

Turning the Sustainable Development Goals (SDGs) into business opportunities

Learnings from the Danish Industries project
"From Philanthropy to Business" 2018 –2020

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Preface by DI and IF

The Confederation of Danish Industry (DI), UN Global Compact, Copenhagen Business School and the Danish Industry Foundation are pleased to share the following report on the project, "From Philanthropy to Business."

DI is guided by a simple purpose: in the belief that strong and responsible businesses are the foundation of a balanced and prosperous society, we seek to help our members win. With a keen eye on the competitive business landscape, DI tirelessly advocates for the framework conditions that will help our members succeed. DI also launches a number of projects every year on the key strategic issues facing our members.

There's no doubt that the challenges of sustainability are rising in prominence with every year, whether driven by customer demand, legislation and regulation, owners' imperatives, the public interest, or employees' pushing for change. Dramatically increasing climate change, biodiversity loss, population growth and the increasing economic inequality in many developed economies mean that delivering solutions today without compromising tomorrow's generations ability to meet their own needs will shape the Danish and Global economies for years to come. It's therefore critical that Danish businesses are equipped to navigate this landscape and in some cases, to take advantage of the commercial opportunities in delivering tomorrow's solutions today.

Whilst other efforts have sought to help companies to become more sustainable, this project started out with a different set of questions:

"Can Danish businesses use sustainability to deliver stronger business results to the top and bottom lines? And if so, how?"

With 21 test-pilot companies DI sought to unlock the secrets to becoming not just a responsible com-

pany, but to integrating sustainability into strategy, so that turning a profit and helping people and the planet were deliberately intertwined. In this regard, the Sustainable Development Goals were a powerful platform to orient the companies and to communicate the results.

But whilst DI's project team started with a number of hypotheses, they were humble before the subject. They knew that the answer to this paramount question would never have a single definitive answer or approach, and that separating fact from fantasy, theories from results, would be critical to an authentic process and to disseminating the experiences of the 21 companies to the rest of the Danish business community. The research team at CBS therefore played a critical role in evaluating the approach of the DI Project Team as well as the experiences of the project companies.

The results are clear, and the DI is pleased to share the answers found herein. The 21 companies each had a unique and unpredictable journey, affected not least by the COVID19 crisis in the last phase of the project. Nevertheless, it's clear that most of them have been able to derive business value from enhancing their strategic focus on sustainability, and that the SDGs were a highly useful common language to communicate their efforts. Whilst some companies struggled, others have delivered breakthrough results, from prize-winning sustainable product launches through radical partnerships, to "moonshot" commitments to bring greenhouse gas emissions to zero. The project team is very proud of each of them, and pleased to have played a role in inspiring and guiding these companies – and DI's broader membership – along the way.

Sincere thanks to Michael Wendelboe Hansen and Henrik Gundelach of CBS for their efforts on this report.

Executive summary

Since the United Nations adopted their Sustainable Development Goals (SDGs) in 2015, many Danish companies have considered engaging with this new agenda. A few companies have enthusiastically embraced the SDG agenda, but many are still reluctant. Some ask themselves if this agreement between governments is at all relevant to companies. Others are concerned that the SDGs are merely a reframing of already well-established Corporate Social Responsibility (CSR) and sustainability agendas. And Small and medium-sized enterprises (SMEs) may think that the SDGs mainly are relevant to big global business, not SMEs. In short, Danish companies are still very much in an explorative phase in relation to the SDGs, where they try to figure out whether, how, and when they should engage.

The Confederation of Danish Industry ("Dansk Industri" in Danish, better known as "DI") SDG project "From Philanthropy to Business" was conceived and initiated to assist Danish companies to engage with the SDGs in a way that enhances their competitiveness. Over a period of two and a half years (2018-2020), the project supported 21 Danish companies – representing a cross-section of members of DI – in their SDG work. The intention was that the experiences of these 21 companies would inspire other members of DI to decide whether, how, and when to engage with the SDGs and to inform DI's future SDG-related activities. The project included activities such as boot camps for project participants, communication, one-to-one advice from DI consultants, and financial support for pilot projects to help the companies implement concrete initiatives.

A team of researchers from Copenhagen Business School (CBS) followed the project over the two and a half years to evaluate the project and to extract learnings. The report in hand presents the findings of the team.

