle-income countries, especially in affordable housing and other critical infrastructure, and because the job creation impact of investment is much larger given the higher labour intensity of developing economies.



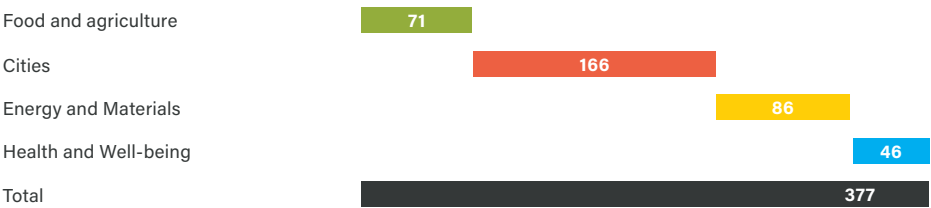
Photo credit:  
Flickr / Sambaphi

# EXHIBIT 8: Almost 380 million jobs could be created by Global Goals business opportunities in the four systems

Total jobs created by SDG business opportunities by region and system;  
In millions



Total jobs created Millions of jobs



\* Rest of developing Asia includes Central Asia (e.g., Uzbekistan), South Asia (e.g., Bangladesh), Southeast Asia (e.g., Laos), and North Korea.

Note: Numbers may not sum due to rounding

Source: Literature search, AlphaBeta analysis



### 3. LEADING FOR BETTER BUSINESS AND A BETTER WORLD

#### Key points

- **Businesses have long targeted sustainability as a business opportunity and strong sustainability performance is increasingly linked to strong investor returns.**
- **Radical incumbents and new ventures are shaping the Global Goals market hot spots by deploying five new business models: sharing, circular, lean service, big data and social enterprise. There are already more than 30 Global Goals “unicorns” with market valuations of more than US\$1 billion.**
- **Business leaders who understand that achieving the Global Goals is key to long-term business growth:**
  1. Communicate that understanding to the business and investment community
  2. Integrate the Global Goals into corporate strategy
  3. Work with sector peers to make sector competition sustainable
  4. Help shape enabling policy

The business case for sustainable development is already strong (Subsection 3.1) and the opportunities opened up by achieving the Global Goals described in Section 2 make it much stronger. A wave of companies and entrepreneurs is already using innovative technology and business models to enter Global Goals-related markets (Subsection 3.2).

However, opening up the full range and scale of Global Goals-related markets and the long-term business growth they offer depends on achieving all the Global Goals. This interdependence calls for a transformation in the way businesses operate. How business leaders can make this transformation through their own business and beyond is detailed in Subsections 3.3 to 3.7.

### 3.1 Sustainability is already good business

Many business leaders already see sustainability as much more than a corporate social responsibility exercise that boosts reputation by giving a share of profits to community and environmental projects. Their companies are deploying the sustainability toolkit to open up new business opportunities through innovation, to pursue efficiency gains, to attract employees, customers and investors, and ensure their licence to operate.

A 2014 McKinsey study found that 44 percent of sustainable business leaders cite growth and new business opportunities as reasons for tackling sustainability challenges.<sup>77</sup> Innovation is the key to finding them. 3M, for example, embeds sustainability into its innovation pipeline, aiming to minimise waste and avoid pollution through product reformulation.<sup>78</sup> One result is the firm's Novec fire suppression system: the first viable and sustainable alternative to hydrofluorocarbons (HFCs), a powerful greenhouse gas. With a new global agreement on reducing HFC use secured in October 2016, 3M is placed to benefit hugely as the global market switches to safer alternatives.<sup>79</sup>

Focusing on sustainability can yield large cost savings: one report shows that many companies have achieved an average internal rate of 27 percent on their low-carbon investments.<sup>80</sup> Dow cut its 2014 energy consumption by 110 trillion BTUs – nearly as much as all the energy used by households in the American state of Illinois. It also reused 344 million pounds of manufacturing by-products in the same year, continuing an approach to resources that had saved the company US\$9.4 billion in the 15 years to 2010. In the 15 years from 1994 to 2010, Dow saved 1,800 trillion BTUs, which is the energy equivalent to powering all residential buildings throughout California for more than one and a half years. (endnote 81) The company's energy efficiency efforts prevented more than 95 million metric tons of carbon dioxide from entering the atmosphere and contributed cost savings of US\$9.4 billion.<sup>81</sup>

The growing body of evidence showing that higher sustainability performance means better financial performance is steadily gaining traction with investors. In a review of 200 studies on sustainability and corporate performance, Oxford University and Arabesque Partners, an investment management firm, concluded that 90 percent of studies in this area found that high environmental, social and governance (ESG) standards reduced companies' cost of capital, and that 80 percent show a positive correlation between stock price performance and good sustainability practices.<sup>82</sup> (For more detail, see Section 4).

**"Millennials are over 5x more likely to stay at a company where they feel a strong purpose."**

Sustainable companies' reputation for doing good while doing good business also helps them to attract and retain talent, especially among the millennials who will account for three quarters of the global workforce by 2025.<sup>83</sup> A 2015 survey of 7,800 future business leaders from 29 countries found that 75 percent think businesses are focused on their own agendas rather than improving society, and over 50 percent would take a pay cut to find work that matches their values.<sup>84</sup> A 2016 PricewaterhouseCoopers study found that millennials are 5 times more likely to stay with employers when they feel a strong connection with their employer's purpose.<sup>85</sup> Similarly, a study by the Society for Human Resource Management found that morale was 55 percent better in firms with strong sustainability programmes, employee loyalty 38 percent better, and workforce productivity increased by 21 percent.<sup>86</sup>

Lastly, more sustainable companies tend to be more trusted by consumers and B2B customers, and trust makes customers more likely to buy.<sup>87</sup> Unilever has found that brands that stand for a clear sense of social or environmental purpose are growing at twice the rate of other brands in the company's portfolio.<sup>88</sup>

### 3.2 Innovative businesses are already capturing Global Goals opportunities

Anticipating growing pressure for sustainability from regulators, shareholders, consumers and employees, a number of companies and entrepreneurs are taking bolder steps to expand in the fastest-growing markets related to the Global Goals. Many of these innovators are using one or more of the game-changing, largely digitally-enabled business models that have developed over the past decade. These can be adapted to capturing market opportunities in line with both environmental and social Global Goals. The models include:

- **The sharing economy.** By reselling, giving, swapping, renting and lending help, these models extend the lifetime of resource-consuming goods, lower demand for replacements and cut waste by up to 20 percent.<sup>89</sup> Car sharing schemes, for instance, not only reduce distances travelled, but also idle capacity and the need for new vehicles (the average car spends around 95 percent of its time in a parking space<sup>90</sup>).
- **Lean service.** Across the service sector, lean management is being used to drive dramatic reductions in waste and inventory. Among other effects, this can significantly boost access to important services such as healthcare. In India, heart surgery is often performed for a fifth of its cost in the US, with the same or better outcomes, not only because of lower wages in the health sector, but also because of significantly leaner processes.<sup>91</sup>



Photo credit: Flickr / pwkrueger

- **Circular economy.** By taking a circular approach to design, manufacturing and reuse, circular business models keep resources in play for as long as possible and recover and reuse spent materials and products. In Brazil, waste company Veolia works with paper and pulp producer Fibria to turn 90 percent of the mineral wastes from cellulose manufacture into a corrective for soil acidity.<sup>92</sup> Desso, a global carpet tiles company, aims to make all of its products “cradle to cradle” by 2020.<sup>93</sup> Already more than 50 percent of yarn used to produce Desso tiles worldwide is recycled from previously used yarn.
- **Big data and machine learning.** At least 20 billion devices are now connected to the internet and the volume of data captured by business is surging.<sup>94</sup> This is generating new development opportunities, from modelling malaria using mobile phone data<sup>95</sup> to hooking smallholder farmers up to IBM’s hyper-local weather forecasting tool Deep Thunder<sup>96</sup>, or driving down electricity use through smart metering.<sup>97</sup>
- **New social enterprise models.** Businesses specifically set up for social or environmental impact are proliferating. In Africa, for instance, a partnership between Moringa School<sup>98</sup>, a Kenya-based coding school, and Hack Reactor<sup>99</sup>, a coding trainer based in the US, identifies children with strong tech potential and gives them top-notch web development training, in the process creating a future talent pool for the scheme’s partners, which include Safaricom and Barclays.

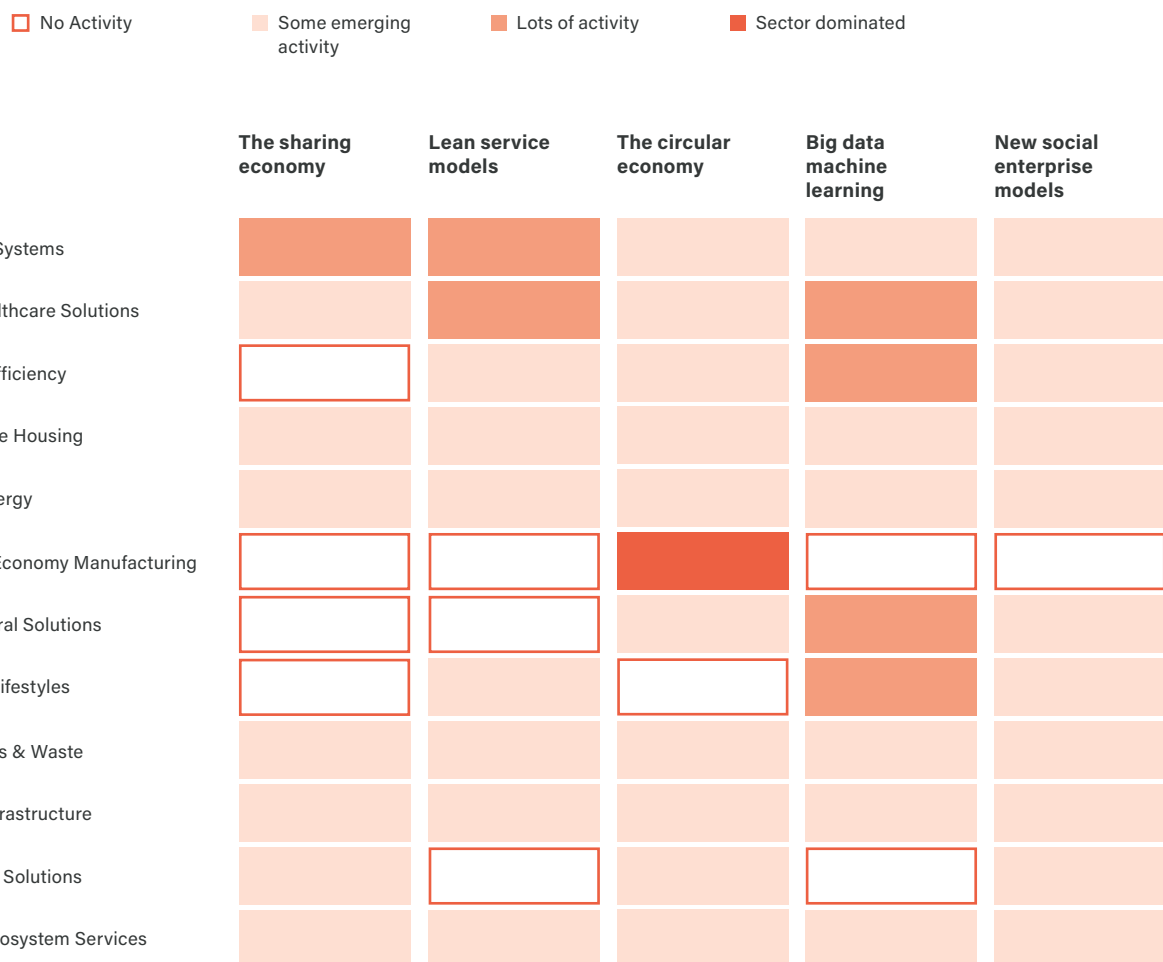


Exhibit 9 shows how far these business models are already being used to develop businesses across the main business themes identified in the Commission's research.

For case examples, see *Box 1: Innovating for success in sustainable markets* on page 49 and [report.businesscommission.org](http://report.businesscommission.org).

## EXHIBIT 9:

### The prevalence of five new business models across the 12 Global Goals business themes

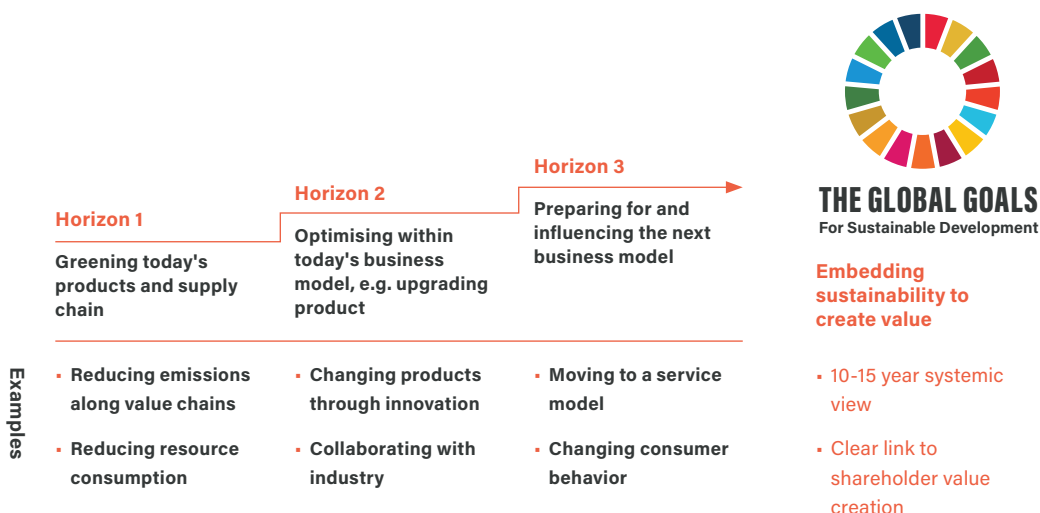


The majority of businesses successfully targeting sustainable market opportunities today are built on digital technologies. Digital industry groups and players, for instance the Global e-Sustainability Initiative and Accenture, are also collaborating with policymakers to identify where digital technologies can speed progress towards the Global Goals and to develop enabling policy.<sup>100</sup> This collaboration is likely to be a powerful driver of rapid change in many sectors.

**"Radical incumbents like BMW are choosing to enter more sustainable markets over the status quo."**

Drawing on these and other innovations, some “radical incumbents” are using their position in established sectors to enter more sustainable, “Global Goals-related” markets rather than defend the status quo. For example, BMW is repositioning itself over the longer term as a provider of mobility services such as car-sharing, while it continues to manufacture increasingly efficient cars.<sup>101</sup> Effectively, it is operating today over three time horizons simultaneously (Exhibit 10). Similarly, Novo Nordisk, now a global leader in diabetes treatment, is moving into diabetes prevention even though success will mean smaller markets for its existing products.<sup>102</sup> For more detail, see [report.businesscommission.org](http://report.businesscommission.org).

## EXHIBIT 10: Forward-looking companies operate simultaneously on three time horizons



Other innovators are using technology allied with their freedom from fixed assets and existing business models to move rapidly into growing sustainable markets and drive their growth. Such “disruptive innovators” include:

- Peek Vision,<sup>103</sup> a Kenyan company that saw a market opportunity in the bulky, fragile and expensive equipment used for eye examinations. The firm’s mobile app and US\$5 clip allows anyone with a smartphone to turn their handset into a diagnostic tool with the ophthalmological accuracy of a US\$25,000 camera, able to spot conditions from cataracts to glaucoma.
- TransferWise,<sup>104</sup> which has slashed the cost of sending money abroad by creating a platform for peer-to-peer money transfer, in the process boosting remittances to families in developing countries all over the world. For more detail, see report. [businesscommission.org](http://businesscommission.org).
- Bla Bla Car,<sup>105</sup> which has scaled ride sharing between cities across Europe, allowing 1 million tons of CO<sub>2</sub> emissions to be avoided in just two years. Like Transferwise, it is now valued at over US\$1 billion although less than a decade old.<sup>106</sup>

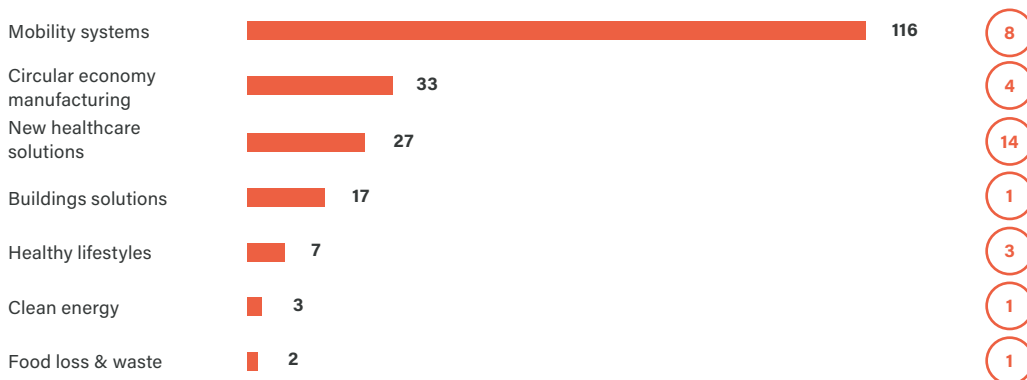
The Commission’s research has identified 32 such “sustainable development unicorns” or companies developing Global Goals-related markets with market caps of more than US\$1 billion. Among them: Didi Chuxing, a Chinese ride-sharing company that estimates it has cut 13.5 million tons of carbon emissions per day in 2015, reducing congestion, toxic smog and other air pollution in the process<sup>107</sup>; and GuaHao, a Chinese mobile medical consultation platform now valued at US\$1.5 billion, which connects patients and doctors via the internet, dramatically improving access to healthcare in a country with one-tenth the number of nurses per 1,000 people in the US.<sup>108</sup> (Exhibit 11)

## EXHIBIT 11:

# Number and valuation of unicorns by Global Goals business theme

Opportunity Area; Valuation in US\$ billions

Number of Current Unicorns



### Box 1: Innovating for success in fast-growing sustainable markets: four case examples

Insurer **MicroEnsure** is bringing affordable insurance to previously unreachable groups via a model inspired by the popular computer game Angry Birds. The company saw an opportunity in providing health, life and disability insurance cover for low-income groups in Asia and Africa. These groups represent a US\$40 billion market opportunity for insurance companies.<sup>109</sup> But as they face extensive risks and can only afford tiny premiums, they tend to get overlooked. For instance, in Africa less than three percent of the population has health insurance.<sup>110</sup> Working with local telecoms companies and big insurance providers, MicroEnsure created an Angry Birds model: free but with paid-for bolt-ons. It provides free basic insurance in exchange for improved consumer loyalty to local telecoms companies, with the option for consumers to buy more extensive cover once they understand the value of being insured.<sup>111</sup> In effect, MicroEnsure extended its market by finding ways to bring affordable insurance to previously unreachable groups. For more detail on this case, see [report.businesscommission.org](http://report.businesscommission.org).

A joint venture between **Nissan and Enel Group** is allowing electric vehicle owners to sell energy back to the grid, empowering consumers and raising the prospect of mass clean energy storage.<sup>112</sup> Hooking Nissan LEAF electric vehicles up to Enel's Vehicle to Grid (V2G) infrastructure allows power from distributed batteries to go



back into the network. By combining their core capabilities, the companies have developed an offer with staggering potential. The UK's 18,000-strong fleet of Nissan LEAFs could contribute the equivalent of a 180 MW power plant if fully integrated, according to Nissan. And if all UK vehicles were electric, they would in effect be a virtual storage facility with 370 GW capacity – enough to power the UK, Germany and France.<sup>113</sup> Nissan projects that this could save the UK £2.4 billion in electricity costs by 2030 if fully adopted.<sup>114</sup> The environmental gains would be big too: incentivising more people to switch to electric cars could help tackle urban pollution and cut CO<sub>2</sub> emissions. And by acting as storage units for clean power, electric cars could help grid managers overcome the problem of irregular renewable energy generation. For more detail on this case, see [report.businesscommission.org](http://report.businesscommission.org).

**iÉchale! a tu Casa** is a social enterprise based in Mexico that co-designs homes with low income families and sets up housing committees.<sup>115</sup> It sees building communities as a part of the housing solution. It also buys over 60 percent of building materials locally and provides employment to local construction workers.<sup>116</sup> Under iÉchale!'s assisted self-building programme, participants receive the materials and technical training necessary to build a small house in a month, with supervision from a certified architect. The resulting homes, made from iÉchale!'s patented compressed earth blocks, are designed for minimal energy and water use, making them eco-friendly as well as cheap to run. Green features include solar water heaters, wood-saving stoves and systems to harvest rainwater. iÉchale! is exporting its technology to Belize, Egypt, Haiti, Nicaragua and the UAE and developing a social franchise model to allow others to replicate its success. Already, 30,000 houses have been built and over 150,000 homes improved in Mexico alone using its model.<sup>117</sup>

Pharmaceutical giant **Merck** is deploying US\$500 million on an innovation in its Merck for Mothers programme with an eye on long-term market growth.<sup>118</sup> In Senegal, where contraceptive use is among the lowest in the world and a woman's chance of dying in pregnancy or childbirth is still 1 in 61, Merck for Mothers has teamed up with the Bill & Melinda Gates Foundation, IntraHealth International and the Senegal health ministry to reboot the country's contraceptives distribution system.<sup>119</sup> The resulting Informed Push Model (IPM) gets third-party logistics providers – usually local businesses – to deliver contraceptives directly to health facilities and uses tablets to collect data on consumption patterns. Rewards for the private suppliers are linked to their performance forecasting and meeting demand, incentivising them to keep clinics well stocked, and freeing up healthcare workers to focus on essential medical tasks.<sup>120</sup> While the project offers no immediate commercial gain for Merck, their investment in learning about the local market and distribution systems that work in these circumstances positions the company to expand its contraceptive products rapidly in this and similar markets as progress on the Global Goals opens them up. For more detail, see [report.businesscommission.org](http://report.businesscommission.org).

### 3.3 Transforming the way business operates for better business and a better world

All of the businesses growing in sustainable markets today are progressing on some of the Global Goals. But some are going backwards on others. For instance, zero-hour labour contracts are used in some “sharing economy” models in ways that add to workers’ income insecurity: they couldn’t be counted decent work.

As the Commission’s research showed in Section 2, progress on all the Global Goals is needed to deliver all their business benefits, making a powerful business as well as moral case for business leaders to back progress towards all the Global Goals.

**"Progress on all the Global Goals is needed to deliver their business benefits."**

Doing this comprehensively implies a transformation in how businesses operate, individually and collectively. Business leaders can take action at four levels to drive this transformation:

- as individuals, to gain commitment to the Global Goals as a growth strategy from colleagues and the business community
- through their companies, by making the Global Goals permeate strategy and operations
- working with sector or economic system peers to shift the sector to sustainable competition, and
- working with government and regulators to shape policies that advance the Global Goals.

