



Global Compact Network
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SUSTAINABLE DEVELOPMENT
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Australia
Pacific

The Business of Sustainable Development:

Building Business Engagement in Sustainable Development and the UN's Sustainable Development Goals

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Melbourne

Summary Document

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Overview

On 20 February 2015, the Global Compact Network Australia (**GCNA**) and the Sustainable Development Solutions Network Australia-Pacific (**SDSN**) convened over 80 representatives of business, government, NGOs and academia at *The Business of Sustainable Development: Building business engagement in sustainable development and the UN Sustainable Development Goals* workshop (**the Workshop**) in Melbourne.

2015 represents a watershed year for the global sustainable development agenda, with the UN system negotiating a set of Sustainable Development Goals (**SDGs**) which, as the Millennium Development Goals expire, will set global development priorities until 2030 and which will apply to both developing and developed countries.

As the world's primary source of economic activity, business has a central role to play in this new global sustainable development agenda. The SDGs present a historic opportunity for business to align their strategies and activities with global priorities, producing outcomes that benefit society and the economy – and drive business success. The Workshop provided an unprecedented opportunity for business and key stakeholders to explore the opportunities and challenges of engaging with sustainable development issues, learn from each other's experiences and invest in networks to bolster the Australian corporate sector's engagement with development in the Australian and international context.

There is also significant alignment with the Australian Government's new aid policy – Australian aid: promoting prosperity, increasing stability, reducing poverty – which includes a focus on economic growth and engaging the private sector as partners in development.

Of the over 80 people who participated the Workshop, 56 were from business/industry, 11 from civil society, seven from academia, eight from government and six from other stakeholders including international corporate sustainability initiatives. The sectors represented included resources and extractives, food and agriculture, retail, financial services, energy, infrastructure and professional services.

Participants heard from a number of business leaders and experts across six sessions. The Workshop brought Australian businesses up to date with the global sustainable development agenda and the SDGs and considered the role of business in relation to sustainable development. It emphasised the importance of corporate engagement in sustainable development being underpinned by respect for fundamental principles of corporate responsibility such as those of the UN Global Compact. The Workshop also highlighted that there are already large-scale commitments from Australian companies to sustainable development and provided some useful models for potential business alignment with the SDGs.

The Workshop also demonstrated a clear commitment from the Australian Government to engage innovatively with the private sector to drive economic development across the region.

This summary report outlines highlights from discussions, and does not necessarily reflect the GCNA's, SDSN's or any participating organisation's views.

The Workshop agenda is set out in Annexure A.



The business and sustainable development landscape

UN Global Compact, the Post-2015 Business Engagement Architecture and the opportunities for Australian business

The Workshop highlighted that there is much that business is already doing to contribute to a sustainable future both domestically and internationally, but that there remains a significant opportunity for business to be a truly transformative force for sustainable development. Alice Cope, Executive Manager, GCNA introduced the UN Global Compact's [Post-2015 Business Engagement Architecture](#), which illustrates the main building blocks necessary to enhance corporate sustainability as an effective contribution to sustainable development.

At the core of the Architecture is a recognition that corporate sustainability and **business engagement in sustainable development must be founded in respect for fundamental responsibilities** in the areas of human rights, labour, the environment and anti-corruption, and in this way the UN Global Compact's ten principles provide a universal language for corporate responsibility. The Architecture's other building blocks include:

- a growing understanding of the alignment between the SDGs and long-term business goals, recognising that business' ability to flourish depends on the existence of a prosperous and sustainable society;
- transparency and accountability, to ensure business commitments are transparent and progress towards them real;
- platforms for action and partnership in order to scale-up existing sustainability efforts; and
- strengthening market-based and society-based drivers and incentives to continue building the business case for corporate action.

It was emphasised that the SDGs will apply to both developing and developed countries, and will therefore be relevant to Australian business whether operating only domestically or also offshore.