Among the findings are:

- The SDGs are seen as highly relevant by the 21 companies. They all invested substantial resources in the DI SDG project. Many reported changes to their strategy and business model because of the SDG work and most reported that they would continue the SDG work full speed after the DI SDG project had ended.
- The majority of the 21 companies view the SDG agenda as a business opportunity in the sense that it potentially helps them maintain and expand existing markets or access and develop new markets. Some companies hope to tap into the expected huge SDG-related investments and procurement by governments. However, the main market opportunity pursued by the 21 companies is catering to consumers and industrial customers that increasingly demand products and services that are aligned with the SDGs.
- The 21 companies clearly engaged with the SDG agenda with a commercial mindset and expected that the SDGs would create business opportunities. They used the SDGs in essentially three ways: Some companies engaged with the SDGs to anticipate future regulation and social expectations and to pre-empt future regulations and requirements that threaten their product category and technology. Others used the SDGs as a lever to differentiate themselves in existing markets that increasingly place a premium on sustainability. A last group of companies used the SDGs as a vehicle for identifying and developing entirely new markets.
- While, at present, SDG work has allowed companies to command a premium in the market or enter new markets only to a limited extent, most companies report that the share of their sales differentiated wholly or partly on SDGs

and sustainability will increase substantially over the coming three to five years. A few companies could report that they already see tangible results from their SDG work in terms of identification of new markets and increased income.

- The SDG work spurred a number of less tangible commercial benefits. For instance, several companies reported that SDG work has facilitated dialogue with customers and consumers, has strengthened their ability to attract a talented workforce and has facilitated innovation processes. In particular, the SDGs seem to play a crucial role as a communication tool for companies. Several of the 21 companies related the SDG work closely to sales, marketing and branding and reported that the SDGs supply a useful tool for communicating about their products and services. These companies find that the SDGs provide a visual language and framework for interacting with customers about their products' societal value.
- It is sometimes argued that the SDGs are mainly for large Multinational Corporations (MNCs). However, those companies that reported the most benefits from the SDG work were SMEs; for one or two companies, the SDGs had become truly transformative in the sense that they led to changes in more or less all aspects of their strategy and business model. In contrast, benefits were less profound in large companies. Here, adaptation and implementation of the SDGs appear to be a long-term and incremental process, involving many layers of decision-making in Denmark and abroad.
- The project demonstrated that for SDGs to make a difference, companies need to mobilize all levels of the company. In particular, companies need to create close alignment between top-management and operational levels. Without top-management engagement it is not possible to link the SDG work to the core activities of the company and to transform the business model and business strategy. Moreover, the survey found that SDG work not only involves sustainability functions and top management but in many cases also sales and marketing and R&D functions.
- The SDG agenda is the pinnacle of more than 30 years of work with sustainability by the UN organisations, NGOs, civil society, governments and businesses. Hence, most of the 21 companies viewed the SDG activities as a natural extension of their longstanding engagement with sustainability and CSR. However, it is also clear that for the 21 companies, the SDG agenda is more than a new means of communicating CSR, environment and sustainability activities. It reflects a paradigm shift in the approach to societal responsibility: where the CSR and sustainability agendas typically focused on how to adapt to environmental and social expectations while maintaining commercial viability, it seems that the SDGs reverse the logic and make companies focus on how they can create business opportunities from engaging with sustainability. Hence, most of the 21 companies viewed the SDGs as a business development agenda that eventually would be integrated into their core strategies and business models. Obviously, this view of the SDGs is highly influenced by the fact that the companies were part of the DI SDG project, which is about creating business opportunities from the SDGs. Nevertheless, it seems plausible to argue that the focus on business opportunities is *a*, if not *the* main differentiator of the SDGs vis-à-vis other sustainability agendas, at least as far as business is concerned.
- Evidently, there were large variations in the 21 companies' approaches to the SDGs. In some

cases, the SDG work caused only incremental changes to already existing sustainability activities and had little or no impact on business strategy. In other cases, the SDG work generated profound changes to the companies' business models and strategies. A few companies curbed or even stopped their SDG activities due to financial troubles and/or changes in key personnel. In other companies, the SDG work produced engagement way beyond their initial expectations.