### 3.4 Gaining commitment from CEOs and boards

A change of company strategy starts at the top. Widespread changes in business practice also start with changes in the way company leaders think and behave. Getting the weight of business behind the Global Goals as a growth strategy depends on a critical mass of leaders buying into the case, both for business as a whole and for individual businesses. Then those leaders need to make the case loud and clear to their fellow board executives within their companies and in the business community. Members of the Commission are committed to doing this and supporting other current and future business leaders who think the same way.



Photocredit: Flickr / unwomen

### 3.5 Incorporating the Global Goals into business strategy

Companies that see the business case – as well as the moral imperative – for achieving all the Global Goals will take a “Global Goals lens” to every aspect of their business strategy to change the way they operate and put more focus on inclusion. There are several toolkits to help companies do this. For example, the SDG Compass report, produced by the Global Reporting Initiative, the UN Global Compact and the World Business Council for Sustainable Development, explains to businesses and their stakeholders how the Global Goals affect them and offers practical tools for integrating the goals into corporate strategy.<sup>121</sup>

**Changing the way business operates.** To align business with the Global Goals, businesses will incorporate them not only into their strategic planning, innovation and business development but every other activity as well, from investment and operations to marketing, talent management and communications. Taking this holistic approach extends companies’ strategic horizons, encouraging decisions and investments that will deliver long-term gains as the trend towards sustainability gathers pace.

To change the company mindset fast, companies may appoint a board member accountable for leading on the Global Goals opportunities and priorities. Some may go further and specify different board members to lead on “clusters” of the 17 goals most relevant to the business and where the business can have most impact.

### Box 2: Ericsson executives champion the Global Goals

World leader in communications technology and services Ericsson has assigned an ambassador from the executive leadership team to each Global Goal, making that person a visible champion for innovation and action in his or her area. The Chief Legal Officer, for example, in charge of Global Goal 16, is promoting peaceful societies and access to justice, and has convened a global peer legal network on these issues.<sup>122</sup> Ericsson says its approach to the Global Goals is helping to embed sustainability and awareness of responsible business practices at all levels of the company. By tying these challenges directly to executive responsibility, the operator has made the Global Goals framework relevant to day-to-day priorities, a move it says is helping it seize new market opportunities that align profit with public benefit. For more detail, see [report.businesscommission.org](http://report.businesscommission.org).

**Focusing on inclusion.** Incorporating the Global Goals into business strategy promotes those goals aimed at meeting basic needs and extending social and economic development to those now marginalised. The result will be an increased focus on inclusion in everything a business does. Business can be powerfully inclusive not only as a creator of jobs with decent work and conditions but also as a developer of inclusive services and other innovations that improve the lives of the very poorest. Three quarters of the world's absolute poor live in rural areas, where many company supply chains begin. Sustainable company leaders look for ways to support their smallest and poorest suppliers. They work with them to improve their productivity, invest in their skills, build their resilience, improve their access to credit, and as far as possible, ensure that no one is left behind. The ten principles of the UN Global Compact, developed to help businesses do the right thing, is a helpful guide here.<sup>123</sup> And business can do a great deal to promote inclusion through business innovation. (See Box 3: *How businesses are promoting financial inclusion.*)

**"3/4 of the world's poorest live in the same rural areas where many supply chains begin."**

### Box 3: How businesses are promoting financial inclusion

Several financial service firms, often with digital partners, are extending the financial system to people on low incomes previously denied its benefits: a safe place to save, insurance to manage household and business risks, credit and payment



platforms. Between 2011 and 2014, 700 million people became account holders at banks or other financial institutions for the first time, reducing the number of “unbanked” adults by 20 percent to 2 billion people, according to the World Bank.<sup>124</sup> In Kenya, 43 percent of GDP in 2013 flowed through Safaricom’s M-Pesa system, which supported over 237 million peer-to-peer transactions, more than any other such system in the world.<sup>125</sup>

Finance companies are also financing inclusive services in other sectors. The Abraaj Group is planning to invest in delivering high quality, mass-market healthcare for low and middle-income groups, particularly in Africa and South Asia, with the goal of optimising profitability while achieving measurable social impact.<sup>126</sup> Recognising that existing health systems are hampered by weak funding, infrastructure and skills, Abraaj is planning to take an integrated approach – creating networked “ecosystems” of facilities from tertiary hospitals to labs and imaging centres that can work together to make the most of the resources they have. By connecting facilities and personnel across specialisms and geographies, for example, through telehealth and doctor exchange programmes, the idea is to find synergies that can boost the quality of care while saving money for both providers and consumers. If the fund achieves its goals by 2020 as planned, it could see 14 million patients in its hospitals each year, 54,000 hospital employees delivering quality care across the networks and 275 diagnostic centres providing much-needed pathology and imaging services across target markets.<sup>127</sup> It will also provide 10,500 additional hospital beds. For more detail on this case, please visit [report.businesscommission.org](http://report.businesscommission.org).

Companies outside the finance sector are extending financial inclusion too. Several multinational firms now offer supply chain finance to small and medium-sized suppliers in their value chains, many in developing countries. This gives small-scale entrepreneurs access to credit on much more advantageous terms than they could generally get based on their personal credit scores.

Financial inclusion can be a particularly powerful driver of gender equality, a crucial area for progress given the global gap between genders in their access to financial services: in 2014, 65 percent of men had a bank account, but only 58 percent of women. The gap is especially pronounced in South Asia, where there is an 18-percentage point difference between men and women – twice as high as in Sub-Saharan Africa.<sup>129</sup> Promoting women’s access to financial services, as well as to digital and property assets more broadly, are key areas where business can drive a better gender balance.

Different companies will have different ways of reducing poverty and promoting inclusion. But one commonly effective tactic will be to pursue gender equality within

the company and through its supply chains and direct suppliers, as well as expanding business opportunities that promote gender equality. That could involve publishing the company's gender profiles from top to bottom, covering both pay differentials and how women and men are represented at each level of seniority. Companies can ask their top suppliers to do the same. And they can progressively embed the UN's Women's Empowerment Principles throughout their activities.<sup>130</sup> These Principles help companies to tailor existing policies and practices or establish new ones to achieve gender equality in their businesses. (See *Box 4: Pursuing gender equality is driving business growth*.) A new resource that will strengthen companies' work in this direction is "Leave No-one Behind", the first report from the High-Level Panel on Women's Economic Empowerment that outlines drivers to advance gender equality.<sup>131</sup>

#### **Box 4: Pursuing gender equality is driving business growth**

Worldwide 200 million fewer women than men own a mobile phone.<sup>132</sup> A significant proportion of these women live in markets where **Vodafone** operates already, prompting the telecoms major to trial a new business model in Turkey. Vodafone has been incentivising women in Turkey to buy mobile plans and then using the network to find education and work opportunities. Using its advertisement service, women without much tech know-how can access one of Turkey's biggest e-marketplaces. After launching in 2013, the service generated 4,700 adverts in its first nine months, triggering average sales of US\$51 per user.<sup>133</sup> As of September 2016, the programme has reached nearly 670,000 women. Vodafone meanwhile attracted 75,000 women customers, 15 percent of them new to the operator. Vodafone's 2014 Connected Women report estimates that Women First could generate economic benefits worth US\$22.3 billion a year to 153.8 million service users and wider society in Vodafone's emerging markets by 2020. For more detail on this, see [report.businesscommission.org](http://report.businesscommission.org).

### **3.6 Accelerating sectoral shifts to sustainable competition by working with peers**

Business leaders that choose to align their strategy with the Global Goals anticipate that, sooner or later, their business will start to incur costs that their competitors don't face. This is true across all industries. In commodity sectors, current low prices are aggravating cost pressures, making it hard for progressive businesses to "internalise" environmental or social costs that competitors are not willing to bear. Even in more differentiated sectors, such as consumer goods, cost pressures are intense, partly because of slow growth in middle-class purchasing power.

Consumers in general rely on companies to meet basic environmental and social standards in their operations, allowing them to get on with hunting down the best value. They don't pay attention to how products are made every day: only on the whole, when they are alerted to a human tragedy such as the building collapse of a Bangladeshi garment factory.<sup>134</sup> To read this case study, see report. [businesscommission.org](http://businesscommission.org). This makes it very difficult for an individual company to raise its standards on its own, even though many might want to be better employers and stewards of the environment. All the players have to agree to raise and maintain standards at the same time to keep the playing field level. Such collective approaches are essential to shifting a sector or value chain on to a sustainable growth path. The risks of delaying them are growing.

**Finding new ways to work with peers.** Recent years have seen a number of such collective approaches. They range from sector-specific schemes, like the International Council on Mining and Metals' transparency principles and the chemical industry's Responsible Care programme, to cross-industry forums, such as the World Business Council for Sustainable Development (WBCSD).<sup>135</sup>



Photo credit: Flickr / ciat

Many sectors are agreeing “pre-competitive” standards of conduct that reduce the risk for individual players of making changes and investments that anticipate a sustainable world. For instance, in 2010 the Consumer Goods Forum engineered a commitment from sector players to work towards zero net deforestation by 2020, and to develop action plans for sustainable sourcing of commodities including palm oil, soya, beef, and pulp and paper.<sup>136</sup> For more detail, see [report.businesscommission.org](http://report.businesscommission.org). Similarly, the Global Agri-Business Alliance is developing a pre-competitive agreement across the agriculture sector to improve rural livelihoods (especially among smallholder farmers), mitigate climate change, manage natural capital sustainably and contribute to global food security as well as contributing towards other Global Goals.<sup>137</sup>

Not all such collaborative initiatives have been effective, and few so far have targeted Global Goals specifically. However, this is changing. For example, the GSMA, which represents mobile operators worldwide, has developed a comprehensive plan for the sector to maximise its contribution to the Global Goals.<sup>138</sup> It identifies the four goals on which the mobile industry has most impact – Innovation and Infrastructure (Goal 9), No Poverty (Goal 1), Quality Education (Goal 4) and Climate Action (Goal 13) – and describes ways the mobile industry can change its participants’ behaviours to accelerate progress against these goals. It also identifies the biggest challenges they may face and collective commitments that will help to unify action as much as possible. GSMA’s plan is arguably a first-of-a-kind and one that other sectors can learn from.

### "GSMA's comprehensive plan for the Global Goals is the first of its kind."

In addition to agreements assuring collective high standards of sustainable conduct, players in all sectors will benefit from developing detailed “roadmaps” to guide their sector’s shift to sustainable development in line with the Global Goals. They also need to assess the impact of that shift on progress towards the environmental and social Global Goals relevant to the sector. For example, if players in the agribusiness sector were initiating a sector shift to sustainable aquaculture, they would analyse both its environmental impact through its effect to reduce overfishing and its social impact through its net impact on job numbers. (See Box 5: *Child labour in the cocoa sector in Ivory Coast: the case for a roadmap*.)



### Box 5: Child labour in the cocoa sector in Ivory Coast: the case for a roadmap

Ivory Coast produces 35% of the world's cocoa.<sup>139</sup> It also has 1.2 million child labourers in its workforce, almost all of them working in cocoa production.<sup>140</sup> About 55 percent of children working in the country's agriculture are subject to forced labour and 65 percent have been trafficked: only five percent of all child workers are paid and less than half are enrolled in school.<sup>141</sup>

Systemic features of the Ivory Coast cocoa market compound the problem. These include a fiercely competitive market structure, inadequate education, regional migration, lack of child registration and a national budget for anti-trafficking police of only US\$7,700.<sup>142</sup>

National and international measures to tackle the issue haven't worked so far. However, the necessary conditions are in place for an effective coalition to form between the many actors concerned about this issue. These include CocoaAction,<sup>143</sup> an alliance of the world's leading cocoa and chocolate businesses with US\$500 million in funding and the support of other key industry actors, active civil society groups that are willing to collaborate with businesses and farmers, and the country's first lady, a national figurehead. Mechanisms and technologies that can tackle market features encouraging child labour are emerging, among them mobile money, electronic child registration, CCTV and other low cost, incorruptible monitoring systems. The next step is for all the parties involved to co-ordinate on drawing up a roadmap to a sustainable cocoa industry that neither exploits children nor leaves them unsupported.

To create a Global Goal sector roadmap, key stakeholders, led by business, can work together to:

1. **Develop a vision** of what a sector would look like by 2030 if the Global Goals were treated as a strategic framework for better growth. While each sector will naturally focus on certain goals, the roadmaps will also need to address the crosscutting goals that relate to basic human rights.
2. Map out the biggest, most urgent **areas of change** needed to realise the vision: which specific markets and value chains need to grow two to three times faster than the current sector average? Which activities need to peak and shrink? What will drive the most efficient redeployment of resources and allow for a just transition?
3. Outline **potential solutions** to these urgent issues, the new technologies and business models, new products and services that will meet consumer needs

better while also solving societal problems. Stakeholders need to understand the tipping points in any specific market that must be reached to take any of these solutions to scale.

4. Describe **potential barriers** to solutions and analyse options for overcoming them that would be fair to all the sector players involved and to their workforces and people in their supply and distribution chains.

The Commission's work on the food and agriculture economic system illustrates how such a Global Goal roadmap could help transform markets. The sample roadmap below gives an idea of what the details of a future sustainable economic system compared to its current state might look like.

#### **Box 6: Example: What might a Global Goal roadmap for the food and agriculture system look like?**

##### **1. Vision**

The food and agriculture system could capture sustainable opportunities in five key areas: i) inputs, ii) production, iii) food processing, iv) logistics and v) retail and disposal – in each of which, a shift from the status quo to a new, sustainable system would be envisioned.

##### **2. Change map**

The biggest changes will need to be made in:

- Growing markets which serve low-income consumers, create sustainably sourced products and focus on new breeding techniques / microbial fertilisers; and
- Lowering the amount of food loss along the production and supply chain, and shrinking the market size of products that use a lot of water, energy and land in their production.

See Box 6: *Roadmap to a sustainable food and agriculture system: the vision* on the next page.

##### **3. Solutions**

These could include a combination of:

- **Engaging with public policy**, e.g. pricing of environmental externalities to move from resource-intensive production and encourage production with lower environmental costs;
- **Innovating products or services**, e.g. assisting smallholder farms in implementation of new technology and better irrigation systems to move from limited innovation in production to “big data farming” and more

# Roadmap to a sustainable food and agriculture system: the vision

Value Chain Area	Current Value (US\$ Billions)	From...	To...
<b>Inputs</b>	520	<ul style="list-style-type: none"> <li>Traditional fertilisers</li> <li>Limited public/private collaboration</li> <li>Basic cross-breeding</li> <li>Aqua- and land-based feedstocks operating in silos</li> </ul>	<ul style="list-style-type: none"> <li>Microbial fertilisers</li> <li>New PPPs focused on adapting technology to local conditions</li> <li>Precision phenotyping and bioinformatics</li> <li>Consideration of sustainability of blended approach of aqua- and land-based feedstocks</li> </ul>
<b>Production</b>	2,175	<ul style="list-style-type: none"> <li>Water, energy and land intensive products (e.g., beef)</li> <li>Forest degradation through unsustainable farming practices</li> <li>Heavy deforestation products (e.g., unsustainably sourced palm oil)</li> <li>Arms length dealings with smallholder farmers</li> <li>Loss-making fishing fleets</li> <li>Limited monitoring of animal welfare</li> <li>Low water-efficiency agriculture</li> <li>Limited innovation in production</li> <li>Low data, traditional farming</li> <li>Farming remote from markets</li> </ul>	<ul style="list-style-type: none"> <li>Focus on crop and meat selection with lower environmental footprint</li> <li>Sustainable forestry management (e.g., agroforestry, reduced impact logging)</li> <li>Sustainable agriculture approaches (e.g., holistic grazing; low till/no till agriculture)</li> <li>Contract farming and new partnership models</li> <li>Sustainable fishery models/aquaculture</li> <li>Animal health monitoring &amp; diagnostics</li> <li>Micro-irrigation techniques</li> <li>Precision agriculture</li> <li>Big data farming</li> <li>Urban farming</li> </ul>
<b>Food processing</b>	1,377	<ul style="list-style-type: none"> <li>High food waste processors</li> <li>High sugar/fat products</li> <li>Unfortified food production</li> </ul>	<ul style="list-style-type: none"> <li>Low food waste processors</li> <li>Product reformulation, low fat/sugar products</li> <li>Food fortification</li> </ul>
<b>Logistics</b>	>300	<ul style="list-style-type: none"> <li>Limited storage systems</li> <li>Limited traceability</li> </ul>	<ul style="list-style-type: none"> <li>Cloud storage systems</li> <li>Fully traceable product systems</li> </ul>
<b>Retail &amp; disposal</b>	7,180	<ul style="list-style-type: none"> <li>Limited consumer differentiation for sustainable products</li> <li>Low food safety focus</li> <li>High levels of food waste</li> </ul>	<ul style="list-style-type: none"> <li>Sustainably sourced and fair trade products</li> <li>Food safety as business opportunity</li> <li>Composting and energy capture</li> </ul>

Source: International Resource Panel; Anterra Capital; AlphaBeta analysis

use of micro-irrigation techniques;

- **Driving sustainability through supply chain**, e.g. funding research into new, less damaging farming techniques, to move from “heavy deforestation” products to sustainable forestry approaches such as holistic grazing;
- **Changing consumer behaviour**, e.g. engaging with consumers to change their food waste management and move from high levels of food waste to composting and energy capture; and
- **Public private partnerships**, e.g. partnering between public sector and private sector to decrease incidence of non-communicable diseases such as obesity and diabetes, moving from high sugar / high fat products to reformulated low sugar/low fat products.

#### 4. Overcoming Barriers

For example, a potential challenge is the adoption of pricing of environmental externalities: national-level pricing policies could prompt companies to move operations to countries with more lenient price policies (i.e. lower cost for companies). Potential solution would be supranational/global policy on pricing of environmental externalities to minimise risk of a “race to the bottom”.

**The growing risks of delay.** No group of sector peers has yet developed such a detailed roadmap and some may find it hard to imagine. But the risks to established businesses of not having one are growing. If industries don’t take the lead, then it is much more likely that governments will take drastic action.

As well as multiplying new opportunities, sector roadmaps will help incumbents manage the risks of a shift to sustainability in their sector. To illustrate, lacking a roadmap, companies in several areas of the power sector have been unprepared for the speed at which the shift towards renewable energy has disrupted their profitability. One casualty, German utility E.ON, had to write off €2.9 billion on the value of its power stations in August 2016 as a result.<sup>144</sup>

Similarly, with a few notable exceptions, companies in the fossil fuels sector have struggled to develop a compelling, science-based description of the sector’s long-term role in a world taking steps to limit global warming to well below two degrees. Today, the sector is waking up to the scale of stranded assets those steps imply and the risks these could pose to their owners and the financial system. According to data compiled by Bloomberg, already over half of all assets in the global coal industry are held by companies that are either in bankruptcy proceedings or don’t earn enough money to pay their interest bills.<sup>145</sup> A number of leading companies in

the oil and gas industry are now developing a collective action plan to reduce fugitive methane emissions and make progress on carbon capture, use and storage. The most far-sighted are publicly exploring scenarios envisaging peak oil demand within the next 5-15 years and peak coal demand before 2020. But many of the incumbents have yet to reinvent a profitable future for themselves in a zero-carbon world.

Without more radical purposeful change, more traditional energy companies could become casualties of the transition to a world in which sustainable development is as central to every business as digital technology is today. They may not be the only ones. Consider the food value chain. If 10 years from now the public health costs of obesity are still spiralling and the food industry has failed to lead on solutions, could it absorb the drastic measures that governments might take, such as strictly enforced sugar taxes? Or stringent penalties for wasting food, should the world experience more food price spikes like those of 2011?

### 3.7 Shaping public policy

Business' cooperation with governments on policies directed at the Global Goals will be critical to achieving them. Policies determining how to factor environmental and social costs into the prices that companies and customers pay will shape competition in expanding sustainable markets. So will public/private collaboration to accelerate innovation.

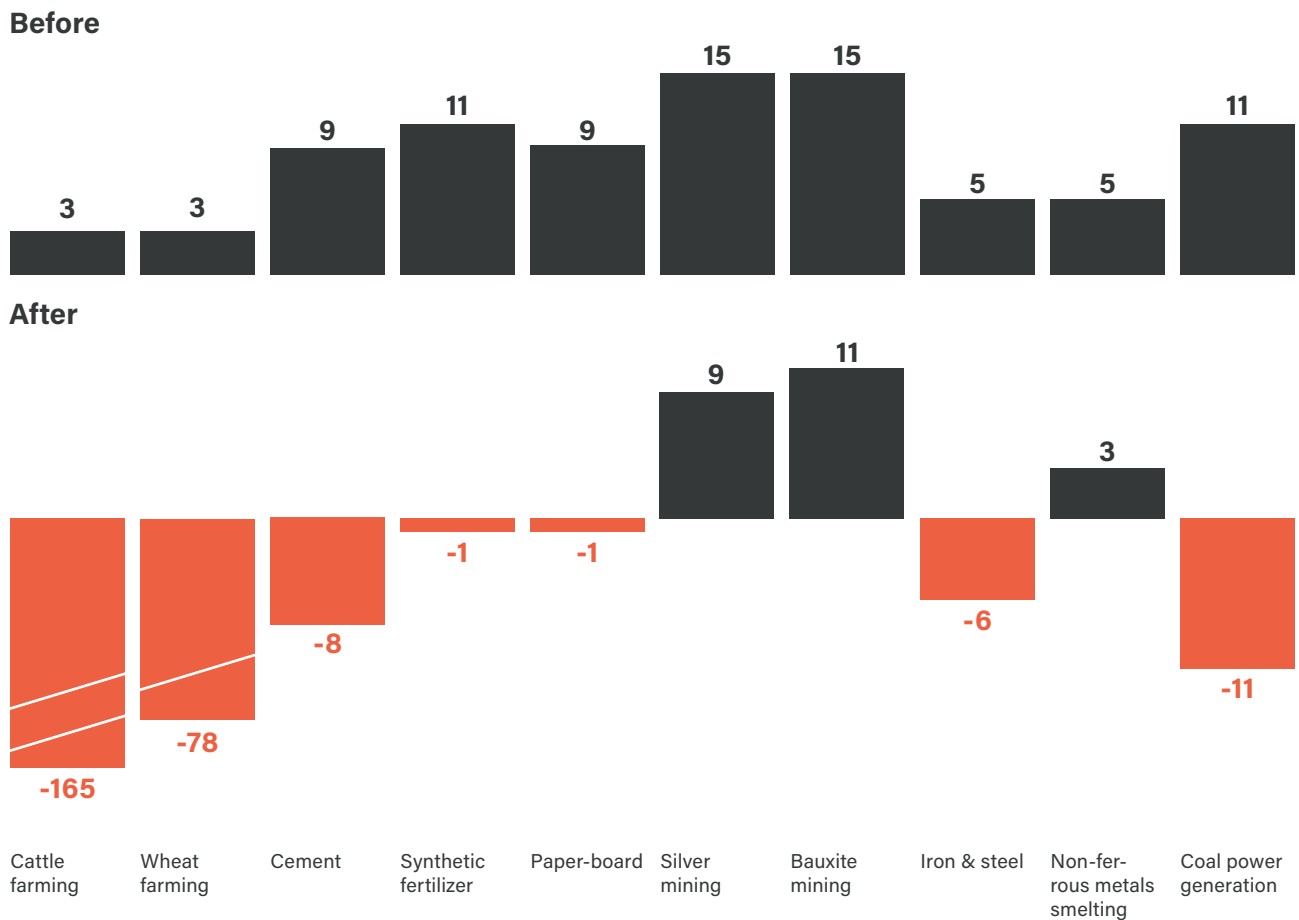
**Advancing policy on pricing externalities.** All companies make decisions based on the economic signals surrounding them, such as the price of labour and materials and the cost of taxes, as do consumers. As noted in Section 2.4, today's prices don't tell companies or consumers the truth about environmental or social externalities. Until they are priced in, even businesses that want to be part of the solution are condemned to be part of the problem – stuck on the same, skewed playing field as everyone else.



