

## How business can build future prosperity by **Redefining Context, Risk and Opportunity** with the **Sustainable Development Goals**

**\*JIMMY GREER**



India is currently undergoing one of the fastest urbanisation projects in history. Under Prime Minister Modi, the government has pledged that every Indian should have access to electricity by the end of the year. Yet as India looks to play more of a global leadership role as an economic powerhouse, business and government have a crucial role in managing the long-term responsibility to our impact on the planet.

In 1987, former prime minister of Norway Gro Bruntland published an influential report called *Our Common Future*. It outlined the first widely-acknowledged concept of sustainable development, or "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Since then, the idea of sustainability has moved further and further up the global agenda. Today, the World Bank defines sustainable development as growth that "must be both inclusive and environmentally sound to reduce poverty and build shared prosperity for today's population and to continue to meet the needs of future generations. It must be efficient with resources and be carefully planned to deliver immediate and long-term benefits for people, planet and prosperity."

With our world a more crowded place than ever – 7.5 billion people which the UN estimates will rise to 9.7 billion by 2050 – we are seeing continued and unprecedented erosion of our natural resources, from coal to water to our land and soil.

Environmentalists have made the case against the overuse of fossil fuels, deforestation and loss of biodiversity for many years. Civil society organisations have been increasingly visible in their campaigning for the rights of marginalised groups around the world. Policymakers have been warning the world that the type of growth that we have been pursuing is putting unforeseen and unsustainable pressure on our planet and highlighted a need for stronger institutions to build healthier long-term economic and social foundations. Yet we are still some way from one cohesive and sustainable global solution.

In 2015, the United Nations proposed its 17 Sustainable Development Goals – commonly known as SDGs – designed to achieve world-wide sustainable development by 2030. These were adopted by leaders of more than 150 countries around the world, and may finally provide the 360 degree framework to deliver inclusive prosperity.

Several of these goals have direct requirements on business with corporate leaders called on to consider the effects of their decisions, not only on finance, but also on social systems and natural capital.

Accountants are in a unique position to make real, impactful change

and be at the centre of delivering on these SDGs. From reporting on CO2 emissions to measuring social impact, the skills, judgement and all-round, data-informed view of business possessed by professional accountants make them a catalyst for delivering this greater stability and wider prosperity.

To borrow an accounting term from sustainability guru John Elkington – who also coined the term 'triple bottom line' – the SDGs are 'a purchase order for 2030, for business and government action today.' We have a short timeline to meet these ambitious goals, but we also have a sound framework to start future-proofing business and working our way towards a more sustainable world.

This is a bold objective – so what's the progress been like so far? Are we any closer to this sustainable future?

Many businesses already realise that tackling sustainability now will build a more prosperous future. A well-managed business in the 21st century is one which has an holistic view, and which acknowledges the depletion of non-sustainable assets and the downsides of non-sustainable practices. Companies that have already adopted this approach are financially outperforming their counterparts, in many cases. A recent report by the Business and Sustainable Development Commission, a global alliance of prominent business leaders, estimated that SDGs-related opportunities in India have the potential to unlock \$1 trillion of new market opportunities and up to 72 million jobs by 2030.

Perhaps, surprisingly to some outside the profession, professional accountants have been bold pioneers for creating mechanisms for robust and comparable wider reporting. Because of visionaries within the accountancy field, we now have a number of useful frameworks for measuring, monitoring and reporting on non-financial information.

Many subgroups of the accountancy profession are involved in the development of natural capital accounting and reporting initiatives, working with bodies and initiatives such as the Global Reporting Initiative and Sustainable Accounting Standards Board, as well as management accounting tools like the Natural Capital Protocol, to develop a framework for accounting for social natural capital and sustainability in financial reporting.

Alongside these, integrated reporting, is a framework for corporate reporting which encourages companies to think holistically about their actions, looking beyond the financial bottom line to their social, economic and environmental footprints. There are over 1,500 participants in IIRC networks worldwide, and from 2018 will enter its 'Global Adoption' phase, seeking to embed at the heart of global

corporate reporting practice.

While natural capital has just reached the periphery of traditional financial reporting standards, many of those in the profession are already voluntarily accounting for, and reporting, on all the capitals on which an organisations relies and affects.

A by-product of this has been that, as companies disclose more than the traditional, historic financial report, corporate reporting has been steadily growing broader – and longer. This also raises questions about coherence: how do we fit sustainability measures into traditional corporate reporting structures? Materiality is more important than ever, and different perspectives need to be considered before we can come to a single conclusion on the way in which we should report on the various areas of sustainability.

Corporates and businesses - in particular those making strategic plans based on the potential of India as a defining global market of the future -

have a responsibility to lead on sustainability issues. If business is to be relevant in this volatile, complex and unpredictable world, it needs to show it is a collective force for good.

Most importantly, it is time for finance teams and professional accountants to demonstrate that their skills and insight should be at the forefront of achieving this goal: in India and beyond.

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