- Based on the analysis of the experiences of the 21 companies, it is recommended that more companies engage with the SDG agenda as part of their business strategy. Their experiences indicate that this framework provides an excellent platform and language for transforming companies' sustainability activities into business opportunities. The SDG agenda potentially provides companies with a compass by which they can sense and seize future market opportunities and risks related to sustainability and, ultimately, transform their business accordingly. On the other hand, not all companies' businesses will benefit from the SDGs to an equal degree! The project demonstrated that the content and benefits of SDG work vary enormously among companies depending on the sector, end-markets, consumer sentiments, mind-sets, regulation and previous experience with sustainability work. Hence, companies considering engaging with the SDG agenda must carefully calculate the marginal costs and benefits, as well as opportunity costs, of engaging with this agenda.

For DI, the project offers important lessons as well. Clearly, the fundamental idea of the project – viewing the SDGs as a value driver and a business opportunity – was sound. Hence, it is recommended that DI develop this idea further based on the experiences of the DI SDG project. As for the specific tools and modalities of the project, the evaluation demonstrated that some worked well while others did not. The 21 companies seemed to highly appreciate the networking activities, the dual-track approach with engagement of both top management and operations, and the activities aimed at understanding and narrowing down the SDGs. It is recommended that these truly innovative ways of engaging with companies are extended to the broader membership of DI. Such activities would be perfectly aligned with DI's current efforts to use the SDGs as a lever for enhancing the competitiveness of Danish industry.

The DI SDG project was conceived and mostly implemented before the COVID-19 crises radically disrupted business and government planning across the world. Currently, businesses and governments are focusing their energies on mitigating the devastating economic effects of COVID-19. In this situation, companies may put the SDG agenda on the back burner. However, the COVID-19 crises may not have reduced, but actually accentuated, the need for a shared global vision of economic and social development. Indeed, the business agenda that emerges post-COVID-19 may need to be even more attuned with the SDGs than was the case before COVID-19.

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Introduction

THE SDGS: A RISING BUSINESS AGENDA?

We acknowledge the role of the diverse private sector, ranging from micro-enterprises to cooperatives to multinationals ... in the implementation of the new agenda.

(United Nations 2030 Agenda, 2015)

Since 2015, the Sustainable Development Goals (SDG) agenda has challenged firms and companies around the world. The SDGs are a United Nations initiative aimed at formulating a comprehensive agenda for sustainable development up until 2030. Unlike many previous similar initiatives by the UN, the SDGs appear to have captured the imagination and attention of the business community. However, the business community is struggling with finding its feet in relation to the SDGs, not least because the SDGs are formulated for governments and therefore not easily transferable into a business strategy and vision. Although some of the world's largest companies have engaged with the SDG agenda, the business perspective on the SDGs remains ambiguous, and business organizations and individual businesses are looking for ways to approach the SDGs. In other words, the business community is in a searching, learning and innovating phase in relation to the SDGs, where ideas are being conceived, developed, and rejected or turned into practice. In this initial phase, it is essential to identify experiences and ideas and disseminate them. This is the context of the Danish Industries (DI) project "From Philanthropy to Business".

THE DI "FROM PHILANTHROPY TO BUSINESS" PROJECT

In 2018, DI, supported by the Industrial Fund (IF), initiated the "From Philanthropy to Business" project (henceforth the "DI SDG project"). The project

aimed to place the SDGs on the Danish business agenda and to explore how Danish industry can generate competitive advantage from working with the SDGs. The project consisted of three components: 1) A communication component where 3000 DI companies get insights into the SDGs and their related business opportunities; 2) Network activities where 800 companies get insights into the SDGs through knowledge sharing; and 3) Business development in 21 companies towards the SDGs. This report will focus on the third component, business development.

THE BUSINESS DEVELOPMENT COMPONENT

The aim of the business development component was to follow, coach, support and inspire 21 Danish companies on their journey toward the SDGs and to assist them in generating commercial value, obtaining experience, building networks and gaining exposure from their strategic and practical work with the SDGs. The primary outcome was to extract learnings from the experiences of the 21 companies that could be disseminated to other members of DI and beyond. This report provides an overview of lessons learned from this component of the project.

The 21 companies were trained and supported in four distinct activities: 1) To qualify market opportunities, identify financing possibilities and adapt products and solutions; 2) To strengthen and develop business models with the point of departure in the SDGs at two parallel levels, namely the operational level and the management level; 3) To develop partnerships and draw up relevant networks and resources into companies; and 4) To document and measure projects against the SDGs. In addition, in the course of the DI project, the 21 companies would get the opportunity to test their SDG ideas through pilot projects co-financed by the DI SDG project if they successfully applied for this funding support.