## EXHIBIT 12:

### Negative profit margins in most of the world's raw material industries if natural capital costs are included

Profit margin (EBIT) before and after natural capital costs, based on top-two companies in Morgan Stanley Composite Index category, Percent, 2012



Source: Adapted Iron: Taxcost and TEEB (2013)

The numbers involved are immense (Exhibit 12). In 2012, a major analysis of unpriced environmental costs in the global economy looked at every primary production and processing sector – from agriculture, forestry, fisheries, mining, utilities and oil and gas exploration to cement, steel, pulp and paper, and petrochemicals.<sup>146</sup> Across these sectors, it found total environmental externalities of US\$7.3 trillion were unpriced in 2009 (the last year for which complete data was available), equivalent to 13 percent of global GDP in that year, or nearly half of US GDP at the time.<sup>147</sup> The truth about social and environmental costs is also concealed by price subsidies. Economies across the world continue to subsidise fossil fuel consumption, in direct conflict with the urgent need to tackle climate risk. 2014 fiscal fossil fuel subsidies were estimated at US\$550 billion, around 20 percent of the net cost of financing the Global Goals.<sup>148</sup> In addition, local air pollution is costing the equivalent of between 2-10 percent of GDP across G20 countries, based on the most recent estimates of the WHO and IMF.<sup>149</sup>

**"\$7.3 trillion in environmental externalities went unpriced in 2009, 13% of GDP."**

Some CEOs accept that an explicit carbon price of US\$50 a tonne within the next five years, and up to US\$100 a tonne by the second half of the 2020s, is essential to keep global warming below two degrees. The most forward-looking business leaders are anticipating the impact on their business costs when the true environmental costs of other activities is reflected in prices, for instance, the real cost of using unsustainable fresh water, sending waste to landfill, wasting food, polluting the air or ground and producing the most resource intensive foods. (See *Box 7: Sustainable development scenario drives Telefonica's energy strategy*.)

#### **Box 7: Sustainable development scenario drives Telefonica's energy strategy**

Major telco Telefonica has decided to source 50 percent of the company's energy consumption from renewable energy by 2020 and to grow that share in the longer term.<sup>150</sup> Telefonica has pursued ambitious energy efficiency and emissions targets for many years largely because energy forms a large chunk of any telecommunication company's operating expenses. But new drivers lie behind its new energy strategy. First, clean energies are becoming more and more competitive as energy markets respond to mounting regulatory pressures arising from the Paris Climate Agreement commitments and reinforced by the Global Goals. Second, Telefonica's customers are demanding that the company reduce emissions linked to the services it provides.

Setting medium- and long-term targets for renewable energy allows the company to set itself science-based emissions targets, effectively decoupling company growth from emissions growth. It is also protecting itself from future regulatory shocks,

such as mandatory carbon pricing. And while the strategy, of course, continues to aim for lower operating expense, it means Telefonica can focus on offering services that allow customers themselves to become more energy efficient, giving it a further competitive advantage.

There is a good case for businesses to contribute to systematic approaches that tackle the set of issues linked to pricing externalities, which cross the public and private sectors. For instance, a number of governments, multi-lateral institutions, financial players and companies have come together to form the Carbon Pricing Leadership Coalition.<sup>151</sup> This encourages the development and international diffusion of best practices on carbon pricing. Getting carbon prices right will be critical to keeping global warming well below two degrees. It could also provide the test-bed for a more comprehensive alliance on externality pricing, especially given linkages between carbon pricing and food security.

The issue of pricing externalities is not limited to environmental challenges. Just as investors are increasingly concerned about stranded assets as a result of tougher environmental requirements, they may also become concerned about the earnings quality of companies that incur significant social risks to maintain profits, for instance by paying poverty-level wages or generating conflict with local communities over rights to access land and other resources. The World Business Council for Sustainable Development is developing a new Social Capital Protocol to enable businesses to measure and value their interactions with society. The Council is piloting the protocol approach in three areas: employment, skills, and employment conditions that meet safety standards which show respect for workers.<sup>152</sup> Companies across a range of sectors – from mobile telephony through to pharmaceuticals – are also exploring forms of “social pricing” to make essential goods and services with relatively high margins available to poorer consumers at closer to cost price. For some products, such as drugs, there is a risk that the “socially priced” product will leak into the rest of the market. However, companies are finding more and better ways to handle this risk, expanding the scope for social pricing.

CEOs have a choice. They can do nothing and hope that governments won't regulate prices in their sector, although the trend towards more accurate pricing of environmental costs is emerging. They can try to prevent regulation through lobbying or financing the campaigns of politicians who oppose it, at the risk of damaging their reputation and losing stakeholders' trust.

**"Businesses can reduce the risk of regulatory change by leading it themselves."**

Or they can reduce the risks of regulatory change by leading it themselves – as in the run-up to 2015’s COP21 climate summit in Paris, when enlightened CEOs came together under the unified umbrella of We Mean Business to demand governments set a more predictable, ambitious and longer-term agenda. Progressive leaders are not waiting for governments to act on price before doing anything. Some have already started to “shadow price” social and environmental costs in internal accounting, in effect preparing for the future in which markets are sustainable.

America’s fourth largest craft brewery, the New Belgium Brewing Company, offers an example of the benefits of this approach. The company has adopted its own internal electricity tax – charging itself 2.4 cents for every kilowatt-hour of power generated from fossil fuels that it consumes.<sup>153</sup> The tax creates a powerful incentive to use clean energy. Already, much of the firm’s electricity is generated onsite, and all purchased power comes from wind. The “tax” revenue also provides a source of capital for future investment in sustainability – it goes into a fund for further renewable power development and energy saving measures. For more detail on this case see [report.businesscommission.org](http://report.businesscommission.org).

**Advancing public/private collaboration to scale innovation.** Innovation partnerships between public, private and academic partners have been critical to transforming scientific discovery into mass-market products and services in public health, clean energy and nutrition among other areas. They will be essential to delivering the speed and scale of innovation needed to achieve the Global Goals. Economists have recently provided powerful evidence of how the public-private-academic “innovation ecosystem” has led to astonishing social and private returns across a wide range of sectors.<sup>154</sup>

In pharmaceuticals, for example, the Global Alliance on Vaccines and Innovation (Gavi) provided strong incentives for private companies to come into developing vaccines for tropical diseases.<sup>155</sup> It also provided “advance market commitments” that encouraged companies to invest in the manufacturing facilities and cold chain logistics needed to provide pneumococcal, rotavirus and pentavalent vaccines, among others, in Sub-Saharan Africa.<sup>156</sup> By taking away market and demand uncertainty from the vaccine suppliers, the Gavi facility also made it possible to bring down supply costs dramatically. The facility was largely financed through future overseas development assistance (ODA) commitments that were then translated into a social impact bond.

On clean energy, governments representing 20 participating countries have committed to doubling the average share of research and development on clean energy (currently around 0.1 percent of GDP) in public budgets.<sup>157</sup> They have also set up a coordination mechanism – Mission Innovation – whose design will allow for much more strategic alignment and prioritisation across countries.<sup>158</sup> In parallel,



Photocredit: Flickr/  
morganmorgan

a number of the world's leading philanthropists have come together to form the Breakthrough Energy Coalition.<sup>159</sup> This is now creating a new kind of long-term innovation fund. With a 20-year lifespan, a 10-year investment period and very substantial resourcing from its founders and their networks, it is bringing the best scientific and commercial expertise together to back the next wave of clean energy technologies. The two initiatives – Mission Innovation and Breakthrough Energy – will coordinate their activities and expand their innovation ecosystem by inviting leading corporates, financial institutions and other entrepreneurs to participate. For more detail see [report.businesscommission.org](http://report.businesscommission.org).

**"20 countries in the EU will double the average share of public R&D in clean energy."**

These are examples of a wide range of mechanisms now being used to accelerate the development of new products and services aimed at specific societal goals. Many countries have very substantial public resources committed to this “mission-driven” approach to innovation – notably the US, whose DARPA and ARPA-E platforms have made critical, catalytic interventions in disruptive technologies ranging from the internet through to the autonomous vehicle.<sup>160</sup> Another example is the Danish-led initiative Global Green Growth Forum (3GF), which currently convenes 23 such partnerships.<sup>161</sup> The private sector has much to gain from partnering with such initiatives.



## 4. SUSTAINABLE FINANCE

### Key Points

- **Unlocking the US\$2.4 trillion a year additional investment needed to achieve the Global Goals depends on orienting the global financial system towards long-term sustainable outcomes.**
- **In principle, there is no shortage of capital given that total financial assets stand at more than US\$290 trillion and are growing by five percent a year.**
- **However, investors place a high premium on liquidity in their choice of assets, despite mounting evidence of the long-term outperformance of more sustainable investments.**
- **Three critical areas of action for business leaders to unlock Global Goals investment are:**
  - Creating an open-access and standardised system for companies to report on their performance on the Global Goals and enable sustainability benchmarking;
  - Plugging the global infrastructure gap with a massive scale-up in the availability of blended finance to share risks between public and private investors; and
  - Aligning financial regulation with the Global Goals, extending the work of the Financial Stability Board's Taskforce on Climate-Related Disclosures, and helping to make sustainable asset classes more investible at lower cost.

Business leaders who adopt the Global Goals as a growth strategy can do a lot to unlock the significant amount of long-term public and private investment needed to achieve them. The UN Sustainable Development Solutions Network (SDSN) values the total additional investment needed to achieve the Global Goals in all countries at US\$2.4 trillion a year, around 11 percent of annual global savings, with the lion's share – around US\$1.6 trillion – needed for infrastructure.<sup>162</sup>

There should be a big enough supply of capital available to finance the Global Goals. Financial assets currently exceed US\$290 trillion and are growing at five percent a

year.<sup>163</sup> Nearly US\$100 trillion is invested in pension funds, insurance companies and investment funds, including sovereign wealth funds.<sup>164</sup> As of November 2016, over US\$11 trillion was invested in negative yielding sovereign bonds – capital that could be invested more productively elsewhere.<sup>165</sup>

However, that seemingly ample capital supply won't meet the investment demand generated by the Global Goals without major changes in the financial system. The main trouble is that too many investors want immediate results. Over half of CEOs report feeling under pressure to deliver financial results within a year or less, leading many to prioritise immediate shareholder rewards over investments for the future.<sup>166</sup>

Achieving the Global Goals depends on aligning the global financial system with sustainability and long-term outcomes. But the financial system consists of tens of thousands of institutional participants – including regulators, banks, insurance companies, stock and bond exchanges – and billions of individual market participants.

Lengthening the investment horizon of so many market participants and attracting them to sustainable investments in line with the Global Goals requires clear thinking, individual and sectoral action and unprecedented collaboration between the public and private sector. The financial sector is highly innovative and responsive to opportunity (see *Box 10: Innovations in finance that can progress sustainable development*). The Commission has identified three areas of action for business leaders to pursue in response to the Global Goals opportunities: standardising and simplifying sustainability reporting; unlocking public and private investment in infrastructure; and aligning financial regulation and investment principles with sustainable development.

Rapid progress in these three areas will help investors, businesses and governments to achieve the universal benefits of sustainable development in a joined-up fashion, and to share in those benefits themselves. But we recognise that financial customs and investment communities differ in different jurisdictions: the actions we suggest under the principles below are to be refined and adapted appropriately.

## 4.1. Simplifying reporting of environment, social and governance (ESG) performance

Research shows that companies managed with a long-term ESG-friendly approach and a clear focus on sustainability perform better financially than those that aren't. A study by Harvard and London Business Schools found that a dollar invested in

1993 in a value-weighted portfolio of high sustainability firms would have grown to US\$22.60 by 2010, compared with US\$15.40 for low sustainability firms.<sup>167</sup> Growing numbers of financial sector leaders recognise the investment case for sustainability. Signatories to the UN Principles for Responsible Investment accounted for US\$59 trillion of assets under management as of April 2015, a 29 percent year-on-year increase.<sup>168</sup>

### "Taking action on climate change is the 'new normal' for investors."

Many institutional asset owners – particularly pension schemes and insurance companies – are alive to the potential of their money to influence the wider economic system. For instance, in late 2016, HSBC placed £1.85 billion of its UK employees' pension savings into an environmentally-friendly fund.<sup>169</sup> The HSBC pension fund's chief investment officer described taking action on climate change as “the new normal” for investors.

However, it isn't easy for investors to discover which investments will have the most impact on sustainability. If all companies financed by the system were paying “real” prices reflecting the true costs of externalities (see Section 3.7), then investors and their financial intermediaries would be able to compare companies' sustainability performance by comparing their financial performance. But achieving accurate prices across the economy will take time. Until then, investors rely on companies' ESG reporting to compare their sustainability performance. Unfortunately, there are as yet no agreed standards for measuring sustainability performance equivalent to international accounting standards, and no publicly available or recognised league tables, making that comparison difficult.

The past 15 years have seen significant growth in disclosure of corporate performance on sustainability. There has been a huge rise in interest in responsible and sustainable investment among asset managers and owners and rapid growth among companies providing ESG analysis, such as Vigeo, EIRIS, MSCI and Sustainalytics. Now 92 percent of the world's 250 largest companies report on sustainability.<sup>170</sup>

Most fund managers now claim to include assessing ESG performance in their investment process. However, even the largest institutional investors with teams of 30-40 professionals in their ESG units, can only cover ESG for 1,000 companies in any serious way, in an investible universe of up to 30,000 companies. The challenge is an order-of-magnitude higher for smaller investment houses.

### "82% of CEOs are unhappy they can't compare sustainability reporting between peers."

The lack of a standardised system for reporting on ESG performance is the main reason ESG analysis is time-consuming and expensive. In its absence, different companies use different reporting standards. There's the international Global Reporting Initiative, country-specific schemes like the UK's Connected Reporting, and principles ranging from the UN Global Compact to the OECD's Guidelines for Multinational Enterprise. There are also quality standards, like ISO 26000 on social reporting; issue-specific standards like those of the Carbon Disclosure Project; reporting frameworks that focus on materiality, like the Sustainability Accounting Standards Board's; and ones that focus on broad brush strategy, like the International Integrated Reporting Council's approach.<sup>171</sup>

This profusion of frameworks is a headache for investors, 79 percent of whom say they are unhappy with their ability to compare sustainability reporting between companies in the same industry.<sup>172</sup> CEOs lose out too. When everyone uses different frameworks, there's no way to benchmark performance against competitors, or use high performance scores to build trust among customers, staff and the public. And it is harder to make the quantitative case that investing in sustainability brings better returns.

Moreover, much of the existing analysis of relative corporate ESG performance remains inaccessible to individual asset owners and civil society because of high paywalls, lack of transparency in methodology, or the complexity of reporting. As a result, individual investors and civil society cannot hold companies effectively to account for investing in and promoting good corporate performance on sustainable development. And companies have insufficient motivation to improve on their corporate sustainability performance.

The Commission believes that publicly listed companies should decide on simple, clear metrics to report annually to stakeholders. These metrics should be standardised across industries and geographies to allow for easy comparison by investors. We will advocate to investors to monitor progress in this direction and to build these metrics into their ESG assessment of companies. We urge other business and financial service leaders to do the same.

### **"The Commission supports building corporate Global Goal benchmarks."**

We strongly support the creation of corporate Global Goal benchmarks that harmonise and build on existing corporate reporting requirements and frameworks. Once companies report consistent data over time, comparable with others in their respective sectors, benchmarks can be developed. From this position, it is a short step to compiling "league tables" of company progress towards alignment with the

Global Goals. Such tables would for the first time enable the leaders and boards of companies, policymakers, civil society and retail investors to quickly and easily compare the relative performance of companies within a sector, over time, on a range of Global Goals relevant to the sector. This process would need to be governed by an independent, non-political institution, to ensure no conflicts of interest from the private or public sector.

The greater the number of companies in a sector participating in and leading this process, the more relevant the Global Goal benchmarks will become to all the companies in the sector. A well-designed benchmarking process allows individual companies to decide for themselves how to develop sustainably, in line with the Global Goals, while at the same time setting them all on a competitive “race to the top”. The global insurer, Aviva, has proposed such a concept and its proposal has been endorsed by the UK government. (See *Box 8: Transparent reporting starts a race to the top* for a forerunner in the pharma sector.)

#### **Box 8: Transparent reporting starts a race to the top**

The Access to Medicines Index provides a model for benchmarking performance related to Global Goals.<sup>173</sup> The index, published every two years by non-profit foundation Access to Medicines, analyses the performance of the top 20 pharmaceutical companies on improving access to medicines, vaccines and diagnostics in low- and middle-income countries. Making this sector data transparent motivates all the companies in the group to make their products more accessible. In effect, it has started a “race to the top” on the issue in the sector.

More broadly, financial actors can strengthen sustainability teams and make sure sustainable development is at the heart of their dialogue with business leaders, not just the “back page”. Business leaders can help to clarify this dialogue by making statements of their strategy for long-term value creation and describing in explicit, quantitative terms how their investments in new business models, products and value chains related to Global Goals will drive improvement in the bottom line, reduce risks and improve the quality of earnings. Business leaders should also educate and encourage stakeholders to look beyond some of the quarterly reporting items and focus on the basis of the business’s longer-term sustainability. More boldly, some business leaders may choose to end the practice of issuing earnings guidance and quarterly profit reporting altogether.

Lastly, driving progress in this direction would be an appropriate responsibility to give to a non-executive board director accountable for implementing a company’s



strategic alignment with the Global Goals (see Section 3.5). Investors can directly support the appointment of a director with this responsibility wherever they have a vote in the election of board directors. Corporate Governance Codes, in particular, the G20/OECD Corporate Governance Principles, could also advocate this approach to leadership responsibility for advancing sustainable investment.<sup>174</sup>

## 4.2. Unlocking infrastructure investment

Investment in sustainable infrastructure is the type of investment most critical to achieving the Global Goals: gains from most other types of investment depend on the supporting infrastructure being in place. Economists generally consider infrastructure investment as a key to growing the productive capacity of an economy. The IMF has estimated that in advanced economies, a one percentage point increase in infrastructure investment leads to a 0.4 percent rise in GDP in the first year and up to 1.5 percent rise in GDP four years out.<sup>175</sup> According to some estimates, a one percent increase in infrastructure spending could increase employment in India by 3.4 million jobs.<sup>176</sup>

To achieve the Global Goals, infrastructure is needed in a range of sectors – energy, transportation, agriculture, water – and in many forms, from schools and hospitals to broadband networks giving high-speed Internet access. However, unlocking the infrastructure investment needed to achieve the Global Goals requires tackling the obstacles that are choking the flow of capital to infrastructure generally.

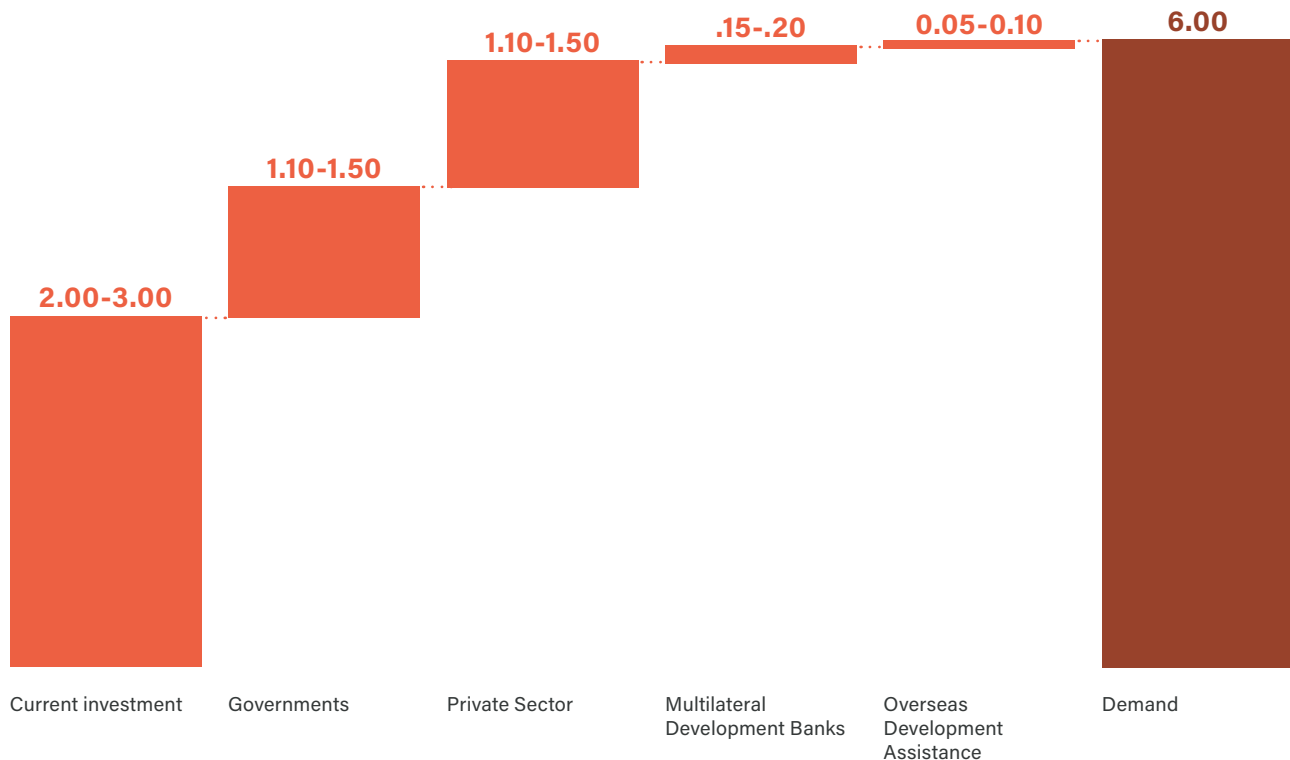
**"Over 70% of needed infrastructure investment will be in emerging and developing economies."**

The total estimated infrastructure investment needs across the global economy amount to US\$90 trillion over the next 15 years, or approximately US\$6 trillion per year.<sup>177</sup> Over 70 percent of the projected investment will be needed in emerging and developing economies.<sup>178</sup> Such large infrastructure investment could have the additional benefit of reigniting global growth. However, based on current levels of investment from public and private sources, the next 15 years will see a US\$2-3 trillion annual shortfall in infrastructure investment.<sup>179</sup> (These are higher estimates than the SDSN figures mentioned earlier due to differing methodologies, but both show a significant, multi-trillion dollar investment gap in global infrastructure.) Exhibit 13 shows possible sources of finance to fill the gap.