An introduction from BHP Billiton

Tony Cudmore, President, Corporate Affairs, BHP Billiton highlighted the positive impact corporate sustainability commitments can have in meeting the substantial global challenge of sustainable development, noting that creating lasting economic and social benefits for communities lies at the heart of BHP's corporate sustainability approach.

BHP Billiton's support for sustainable development was highlighted, and was framed in three key ways:

- BHP Billiton's work helps to meet the world's growing resource needs, which helps to raise living standards across the world.
- BHP Billiton contributes to national economies and societies through employment, supply chains and contributing and generating government revenue.
- BHP Billiton makes a broader contribution through voluntary community investments in local communities, totalling \$240 million last year.

The **explicit connections between the proposed SDGs and business** were highlighted, noting that poor governance undermines natural resource management and consumer confidence, inequality leads to social unrest and poor health and education limits local workforce potential and supply chains.

Australian Government perspectives on the SDGs and the role of the private sector in development

Ewen McDonald, Deputy Secretary of the Department of Foreign Affairs and Trade (**DFAT**), outlined the Australian Government's new approach to collaborating with business to drive sustainable development in the region, noting that it makes commercial sense for business to be involved in development efforts, and be profitable in a way that also drives positive social change.

On the SDG's, the Government's view is that they must remain people-centred; they must reflect the fundamental shifts in global development, including focussing on economic growth; and that they must support the creation of peaceful and inclusive societies and effective institutions. In order to be successfully implemented, the SDGs must also recognise that other actors – not just governments – need to be involved.

The Government's new aid policy, which emphasises private sector engagement, was outlined. A number of benefits for businesses in engaging were outlined, noting that DFAT:

- has a deep knowledge of the business, political and regulatory environment in developing country markets;
- has a unique ability to convene, broker and influence stakeholders in countries in which business operates;
- invests in programs that creates a better enabling environment for business; and
- has the ability to deploy catalytic funding where business and government objectives align.

Australian businesses were also invited to engage with DFAT to help identify new, innovative approaches and development solutions, including through a new \$140 million Innovation Hub.

Corporate leadership for sustainable development

A high-level panel featuring Sam Mostyn (Non-Executive Director; President, ACFID), Anthony Pratt (Visy Industries), Harold Mitchell (Harold Mitchell Foundation), Ewen McDonald (DFAT) and Ian Wood (BHP Billiton) unpacked the why and how the business community was engaging in sustainable development and how to enhance corporate leadership in this space.

There was consensus among panellists that **good business practices should always consider human needs and the local environments** in which they operate. In particular, Anthony Pratt noted “no business is an island” and emphasised that community investment has been a central pillar of Visy's successful business strategy and has helped to open up new markets for the company. He also noted that it was easiest to do business in countries with the “three D's: demographics, democracy and demand”, and that the sustainable development agenda had a role to play in transitioning developing countries towards this. Harold Mitchell agreed with this sentiment, noting that developing, middle income and developed countries in Asia will soon account for 50 per cent of the global economy. Harold emphasised that we live in an interdependent world and we need each other at every level. He also highlighted the importance of tackling issues such as corruption in order to successfully operate in developing countries.

Ian Wood also highlighted the **importance of gaining a social licence to operate** for sustained business opportunities. In order to ensure ongoing community and government support, businesses must operate at the highest possible standards. In reality, this may mean walking away from business opportunities if such standards cannot be met due, for example, to corruption or environmental impacts. This requires strong leadership and values within companies and across sectors.



Ewen McDonald highlighted the Australian Government's new aid paradigm, which emphasises the development of strong private sectors within developing countries in the region. To successfully achieve this, the current development model needs to change and **partnerships – which bring different actors with different skills together – need to play a more prominent role**. This is in part what the new Innovation Hub will aim to do.