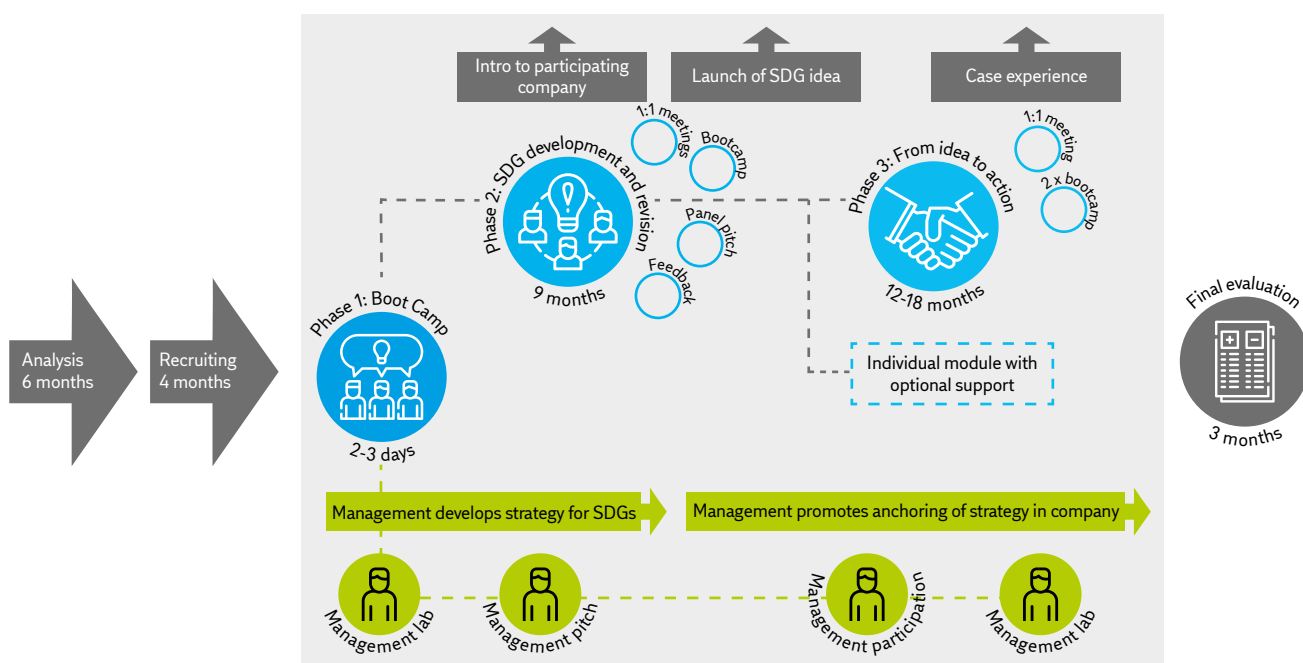
THE EVALUATION METHODOLOGY

A team of researchers from Copenhagen Business School was assigned to conduct an independent evaluation of the business development component of the DI SDG project. The team followed the project throughout, made presentations to companies, participated in network meetings and conferences, and was provided with access to all material related to the project, including company profiles, video material, vision statements, etc. Two questionnaire-based surveys were conducted in the course of the project. Questionnaires were sent to two representatives for each company: one to a member of management and one to a member of operations. In the first survey round (2018), 25 responses were obtained, and in the second round (2020), 23 responses were obtained.

Not all respondents responded to all questions in the questionnaire, and different questions were asked in the two questionnaires. This explains why the response rate (n) varies between questions. In addition to the questionnaire-based surveys, interview rounds with the participating companies as well as with selected DI consultants were undertaken.

This report provides a structured review of the project and the experiences of the participating 21 companies. It offers insights into how Danish companies think and work with the SDGs and how this work feeds into their broader business agenda. The report is conceived and written by the evaluation team, and the opinions, assessments and recommendations are those of the evaluation team alone.

BUSINESS DEVELOPMENT COMPONENT



The SDG challenge to business

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.

(Report of the Business & Sustainable Development Commission Better Business, Better World, 2017)

WHAT ARE THE SDGs?

The SDGs are 17 goals for sustainable development for the period from 2015 to 2030 adopted by the international community in 2015. The 17 goals are accompanied by 169 targets and 244 indicators. The UN has calculated that the implementation of the SDGs will require an annual investment between US\$ 5 to 7 trillion and that there is an annual financing gap of US\$ 2.5 trillion, mainly in developing countries (UNCTAD, 2015).