### EXHIBIT 13:

## Proposed annual incremental financing from different sources to close infrastructure gap

US\$ trillions, constant 2010 dollars



Source: New Climate Economy: *Driving sustainable development through better infrastructure: key elements of a transformation program.*

Making good the shortfall from these sources – and in the process ensuring that Global Goals infrastructure projects are fully financed – will require a significant overhaul in infrastructure financing mechanisms globally. The current architecture of public and private financing for core infrastructure is not yet up to the task. Historically, there has been a sharp distinction between, on the one hand, public sector projects funded by governments, multilateral development banks (MDBs) and overseas development assistance (ODA), and on the other hand, private sector growth funded by commercial banks and private investors.

One solution is to make greater use of the ability of development finance institutions (DFIs), which include the MDBs together with sovereign wealth funds (SWFs), to mobilise much more private finance, including through blended finance. This emerging practice involves the strategic use of public capital to leverage multiple

amounts of private capital. Specifically, blended finance entails public funders using market-driven risk mitigation tools to mobilise multiples of additional private capital, as outlined in the work of the Redesigning Development Finance Initiative, led by the World Economic Forum and the OECD.<sup>180</sup> It is a striking example of the concept of “billions to trillions” coined during the 2015 Spring Meetings of the World Bank Group and IMF.<sup>181</sup> The concept envisages converting billions of official development assistance into trillions of private capital supporting investment in developing countries.

Other obstacles currently restricting infrastructure financing include a shortfall in DFIs’ lending capacity, lack of private investment generally, lack of focus on project preparation, poor legal frameworks and protection for private investors, and the limited availability of a liquid asset class for private investors.

Closing the global infrastructure investment gap needs long-term thinking and greater collaboration between public and private entities, from the project-level up to institutions. The Commission believes that business and financial sector leaders can contribute to closing the gap in the following ways.

First, they can advocate for different kind of public sector engagement in infrastructure in many regions of the world. Historically, most infrastructure spending has come from public sources. However, as noted above, many developed countries, like the United States, have significantly decreased public expenditure on infrastructure. Governments may be constrained in putting a lot more money into infrastructure at present but they can do three other things to make sure projects in line with Global Goals get the funding they need. They can attract more finance from other sources by being more consistent in how they structure the finance for major projects. For example, they can take on unusual planning or unproven technology risks, reducing the risk for other investors. They can improve legal frameworks and protections for private investors. And they can increase the credibility of public institutions involved in executing projects on the ground. Business leaders should advocate strongly for these practical actions that would enable greater private sector participation in infrastructure investment and operations.

Second, business leaders can support the revitalisation and re-orientation of DFIs. Their power to raise blended finance makes them a critical bridge between private investment and public projects. (See *Box 9: Hydroelectricity from blended finance*). The World Bank, for instance, can raise US\$28 from international markets for every dollar put in to the bank as paid capital<sup>182</sup>, as can the International Finance Corporation (IFC), which has financed over US\$200 billion of private sector projects in a variety of sectors on the basis of only US\$2.6 billion of paid-in capital.<sup>183</sup> The IFC has now established its own fund business to manage third-party capital as well.<sup>184</sup> In addition, a recent Standard & Poor analysis estimated that, under certain

assumptions, the 19 largest multilateral lending institutions could increase their credit exposure by US\$1 trillion without losing their current credit ratings, provided the right project selection criteria are in place.<sup>185</sup> Despite this potential, at present the eight major MDBs, excluding the European Investment Bank, invest only US\$35-40 billion a year in infrastructure.<sup>186</sup>



Photo credit: Flickr / asiandevlopmentbank

The Commission believes that the capital base of the MDBs and also the major regional development banks and DFIs should be expanded significantly and their business models re-directed towards mobilising private finance into all areas of Global Goals financing, including infrastructure.<sup>187</sup> Recognizing the critical role of the private sector in achieving the Global Goals, the three-yearly funding commitments made to the International Development Association (IDA) in December 2016 for the first time includes a private sector window to promote blended financing of development projects. The recent announcement that the World Bank is partnering with BNP Paribas to launch a set of equity-index linked World Bank bonds, in which the index is based on companies selected for their SDG

alignment, is a further innovative step in the right direction. The Commission also believes that domestic DFIs should be strengthened and directed towards sustainable finance solutions.

The need for more blended finance mobilised by these institutions has never been greater: if executed well, it could be the single most important lever for delivering the Global Goals. An efficient blended finance strategy, one that crowds in US\$20 of private capital for each public dollar, could raise the additional US\$2.4 trillion a year needed for sustainable infrastructure development at a yearly cost of only US\$125 billion of public capital. Despite fiscal constraints in many countries, this aggregate amount of public investment seems feasible. However, a less efficient model, crowding in just US\$5 of private capital for every public dollar, would require up to US\$500 billion of additional public investment a year. This would be much harder to finance.

### "Blended finance is too important to the Global Goals to get wrong."

Data from blended finance initiatives across countries, institutions, instruments and asset classes indicates big variations in their efficiency, with ratios of private to public capital ranging from two to one all the way up to the mid-20s to one. The Commission therefore believes it is time to take a fresh strategic look at how best to mobilise and deploy blended finance to drive sustainable investments. Blended finance is a lever whose ability to deliver the Global Goals infrastructure investment is too important to get wrong.

There are major new pools of capital, including in the developing world, which need to generate stable, long-term positive rates of return. There is increasing appetite to invest in asset classes that could provide additional diversification, less correlated to the main equity and bond markets, and options for large institutional investors to hedge their accumulated exposure to climate and other key risks. A growing group of private investors, both millennials and older individuals, is now benefitting from inter-generational wealth transfers and appears willing to pay more attention to the total returns of their investments. This is expanding the potential for blended finance beyond infrastructure to new fields, such as sustainable agriculture, social housing, girls' education and off-grid clean energy provision. Leading global companies are also accessing development finance to improve the social and environmental performance of their supply chains and, in some cases, extending those supply chains into frontier countries and regions.

In 2017, the Commission will therefore seek to mobilise a task-force of leading institutional investors, sovereign wealth funds, development finance institutions and private companies to lay out a potential "blended finance action plan" for delivering



the Global Goals. Its aim will be to answer the question: “what is the most efficient way to mobilise the incremental US\$2.4 trillion a year needed to deliver the Global Goals?” By including key stakeholders in the work, it will put more emphasis on action than on planning.

#### **Box 9: Hydroelectricity from blended finance**

Today, the Nam Theun 2 (NT2) hydroelectric dam is generating electricity in Laos, one of Asia’s poorest countries, and generating national income as well.<sup>188</sup> On track to generate US\$2 billion in revenues over 25 years, the 1,070-MW plant could contribute significantly to development and poverty reduction in Laos.<sup>189</sup> The US\$1.3 billion dam was jointly financed by a host of multilateral development banks, bilateral funding agencies and commercial banks from around the world. In all, 27 parties were involved, including the World Bank, Asian Development Bank and French Development Agency AFD to BNP Paribas and Fortis Bank. While a portion of the electricity generated stays at home, the bulk is exported to Thailand under a 25-year fixed-price power purchase agreement, meaning a big income boost for Laos.<sup>190</sup> That revenue is largely reinvested in programmes to tackle poverty, boost health and education, and improve environmental management domestically. The Nam Theun 2 Power Company, whose owners include Electricité de France, the Laos government, the Italian-Thai Development Public Co Ltd. and Thai power producer EGCO, have also sought to mitigate environmental and social impacts, investing heavily in local conservation efforts as well as new housing and infrastructure on the Nakai Plateau.<sup>191</sup> For more detail, see [report.businesscommission.org](http://report.businesscommission.org).

The third thing business leaders, particularly those from the financial sector, can do to unlock infrastructure finance is to support the creation of a global, liquid asset class for infrastructure investments. Instruments for financing infrastructure are highly heterogeneous: they finance projects in different kinds of sector (energy, transportation, social and more); create different assets (debt, equity); and are subject to different regulations depending on geography.<sup>192</sup> This makes creating a tradable, liquid asset class for infrastructure investments very complicated. But despite its complexity, leaders in the global financial industry should make this goal a top priority over the next five years. Progress has been made recently, for example, by the European Financial Services Roundtable.<sup>193</sup> Now more effort is needed. The Commission will try to put this topic on the G20 and Financial Stability Board agenda for 2017.

## 4.3 Aligning regulation with investment

Global finance is a highly-regulated industry. Banks, insurance firms, stock exchanges, asset managers, public pensions and other institutional participants are regulated by national and supra-national entities ranging from Central Banks to dedicated financial regulators. If many financial market participants are to significantly alter their practices and align themselves with sustainable development, financial regulation must first permit them to make these changes.

Since the 2008 crisis, regulators have revamped a wide range of banking, insurance and investment rules to enhance stability and reduce the risks of excessive leverage and complexity. Resulting measures include Dodd-Frank in the US, Solvency II in the EU and Basel III's global standards on bank capital adequacy, stress testing, and liquidity risk.

Though all well-intentioned, some aspects of these reforms are having unintended negative consequences for sustainable development. Basel III will impact the availability of bank lending to long-term projects, such as infrastructure, by raising capital charges for such loans. The impact of the insurance regulation Solvency II on European institutional investors is similarly significant: one estimate suggests that insurers who invest in large-scale wind-farm assets in Europe need to reserve US\$12 million of equity capital for every US\$100 million invested, while the reserve requirements for an equivalent investment in Canada is only US\$3 million.<sup>194</sup>

There are some indications that regulatory bodies are considering proposals even more damaging to prospects for the Global Goals. Business leaders who are serious about the transition to a sustainable economy can help push financial regulation in the right direction by showing how a sustainable approach fits with the goals of post-crisis regulatory policy. More sustainable regulations would reduce systemic risk. By enabling the right type of long-term investment, they will contribute to growth-boosting, much needed infrastructure and provide better returns for individual investors in a low-yield environment at the same time. In particular, global rule-setting bodies, like the Bank of International Settlements, International Monetary Fund, International Accounting Standards Board and the International Organisation of Securities Commissions, need to test thoroughly the impact of any proposed standards and mandates (which are likely to be relatively short-lived) on achieving the longer-term Global Goals and the global climate target of remaining below two degrees of warming.

**"More sustainable regulations would reduce systemic financial risk."**

Regulators should consider whether their actions are unnecessarily constraining businesses and finance providers that would otherwise be doing more for the Global Goals. The G20 and Financial Stability Board (FSB) should consider inserting the principle of sustainability into their regulators' mandates. More specific remedies could include: Global Goals-related Risk Reduction, which would refine the Basel rules on determining risk weighting to take into account the contribution of a bank's financing to the Global Goals; improving pension and insurance regulations to enable institutional investors to invest more in emerging market infrastructure; improving regulations to enable bond issuance and investment for long-term, sustainable finance for various sectors; and stronger certification and ESG standards for green bonds and climate bonds.

Another essential job is to build on the work of the Financial Stability Board's (FSB's) Task Force on Climate-related Financial Disclosures (TCFD).<sup>195</sup> Under Michael Bloomberg's chairmanship, the TCFD is developing voluntary, standardised climate-related financial risk disclosures for companies to use when providing information to investors, lenders and insurers. It will be the role of business leaders, along with civil society, to ensure that take-up of the recommendations is universal. The task force has a particular focus on the physical, liability and transition risks associated with climate change. We believe that the next challenge could be for the FSB to extend this approach to other areas relevant to achieving the Global Goals, starting with broader environmental issues, like water and land use, and moving on to social issues.

At the national level, meanwhile, business leaders can help push countries to develop national sustainable finance roadmaps. The UNEP Inquiry into the Design of a Sustainable Financial System has done excellent work in partnership with national governments and regulators in a series of countries including Indonesia, China and the United States.<sup>196</sup> These roadmaps include articulating how the regulation of financial actors – banks, insurance companies, institutional investors, and capital markets – needs to evolve so as to support sustainable development, promoting not only sustainable infrastructure investment but also financial inclusion, SME financing and more.

#### **Box 10: Innovations in finance that can speed progress on the Global Goals**

Some of these ideas have been in the market longer than others, but all can directly support the Global Goals for Sustainable Development.

**Development impact bonds (DIBs)** enable private investors to provide upfront funding for development programmes, with international aid donors or country

governments making the repayments and an additional coupon if evidence shows that programmes achieve pre-agreed outcomes.<sup>197</sup> In Swaziland, for example, aid donors are exploring using a DIB to fund a new approach to antiretroviral treatment for HIV and TB – allowing them to share risks with private investors while also gaining from the private sector’s skills in complex coordination and performance management.<sup>198</sup>

**Green bonds** are conventional bonds, issued by corporations, cities, commercial banks, development banks or national governments, whose proceeds are earmarked for projects with climate or other environmental benefits. The first “labelled” green bond was issued by the European Investment Bank in 2007.<sup>199</sup> By 2015, US\$42 billion of green bonds were issued.<sup>200</sup> Estimates suggest that up to US\$100 billion of green bonds could be issued by the end of 2016.<sup>201</sup> There are still concerns about the lack of a consistent definition for what makes a bond “green”; pressures for standardisation and independent verification are growing. The faster one set of common market standards and practices emerges, the faster green bonds will become both more liquid and also more efficiently priced. This is essential if green bonds are to scale; today they account for significantly less than 0.5 percent of the total bond market.<sup>202</sup>

**Crowdfunding platforms** use the internet’s capacity to reduce transaction costs as a way to enable large numbers of people to invest small amounts of money (primarily through debt, but increasingly through equity as well).<sup>203</sup> The website Kiva, for example, has matched 1.6 million lenders to 2.2 million borrowers since its launch in 2005, with a total of US\$949 million lent via the site.<sup>204</sup>

**New insurance** mechanisms are creating powerful new ways of building resilience among some of the world’s poorest people and countries. These are the least likely to hold insurance, with 70 percent of global economic losses resulting from uninsured risks.<sup>205</sup> In the Caribbean, for example, where flood and tropical storm damage has caused over US\$5 billion of damage in the last 30 years, new weather-index based insurance products are providing cover to low-income people and lending institutions exposed to climate losses to help them manage the risks of more frequent and severe extreme weather events.<sup>206</sup>

**Blockchain** or mutually distributed ledger systems are creating new ways of keeping records securely and across multiple locations. All users “hold” the ledger in a distributed fashion, transforming the role of “trusted” third parties.<sup>207</sup> Already, the technology is being used for applications as diverse as land ownership registries, individual identity records, and custody of natural assets like fish or forestry products.

## 5. RENEWING THE SOCIAL CONTRACT

### Key Points

- **Achieving the Global Goals that meet basic needs and protect human rights (the social goals) is a business imperative as well as a moral one.**
- **Failure on the social goals has huge economic costs – rising inequality has knocked more than 10 percentage points off growth of some economies. Women still earn 25 percent less than men on average for comparable work.**
- **More than 600 million new jobs are needed over the next 15 years to match growth in the global workforce. Youth unemployment is already at 13 percent; automation risks are significant. This outlook makes the potential for the Global Goals to deliver more than 380 million jobs even more vital.**
- **Today 20-40 million workers are trapped in forms of modern slavery. More than 150 million children are working in the fields, mines, workshops, and rubbish dumps, the informal dark side of the world economy.**
- **Trust in business continues to fall. Business can honour the terms of their social contract to regain society's trust by:**
  - Adhering to high standards of behaviour;
  - Supporting sectoral coalitions that raise standards across the competitive playing field for all players;
  - Paying their taxes transparently like everyone else;
  - Using their influence to advocate for policies in line with the Global Goals; and
  - Developing good jobs with decent pay along the whole of their supply chains in a way that fully respects the UN Guiding Principles on Human Rights.



More than half of the Global Goals aim to meet basic needs and to include, empower and protect those currently disadvantaged in society. Along with Goal 16 – Peace, Justice and Strong Institutions – these societal Global Goals are also moral imperatives for countless individuals in the business community.

Achieving these Global Goals for human society is a business imperative too. As noted in Section 2, without improvement in the incomes, health, rights and education of the great majority of the world's working men and women and better social protection, the business opportunities arising from sustainable development will not materialise. To take one example, income inequality in emerging and developed economies reduces business growth. The OECD's 2014 analysis of the impact of income inequality found that rising inequality knocked more than 10 percentage points off economic growth in both Mexico and New Zealand in the two decades before the global financial crisis.<sup>208</sup>

Achieving these goals is a business imperative for a further urgent reason. The financial crisis and events since have engendered a deepening crisis of trust in business and with it the risk of increasing social and political unrest. Trust in large corporations, particularly in major financial institutions, has eroded among many members of civil society (in which we include both NGOs and citizens) and governments. Businesses and their sector peers working with integrity in all their activities to pursue the social Global Goals can regain the trust of these parties in the social contract because all will be pulling in the same direction: a sustainable, more inclusive world, which will be a better world for business too.

**"Trust in big business has eroded. The Global Goals can help restore it."**

This section looks at ways that businesses can earn that trust, first through their direct influence on creating decent jobs and supporting training and education against a difficult outlook for global employment. Second, by forging a new social contract based on social dialogue with civil society and government.



Photo credit: Flickr/nyusternbhr

## 5.1 An uncertain outlook for employment

Society has made progress in recent years. Between 1988 and 2008, the poorest third of humanity saw their incomes rise by 40-70 percent, with those of the middle third rising by 80 percent.<sup>209</sup> The proportion of people in extreme poverty declined by more than half between 1990 and 2015, as did the number of children who die before the age of five.<sup>210</sup> However, over 750 million people still lived in extreme poverty in 2013, the most recent year for which data are available.<sup>211</sup> And women have benefited less than men – whether on pay, seniority or access to decent jobs.

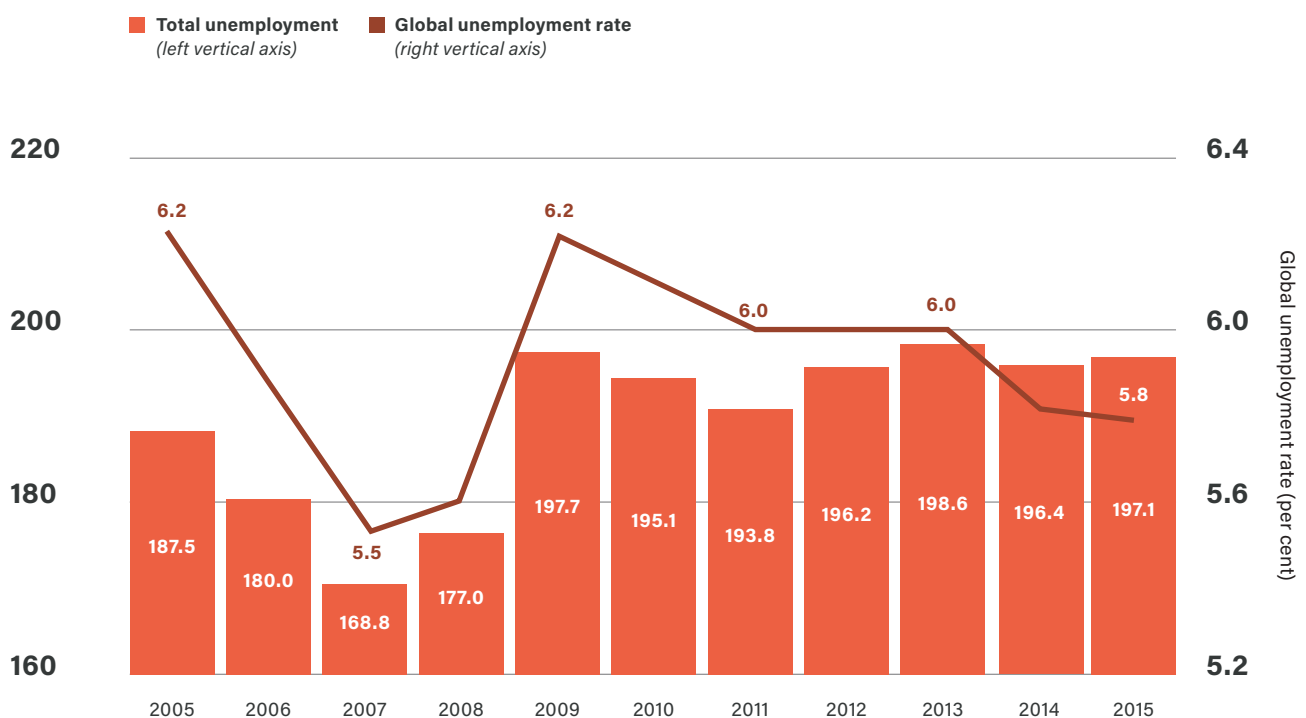
Some of the gains are fragile too: many who escaped poverty in the last 15 years could slide back in if growth slows. Moreover, automation driven by the “fourth industrial revolution” – the fusion of technologies that is increasingly merging the physical, digital and biological spheres – could have a huge impact on the number and location of jobs across the world, and raise big questions about how to protect incomes for the unemployed.

**"If growth slows, many could sink back into poverty."**

By 2030, there will be seven percent more people aged 15-24, over 80 percent of them in Africa or Asia.<sup>212</sup> Overall, 600 million new jobs are needed over the next 15 years to match growth in the global workforce.<sup>213</sup> Global unemployment today stands at 5.8

percent, or 200 million people worldwide – still well above the pre-crisis level of 5.5 percent in 2007.<sup>214</sup> (Exhibit 14) And young people are much more likely to be out of work or underemployed: in 2014, youth unemployment worldwide was 13 percent.<sup>215</sup> If development leaves young people behind, they could easily become a source of dependency, anger and instability.

## EXHIBIT 14: Global unemployment rate and total unemployment, 2005-15



Source: ILO calculations based on ILO Research Department's *Trends Econometric Models*, November 2015.

More automation could push unemployment higher. As artificial intelligence, software and robotics take on more work from humans, there may simply be less work to be done. Then more radical options may be needed to guarantee that people's basic needs are maintained. These include the idea of a universal basic income, a form of social security in which all citizens or residents of a country regularly receive an unconditional sum of money, either from government or from some other source. This is currently the subject of a major study funded by Silicon Valley seed accelerator Y Combinator.<sup>216</sup> Given the structural challenges in many labour markets,

there is a mounting case for considering more radical fiscal approaches such as shifting taxation away from income (especially on incomes below the median income line) towards resources, carbon pollution and land. Beyond income, essential services including health care, education, child-care and care in old age form the foundation of sustainable society.

## 5.2 Providing decent work and more jobs

How can businesses pursuing the Global Goals respond to the likelihood of the next wave of automation having even more radical consequences for employment than previous technological revolutions? The Commission would encourage business leaders to work with civil society and governments on developing market opportunities with the greatest potential to create growing amounts of decent work in well-paid jobs.

Private business already creates most of the world's jobs: in developing countries, 90 percent of jobs are in the private sector,<sup>217</sup> while among OECD countries the pre-crisis average was around 85 percent, a figure likely to have risen since because of public sector austerity programmes.<sup>218</sup> In today's employment context creating the estimated 380 million new jobs in business that arise from achieving the Global Goals (see Section 2) becomes all the more important. They could account for more than 10 percent of the estimated global workforce in 2030. Equally important is making sure all the jobs in a business provide decent work and that no-one is left behind.