Sam Mostyn noted that business is “of the world”, not separate from sustainable development issues. She noted also that there are already strong links between business and non-profits, with most non-profit boards already including business people. Rather than thinking of business, government and non-profit as different sectors, **there needs to be a shift in focus towards partnerships**. Sam also emphasised that more attention needs to be brought to companies that are lagging, e.g. companies without appropriate gender representation on their boards, whose disclosures are not sufficient, or those focused on short-term profits above all else.

Several opportunities for business to engage with the sustainable development agenda were identified. The panellists suggested that business can **align their sustainability and broader strategies with the SDGs**, for example by identifying the SDGs most relevant to their organisation and reporting against them. Other opportunities for businesses to help drive sustainable development include increasing community engagement, empowering women, investing in community education and seeking out partnerships between the business and community sectors. Making voluntary commitments to corporate sustainability principles under existing international frameworks such as the UN Global Compact was identified as another practical way business can engage with the sustainable development agenda.

Introduction to the UN Sustainable Development Goals: the journey so far, the SDGs and Australian engagement to date

Professors John Thwaites and David Griggs from the Monash Sustainability Institute provided a comprehensive overview of the current Millennium Development Goals (**MDGs**) and sustainable development framework, the SDGs process, what they aim to achieve, and how Australian stakeholders, including academia, government, civil society and business, have engaged in the process.

Professor Griggs suggested that the benefits of the MDGs, including their focus on those most in need as well as their simplicity and limited number, should not be lost in the next iteration of development goals. However, he noted that the MDGs did not adequately address **environmental issues, such as environmental degradation, climate change and finite natural resources**, which on current trajectories could undermine any gains in sustainable development and poverty alleviation. These issues feature more prominently in the new goals, but Professor Griggs emphasised the goals would need to be implemented in an integrated way, to ensure some weren't neglected or set back by actions in other areas. The scope of the new goals is also broader in coverage of social inclusion and inequality, and will **address inequalities within countries, as well as inequalities between countries**. The new SDGs will also differ from the MDGs in that they will be universal and apply to every country..

The applicability of the proposed SDGs to the Australian context was discussed by Professor Thwaites, who noted that while Australia did very well on most measures, some inequalities were pronounced in Australia. This included in education and health, where indicators for some disadvantaged groups in Australia are worse than in some developing countries. Professor Thwaites grouped the SDGs into four primary areas: inclusive growth; human growth and capabilities; sustainable environment; and enablers (including finance, governance and infrastructure based goals). He noted the Australian Government

has been strongly engaged in the SDGs process, but that there was an opportunity for business to be more engaged. This workshop presented a sound opportunity for **businesses' views on the barriers to sustainable development to be heard** by government, as well as for business to begin thinking about aligning their long-term operations to sustainability objectives.

Corporate practice: how Australian business are practically engaging in the sustainable development agenda

Two case studies on how leading Australian businesses are maximising their engagement with the new sustainable development agenda were presented.

BHP Billiton

James Ensor, Group Senior Manager, Social Policy, BHP Billiton outlined the process BHP Billiton recently took to review its strategy of community investments (towards which 1 percent of the company's pre-tax profits are committed), including **mapping their investment strategy against the SDGs** to guide the next five years of investments.

BHP Billiton is one of the first companies globally to take this approach, and was motivated by the increasing social and political expectations of business (and resource companies in particular) to demonstrate the contribution to society and sustainable development, heightened recognition of the critical role of business in finding solutions to global sustainable development challenges particularly in the SDGs, the opportunity to leverage BHP Billiton's high policy standards to become a partner of choice, and the potential benefits of a framework for the company to increase its engagement with national and international policy debates.

As a first step, the company conducted extensive internal and external analysis to identify the key sustainability issues relevant to BHP Billiton – including transparency and anti-corruption, land and water impacts, resource nationalism and benefit sharing, community conflict, climate change and human rights. The company then developed a materiality matrix through which key sustainability issues were mapped according to their significance to both the company and to stakeholders. Then, having mapped these against the draft SDGs, three overarching themes of governance, capability and inclusion and environment were identified to shape the new community investment strategy. Specific areas of focus within each theme, where BHP Billiton can make a distinctive contribution, were then identified with target outcomes set.

