SCALING PRIVATE SECTOR ENGAGEMENT IN THE SDGS

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Private sector investment and innovation are essential to achieving the Sustainable Development Goals (SDGs). A vanguard of companies is making public commitments and taking action. Yet, business engagement and impact are far from becoming mainstream. A concerted effort is required to scale the quantity, quality, and accountability of private sector activities that could have a measurable impact on supporting the SDGs.

In the 12th U.N. Global Compact-Accenture CEO Study, released in 2023, 98 percent of more than 2,600 chief executives across 18 industries in 128 countries agreed that sustainability is now core to their role. While 87 percent warned that current levels of geopolitical and economic disruption are limiting the delivery of the SDGs, 51 percent believe they could play a critical role to help achieve the goals with increased commitment and action.

In many cases, however, implementation is lagging behind public pledges and ambition. KPMG's 2022 Survey of Sustainability Reporting found that 74 percent of the world's largest 250 companies by revenue are reporting on the SDGs. Yet, only 10 percent are reporting on all 17 Goals, and only 6 percent are reporting on their negative as well as positive impacts. Another study by the Global Reporting Initiative and Support the Goals found that 83 percent of 206 companies surveyed in 2021 said they support the SDGs, but only 40 percent set measurable commitments and only 20 percent included evidence to assess their impacts.

What needs to change? Three areas of collective action will be essential.

1. **Standardize and require measures of corporate accountability:** The time has come to put public disclosure of a company's material, social, and environmental risks and performance on a par with corporate financial reporting.

   Among voluntary reporting initiatives, the International Sustainability Standards Board, created in 2021, is on track to issue its first two standards on General Requirements and Climate by mid-2023. Last year, the Global Reporting Initiative updated its guidance for companies to report on the SDGs. In 2022, the Task Force for Climate-related Financial Disclosure reported that more than 3,800 organizations across 99 countries have become supporters of its recommendations, including over 1,500 financial institutions responsible for assets of $217 trillion.

But beyond such voluntary efforts, it is time to make this reporting mandatory, independently audited, or assured in accordance with international auditing and assurance standards, and based on comparable, relevant, and reliable metrics. A variety of non-financial reporting requirements and directives are being spearheaded by the European Union, the U.S. Securities and Exchange Commission, and other government entities. Such policy efforts need to find efficient paths to implementation, to scale the experience and lessons of voluntary reporting by some companies to mandatory reporting for all companies.

2. **Leverage investment in innovation accelerators and collaborative platforms:** Companies should invest more strategically in research, development, and innovation partnerships. Individual company investments in new technologies, products, services, and business models to deliver specific SDGs are necessary but not sufficient. There is untapped potential to leverage different combinations of public, private, and philanthropic finance and undertake joint efforts to accelerate or scale progress in crucial sectors and systems. Recent alliances such as the Breakthrough Energy Network, the First Movers Coalition, the Energy Transition Accelerator, and the Zero Hunger Private Sector Pledge point the way, alongside more established platforms such as GAVI, the Vaccine Alliance.

3. **Advocate for enabling policies through business coalitions:** Corporations must speak out more ambitiously and transparently on the need for smart public policies and regulations. In the absence of policy reforms and market incentives, business action for the SDGs will never scale beyond the leading companies. At a global level, organizations such as the World Business Council for Sustainable Development and We Mean Business Coalition, alongside some established industry groups, are increasing their public advocacy. More needs to be done at the national level. The Keidanren in Japan, National Business Initiative in South Africa, and Confederation of Danish Industry are three examples of business associations advocating for government leadership on the SDGs.

In summary, the first seven years of the 2030 Agenda have seen growing business engagement, but not at the speed and scale that are necessary—or possible. The second half of the SDG era needs to capture and catapult private-sector contributions to the 2030 goals.