**"The Global Goals could deliver 380 million new jobs in business."**

At a minimum, business leaders are expected to ensure that jobs throughout their supply chains are physically safe, and to be ready to show how they are making sustained efforts to tackle unsafe working conditions, child labour and modern slavery. Today, job-related injuries and sickness kill more than 2.3 million people every year.<sup>219</sup> Around 21 million people work in forms of forced labour (some estimates suggest up to 40 million).<sup>220</sup> And 168 million children are involved in child labour, half of whom are in hazardous work.<sup>221</sup> They are embedded, invisibly, in the first mile of almost every global value chain – from mining to garments to food and agriculture to waste management.

Global businesses are also expected to have integrated human rights into their operations. While many companies have embraced the need to reduce their negative environmental impacts, much less progress has been made on their social impact. The UN Guiding Principles on Business and Human Rights<sup>222</sup> aim to bring this issue

to the centre of business practice, through helping companies identify how to reduce human rights risks along their entire supply chains – an approach that promotes sustainable development as well as reducing harm. These principles also create a formal responsibility on both states and businesses to protect human rights and decent work, and to provide effective grievance procedures and remedies against human rights abuses.

To help businesses meet this responsibility, the Better Work programme, a partnership between the International Labour Organization and the International Finance Corporation, helps enterprises to improve labour standards at the factory level through training and capacity building, and to increase competitiveness in global supply chains by increasing productivity and quality.<sup>223</sup>

There has been strong progress here. Since 2000, there has been an 80 percent increase in global framework agreements between multinational firms and global union federation, where companies consent to respect workers' rights and to promote decent work globally within their subsidiaries and along their global supply chains.<sup>224</sup> And many new and effective business-NGO platforms have formed to help companies uphold human rights throughout their operations. These include ACT in the fashion sector (see *Box 11: Action, Collaboration, Transformation*), the Ethical Trading Initiative in food and agriculture, the Bangladesh Accord, and the Malawi 2020 Tea Rehabilitation Programme.<sup>225</sup>

#### **Box 11: Action, Collaboration, Transformation**

The recently established apparel sector initiative Action, Collaboration, Transformation (ACT) describes itself as an “initiative between international brands and retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment sector. It aims to improve wages in the industry by establishing industry collective bargaining in key garment and textile sourcing countries, supported by world class manufacturing standards and responsible purchasing practices”.<sup>226</sup> One of ACT's roles is to examine the purchasing practices of brands and retailers and how they affect wage levels. Through this work, companies understand their influence on suppliers and also tackle instances where particular actions or their business models in general hinder progress towards living wages. ACT makes a clear business case for industry collective bargaining agreements.

Through such approaches, workers and communities become more aware of their rights. Paying living wages ensures that families can support themselves, educate their children, and cope with periods of sickness or other contingencies. Business



can engage with communities as partners in protecting and sustaining their livelihoods and in making sure women and girls can be free of sexual harassment and discrimination.

Companies can have a particular influence on gender equality by prioritising progress in their workforces. There is still a very long way to go to ensure a fair deal for women – above all in developing countries, where structural gender discrimination is a central issue in poverty and development. At current rates, it will take 70 years to close the gender pay gap for those in direct employment and throughout supply chains<sup>227</sup>, with women worldwide earning nearly 25 percent less than men for doing the same work.<sup>228</sup> Across all major economies, women hold fewer senior business leadership positions than men.<sup>229</sup> They are also far more likely to work in informal, low-paid or undervalued sectors – 49 percent of working women are in jobs classified as vulnerable.<sup>230</sup> And women take on a disproportionate share of unpaid domestic care, with significant career consequences: 25 percent of women in the European Union cite care and family responsibilities as the reason for being out of the labour force, compared to just three percent of men.<sup>231</sup>

**"It will take 70 years to close the gender pay gap at this rate."**

Governments will also need to do more during this time of pronounced uncertainty and insecurity for many workers to help people retrain and cope with periods of unemployment. Sustainable business leaders can support government spending in this area and complement their efforts. One mechanism is support for active labour market policies such as training schemes, employment subsidies and public employment programmes. The amounts that governments spend on such schemes vary wildly. Belgium, Finland, the Netherlands and Sweden all spend one percent of GDP or more.<sup>232</sup> For Denmark, the figure is as high as 2.3 percent. However, the OECD average is 0.6 percent, and the US spends just 0.1 percent.

Another way companies can directly protect their workforces, especially workers at risk of redundancy, is through their own training and skills programmes. While the nature of skills needed in the economy of 2030 remains unsure, low skilled workers are likely to be most at risk of long-term redundancy in an increasingly automated economy.

## **5.3 Providing training and skills**

Education and training helps individuals to enter and succeed in labour markets everywhere. Moreover, the Commission's research shows that progress on Global Goal 4, Quality Education, is linked to improvement on more of the goals than

any other (see Section 2.3). Yet 263 million children and young people around the world are out of school.<sup>233</sup> Millions more are in school but not learning; UN figures show that at least a quarter of a billion children cannot read or count despite having spent four years in school.<sup>234</sup> In 32 countries – including many of the countries with the highest birth rates – fewer than 80 percent of 15-24 year olds can read.<sup>235</sup> Girls get a particularly bad deal: they are more likely than boys to be out of primary or secondary school in 63 developing countries.<sup>236</sup> Nor is underachievement confined to low-income countries: in the US, for instance, 38 percent of 17-18 year old students were assessed as “below basic” in mathematics.<sup>237</sup>



Photo credit:  
Flickr/iloasiapacific

Citizens look first to governments to provide education. But business leaders can be crucial to strengthening education systems by supporting policy shifts that address underlying systemic weaknesses. They can also make a more direct contribution by providing skills and vocational training to their workers. That means nurturing specific technical expertise as well as broader skills like problem solving and communication, fostering entrepreneurship, and building opportunities with traditionally marginalised or disadvantaged groups.<sup>238</sup> The new Education Commission (formally the International Commission on Financing Global Education Opportunity) launched in September 2015 will be exploring how over the next 15 years better education financing could lead to the Global Goals of greater economic growth, better health outcomes and improved global security.<sup>239</sup>

Public-private partnerships offer important possibilities too. Vocational education works well in countries like Germany, Singapore and Sweden partly because companies and worker representatives are closely engaged in curriculum design and training delivery, and partly because the education system is set up to help pupils cross the academic/vocational divide. (See Box 12: *Learning to train better*.)

#### **Box 12: Learning to train better**

Generation is an international organisation that has developed new ways to build skills and job readiness among unemployed and underemployed 18-29 year olds.<sup>240</sup> It has identified healthcare, technology, retail and skilled trades as sectors with high demand for entry-level jobs and puts students through intensive “boot camps” covering technical and behavioural skills matched to those industries, with regular feedback and mentoring.<sup>241</sup> Generation has a 91 percent job placement rate and graduates can expect to increase their incomes by two to six times immediately. Crucial to this success is its direct engagement with employers from the outset, securing commitments to provide graduates of the programme with jobs on completion.

Launched just two years ago, Generation – run by non-profit group McKinsey Social Initiative – is already one of the world’s largest youth training organisations, with programmes across 15 professions in five countries. By the end of 2016, it will have trained more than 10,000 young men and women and significantly boosted their chances of securing a decent living.<sup>242</sup>

The 400+ employers involved have been impressed too: 83 percent say Generation graduates outperform their peers, and 98 percent that they would hire from the scheme again.<sup>243</sup> This is even with operating costs that are 20-50 percent lower than comparable programmes, Generation says. It currently relies on donors, including McKinsey & Company and Walmart, for the bulk of its funding. But the programme plans to be self-financing by 2018, through fees charged to employers, students and governments convinced of the merits of its approach. By 2020, Generation aims to reach 1 million young people, and to have fine-tuned a model that could reach tens of millions more.

## **5.4 Forging a new social contract**

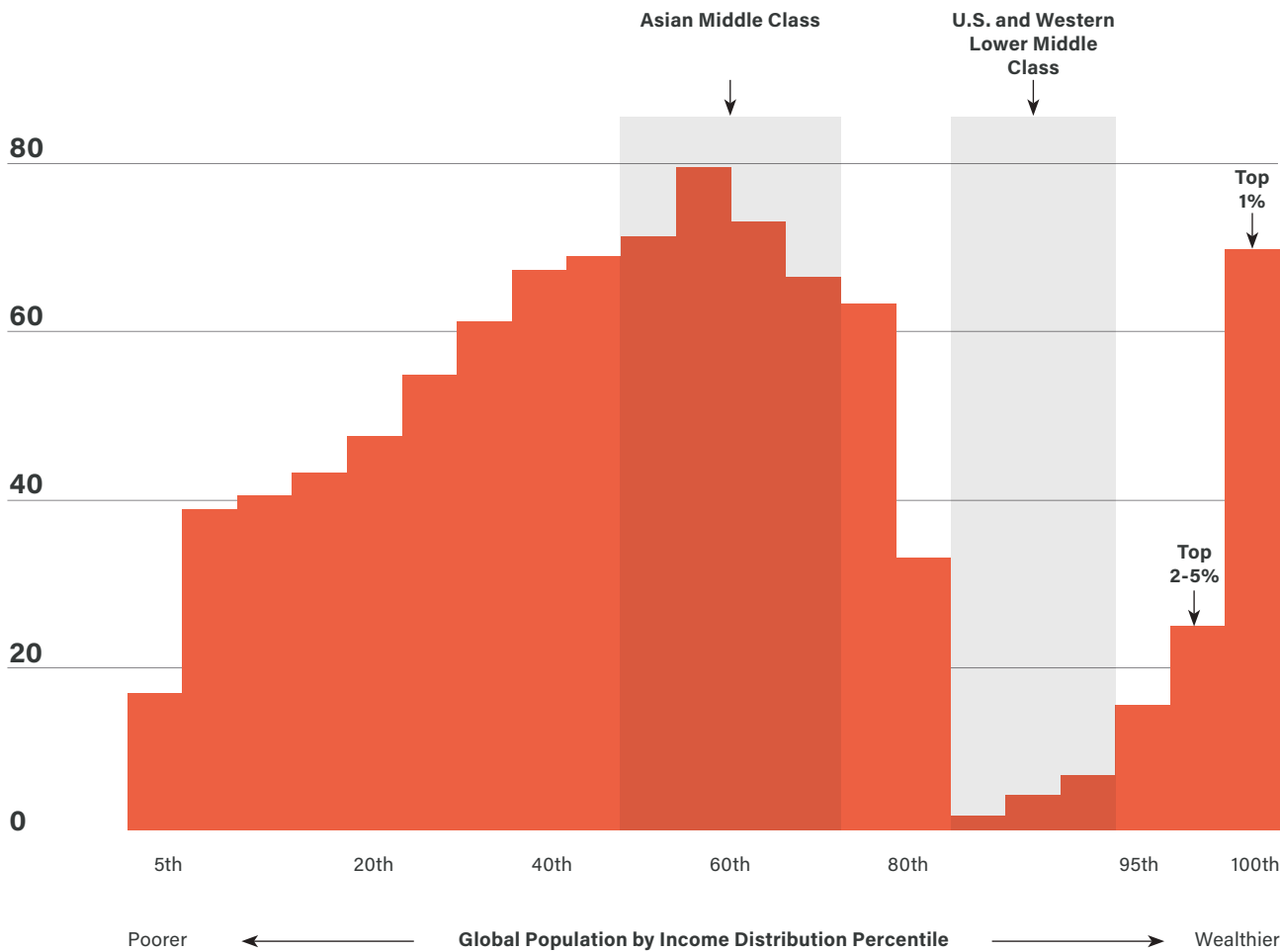
Trust in business is at a low point. In particular, people in developed economies “left behind” by globalisation have lost faith (see Exhibit 15). Economic insecurity and loss of status, dignity and identity have become major issues in those areas and

electorates are angry and fearful. Investors withdrew more than US\$200 billion from equity funds in 2016 in response to mounting concerns about political upheaval in developed economies and rocketing company valuations.<sup>244</sup> NGOs worldwide are probing discrepancies in some sectors between rising profits and executive pay on the one hand, and miserable pay and conditions for workers in the first links of the global value chains that supply them on the other. And governments as well as citizens in countries wrestling with low growth are impatient of companies' ingenuity in avoiding tax when cuts in public spending are straining the social fabric.

**EXHIBIT 15:**  
**Who has gained from globalisation**

The global 1% and the Asian middle class

Real income gains in percentage, 1988 to 2008  
100%



Note: Incomes are real, PPP-adjusted, in 2005 dollars

Source: Branko Milanovic

Companies that incorporate the Global Goals in their business strategy can restore public trust by pursuing that strategy with integrity. Taking this course automatically aligns their interests with civil society and government much more closely than has recently been the case. Over the past 30 years, the public and private sectors diverged, with the private sector left to its own trajectory by the “Washington Consensus” until the financial crisis called it into question.

Now, the public sector, civil society and, with growing momentum, the private sector are urgently pursuing the same Global Goals for Sustainable Development. They need each other to achieve them. There will be different emphases and difficult trade-offs to negotiate, but in principle all these stakeholder groups are pulling in the same direction. Trust will grow as they learn to work together. All three groups could renew a social contract with the following actions.

## 5.5 Actions for business

Companies can show their commitment to the Global Goals by respecting basic standards of behaviour enshrined in both the UN Global Compact principles and the UN Guiding Principles on Business and Human Rights. Consistently observing these across their activities gives companies the foundation for genuine and successful sustainable development leadership.

### **Box 13: Mars develops communities and business through sticking to five principles**

Mars, Incorporated has empowered people in the first mile of its value chain by adhering to the five principles that are the foundation of its culture – Quality, Responsibility, Mutuality, Efficiency and Freedom.<sup>245</sup> The principles act as a framework for developing target communities in low-income economies while simultaneously driving profits. Mars tracks a unique set of community development metrics: human capital measures such as worker capacity and satisfaction; social capital measures including trust, social cohesion and community capability for collective action and shared financial capital measures such as shared economic benefits. Over time, performance on these metrics has correlated consistently with sales performance.<sup>246</sup> Using these development metrics, Mars’ Kenya-based Maua programme has grown from seven micro-entrepreneurs at launch to include over 500 micro-entrepreneurs who generate more than US\$7 million in retail sales, the equivalent of over 20 percent of Wrigley Kenya’s annual revenue.<sup>247</sup>



### Unilever promotes health and well-being on a massive scale

As part of the Unilever Sustainable Living Plan, Unilever has set itself the goal of helping more than 1 billion people take action to improve their health and well-being, through programmes on handwashing, safe drinking water, oral health and self-esteem. A programme run by its Lifebuoy brand, the world's number one antibacterial soap sold in nearly 60 countries, aims to change the handwashing behaviour of a billion people by 2020 across Asia, Africa and Latin American.<sup>248</sup> This is the world's largest hygiene promotion programme. Since 2010, around 337 million children, parents and new mothers have been reached by its targeted ideas encouraging people to wash their hands.<sup>249</sup> Lifebuoy has developed a special approach for primary schools to make handwashing fun and engaging, so millions of children in poor and rural communities get the benefits of better hygiene. Lifebuoy is one of Unilever's Sustainable Living Brands, which were together responsible for almost half Unilever's growth in 2015, when they grew 30 percent faster than the rest of the business. For more detail see [report.businesscommission.org](http://report.businesscommission.org).

Secondly, companies should **pay their tax and disclose tax information transparently**. As noted in Section 4, tax revenue is a crucial source of public finance for sustainable development, and one that many developing countries in particular need to increase substantially. More broadly, we recognise that tax represents the consideration in the social contract between a state and its citizens.

**"The public mood is against companies that do not pay their taxes."**

We anticipate companies that avoid tax will face increasingly negative consequences in investment and consumer markets. MSCI, currently provider of the world's most widely used sustainable investment benchmarks, announced in late 2016 that it would significantly reduce the ESG ratings of companies that use aggressive tax avoidance policies from the beginning of 2017.<sup>250</sup> The reason given for this change is that the public mood has shifted against companies that do not pay their tax bills.

Recent years have seen a major push by the OECD, G7, G20 and others on measures to make taxation more effective, including standardised country-by-country tax reporting by international companies and greater transparency of beneficial ownership. The Commission welcomes these moves, and would like to see debate about a fairer, more transparent global tax system continue to deepen and move forward.

Third, **businesses can use their influence on policy in a responsible, transparent, and accountable way.** The scale and reach of global businesses have given them a power and influence over governments that they do not always exercise responsibly. Much of the current mistrust in business derives from occasions when they have used their power to gain access to policymakers to lobby for their own narrow interests rather than aligning their agenda with the common good. Companies pursuing the Global Goals as a business strategy will, by definition:

- Be fully transparent about all their public affairs activity, including what policies or decisions they are arguing for and to whom;
- Avoid lobbying for policies that are contrary to achieving the Global Goals;
- Avoid “revolving door” appointments of public officials and political donations that serve purposes in conflict with the Global Goals;
- Support sound science and make use of the results in setting science-based targets in their sector roadmaps; and
- Make their opposition known whenever a trade association they belong to takes a position at odds with the company’s sustainable development principles and basic standards of behaviour, and say what action they are taking to oppose it.



Photo credit:  
Lionel Charrier

The Commission believes it would be valuable to reflect companies' use of their influence in an independently compiled "Responsible Political Engagement Index". Companies would disclose their performance against the criteria above and an independent body, such as Transparency International, could compile rankings. The Commission will explore this idea further in its second year.

## 5.6 Actions for governments

Just as governments need businesses to help achieve the Global Goals, the reverse is also true. Governments can help businesses pursue these shared goals firstly by creating an environment that enables private sector growth. The main elements are good and accountable governance, the rule of law, effective contract enforcement and legal systems, and functioning customs regimes. And just as all businesses need to pay their tax, governments' spending must be transparent and free from corruption. If it isn't, confidence in tax systems will wane and the social contract may unravel.

In addition, achieving the Global Goals requires three specific kinds of government policy, as noted in previous sections, namely policies to:

- Ensure that prices for goods and services reflect social and environmental externalities, rather than policies that distort taxes or offer perverse subsidies;
- Align financial regulation with the Global Goals, in particular to incentivise private sector infrastructure investment. In this regard, the Basel III and Solvency II regimes should be revisited; and
- Support well-funded public education systems, active labour market policies and adequate, high quality social protection.

Finally, governments can **take on a stronger role in financing infrastructure projects**. As Section 4 discussed, infrastructure is critical to achieving the Global Goals and stimulating private sector growth. More private sector finance for infrastructure could be mobilised through blended finance if governments created the right conditions. For instance, governments can pursue options, most importantly greater policy predictability, to reduce risks for private finance. They can also expand the resources of the multilateral development banks in which they are shareholders, as well as ask them to put more into infrastructure.

## 5.7 Actions for civil society

The Commission recognises that a crucially important role for civil society is to monitor institutions and ensure that business, government and community organisations are transparent and respect the rule of national and international law.

Equally, civil society has a responsibility to engage in dialogue with all sectors and advocate for changes to law and practice where they are failing or are inadequate to deal with corruption, new technology and socially destructive practices or disruptive change.

For trade unions, there is a specific responsibility to engage in social dialogue with business and, where relevant, government to ensure rights, fair wages and safe and secure work are both agreed and respected as part of the social contract.

All parties need to ensure the guarantee of social protection and labour market institutions that secures a dignified future for societies and a fair competitive basis for business.

## 6. CONCLUSION

This report has presented the case for businesses to concentrate on solving the world's greatest challenges that the Global Goals set out to overcome. There is much more than US\$12 trillion of value at stake. There is the opportunity to shape a safer, more prosperous world with a more predictable future in which to invest and innovate. There is the chance to rebuild trust between business and wider society.

Achieving the Global Goals would make the world more sustainable, inclusive and full of opportunities for everyone. There would be many challenges still, but societies would be better equipped to tackle them. The alternative is more uncertainty, intensifying risks, growing social and environmental costs and bigger shocks. Reaching that better world depends on business leaders in the private sector choosing to lead the charge for sustainable growth.

The members of the Business and Sustainable Development Commission have chosen to lead our own companies towards the Global Goals. With this report, we urge others to join us, whether you are already a CEO, board member or individual driving progress in your firm; in your first executive role on track to running a company, large, medium or small, within the next ten years; or a recent graduate or student in higher education hoping to start a company that will be a powerful innovator in sustainable markets.

### 6.1 Actions for sustainable business leaders

The report has argued that leading the charge for sustainability requires six kinds of action from sustainable business leaders, namely action to:

1. **Build support for the right growth strategy.** The more business leaders who understand the business case for the Global Goals, the faster progress will be towards 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 prioritise 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. And you 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, 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 US\$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, prioritising 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, building new public private partnerships and renewing business’s licence to operate.

4. **Work with policy-makers 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 – internalising 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. But 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) 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

through putting less tax on labour income and more on pollution and under-priced resources.

5. **Push for a financial system oriented towards longer-term sustainable investment.** Achieving the Global Goals will likely require an estimated US\$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. But 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; wider 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, 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 licence to operate by working with governments, consumers, workers and civil society to achieve the whole range of Global Goals, and 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 over 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, enabling men and women to fulfil their potential, would deliver further returns through higher labour productivity. And ensuring that the social contract extends from the formal into the informal sector, through enacting the UN's Guiding Principles on Human Rights, should be non-negotiable. There are still between 20-40 million people working in forms of modern slavery and over 150 million children working in the fields, mines, workshops, and rubbish dumps that underpin much of the global economy, unseen and unprotected. This is an unacceptable feature of 21st century capitalism – one that board-rooms, investors and consumers can no longer ignore.

The more business leaders who take these actions, the faster the world economy will make the shift to an economic model where competition systemically drives sustainable, inclusive economic growth.

## 6.2 Actions for the Commission

The Commission is committed to supporting businesses of any scale, scope, sector or geography that want to join with us in making this shift happen fast. Over the next year, we plan to do so by:

1. **Nurturing and mentoring the next generation of sustainable development leaders.** Many of us, as CEOs and leaders, have had to develop new ideas, leadership skills and tools to lead our businesses through the challenges and opportunities of sustainable growth. We would like to reach out to another 500-1,000 CEOs (and future CEOs) to share what we have learned and provide peer support to those who choose to make sustainable growth central to their business strategy. We will offer our own time and that of our firm's leaders for peer conversations on the business case and the transformational leadership needed. We will engage with business schools and other learning providers to give an informed view on what combination of knowledge, experience, action planning, digital learning and cohort support best equips CEOs and future CEOs for sustainable leadership. And we will ensure that learning programmes within our businesses include sustainable leadership content.
2. **Creating sectoral transformation roadmaps.** The Commission will work with sectors to create sectoral transformation roadmaps for up to five key sectors, as outlined in Section 3. In each case, members of the Commission from within that sector will take the lead on assembling a group of peer CEOs and other key stakeholders in a coalition. We will support those coalitions in creating a vision of what their sector should look like by 2030 if the Global Goals are treated as a strategic framework for better growth, and what actions and changes sector players can take to get there quickly and fairly.