It was noted that this approach could also be used to align core business or value chain initiatives to the SDG priorities.

National Australia Bank

Sasha Courville, Head of Corporate Responsibility Strategy, National Australia Bank (**NAB**) emphasised that banks and financial institutions have a catalytic role to play in society and sustainable development, and that the SDGs cannot be achieved without finance. Banks and business have the ability to leverage finance and specific skills to address the gap between existing public finance and the required finance to achieve the SDGs.

In addition, NAB's support for the national SDGs discussion in Australia was underpinned by an understanding that there are changing expectations from Australian society on the role and obligations of business – and therefore business' social license to operate. Banks have direct involvement with practically every segment of Australian society – through their employees, customers and investments – and the SDGs discussion provides a useful framework for understanding the Australian society's



expectations and for building a consensus on where it wants to go. NAB sees that **as a business it can contribute to almost every single SDG**.

The SDGs were also seen as **an opportunity for corporates to think creatively about their sustainability practices**, including through, for example, impact investing. The impact investing market in Australia is expected to grow to \$32 billion by 2022 yet barriers for growth currently include addressing the gap between sustainable social enterprises and not for profits and investors who can provide the capital which they need to increase their impact and identifying consistent metrics for measuring social and environmental impact. To address some of these challenges, NAB, in partnership with Impact Investing Australia, launched an impact investment readiness fund to build capacity and support promising projects to become investment ready, and seeks to demonstrate the variety of financing solutions available to grow this market. Another “hook” for the business came through NAB being Australia’s biggest agribusiness bank, and it was noted that many of its agribusiness customers were already thinking about current and future sustainable development challenges (e.g. water, soil, energy, climate), and so the related economic issues were clear, making it more straightforward to engage other business functions in the sustainability discussion.

Discussion Groups

Representatives participated in four discussion groups which focussed on the following key themes:

1. Ending poverty and inequality, and addressing human needs and capabilities;
2. Addressing resource and environmental stress, including through sustainable consumption and production;
3. Governance, transparency and accountability; and
4. Partnering with business for sustainable development.

Each group explored the relevance of the theme to Australian business (domestically and internationally), opportunities for business to contribute to the theme (e.g. through core business activities and operations, value chain initiatives and community investment) and challenges in doing so, and the role of business vis-à-vis other stakeholders and how can different stakeholders work together to tackle the issue.

Ending poverty and inequality, and addressing human needs and capabilities

From a business-interest perspective, reducing poverty and inequality helps to grow business markets, particularly in emerging economies. Addressing inequality is also important to business as it can hinder economic growth and risks creating social and economic instability. The loss of economic potential through different types of inequality (including income inequality and gender inequality) also presents economic costs to society.

Participants identified an opportunity for businesses to align their operations to the SDGs through a values statement which links addressing human needs and ending poverty to their corporate agenda. The SDGs also present an opportunity for business to take a strategic, long-term approach to their planning.

Participants also noted collaborations and partnerships to address inequality and human needs may help to mitigate negative unintended consequences of individual actions.

Addressing resource and environmental stress, including through sustainable consumption and production

The direct and indirect costs of environmental stress and unsustainable production and consumption patterns were highlighted as being particularly relevant to business. Therefore, it is critical for business to gain a social licence to operate through addressing these issues. There was debate over whether this is best when consumer or business-led, and broad acknowledgement that media attention can sometimes distort some issues through generating misinformation.

The multitude of sustainability frameworks was also discussed, noting that this can overwhelm businesses who want to act sustainably. Therefore, educating stakeholders, creating new partnerships between business, government and civil society, and establishing collaborative forums are crucial to effectively addressing resource and environmental stress.

