

Enterprise Action 1. Commit to operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact

- ✓ **Decide that operating responsibly and sustainably, and contributing positively to the SDGs is central to business purpose (1.1.1)**

Guidance Note 1.1.1

Making sustainability and the SDGs central and contributing positively

Making sustainability and the SDGs central means that sustainability and the SDGs are not just an add on to what business gets done. They become central and are embedded in the enterprise's purpose and how it creates value for itself and society (people and the planet). The lens shifts from a focus on the issues that are expected to impact enterprise value, to a focus on maximizing the positive impact (including by reducing negative impacts) the enterprise has on stakeholders, sustainable development, and achievement of the SDGs. In so doing, human well-being and long-term business performance (including sustainability and resilience) can be optimized. Stakeholder expectations and the requirements for sustainable development overlap and will drive purpose, strategy, and impact goals.

The Better Business Better World report of the Business & Sustainable Development Commission (Jan 2017) describes incorporating the SDGs into organizational strategy as follows: "Incorporate the Global Goals into company strategy. That means applying a Global Goals lens to every aspect of strategy: appointing board members and senior executives to prioritize and drive execution; aiming strategic planning and innovation at sustainable solutions; marketing products and services that inspire consumers to make sustainable choices; and using the goals to guide leadership development, women's empowerment at every level, regulatory policy, and capital allocation. Achieving the Global Goals will create 380 million new jobs by 2030. You need to make sure your new jobs and any others you generate are decent jobs with a living wage, not only in your immediate operations but across your supply chains and distribution networks. And you need to help investors understand the scale of value that sustainable business can create."

(<https://sustainabledevelopment.un.org/content/documents/2399BetterBusinessBetterWorld.pdf>)

Contributing positively

An enterprise will have positive and negative impacts on stakeholders. A positive impact is a positive change in the level of an impact experienced by a stakeholder above a minimum threshold. However, the starting and ending point for that change can be below that threshold. Something is good but can still get better. Some that are bad can get better but still be bad.

A positive contribution is made taking all the positive and negative material impacts experienced by people and the planet as a result of the operations of an enterprise into account, including those within the SDGs. Positive impacts are then those that reach a minimum threshold set considering, and at times

making a judgement about a mix of, planetary thresholds, scientific targets, and stakeholder requirements. Although this is a minimum, the Standards require ambitious and rigorous targets to maximize impact, and set at the level of each expected impact, so that the positive change in contribution is being made at a rate commensurate with planetary thresholds, scientific targets, stakeholder expectations as well as SDG targets – and taking into account variations in impact within and across Stakeholders and sub-groups with a view to “leaving no-one behind”.

Whether or not a positive contribution is being made, the challenge is that decision making should be increasing the contribution. Where the contribution is already above these thresholds this is less of a challenge, although the need for targets to be ambitious and rigorous remains. Accountability to those experiencing the impacts would still require performance to be maximized. Maximized means maximized subject to existing constraints. But constraints can also be changed, whether these are through capacity, capability, partnerships, or creativity and innovation.

Nonetheless the challenge is greater for an enterprise that is currently making a negative contribution or if considered positive overall, still has material negative impacts.

This raises the challenge of considering impacts in the whole, taking positive and negative impacts into consideration, recognizing that not all impacts are equal. Net impact implies quantification including valuation, and valuation would need to consider values in relation to thresholds and planetary limits. Even where there is thought to be more positive impacts than negative impacts, the focus for allocating resources would be on reducing negative impacts before further increasing positive impacts.