In some cases, the best way to move forward will be cross-sectoral, as new technologies and business models break down traditional ways of doing business. This could mean new coalitions will emerge, for example, on externality pricing, bringing together players with different interests to find the most cost-effective ways of protecting natural capital. It could feed into greater use of digital platforms to accelerate break-through, such as XPRIIZE, which invites its online audience to compete to solve the world's biggest problems, awarding prizes to winners.<sup>251</sup> The Commission will use its cross-sectoral membership to support

such catalytic ideas, which could create new market-based means of reaching Global Goals targets.

3. **Creating Global Goal league tables.** In parallel, the Commission will also work with others in the financial sector to create publicly available Global Goal league tables. These will rank corporate performance sector by sector against relevant Global Goals and establish sector sustainability benchmarks. Our vision is to turn the analysis of sustainability reporting data into a publicly available resource, empowering citizens and civil society to use it. In the league tables, companies would be ranked on their performance across a range of indicators including climate change, gender equality, supply chain labour standards (including modern day slavery) and access to healthcare. The process of building the league tables must be collaborative, with input from civil society, investors and independent rating providers on the methodology, as well as companies. It will take time to build up the right metrics and quality of data.

Companies that comprehensively and successfully incorporate sustainable growth in their strategies will benefit in the competition to attract investors as their impact becomes visible to all, creating the “race to the top” that will accelerate progress towards the Global Goals.

4. **Supporting measures to unlock additional finance needed to achieve the Global Goals.** The Commission will do this by advocating for new and different kinds of public and private sector engagement in sustainable infrastructure, an expansion in the capital base of multilateral development banks and development finance institutions (both bilateral and domestic), and the creation of a global, liquid asset class for infrastructure investments.

The Commission will also mobilise a task-force of leading institutional investors, sovereign wealth funds, development finance institutions and private companies to lay out a potential blended finance action plan for delivering the Global Goals. Its aim will be to answer the question: “What is the most efficient way to mobilise the incremental US\$2.4 trillion a year needed to deliver the Global Goals?”.

5. **Exploring the idea of an independently compiled Responsible Political Engagement Index.** To guide companies, this would set out the principles of transparent and fair political engagement. Companies would disclose their performance against these criteria and an independent body, such as Transparency International, could compile rankings.

The world has 13 years before the deadline it has set itself for achieving the Global Goals. Company leaders will never have a better moment in which to align their business objectives with creating a better world.





Photo credit: Hailey Tucker and Giselle Marie Nizigiyimana

## REFERENCES

- <sup>1</sup> Food and Agriculture Organization of the United Nations (FAO), 2015. The impact of disasters on agriculture and food security. Available at: <http://www.fao.org/3/a-i5128e.pdf>.
- <sup>2</sup> AlphaBeta analysis for the Business and Sustainable Development Commission, based on data from: Institute for Economics and Peace, 2015. Global Peace Index 2015. Available at: [http://economicsandpeace.org/wp-content/uploads/2015/06/Global-Peace-Index-Report-2015\\_0.pdf](http://economicsandpeace.org/wp-content/uploads/2015/06/Global-Peace-Index-Report-2015_0.pdf).
- <sup>3</sup> AlphaBeta analysis for the Business and Sustainable Development Commission, based on data from: United Nations Environment Programme, 2010. The Economics of Ecosystems and Biodiversity (TEEB). Available at: <http://www.teebweb.org/>.
- <sup>4</sup> UN Women, 2015. Facts and Figures: Economic Empowerment. Available at: [http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#\\_ednref9](http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures#_ednref9). Based on data from the World Bank Gender Data Portal. Available at: <http://datatopics.worldbank.org/gender/>.
- <sup>5</sup> Edelman, 2017 (forthcoming). 2017 Edelman Trust Barometer: Annual Global Study. To be available at: <http://www.edelman.com/>.
- <sup>6</sup> See: United Nations (UN). Sustainable Development Goals. Available at: <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>.
- <sup>6</sup> PricewaterhouseCoopers (PwC), 2015. Make it your business: Engaging with the Sustainable Development Goals. Available at: [https://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research\\_FINAL.pdf](https://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research_FINAL.pdf).
- <sup>8</sup> Economic systems are defined as areas of economic activity with common value drivers. For example, the food and agriculture economic system embraces all the economic activities that deliver value in the provision of food to consumers, from fertilisers and farm production to logistics and grocery retail services.
- <sup>9</sup> See: <https://www.unglobalcompact.org/what-is-gc/mission/principles>.
- <sup>10</sup> Woetzel, J., Madgavkar, A., Ellingrud, K., Labaye, E., Devillard, S., Kutcher, E., Manyika, J., Dobbs, R., and Krishnan, M., 2015. The Power of Parity: How advancing women's equality can add \$12 trillion to global growth. McKinsey Global Institute. Available at: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>.
- <sup>11</sup> AlphaBeta, 2017. Valuing the SDG prize: Unlocking business opportunities to accelerate sustainable and inclusive growth. Business and Sustainable Development Commission contributing paper. Available at: <http://report.businesscommission.org/>.
- <sup>12</sup> AlphaBeta, 2016. Valuing the SDG prize in Food and Agriculture: Unlocking business opportunities to accelerate sustainable and inclusive growth. Business and Sustainable Development Commission contributing paper. Available at: <http://businesscommission.org/our-work/valuing-the-sdg-prize-in-food-and-agriculture>.
- <sup>13</sup> Schmidt-Traub, G., 2015. Investment Needs to Achieve the Sustainable Development Goals: Understanding the Billions and Trillions. SDSN Working Paper Version 2. United Nations Sustainable Development Solutions Network (UNSDSN), 12 November. Available at: <http://unsdsn.org/wp-content/uploads/2015/09/151112-SDG-Financing-Needs.pdf>.
- <sup>14</sup> International Labour Organization (ILO), 2016. Report IV: Decent work in global supply chains. International Labour Conference, 105th Session, 2016. Geneva. Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_468097.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_468097.pdf).
- <sup>15</sup> United Nations Human Rights Office of the High Commissioner (UN OHCHR), 2011. Guiding Principles on Business and Human Rights. New York and Geneva. Available at: [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf).
- <sup>16</sup> ILO, 2012. ILO Global Estimate of Forced Labour: Results and methodology. Special Action Programme to Combat Forced Labour (SAP-FL). Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_182004.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_182004.pdf).
- <sup>17</sup> ILO, 2013. Making progress against child labour: Global estimates and trends 2000-2012. International Programme on the Elimination of Child Labour (IPEC). Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipecc/documents/publication/wcms\\_221513.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipecc/documents/publication/wcms_221513.pdf).

<sup>18</sup> United Nations World Commission on Environment and Development, 1987. Our Common Future. <http://www.un-documents.net/ourcommon-future.pdf>.

<sup>19</sup> Milanovic, B., 2012. Global Income Inequality by the Numbers: In History and Now – A Overview. World Bank Policy Research Working Paper Series 6259, 1 November. Available at: <http://heymancenter.org/files/events/milanovic.pdf>.

<sup>20</sup> UN, 2015. The Millennium Development Goals Report 2015. Available at: [http://www.un.org/millenniumgoals/2015\\_MDG\\_Report/pdf/MDG percent202015 percent20rev percent20\(July percent2015\).pdf](http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20(July%202015).pdf).

<sup>21</sup> Stockholm Resilience Centre, 2015. Planetary Boundaries - an update. Available at: <http://www.stockholmresilience.org/research/research-news/2015-01-15-planetary-boundaries---an-update.html>.

<sup>22</sup> World Health Organization (WHO), 2016. Fact sheet: Tobacco, June 2016. Available at: <http://www.who.int/mediacentre/factsheets/fs339/en/>.

<sup>23</sup> WHO, 2016. Fact sheet: Obesity and overweight, June 2016. Available at: <http://www.who.int/mediacentre/factsheets/fs311/en/>.

<sup>24</sup> The United Nations Educational, Scientific and Cultural Organization (UNESCO), 2015. Institute for Statistics and the Education for All Global Monitoring Report, 2015. A growing number of children and adolescents are out of school as aid fails to meet the mark. Policy Paper 22 / Fact Sheet 31, July. Available at: <http://www.uis.unesco.org/Library/Documents/fs31-out-of-school-children-and-adolescents-en.pdf>.

<sup>25</sup> UNESCO, 2014. Teaching and Learning: Achieving quality for all. 2013/4 Education for All Global Monitoring Report. Available at: <http://unesdoc.unesco.org/images/0022/002256/225654e.pdf>.

<sup>26</sup> Organisation for Economic Co-operation and Development (OECD), 2014. Focus on Inequality and Growth: Does income inequality hurt economic growth?. Available at: <https://www.oecd.org/social/Focus-Inequality-and-Growth-2014.pdf>.

<sup>27</sup> Oxfam, 2016. An Economy for the 1%: How privilege and power in the economy drive extreme inequality and how this can be stopped. 210 Oxfam Briefing Paper, 16 January. Available at: [https://www.oxfam.org/sites/www.oxfam.org/files/file\\_attachments/bp210-economy-one-percent-tax-havens-180116-en\\_0.pdf](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bp210-economy-one-percent-tax-havens-180116-en_0.pdf).

<sup>28</sup> AlphaBeta analysis for the Business and Sustainable Development Commission, based on data from: United Nations Environment Programme, 2010. The Economics of Ecosystems and Biodiversity (TEEB). Available at: <http://www.teebweb.org/>.

<sup>29</sup> AlphaBeta analysis for the Business and Sustainable Development Commission, based on data from: Institute for Economics and Peace, 2015. Global Peace Index 2015. Available at: [http://economicsandpeace.org/wp-content/uploads/2015/06/Global-Peace-Index-Report-2015\\_0.pdf](http://economicsandpeace.org/wp-content/uploads/2015/06/Global-Peace-Index-Report-2015_0.pdf).

<sup>30</sup> International Monetary Fund (IMF), 2016. Corruption: Costs and Mitigating Strategies. IMF Staff Discussion Note, May. Available at: <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1605.pdf>.

<sup>31</sup> See: [http://unfccc.int/paris\\_agreement/items/9485.php](http://unfccc.int/paris_agreement/items/9485.php).

<sup>32</sup> UN. Sustainable Development Goals. Goal 17: Revitalize the global partnership for sustainable development. Available at: <http://www.un.org/sustainabledevelopment/globalpartnerships/>.

<sup>33</sup> The World Bank, 2016. Shock Waves: Managing the Impacts of Climate Change on Poverty. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/22787/9781464806735.pdf>.

<sup>34</sup> BRS and GlobeScan, 2015. The State of Sustainable Business 2015: Annual Results. Available at: [https://www.bsr.org/reports/BSR\\_GlobeScan\\_State\\_of\\_Sustainable\\_Business\\_2015.pdf](https://www.bsr.org/reports/BSR_GlobeScan_State_of_Sustainable_Business_2015.pdf).

<sup>35</sup> AlphaBeta, 2017. Valuing the SDG prize: Unlocking business opportunities to accelerate sustainable and inclusive growth. Business and Sustainable Development Commission contributing paper.

<sup>36</sup> Dobbs, R., Madgavkar, A., Barton, D., Labaye, E., Manyika, J., Roxburgh, C., Lund, S., Madhav, S., 2012. The world at work: Jobs, pay and skills for 3.5 billion people. McKinsey Global Institute. Available at: <http://www.mckinsey.com/global-themes/employment-and-growth/the-world-at-work>.

<sup>37</sup> Based on analysis by the Business and Sustainable Development Commission team. Projections are based on data from AlphaBeta, 2017, Valuing the SDG prize: Unlocking business opportunities to accelerate sustainable and inclusive growth.

- <sup>38</sup> Factors whose benefits and costs are not reflected in the market price of goods and service. Common negative externalities arising from the production of goods and services are environmental damage or health risks to workers involved.
- <sup>39</sup> Woetzel et al., 2015. The Power of Parity: How advancing women's equality can add \$12 trillion to global growth. McKinsey Global Institute. Available at: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>.
- <sup>40</sup> In business models based on a circular economy, physical resources are recaptured and reused as far as possible. Resources go round and round rather than out of the earth and back into landfill, reducing waste and total resource consumption.
- <sup>41</sup> Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development (IFAD), and World Food Programme (WFP), 2015. The State of Food Insecurity in the World. Meeting the 2015 international hunger targets: taking stock of uneven progress. Available at: <http://www.fao.org/3/a-i4646e.pdf>.
- <sup>42</sup> Albani, M., Oppenheim, J., Riese, J., and Schwarz, A., 2012. Reducing deforestation: The land-use revolution. McKinsey on Sustainability and Resource Productivity, Summer 2012. Available at: [http://www.mckinsey.com/~media/mckinsey/dotcom/client\\_service/sustainability/pdfs/mck%20on%20srp/srp\\_10\\_deforestation.ashx](http://www.mckinsey.com/~media/mckinsey/dotcom/client_service/sustainability/pdfs/mck%20on%20srp/srp_10_deforestation.ashx).
- <sup>43</sup> FAO, 2011. Global Food Losses and Food Waste - Extent, causes and prevention. Available at: <http://www.fao.org/docrep/014/mb060e/mb060e.pdf>
- <sup>44</sup> Kitinjoja, L., and Cantwell, M., 2010. Identification of appropriate postharvest technologies for improving market access and incomes for small horticultural farmers in Sub-Saharan Africa and South Asia. Part 2: Postharvest Loss Assessments. World Food Logistic Organization (WFLO).
- <sup>45</sup> United Nations Environment Programme (UNEP), 2014. Fact Sheet: REDD+ and the UN-REDD Programme. The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries, June. Available at: [http://www.unep.org/russian/post2015/Portals/50262/Documents/UNEP%20Publications/Partnerships/UN-REDD\\_About%20Fact%20Sheet.pdf](http://www.unep.org/russian/post2015/Portals/50262/Documents/UNEP%20Publications/Partnerships/UN-REDD_About%20Fact%20Sheet.pdf).
- <sup>46</sup> See: Union of Concerned Scientists. What's Driving Deforestation? Available at: <http://www.ucsusa.org/global-warming/stop-deforestation/whats-driving-deforestation#.WFQHwvI97IU>.
- <sup>47</sup> AlphaBeta analysis for the Business and Sustainable Development Commission, based on data from: The World Bank. Global Consumption Database. Available at: <http://datatopics.worldbank.org/consumption/>.
- <sup>48</sup> United Nations Department of Economic and Social Affairs (UN DESA), 2014. World Urbanization Prospects. Available at: <http://www.un.org/en/development/desa/publications/2014-revision-world-urbanization-prospects.html>.
- <sup>49</sup> Woetzel, J., Ram, S., Mischke, J., Garemo, N., and Sankhe, S., 2014. A blueprint for addressing the global affordable housing challenge. McKinsey Global Institute. Available at: <http://www.mckinsey.com/global-themes/urbanization/tackling-the-worlds-affordable-housing-challenge>.
- <sup>50</sup> Institute for Health Metrics and Evaluation, 2016. Global Burden of Air Pollution: Deaths from air pollution in 2013. Available at: <http://www.healthdata.org/infographic/global-burden-air-pollution>.
- <sup>51</sup> Dobbs, R., Sawers, C., Thompson, F., Manyika, J., Woetzel, J., Child, P., McKenna, S., and Spatharou, A., 2014. Overcoming obesity: An initial economic analysis. McKinsey Global Institute. Available at: <http://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/how-the-world-could-better-fight-obesity>.
- <sup>52</sup> Ellen MacArthur Foundation, Deutsche Post Foundation, and McKinsey Center for Business and Environment, 2015. Growth Within: A circular economy vision for a competitive Europe. Available at: [https://www.mckinsey.de/files/growth\\_within\\_report\\_circular\\_economy\\_in\\_europe.pdf](https://www.mckinsey.de/files/growth_within_report_circular_economy_in_europe.pdf).
- <sup>53</sup> The Global Commission on the Economy and Climate, 2014. Better Growth; Better Climate: The New Climate Economy Report. The Synthesis Report. Available at: <http://newclimateeconomy.report/2014/>.
- <sup>54</sup> Woetzel et al., 2014. A blueprint for addressing the global affordable housing challenge. McKinsey Global Institute. Available at: <http://www.mckinsey.com/global-themes/urbanization/tackling-the-worlds-affordable-housing-challenge>.
- <sup>55</sup> Woetzel et al., 2014. A blueprint for addressing the global affordable housing challenge. McKinsey Global Institute.
- <sup>56</sup> Woetzel et al., 2014. A blueprint for addressing the global affordable housing challenge. McKinsey Global Institute.

- <sup>57</sup> International Energy Agency (IEA), 2013. Transition to Sustainable Buildings: Strategies and Opportunities to 2050. Available at: [http://www.iea.org/publications/freepublications/publication/Building2013\\_free.pdf](http://www.iea.org/publications/freepublications/publication/Building2013_free.pdf).
- <sup>58</sup> Bouton, S., Knupfer, S. M., Mihov, I., and Swartz, S., 2015. Urban mobility at a tipping point. McKinsey Quarterly, September. Available at: <http://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/urban-mobility-at-a-tipping-point>.
- <sup>59</sup> Dobbs, R., Oppenheim, J., Thompson, F., Brinkman, M., and Zornes, M., 2011. Resource Revolution: Meeting the world's energy, materials, food, and water needs. McKinsey Global Institute. Available at: <http://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/resource-revolution>.
- <sup>60</sup> Dobbs et al., 2011. Resource Revolution: Meeting the world's energy, materials, food, and water needs. McKinsey Global Institute. Available at: <http://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/resource-revolution>.
- <sup>61</sup> AlphaBeta analysis for the Business and Sustainable Development Commission, based on data from: McKinsey Global Institute, 2012. Urban world: Cities and the rise of the consuming class. Available at: <http://www.mckinsey.com/global-themes/urbanization/urban-world-cities-and-the-rise-of-the-consuming-class>.
- <sup>62</sup> IEA, 2015. World Energy Outlook 2015. Available at: <http://www.worldenergyoutlook.org/weo2015/>.
- <sup>63</sup> Ellen MacArthur Foundation, 2013. Towards the Circular Economy: Economic and business rationale for an accelerated transition. Volume 1. (The data cited comes from Georg Mehlhart et al., European second-hand car market analysis, Öko-Institut working paper, February 2011; Eurostat, ELV waste database, 2011.) Available at: <https://www.ellenmacarthurfoundation.org/assets/downloads/publications/Ellen-MacArthur-Foundation-Towards-the-Circular-Economy-vol.1.pdf>.
- <sup>64</sup> The International Renewable Energy Agency (IRENA), 2016. Remap: Roadmap for a Renewable Energy Future, 2016 Edition. Available at: [http://www.irena.org/DocumentDownloads/Publications/IRENA\\_REmap\\_2016\\_edition\\_report.pdf](http://www.irena.org/DocumentDownloads/Publications/IRENA_REmap_2016_edition_report.pdf).
- <sup>65</sup> IRENA, 2016. Remap: Roadmap for a Renewable Energy Future, 2016 Edition.
- <sup>66</sup> IRENA, 2016. Remap: Roadmap for a Renewable Energy Future, 2016 Edition.
- <sup>67</sup> Ellen MacArthur Foundation, 2013. Towards the Circular Economy: Economic and business rationale for an accelerated transition. Volume 1.
- <sup>68</sup> The Lancet Commissions, 2013. Global Health 2035: a world converging within a generation. The Lancet Commission on Investing in Health. Available at: <http://www.globalhealth2035.org/sites/default/files/report/global-health-2035.pdf>.
- <sup>69</sup> WHO, 2016. Fact sheet: Obesity and overweight, June 2016. Available at: <http://www.who.int/mediacentre/factsheets/fs311/en/>.
- <sup>70</sup> WHO, 2005. Designing health financing systems to reduce catastrophic health expenditure, WHO Technical Policy Brief. Available at: [http://www.who.int/health\\_financing/pb\\_2.pdf](http://www.who.int/health_financing/pb_2.pdf); and WHO, 2008. Coping with out-of-pocket health payments: empirical evidence from 15 African countries, Bulletin of the WHO, November. Available at: <http://www.who.int/bulletin/volumes/86/11/07-049403.pdf>.
- <sup>71</sup> Goldman Sachs, 2015. IoT: Digital Revolution comes to US healthcare. Goldman Sachs Global Investment Research. Available at: <http://www.scbio.org/resources/Documents/Internet%20of%20Things%20-%20Volume%205%20-%20The%20Digital%20Revolution%20comes%20to%20US%20HC%20-%20Jun%2029,%202015%5B1%5D.pdf>.
- <sup>72</sup> Manyika, J., Chui, M., Bughin, J., Dobbs, R., Bisson, P., and Marrs, A., 2013. Disruptive technologies: Advances that will transform life, business, and the global economy. McKinsey Global Institute. Available at: <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/disruptive-technologies>.
- <sup>73</sup> EY, 2014. Shaping your telehealth strategy: Leveraging telehealth technologies to lower costs, improve quality outcomes and enhance the patient experience. Health Care Industry Post. Available at: <http://www.ey.com/Publication/vwLUAssets/EY-shaping-your-telehealth-strategy/%24FILE/EY-shaping-your-telehealth-strategy.pdf>.
- <sup>74</sup> Kaka, N., Madgavkar, A., Manyika, J., Bughin, J., and Parameswaran, P., 2014. India's technology opportunity: Transforming work, empowering people. McKinsey Global Institute. Available at: <http://www.mckinsey.com/industries/high-tech/our-insights/indias-tech-opportunity-transforming-work-empowering-people>.