Governance, transparency and accountability

The importance of governance, transparency and accountability to achieving sustainable development was underscored by participants who noted good governance was critical to good business, and that poor governance erodes trust and creates inefficiencies. The rule of law, anti-bribery platforms and transparency and disclosure were essential to evening the playing field and enabling businesses to flourish.

There is a role for multilaterals, business, civil society and government to promote a range of hard and soft instruments to help in this regard, from developing legislation to creating standards. The benefits of strong national and peer enforcement mechanisms were also emphasised, as was business and industry bodies embracing their leadership role in this space.

Partnering with business for sustainable development

There is immense potential for partnerships and collaboration between stakeholders. Partnerships and collaborations were repeatedly acknowledged as essential to successful development efforts. While it was agreed business can be generous with their philanthropy commitments and community investments, there is a greater opportunity for business to leverage their core business more effectively to achieve sustainable development outcomes. In-kind contributions and a more holistic focus on shared value can help business to scale-up their sustainable development efforts.

There is also a role for other stakeholders to both hold business more accountable, and also to collaborate with business to achieve better outcomes. Civil society and government can help shape debates about the role of business in sustainable development and bring other actors to the table alongside business.

Establishing workable rules of engagement will be necessary to future multi-stakeholder collaborations, which could include: acknowledging the mutual benefits of partnerships; reinforcing the importance of transparency; allowing adequate space and time to build trust and complex relationships; recognising progress and milestones; and respecting different perspectives, experiences and cultures.



Recommendations and next steps

Overall, there was strong appetite for continued dialogue among all stakeholder groups.

- The GCNA and SDSN Australia-Pacific will continue leading dialogue with key stakeholders through different forums, including as follows:
 - The GCNA is establishing a Sustainable Development Leadership Group for business. This new Leadership Group will complement the GCNA's existing Human Rights, Environment and Anti-Corruption Leadership Groups, and will provide an ongoing forum for engagement, dialogue and action.
 - The Monash Sustainability Institute under the auspices of SDSN Australia/Pacific is running a broader follow-up workshop for government, business, civil society and academia on how the SDGs will be implemented in Australia and the role of different sectors in contributing to their achievement.
 - Further consideration will be given to convening a national conference on the SDGs once they are finalised.
- The UN Global Compact will continue to lead business engagement on the SDGs at a global level, and is partnering with GRI and WBCSD to develop an implementation guide (to be launched later in 2015) to support businesses in assessing their impacts, aligning their strategies with the SDGs and setting company goals.