- <sup>75</sup> See for example: McCollum et al., 2013. Climate policies can help resolve energy security and air pollution challenges. *Climate Change*, Vol. 119, 19 February. Available at: <http://link.springer.com/article/10.1007/s10584-013-0710-y>.
- <sup>76</sup> Dobbs et al., 2011. Resource Revolution: Meeting the world's energy, materials, food, and water needs. McKinsey Global Institute.
- <sup>77</sup> Bonini, S., and Swartz, S., 2014. Profits with purpose: How organizing for sustainability can benefit the bottom line. McKinsey & Company. Available at: <http://www.mckinsey.com/business-functions/sustainability-and-resource-productivity/our-insights/profits-with-purpose-how-organizing-for-sustainability-can-benefit-the-bottom-line>.
- <sup>78</sup> Whelan, T., and Fink, C., 2016. The Comprehensive Business Case for Sustainability. *Harvard Business Review*, 21 October. Available at: <https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability>.
- <sup>79</sup> Vidal, J., 2016. Kigali deal on HFCs is big step in fighting climate change. *The Guardian*, 15 October. Available at: <http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=27086&ArticleID=36283&I=en>.
- <sup>80</sup> We Mean Business, 2014. The Climate has Changed: Why bold, low carbon action makes good business sense. Available at: [http://www.wemeanbusinesscoalition.org/sites/default/files/The%20Climate%20Has%20Changed\\_2.pdf](http://www.wemeanbusinesscoalition.org/sites/default/files/The%20Climate%20Has%20Changed_2.pdf).
- <sup>81</sup> Dow, 2011. Dow Enhances Global Energy Efficiency and GHG Reduction Leadership. Press release, 7 June. Available at: <http://newsroom.dow.com/press-release/company-news/dow-enhances-global-energy-efficiency-and-ghg-reduction-leadership>.
- <sup>82</sup> Arabesque Partners, 2015. From the Stockholder to the Stakeholder: How sustainability can drive financial outperformance. Available at: [http://www.arabesque.com/index.php?tt\\_down=51e2de00a30f88872897824d3e211b11](http://www.arabesque.com/index.php?tt_down=51e2de00a30f88872897824d3e211b11).
- <sup>83</sup> Smiley, A. (2015) 'What Millennial Employees Really Want'. *Fast Company Leadership*, 4 June. Available at: <https://www.fastcompany.com/3046989/what-millennial-employees-really-want>.
- <sup>84</sup> Smiley, A. (2015) 'What Millennial Employees Really Want'. *Fast Company Leadership*, 4 June.
- <sup>85</sup> PwC, 2016. Putting Purpose to Work: A study of purpose in the workplace. Available at: <http://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-putting-purpose-to-work-purpose-survey-report.pdf>.
- <sup>86</sup> Society for Human Resource Management, 2011. Advancing Sustainability: HR's Role. Available at: [https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/documents/11-0066\\_advstainhr\\_fnl\\_full.pdf](https://www.shrm.org/resourcesandtools/tools-and-samples/toolkits/documents/11-0066_advstainhr_fnl_full.pdf).
- <sup>87</sup> Nielsen, 2015. Consumer-goods' brands that demonstrate commitment to sustainability outperform those that don't. Press Release, 12 October. Available at: <http://www.nielsen.com/ug/en/press-room/2015/consumer-goods-brands-that-demonstrate-commitment-to-sustainability-outperform.html>.
- <sup>88</sup> Unilever, 2015. Unilever sees sustainability supporting growth. Press Release, 3 June. Available at: <https://www.unilever.co.uk/news/press-releases/2015/unilever-sees-sustainability-supporting-growth.html>.
- <sup>89</sup> Demailly, D., and Novel, A-S., 2014. The sharing economy: make it sustainable. IDDRI SciencesPo New Prosperity Series, 14 July. Available at: [http://www.iddri.org/Publications/Collections/Analyses/ST0314\\_DD percent20ASN\\_sharing percent20economy.pdf](http://www.iddri.org/Publications/Collections/Analyses/ST0314_DD percent20ASN_sharing percent20economy.pdf).
- <sup>90</sup> Barter, P., 2013. "Cars are parked 95 percent of the time". Let's check. *Reinventing Parking*, 22 February. Available at: <http://www.reinventingparking.org/2013/02/cars-are-parked-95-of-time-lets-check.html>.
- <sup>91</sup> Govindarajan, V., and Ramamurti, R., 2013. India's Secret to Low-Cost Health Care. *Harvard Business Review*, 15 October. Available at: <https://hbr.org/2013/10/indias-secret-to-low-cost-health-care>.
- <sup>92</sup> Casabonnet, P., 2015. Brazil: The circular economy is a boost for the cellulose industries. *Veolia*, 13 January. Available at: <http://www.veolia.com/en/veolia-group/media/news/brazil-circular-economy-boost-cellulose-industries>.
- <sup>93</sup> Desso. Corporate Responsibility: Road less travelled. Available at: <http://www.desso-businesscarpets.com/corporate-responsibility/the-road-less-travelled/>.
- <sup>94</sup> Bauer, H., Patel, M., and Veira, J., 2014. The Internet of Things: Sizing up the opportunity. McKinsey & Company, December. <http://www.mckinsey.com/industries/high-tech/our-insights/the-internet-of-things-sizing-up-the-opportunity>.

<sup>95</sup> Data-Pop Alliance, 2015. Reflections on Big Data and the Sustainable Development Goals: Measuring & Achieving Development Progress in the Big Data Era. Inputs to the Big Data and SDGs Chapter of the 2015 Global Sustainable Development Report. Working Note, February. Available at: <http://datapopalliance.org/wp-content/uploads/2016/03/NoteBigDataSDGsGlobalSustDevReportELetouze percentCC percent812015.pdf>.; Data from: Wesolowski, A., Eagle, N., Tatem, A. J., Smith, D. L., Noor, A. M., Snow, R. W., and Buckee, C. O., 2012. Quantifying the impact of human mobility on malaria. *Science*, 12 October, Vol 338, Issue 6104, pp 267-270.

<sup>96</sup> See: <http://www-03.ibm.com/ibm/history/ibm100/us/en/icons/deepthunder/>.

<sup>97</sup> Knowledge @ Wharton, 2014. What Big Data Can Mean for Sustainability. University of Pennsylvania, 12 September. <http://knowledge.wharton.upenn.edu/article/what-big-data-means-for-sustainability/>.

<sup>98</sup> See: <http://www.moringaschool.com/>.

<sup>99</sup> See: <http://www.hackreactor.com/>.

<sup>100</sup> Accenture Strategy and the Global e-Sustainability Initiative, 2016. #SystemTransformation: How digital solutions will drive progress towards the sustainable development goals. Available at: <https://www.accenture.com/us-en/insight-global-esustainability-initiative-joint-report/>.

<sup>101</sup> See: <https://uk.drive-now.com/>

<sup>102</sup> Davies, N., 2015. Novo Nordisk Reach out to Cities in the Fight against Diabetes. Eye for pharma. Available at: <http://social.eyeforpharma.com/commercial/novo-nordisk-reach-out-cities-fight-against-diabetes>.

<sup>103</sup> See: <http://www.peakvision.org/>.

<sup>104</sup> See: <https://transferwise.com/>.

<sup>105</sup> See: <https://www.blablacar.com/>.

<sup>106</sup> Schechner, S., 2015. BlaBlaCar Valued at \$1.5 Billion After New Funding Round. The Wall Street Journal, 16 September. Available at: <http://www.wsj.com/articles/blablacar-joins-ranks-of-billion-dollar-venture-backed-startups-1442433577>.

<sup>107</sup> Fortune. Didi Chuxing: China's ride-sharing unicorn takes on a pollution crisis. Available at: <http://beta.fortune.com/change-the-world/didi-chuxing-30>.

<sup>108</sup> One Million by One Million, 2016. Billion Dollar Unicorns: GuaHao Targets China's Healthcare. Billion Dollar Unicorn Series, 17 June. Available at: <http://www.sramanamitra.com/2016/06/17/billion-dollar-unicorns-guahao-targets-chinas-healthcare/>.

<sup>109</sup> International Finance Corporation (IFC), 2016. Built for Change: Inclusive business solutions for the base of the pyramid. Available at: [https://www.ifc.org/wps/wcm/connect/44bbb896-2899-4ed3-9967-204e1ff954d6/Built+for+Change\\_FINAL\\_low+res.pdf?MOD=AJPERES](https://www.ifc.org/wps/wcm/connect/44bbb896-2899-4ed3-9967-204e1ff954d6/Built+for+Change_FINAL_low+res.pdf?MOD=AJPERES).

<sup>110</sup> USAID, 2016. mHealth Compendium. Special Edition 2016: Reaching Scale. Available at: <http://www.unicefstories.org/wp-content/uploads/2016/08/mHealth-Compendium-Special-Edition-2016-Reaching-Scale-.pdf>.

<sup>111</sup> USAID, 2016. mHealth Compendium. Special Edition 2016: Reaching Scale.

<sup>112</sup> Nissan Insider. Nissan and ENEL launch first smart grid trials. Available at: <http://nissaninsider.co.uk/nissan-and-enel-launch-first-smart-grid-trials/#!prettyPhoto>.

<sup>113</sup> Nissan, 2016. Nissan and Enel launch groundbreaking vehicle-to-grid project in the UK. Nissan Great Britain Press Release, 10 May. Available at: <http://www.newsroom.nissan-europe.com/uk/en-gb/Media/Media.aspx?mediaid=145248>.

<sup>114</sup> Edie, 2016. Energy storage could save UK £2.4bn every year. Edie newsroom, 4 March. Available at: <http://www.edie.net/news/11/Regulatory-reforms-and-energy-storage-systems-could-create--2-4bn-windfall-for-UK-energy-market/#.VzHSPmGYRn4.twitter>.

<sup>115</sup> See: <http://www.echale.com.mx/en/>.

<sup>116</sup> Piazzesi, F., and Rodríguez Díaz, S. Member Spotlight: ¡Échale! a Tu Casa. The Guardian Sustainable Business. Available at: <https://www.theguardian.com/sustainable-business/member-spotlight-echale-a-tu-casa>.

<sup>117</sup> Business Call to Action. Case study: ¡Échale! a Tu Casa: Providing Low-Income Families Opportunities for Home Ownership. Available at: [http://www.businesscalltoaction.org/wp-content/files\\_mf/bctacasestudy\\_echale\\_web.pdf](http://www.businesscalltoaction.org/wp-content/files_mf/bctacasestudy_echale_web.pdf).

<sup>118</sup> See: <http://merckformothers.com/index.html>.

<sup>119</sup> Merck for Mothers. Senegal Fact Sheet. Available at: [http://merckformothers.com/docs/Senegal\\_fact\\_sheet.pdf](http://merckformothers.com/docs/Senegal_fact_sheet.pdf).

<sup>120</sup> Daff, B.M., Seck, C., Belkhat, H., and Sutton, P., 2014. Informed push distribution of contraceptives in Senegal reduces stockouts and improves quality of family planning services. *Global Health: Science and Practice*, May 13;2(2):245-52. Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4168620/>.

<sup>121</sup> The Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC), and the World Business Council for Sustainable Development (WBCSD), 2015. *SDG Compass: The guide for business action on the SDGs*. Available at: [http://sdgcompass.org/wp-content/uploads/2016/05/019104\\_SDG\\_Compass\\_Guide\\_2015\\_v29.pdf](http://sdgcompass.org/wp-content/uploads/2016/05/019104_SDG_Compass_Guide_2015_v29.pdf).

<sup>122</sup> Ericsson, 2015. *Technology for good: Ericsson Sustainability and Corporate Responsibility Report 2015*. Available at: <https://www.ericsson.com/assets/local/about-ericsson/sustainability-and-corporate-responsibility/documents/2015-corporate-responsibility-and-sustainability-report.pdf>.

<sup>123</sup> See: <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

<sup>124</sup> Demircuc-Kunt, A., Klapper, L., Singer, D., and Van Oudheusden, P., 2014. *The Global Findex Database 2014: Measuring Financial Inclusion around the World*. World Bank Policy Research Working Paper 7255. Available at: <http://documents.worldbank.org/curated/en/187761468179367706/pdf/WPS7255.pdf#page=3>.

<sup>125</sup> Runde, D., 2015. M-Pesa And The Rise Of The Global Mobile Money Market. *Forbes*, 12 August. Available at: <http://www.forbes.com/sites/danielrunde/2015/08/12/m-pesa-and-the-rise-of-the-global-mobile-money-market/#7ffa810723f5>.

<sup>126</sup> The Abraaj Group. *Annual Review 2014/2015: Our Thematic Strategies*. Available at: <http://www.abraaj.com/news-and-insight/annual-review-2015/healthcare/>.

<sup>127</sup> The Abraaj Group, 2016. *Abraaj Growth Markets Health Fund (AGHF)*, September 2016. Unpublished internal document.

<sup>128</sup> The World Bank, 2014. *Infographic: Global Findex 2014 – Gender and Income*. Available at: <http://www.worldbank.org/en/programs/globalfindex/infographics/infographic-global-findex-2014-gender-income>.

<sup>129</sup> The World Bank, 2014. *Infographic: Global Findex 2014 – Gender and Income*.

<sup>130</sup> See: [http://www2.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2011/10/women-s-empowerment-principles\\_en%20pdf.pdf?v=1&d=20141013T121504](http://www2.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2011/10/women-s-empowerment-principles_en%20pdf.pdf?v=1&d=20141013T121504).

<sup>131</sup> United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment, 2016. *Leave No One Behind: A Call to Action for Gender Equality*. Available at: <http://www.womenseconomicempowerment.org/assets/reports/UNWomen%20Full%20Report.pdf>.

<sup>132</sup> GSMA, 2015. *Bridging the gender gap: Mobile access and usage in low- and middle-income countries. Connected Women*. [http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/02/GSM0001\\_03232015\\_GSMAReport\\_NEWGRAYS-Web.pdf](http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/02/GSM0001_03232015_GSMAReport_NEWGRAYS-Web.pdf).

<sup>133</sup> Vodafone. *Sustainability Report 2014: Transformational Solutions - Women*. Available at: <https://www.vodafone.com/content/sustainabilityreport/2014/index/transformationalsolutions/women.html>.

<sup>134</sup> The Guardian, 2015. *Rana Plaza collapse: dozens charged with murder*. Associated Press in Dhaka, 1 June. Available at: <https://www.theguardian.com/world/2015/jun/01/rana-plaza-collapse-dozens-charged-with-murder-bangladesh>.

<sup>135</sup> Nelson, J., 2017 (forthcoming). *Partnerships for Sustainable Development: Collective action by business, governments and civil society to achieve scale and transform markets*. Business and Sustainable Development Commission contributing paper. To be available at: <http://businesscommission.org/>.

<sup>136</sup> The Consumer Goods Forum, 2010. *Deforestation Resolution*. November. Available at: <http://www.theconsumergoodsforum.com/sustainability-strategic-focus/sustainability-resolutions/deforestation-resolution>.

<sup>137</sup> Global Agri-Business Alliance, 2016. *Charter for the Global Agri-Business Alliance (GAA)*. GAA, 13 September. Available at: <http://olamgaa.wpengine.com/wp-content/uploads/2016/09/Global-Agri-business-Alliance-Charter.pdf>.

<sup>138</sup> See: GSMA, 2016. *2016 Mobile Industry Impact Report: Sustainable Development Goals*. Available at: [http://www.gsma.com/betterfuture/wp-content/uploads/2016/09/\\_UN\\_SDG\\_Report\\_FULL\\_R1\\_WEB\\_Singles\\_LOW.pdf](http://www.gsma.com/betterfuture/wp-content/uploads/2016/09/_UN_SDG_Report_FULL_R1_WEB_Singles_LOW.pdf).

<sup>139</sup> World Cocoa Foundation, 2014. Cocoa Market Update. Available at: <http://www.worldcocoafoundation.org/wp-content/uploads/Cocoa-Market-Update-as-of-4-1-2014.pdf>.

<sup>140</sup> United States Department of Labor (USDOL). 2015 Findings on the Worst Forms of Child Labor: Côte d'Ivoire. Bureau of International Labor Affairs, Child Labor and Forced Labor Reports. Available at: <https://www.dol.gov/sites/default/files/images/ilab/child-labor/CotedIvoire.pdf>.

<sup>141</sup> USDOL. 2015 Findings on the Worst Forms of Child Labor: Côte d'Ivoire. Bureau of International Labor Affairs, Child Labor and Forced Labor Reports; Global March Against Child Labour. Child Labour In The Cocoa Farms Of Ivory Coast And Ghana. Available at: <http://www.globalmarch.org/content/child-labour-cocoa-farms-ivory-coast-and-ghana>.

<sup>142</sup> USDOL. 2015 Findings on the Worst Forms of Child Labor: Côte d'Ivoire. Bureau of International Labor Affairs, Child Labor and Forced Labor Reports.

<sup>143</sup> See: <http://www.worldcocoafoundation.org/about-wcf/cocoaaction/>.

<sup>144</sup> Chazan, G., 2016. Eon swings to a loss after €2.9bn writedown. Financial Times, 10 August. Available at: <https://www.ft.com/content/5885d34a-5ebd-11e6-bb77-a121aa8abd95>.

<sup>145</sup> Fickling, D., 2016. Coal's Stranded Assets. Bloomberg, 10 May. Available at: <https://www.bloomberg.com/gadfly/articles/2016-05-10/coal-s-stranded-assets#footnote-1462855087374>.

<sup>146</sup> Trucost, 2013. Natural Capital at Risk: The Top 100 Externalities of Business. Available at: <http://www.trucost.com/published-research/99/natural-capital-at-risk-the-top-100-externalities-of-business>.

<sup>147</sup> Trucost, 2013. Natural Capital at Risk: The Top 100 Externalities of Business.

<sup>148</sup> The Global Commission on the Economy and Climate, 2016. The Sustainable Infrastructure Imperative: Financing for Better Growth and Development. The 2016 New Climate Economy report. Available at: <http://newclimateeconomy.report/2016/>.

<sup>149</sup> The Global Commission on the Economy and Climate, 2014. Better Growth; Better Climate: The New Climate Economy Report. The Synthesis Report. Available at: <http://newclimateeconomy.report/2014/>.

<sup>150</sup> Telefonica. Telefónica announces that 50 percent of their electricity consumption will come from renewable energy sources by 2020. Available at: <https://www.telefonica.com/es/web/press-office/-/telefonica-announces-that-50-of-their-electricity-consumption-will-come-from-renewable-energy-sources-by-2020>.

<sup>151</sup> See: <http://www.carbonpricingleadership.org/>.

<sup>152</sup> The World Business Council for Sustainable Development (WBCSD). Building the Social Capital Protocol: Insights into employment, skills and safety. Available at: <http://www.wbcsd.org/Clusters/Social-Impact/Resources/Building-the-Social-Capital-Protocol-Insights-into-employment-skills-and-safety>.

<sup>153</sup> Conscious Company Magazine. Efficiency at New Belgium. Issue 1, Winter 2015. Available at: <http://www.consciouscompanymagazine.com/blogs/press/16059729-efficiency-at-new-belgium>.

<sup>154</sup> Mazzucato, M., 2011. The Entrepreneurial State. Demos. Available at: [https://www.demos.co.uk/files/Entrepreneurial\\_State\\_-\\_web.pdf](https://www.demos.co.uk/files/Entrepreneurial_State_-_web.pdf).

<sup>155</sup> See: <http://www.gavi.org/>.

<sup>156</sup> The Boston Consulting Group, 2015. The Advance Market Commitment Pilot for Pneumococcal Vaccines: Outcomes and impact evaluation. Available at: <http://www.gavi.org/results/evaluations/pneumococcal-amc-outcomes-and-impact-evaluation/>.

<sup>157</sup> Mission Innovation. Baseline and Doubling Plans. Available at: <http://www.mission-innovation.net/our-work/baseline-and-doubling-plans/>.

<sup>158</sup> See: <http://mission-innovation.net/>.

<sup>159</sup> See: <http://www.b-t.energy/coalition/>.

<sup>160</sup> See: <http://www.darpa.mil/> and <https://arpa-e.energy.gov/>.

<sup>161</sup> See: <http://3gf.dk/>.

<sup>162</sup> Schmidt-Traub, G., 2015. Investment Needs to Achieve the Sustainable Development Goals: Understanding the Billions and Trillions. SDSN Working Paper Version 2. United Nations Sustainable Development Solutions Network (UNSDSN), 12 November.

- <sup>163</sup> Ro, S., 2015. Here's what the \$294 trillion market of global financial assets looks like. Business Insider, 11 February. <http://www.businessinsider.com/global-financial-assets-2015-2>.
- <sup>164</sup> UNEP, 2015. The Financial System We Need: Aligning the Financial System with Sustainable Development. Inquiry into the Design of a Sustainable Financial System. Available at: [http://unepinquiry.org/wp-content/uploads/2015/11/The\\_Financial\\_System\\_We\\_Need\\_EN.pdf](http://unepinquiry.org/wp-content/uploads/2015/11/The_Financial_System_We_Need_EN.pdf).
- <sup>165</sup> Cox, J., 2016. There are now \$11.7 trillion worth of bonds with negative yields. CNBC, 29 June. Available at: <http://www.cnbc.com/2016/06/29/there-are-now-117-trillion-dollars-worth-of-bonds-with-negative-yields.html>.
- <sup>166</sup> Barton, D., Bailey, J., and Zoffer, J., 2016. Rising to the challenge of short-termism. FCLT Global. Available at: <http://www.fcltglobal.org/docs/default-source/default-document-library/fclt-global-rising-to-the-challenge.pdf?sfvrsn=0>.
- <sup>167</sup> Eccles, R. G., Ioannou, I., and Serafeim, G., 2011. The Impact of Corporate Sustainability on Organizational Processes and Performance. SSRN, 23 November. <https://ssrn.com/abstract=1964011>.
- <sup>168</sup> Principles for Responsible Investment (PRI), 2004. Signatory base AUM hits \$59 trillion. PRI Association. <https://www.unpri.org/page/signatory-base-aum-hits-59-trillion>.
- <sup>169</sup> Flood, C., 2016. HSBC's UK pension scheme to invest £1.85bn in eco-friendly fund. Financial Times, 7 November. Available at: <https://www.ft.com/content/a5af8328-a4ef-11e6-8898-79a99e2a4de6>.
- <sup>170</sup> KPMG, 2015. Survey of Corporate Responsibility Reporting, Currents of Change. Available at: <https://assets.kpmg.com/content/dam/kpmg/pdf/2016/02/kpmg-international-survey-of-corporate-responsibility-reporting-2015.pdf>.
- <sup>171</sup> For more on existing sustainable reporting, see: Working Group on Environmental Auditing (WGEA), 2013. Sustainability Reporting: Concepts, Frameworks and the Role of Supreme Audit Institutions. INTOSAI, June. Available at: <http://www.environmental-auditing.org/LinkClick.aspx?fileticket=vM4hrHlBd0spercent3D&tabid=128&mid=568>.
- <sup>172</sup> PwC, 2014. Sustainability goes mainstream: Insights into investor views. <http://www.pwc.com/us/en/pwc-investor-resource-institute/publications/assets/pwc-sustainability-goes-mainstream-investor-views.pdf>.
- <sup>173</sup> See: <http://accesstomedicineindex.org/>.
- <sup>174</sup> See: OECD. G20/OECD Principles of Corporate Governance. Available at: <https://www.oecd.org/corporate/principles-corporate-governance.htm>.
- <sup>175</sup> IMF, 2014. World Economic Outlook report. Chapter 3: Is it time for an infrastructure push? The macroeconomic effects of public investment. Available at: <http://www.imf.org/external/pubs/ft/survey/so/2014/res093014a.htm>.
- <sup>176</sup> Dobbs, R., Pohl, H., Lin, D-Y., Mischke, J., Garemo, N., Hexter, J., Matzinger, S., Palter, R., and Nanavatty, R., 2013. Infrastructure productivity: How to save \$1 trillion a year. McKinsey Global Institute. Available at: <http://www.mckinsey.com/industries/capital-projects-and-infrastructure/our-insights/infrastructure-productivity>.
- <sup>177</sup> The Global Commission on the Economy and Climate, 2014. Better Growth; Better Climate: The New Climate Economy Report. The Synthesis Report.
- <sup>178</sup> The Global Commission on the Economy and Climate, 2016. The Sustainable Infrastructure Imperative: Financing for Better Growth and Development. The 2016 New Climate Economy report.
- <sup>179</sup> Bhattacharya, A., Oppenheim, J., and Stern, N., 2015. Driving Sustainable Development Through Better Infrastructure: Key Elements of a Transformation. Global Economy and Development Working Paper 91, July. Available at: <https://www.brookings.edu/wp-content/uploads/2016/07/07-sustainable-development-infrastructure-v2.pdf>.
- <sup>180</sup> See: [www.weforum.org/reports/blended-finance-toolkit/](http://www.weforum.org/reports/blended-finance-toolkit/).
- <sup>181</sup> The World Bank, 2015. From Billions to Trillions - Transforming Development Finance. Post-2015 Financing for Development: Multilateral Development Finance. Development Committee, 2 April. Available at: <http://www.worldbank.org/en/news/press-release/2015/04/16/joint-statement-mdbs-imf-head-financing-for-development>.
- <sup>182</sup> Bhattacharya et al., 2015. Driving Sustainable Development Through Better Infrastructure: Key Elements of a Transformation. Global Economy and Development Working Paper 91, July.
- <sup>183</sup> IFC, 2016. The First Six Decades: Leading the Way in Private Sector Development. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/25402/109806-WP-IFC-History-Book-Web-Version-OUO-9.pdf?sequence=1&isAllowed=y>.



- <sup>184</sup> IFC, 2009. In a Historic Step, IFC Launches Subsidiary to Manage Third-Party Capital for Development. Press Release, 7 May. Available at: <http://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/FD0A212B06FCC317852575AF00646966>.
- <sup>185</sup> Standard and Poor's Ratings Services, 2016. How Much Can Multilateral Lending Institutions Up the Ante? Available at: <http://www.alacrastore.com/s-and-p-credit-research/How-Much-Can-Multilateral-Lending-Institutions-Up-The-Ante-1730227>.
- <sup>186</sup> Humphrey, C., 2015. Infrastructure Finance in the Developing World: Challenges and Opportunities for Multilateral Development Banks in 21st Century Infrastructure Finance. The Global Green Growth Institute (GGGI) and the Intergovernmental Group of Twenty Four on Monetary Affairs and Development (G-24) Working Paper Series. Available at: <http://g24.org/wp-content/uploads/2016/05/MARGGK-WP08.pdf>.
- <sup>187</sup> The World Bank, 2016. The World Bank and BNP Paribas Team Up to Promote the 2030 Agenda Sustainable Development Goals through Innovative Finance. World Bank Press Release, 12 December. Available at: <http://treasury.worldbank.org/cmd/htm/World-Bank-BNP-Paribas-TeamUp-2030-Agenda-Sustainable-Develop-Goals-Innovative-Finance.html>.
- <sup>188</sup> See: Nam Theun 2 Watershed Management and Protection Authority (NT2 WMPA). <http://www.nt2wmpa.gov.la/en/about/>.
- <sup>189</sup> Zachau, U., and Times, V., 2015. Can We Make Hydropower Work for All in Laos?. World Bank News, 14 May. Available at: <http://www.worldbank.org/en/news/opinion/2015/05/14/can-we-make-hydropower-work-for-all-in-laos>.
- <sup>190</sup> Sinha, S., 2007. Nam Theun 2 (NT2) Hydropower Project. World Bank Group and Indian Institute of Management, January. <https://ppiaf.org/sites/ppiaf.org/files/documents/toolkits/Cross-Border-Infrastructure-Toolkit/Cross-Border%20Compilation%20over%20Jan%202007/Resources/Sinha%20-%20Case%20Study%20Nam%20Theun.pdf>.
- <sup>191</sup> Zachau, U., and Times, V., 2015. Can We Make Hydropower Work for All in Laos?. World Bank News, 14 May.
- <sup>192</sup> See: Inderst, G., 2010. Infrastructure as an Asset Class. Pensions Institute, EIB papers volume 15, issue 1. Available at: <http://pensions-institute.org/workingpapers/wp1103.pdf>.
- <sup>193</sup> See: <http://www.efr.be/>.
- <sup>194</sup> Wilson, M., 2016. UK life insurers can help boost infrastructure. Financial Times, 21 November. Available at: <https://www.ft.com/content/11256eac-acf6-11e6-ba7d-76378e4fef24>.
- <sup>195</sup> See: <https://www.fsb-tcfd.org/>.
- <sup>196</sup> See: <http://web.unep.org/inquiry/>.
- <sup>197</sup> See: <http://www.cgdev.org/initiative/development-impact-bonds-0>.
- <sup>198</sup> Center for Global Development, 2013. Investing in Social Outcomes: Development Impact Bonds. The Report of the Development Impact Bond Working Group. Available at: <http://www.cgdev.org/sites/default/files/investing-in-social-outcomes-development-impact-bonds.pdf>.
- <sup>199</sup> European Investment Bank (EIB). Climate Awareness Bonds. Available at: [http://www.eib.org/investor\\_relations/cab/index.htm?lang=en](http://www.eib.org/investor_relations/cab/index.htm?lang=en).
- <sup>200</sup> Climate Bonds Initiative, 2015. 2015 Green Bond Market Roundup. Available at: <http://www.climatebonds.net/files/files/2015%20GB%20Market%20Roundup%2003A.pdf>.
- <sup>201</sup> Shankleman, J., 2016. Green Bond Market Will Grow to \$158 Billion in 2016, HSBC Says. Bloomberg, 26 January. Available at: <https://www.bloomberg.com/news/articles/2016-01-26/green-bond-market-will-grow-to-158-billion-in-2016-hsbc-says>.
- <sup>202</sup> RBC Capital Markets, 2014. Green Bonds, Fifty shades of green. [http://www.rbc.com/community-sustainability/\\_assets-custom/pdf/Green-Bonds-Fifty-Shades-of-Green.pdf](http://www.rbc.com/community-sustainability/_assets-custom/pdf/Green-Bonds-Fifty-Shades-of-Green.pdf).
- <sup>203</sup> Mainelli, M., and Mills, S., 2017 (forthcoming). Financial Innovations and Sustainable Development. Z/ Yen. Business and Sustainable Development Commission contributing paper. To be available at: <http://businesscommission.org/>.
- <sup>204</sup> See: <https://www.kiva.org/about>.
- <sup>205</sup> Holzheu, T., 2016. Underinsurance of property risks: closing the gap. Swiss RE Sigma. Available at: <http://www.verisk.com/property-claim-services-v/2016/Speaker-Holzheu-Thomas.pdf>.

<sup>206</sup> Munich Climate Insurance Initiative. Climate Risk Adaptation and Insurance in the Caribbean: Project Overview. Available at: <http://www.climate-insurance.org/projects/climate-risk-adaptation-and-insurance-in-the-caribbean/>.

<sup>207</sup> Mainelli, M., and Mills, S., 2017 (forthcoming). Financial Innovations and Sustainable Development. Z/ Yen. Business and Sustainable Development Commission contributing paper. To be available at: <http://businesscommission.org/>.

<sup>208</sup> OECD, 2014. Trends in Income Inequality and its Impact on Economic Growth. Available at: <http://www.oecd.org/newsroom/inequality-hurts-economic-growth.htm>.

<sup>209</sup> Milanovic, B., 2012. Global Income Inequality by the Numbers: In History and Now – A Overview. World Bank Policy Research Working Paper Series 6259, 1 November. Available at: <http://heymancenter.org/files/events/milanovic.pdf>.

<sup>210</sup> UN, 2015. The Millennium Development Goals Report 2015. Available at: [http://www.un.org/millenniumgoals/2015\\_MDG\\_Report/pdf/MDG percent202015 percent20rev percent20\(July percent2015\).pdf](http://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20percent20rev%20(July%202015).pdf).

<sup>211</sup> The World Bank, 2016. Poverty and Shared Prosperity 2016: Taking on Inequality. Washington, DC. Available at: <https://openknowledge.worldbank.org/bitstream/handle/10986/25078/9781464809583.pdf>.

<sup>212</sup> UNDESA, 2015. Youth population trends and sustainable development. Population Facts No.2015/01, May. Available at: [http://www.un.org/en/development/desa/population/publications/pdf/popfacts/PopFacts\\_2015-1.pdf](http://www.un.org/en/development/desa/population/publications/pdf/popfacts/PopFacts_2015-1.pdf).

<sup>213</sup> IFC, 2013. IFC Jobs Study: Assessing private sector contributions to job creation and poverty reduction. Available at: [https://www.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC\\_FULL+JOB+STUDY+REPORT\\_JAN2013\\_FINAL.pdf?MOD=AJPERES](https://www.ifc.org/wps/wcm/connect/0fe6e2804e2c0a8f8d3bad7a9dd66321/IFC_FULL+JOB+STUDY+REPORT_JAN2013_FINAL.pdf?MOD=AJPERES).

<sup>214</sup> ILO, 2016. World Employment Social Outlook: Trends 2016. Available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_443480.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_443480.pdf).

<sup>215</sup> ILO, 2015. Global Employment Trends for Youth 2015: Scaling up investments in decent jobs for youth. Available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_412015.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_412015.pdf).

<sup>216</sup> See: Sadowski, J., 2016. Why Silicon Valley is embracing universal basic income. The Guardian, 22 June. Available at: <https://www.theguardian.com/technology/2016/jun/22/silicon-valley-universal-basic-income-y-combinator>.

<sup>217</sup> IFC, 2013. IFC Jobs Study: Assessing private sector contributions to job creation and poverty reduction.

<sup>218</sup> OECD, 2011. Governance at a Glance 2011. Available at: [http://www.oecd-ilibrary.org/sites/gov\\_glance-2011-en/05/01/index.html?itemId=/content/chapter/gov\\_glance-2011-27-en](http://www.oecd-ilibrary.org/sites/gov_glance-2011-en/05/01/index.html?itemId=/content/chapter/gov_glance-2011-27-en).

<sup>219</sup> ILO, 2013. The Prevention of Occupational Diseases. Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---safework/documents/publication/wcms\\_208226.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---safework/documents/publication/wcms_208226.pdf).

<sup>220</sup> ILO, 2014. Strengthening the global fight against all forms of forced labour. The Protocol to the Forced Labour Convention. Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_321414.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_321414.pdf).

<sup>221</sup> ILO, 2015. World Report on Child Labour 2015: Paving the way to decent work for young people. International Programme on the Elimination of Child Labour (IPEC). Available at: [http://www.ilo.org/ipecc/Informationresources/WCMS\\_358969/lang--en/index.htm](http://www.ilo.org/ipecc/Informationresources/WCMS_358969/lang--en/index.htm).

<sup>222</sup> See: [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf).

<sup>223</sup> See: [http://www.ilo.org/global/programmes-and-projects/WCMS\\_084616/lang--en/index.htm](http://www.ilo.org/global/programmes-and-projects/WCMS_084616/lang--en/index.htm).

<sup>224</sup> Hadwiger, F., 2015. Global framework agreements: Achieving decent work in global supply chains. International Journal of Labour Research. Available at: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---actrav/documents/meetingdocument/wcms\\_434248.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/meetingdocument/wcms_434248.pdf).

<sup>225</sup> Shift, 2016. Business, Human Rights and the Sustainable Development Goals: Forging a coherent vision and strategy. Business and Sustainable Development Commission contributing paper. Available at: <http://businesscommission.org/our-work/business-human-rights-and-the-sdgs>.

<sup>226</sup> ILO, 2016. Report IV: Decent work in global supply chains. International Labour Conference, 105th Session, 2016. Geneva.

- <sup>227</sup> UN Women, 2016. UN Women Annual Report 2015-2016. Available at: <http://annualreport.unwomen.org/en/2016>.
- <sup>228</sup> UN Women, 2015. Facts and Figures: Economic Empowerment. Available at: <http://www.unwomen.org/en/what-we-do/economic-empowerment/facts-and-figures>. Based on data from the World Bank Gender Data Portal. Available at: <http://datatopics.worldbank.org/gender/>
- <sup>229</sup> Grant Thornton, 2015. Women in business: the path to leadership. Grant Thornton International Business Report. Available at: [http://www.grantthornton.global/globalassets/1.-member-firms/global/insights/ibr-charts/ibr2015\\_wib\\_report\\_final.pdf](http://www.grantthornton.global/globalassets/1.-member-firms/global/insights/ibr-charts/ibr2015_wib_report_final.pdf).
- <sup>230</sup> UN Women, 2015. Facts and Figures: Economic Empowerment.
- <sup>231</sup> UN Women, Progress of the World's Women 2015-2016. Chapter 2, p. 84. Available at: [http://progress.unwomen.org/en/2015/pdf/UNW\\_progressreport.pdf](http://progress.unwomen.org/en/2015/pdf/UNW_progressreport.pdf). Based on data from: EuroStat, 2014. Available at: <http://ec.europa.eu/eurostat>.
- <sup>232</sup> OECD, 2013. Public expenditure on active labour market policies. Employment and Labour Markets: Key Tables from OECD, No. 9. Available at: <http://dx.doi.org/10.1787/Impxp-table-2013-1-en>.
- <sup>233</sup> UNESCO, 2016. Leaving no one behind: How far on the way to universal primary and secondary education?. UNESCO Policy Paper 27, Fact Sheet 37, July. Available at: <http://unesdoc.unesco.org/images/0024/002452/245238E.pdf>.
- <sup>234</sup> UNESCO, 2014. Education for All Global Monitoring Report 2013/14.
- <sup>235</sup> UNDESA, 2015. Youth population trends and sustainable development. Population Facts No.2015/01, May.
- <sup>236</sup> UN, 2013. The Millennium Development Goals Report 2013. Available at: <http://www.un.org/millenniumgoals/pdf/report-2013/mdg-report-2013-english.pdf>.
- <sup>237</sup> The Nation's Report Card, 2015. Mathematics & Reading at Grade 12. Available at: [http://www.nationsreportcard.gov/reading\\_math\\_g12\\_2015/#mathematics/acl](http://www.nationsreportcard.gov/reading_math_g12_2015/#mathematics/acl).
- <sup>238</sup> World Economic Forum (WEF), 2015. Disrupting Unemployment: Business-led Solutions for Action. WEF Employment, Skills and Human Capital Global Challenge Insight Report, April. Available at: [http://www3.weforum.org/docs/WEF\\_DisruptingUnemployment\\_Report\\_2015.pdf](http://www3.weforum.org/docs/WEF_DisruptingUnemployment_Report_2015.pdf).
- <sup>239</sup> See: <http://educationcommission.org/>.
- <sup>240</sup> See: <https://www.generationinitiative.org/about/>.
- <sup>241</sup> McKinsey & Company. Generation. Available at: <http://www.mckinsey.com/about-us/social-impact/generation>.
- <sup>242</sup> McKinsey Social Initiative, 2016. Generation June 2016 Update. Available at: <https://www.generationinitiative.org/newsletter/june2016/>.
- <sup>243</sup> Generation Initiative. Employers. Available at: <https://www.generationinitiative.org/employers/>.
- <sup>244</sup> Mooney, A., and Marriage, M., 2016. \$200bn drained from equity funds since start of 2016. Financial Times, 13 November. Available at: <https://www.ft.com/content/4777c866-a773-11e6-8898-79a99e2a4de6>.
- <sup>245</sup> Mars. The Five Principles. Available at: <http://mars.com/global/about-us/five-principles>.
- <sup>246</sup> Practical Impact Alliance, 2015. Best Practices for BoP Door-to-Door Distribution. Available at: [http://www.bopinc.org/sites/www.bopinc.org/files/updates/bop\\_d2d\\_pages\\_v12.pdf](http://www.bopinc.org/sites/www.bopinc.org/files/updates/bop_d2d_pages_v12.pdf).
- <sup>247</sup> Practical Impact Alliance, 2015. Best Practices for BoP Door-to-Door Distribution.
- <sup>248</sup> Unilever. Lifebuoy's 1 billion ambition. Available at: <https://www.unilever.com/sustainable-living/the-sustainable-living-plan/improving-health-and-well-being/health-and-hygiene/changing-hygiene-habits-for-better-health/Lifebuoys-one-billion-ambition.html>.
- <sup>249</sup> Unilever. Towards universal handwashing with soap: Social Mission Report – 2015. Lifebuoy Way of life. Available at: [https://www.unilever.com/Images/lifebuoy-way-of-life-2015\\_tcm244-418692\\_en.pdf](https://www.unilever.com/Images/lifebuoy-way-of-life-2015_tcm244-418692_en.pdf).
- <sup>250</sup> Ram, A., 2016. MSCI takes aim at corporate tax avoidance. Financial Times, 13 November. Available at: <https://www.ft.com/content/b12b120c-a80b-11e6-8b69-02899e8bd9d1>.
- <sup>251</sup> See: <http://www.xprize.org/>.

## ACKNOWLEDGEMENTS

The Commission is grateful to the many organisations and individuals that have made substantial contributions to the Commission's programme of work. They are, however, not responsible for the accuracy, content, findings or recommendations. The findings do not necessarily reflect their views nor those of the organisations they represent.

Aavishkaar Intellectap Group	The Global Commission on the Economy and Climate
The Abraaj Group	Green Economy Coalition
Accenture plc	The Grundfos Group
African Development Bank Group	The GSM Association (GSMA)
The Al-Dabbagh Group	Harvard Business School
The Alibaba Group	Harvard Kennedy School of Government
AlphaBeta	Hewlett Packard Enterprise
Australian Council for International Development (ACFID)	Hystra
Avaaz	IFC Asset Management Company LLC
Aviva plc	InfluenceMap
The B Team	The International Center for Trade and Sustainable Development (ICTSD)
The Bill and Melinda Gates Foundation	The International Chamber of Commerce (ICC)
The Brookings Institution	The Education Commission
Cambridge Judge Business School	The International Institute for Applied Systems Analysis (IIASA)
Corporate Citizenship	The International Monetary Fund (IMF)
The Dalberg Group	The International Trade Union Confederation (ITUC)
Deutsche Bank AG	Investec Asset Management
Doğan Group	
Edelman	
Foresight Economics Ltd	
FSG Social Impact Advisors	
GITI Group	
Global Action Plan	

Lagos Deep Offshore Logistics Base (LADOL)	The Toilet Board Coalition
Lee Kuan Yew School of Public Policy	The UBS Group AG
The Made in Africa Initiative	The UK Department for International Development (DFID)
Mars, Inc.	Unilever
McKinsey Global Institute	The United Nations Children's Fund (UNICEF)
McKinsey Social Initiative	The United Nations Environment Programme (UNEP)
Merck & Co. Inc.	The United Nations Executive Office of the Secretary General (EOSG)
MMG Limited	The United Nations Foundation (UNF)
The Mo Ibrahim Foundation	The United Nations Global Compact (UNGC)
National Management Holding 'Baiterek'	The United Nations Sustainable Development Solutions Network (UN SDSN)
The Federal Ministry of Environment, Nigeria	United States Agency for International Development (USAID)
Olam International	Volans
The Organisation for Economic Co-operation and Development (OECD)	Winston Eco-Strategies Llc
The Overseas Development Institute (ODI)	Within People
Pearson plc	WithoutViolence
Plumen	Women's World Banking
PricewaterhouseCoopers International (PwC)	The World Bank Group
The Rockefeller Foundation	The World Business Council for Sustainable Development (WBCSD)
Safaricom Limited	The World Economic Forum (WEF)
Save the Children Fund	The World Resources Institute (WRI)
The Schwab Foundation for Social Entrepreneurship	X Prize Foundation
Shift	Yara International ASA
Singularity University	Z/Yen Group Ltd.
SYSTEMIQ	
The Tellus Mater Foundation	
Temasek Holdings Private Ltd	



## THE PROJECT TEAM

### **The report team for *Better Business, Better World* has comprised:**

Jeremy Oppenheim (Programme Director), Olivia Boyd, Gina Campbell, Nishita Dewan, Alex Evans, Melinda George, Saira George, Gail Klintworth, Alessandra Kortenhorst, Dinah McLeod, Janez Potocnik, Corinne Sawers, Aniket Shah

### **The wider project team has comprised:**

Nedaa AlMubarak, Caroline Anstey, Mirza Baig, Nikki Barber, Karen Basiye, Pritika Bathija, Sean Batten, James Bilefield, Toby Brennan, Chris Brett, Kaysie Brown, Tony Burdon, Rianne Buter, Paula Caballero, Kathy Calvin, James Cameron, Lloyd Cameron, Chris Cannan, Arne Cartridge, Joe Cerrell, Chan Si Hui, Andrew Charlton, Cheo Hock Kuan, Chua Eu Jin, Kerry Conway, Elizabeth Cousens, Alfonso Daniels, Nathalie Delapalme, Pratik Desai, Marisa Donnelly, Joanne Driels, John Elkington, Blair FitzGibbon, Catherine Foster, Douglas Frantz, Amanda Gardiner, Helene Gayle, Stephen Gelb, Julie Gerberding, Daniel Gimenez, Jonathan Glennie, Tanja Gonggrijp, Richard Gower, Brimbelle Grandcolas, Richard Hardymment, Inge Herman Rydland, Celine Herweijer, David Higgins, Gabriella Hillgren, Lisbeth D. Jespersen, Heather Johnson, Rajiv Joshi, Louise Kantrow, Akanksha Kapoor, Zanna Karsan, Zia Khan, Homi Kharas, Niclas Kjellström-Matseke, Mark Kramer, Paul Larsen, Carina Larsfalten, Charles Leadbeater, Alice Lépissier, Bo Lidegaard, Jacqueline Lim, Jessica Long, Carmen López-Clavero, Ole Lund Hansen, Kishore Mahbubani, Michael Mainelli, Lisa Manley, Robbie Marwick, Paul Mason, Erica Matthews, Jeffery May, Marc Mazairac, John McArthur, Ricardo Melendez-Ortiz, Albena Melin, Karen Miller, Amina Mohamed, Ask Møller-Nielsen, Terje Morten Tollefsen, Austin Morton, Elisa Moscolin, Pauliina Murphy, James Mwangi, David Nabarro, Jane Nelson, NEO Gim Huay, NG Boon Heong, Laura Nielsen, Roel Nieuwenkamp, Kim Nøhr Skibsted, Paul Nowak, Clare Oh, Mari Pangestu, Barry Parkin, Celia Partridge, Rupali Patni, Iain Patton, Charlotte Petri-Gornitzka, Malcolm Preston, Caroline Rees, Mark Richardson-Griffiths, Erik Ringborg, Anna Ryott, Maeva Sabot-Sadiq, Neslihan Sadıkoğlu, Mita Samani, Richard Samans, Guido Schmidt-Traub, Jeff Seabright, Cheryl Seeto, Nick Sens, Rasha Shaath, Vian Sharif, Frederic Sicre, Lorraine Smith, Beck Smith, Sriram Srikumar, Andrew Steer, Liesbet Steer, Leni Stenseth, Christopher Stewart, Elizabeth Stuart, Natalya Sverjensky, Gemma Swart, Frederick TEO LW, Fraser Thompson, Elaine Tsai I-Ling, Keith Tuffley, Mike Tuffrey, Katherine Tweedie, Kitty van der Heijden, Filippo Veglio, Miguel Veiga-Pestana, Daniel Vennard, Katie Waring, Kevin Watkins, Dominic Waughray, Steve Waygood, Elaine Weidman, Andrew Wilson, Andrew Winston, Alexander Woollcombe, Lawrence Yanovitch, Daniel Yeo, Franziska Zimmermann