Annexure A: Workshop Agenda

9.00—9.15am	<p>Welcome, introduction and overview of the UN Global Compact's Post-2015 Business Engagement Architecture Alice Cope, Executive Manager, Global Compact Network Australia</p> <p>Welcome from the Sustainable Development Solutions Network Professor John Thwaites, Chair, Monash Sustainability Institute and ClimateWorks Australia; Member of the Leadership Council, UN Sustainable Development Solutions Network</p>
9.15—9.25am	<p>Welcome and introduction Tony Cudmore, President, Corporate Affairs, BHP Billiton</p>
9.25—9.35am	<p>Australian Government perspectives on the SDGs and the role of the private sector in development Ewen McDonald, Deputy Secretary, Department of Foreign Affairs and Trade</p>
9.35—10.30am	<p>High-level panel: corporate leadership for sustainable development Anthony Pratt, Executive Chairman, Visy Industries Harold Mitchell, Founder, Mitchell & Partners; Former Executive Chairman, Aegis Media ANZ; Founder, Harold Mitchell Foundation Sam Mostyn, Non-Executive Director, Transurban, Virgin Australia and CitiBank Australia; President, ACFID Ewen McDonald, Deputy Secretary, Department of Foreign Affairs and Trade Ian Wood, Vice President Community Relations and Sustainability, BHP Billiton</p>
10.30—10.50am	Morning tea
10.50—11.10am	<p>Introduction to the Sustainable Development Goals: the journey so far, the draft SDGs and Australian engagement to date Professor David Griggs, Director, Monash Sustainability Institute Professor John Thwaites, Chair, Monash Sustainability Institute and ClimateWorks Australia; Member of the Leadership Council, UN Sustainable Development Solutions Network</p>
11.10—12.00pm	<p>Corporate practice: how Australian businesses are practically engaging in the sustainable development agenda James Ensor, Group Senior Manager, Social Policy, BHP Billiton Sasha Courville, Head of Corporate Responsibility Strategy, National Australia Bank</p>
12.00—12.30pm	Lunch break
12.30—1.30pm	<p>Discussion groups</p> <ol style="list-style-type: none"> Ending poverty and inequality, and addressing human needs and capabilities (discussion led by James Ensor, Group Senior Manager, Social Policy, BHP Billiton) Addressing resource and environmental stress, including through sustainable consumption and production (discussion led by Professor David Griggs, Director, Monash Sustainability Institute) Governance, transparency and accountability (discussion led by Rachel Nicolson, Partner, Allens and Director, GCNA) Partnering with business for sustainable development (discussion led by Siobhan Toohill, Group Head of Sustainability and Community, Westpac) <p>Attendees participated in 2 of 4 thematic discussions. Discussions explored questions including: how is the theme relevant to business (domestically and internationally)? What are the challenges and opportunities for scaling up business engagement with and contribution to the issue (including through core business activities, value chains and community investment)? What is the role of business vis-à-vis other stakeholders and how can different stakeholders work together?</p>
1.30—1.50pm	Feedback from discussion groups
1.50—2.00pm	<p>Close John Thwaites, Chair, Monash Sustainability Institute and ClimateWorks Australia; Member of the Leadership Council, UN Sustainable Development Solutions Network Alice Cope, Executive Manager, Global Compact Network Australia</p>



About the Global Compact Network Australia

The Global Compact Network Australia is the Australian business-led network of the United Nations Global Compact, the world's largest corporate responsibility initiative.

The UN Global Compact is both a practical framework for action, and also a platform for demonstrating corporate commitment and leadership on sustainability issues

The GCNA offers practical help to Australian companies to integrate and operationalise the principles of the UN Global Compact, in the areas of human rights, labour, the environment and anti-corruption, with their business practices and strategies. This is achieved through providing a national and international platform for dialogue, learning and influence that is inclusive, practical and leading edge.

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About the Sustainable Development Solutions Network Australia-Pacific

The Sustainable Development Solutions Network (SDSN) is a rapidly growing global network of universities and other organisations that mobilises scientific and technical expertise in support of sustainable development problem solving. Led by economist Jeffrey Sachs at Columbia University, it works closely with UN agencies, multilateral financing institutions, the private sector, and civil society to promote integrated approaches to the interconnected economic, social and environmental challenges confronting the world. The Australia/Pacific Regional Network of SDSN (SDSN) brings together SDSN members in the region to develop and promote solution, policies and public education for sustainable development. It is hosted by the Monash Sustainability Institute at Monash University and currently has 14 member institutions from Australia, New Zealand and Pacific Islands. Its main focus areas are the Sustainable Development Goals, deep decarbonisation and cities.

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Further resources

UN Sustainable Development Goals and Open Working Group on the SDGs:
sustainabledevelopment.un.org/owg

UN Global Compact's Post-2015 Business Engagement Architecture:
<https://www.unglobalcompact.org/resources/441>

UN Global Compact's Executive Briefs on Sustainable Development Issues:
https://www.unglobalcompact.org/Issues/partnerships/post_2015_development_agenda.html

Monash Sustainability Institute's reports on what sustainable development goals Australia should aim for:
<http://monash.edu/sustainability-institute/programs-initiatives/sustainable-development/goals.html>