THE 17 SUSTAINABLE DEVELOPMENT GOALS

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
10. Reducing Inequality
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life On Land
16. Peace, Justice, and Strong Institutions
17. Partnerships for the Goals

Many see the SDGs as the development agenda replacing the Millennium Development Goals (MDGs) which expired by 2015. However, the MDGs mainly targeted development organizations and developing country governments and was, as such, a classical development agenda. In contrast, the SDGs are better understood in light of the evolution of the UN sustainability agenda that started with the Brundtland report "Our Common Future" in 1987, leading to the 1992 Rio Conference (UNCED), which in turn was followed by the 2012 UNCSD conference. The UNCSD conference initiated the elaborate consultation process that led to the formulation of the SDGs in 2015.

The SDGs have been criticized for being too ambitious or too little ambitious; for being inconsistent and self-contradictory; for being infeasible in practice; and for being merely symbolic. Nevertheless, the SDGs have managed to become a critical reference point for sustainable development activities by international organizations, NGOs and many governments. And, as it turns out, the business community has taken a keen interest in the SDGs.

THE SDGS AND THE ROLE OF THE BUSINESS COMMUNITY

In contrast to the MDGs, which focussed on governments and aid agencies, business is envisioned to play a key role in reaching the SDGs by providing investments in the various SDG subsectors and by helping close the aforementioned finance gap through private investment. The role of business is especially envisioned to be related to the business community's technological and organizational capabilities. Most global innovation and R&D take place in private companies, and the solution to many of the sustainable development challenges will be found in products and services developed by private companies. Companies have the capabilities to scale

DENMARK IS IN THE FRONT WITH THE SDGS

"In our group, Denmark is the country that is most focused on the SDGs. Everyone in the government, DI and the NGOs are talking about the SDGs as a common agenda. While other countries are still mostly focused on the CO₂ reduction, Denmark is clearly ahead on the general SDG agenda, with a good possibility to take the lead on the global climate change agenda. This is clever – and as a Swede, I would like to add, it is typically Danish, in a positive way, to make a business out of it too".

Ulf Arnesson, Executive Director Business Development, Stena Recycling Holding AB

up solutions and make them available to consumers in an efficient manner. And companies often have the capabilities organizational reach that allow for fast dissemination of solutions globally.

Parts of the business community have embraced the SDG agenda and actively engaged in shaping and implementing the agenda. In a survey of global com-

panies by PWC from 2015, 71 percent reported that they had started planning how they would work with the SDGs. A survey of CEOs in Fortune 500 companies by Accenture/ Global Compact from 2016 found that 87 percent viewed the SDGs as an opportunity to rethink their approaches to sustainability and that 70 percent found that the SDGs could help them structure their sustainability work.

The SDG agenda has not gone unnoticed in the Danish business community. A survey by DI from 2019 found that 63 percent of DI members know about the SDGs, a doubling from the previous year. Likewise, 22 percent, almost double that of 2017, were integrating the SDGs into their strategy. A survey by McKinsey for the independent Danish network for business leaders (VL) (Dansk Selskab for Virksomhedsledelse) among 600 Danish companies found that 96 percent knew the SDGs and that 18 percent were implementing the SDGs in their strategy. Several projects on business and the SDGs have been undertaken in parallel to the DI SDG project. For instance, the SDG Accelerator Project (UNDP in collaboration with Deloitte and funded by the Fund for Danish Industry, or Industriens Fond) aims at assisting Danish companies' innovation in relation to the SDGs.

Experiences of 21 Danish companies

PROFILE OF THE 21 COMPANIES

The sample of 21 companies represents a broad cross-section of Danish industry, with food processing, consultant, manufacturing and engineering firms; with firms that are very small (10 employees) to firms that have several thousand employees; and with highly nationally oriented as well as truly global companies. The companies are not evenly distributed across industries: large companies are more involved in heavy industry and foodstuffs, small companies more involved in services.

While the 21 companies represent a cross-section of Danish industry, the sample is biased in the sense that almost all companies were engaged in sustainability and CSR work prior to the SDG project. Not only do they have previous experience from this field, according to their own assessment, they are generally leaders in the sustainability field, with almost three-quarters assessing that their company operates above industry standards. Respondents from SMEs

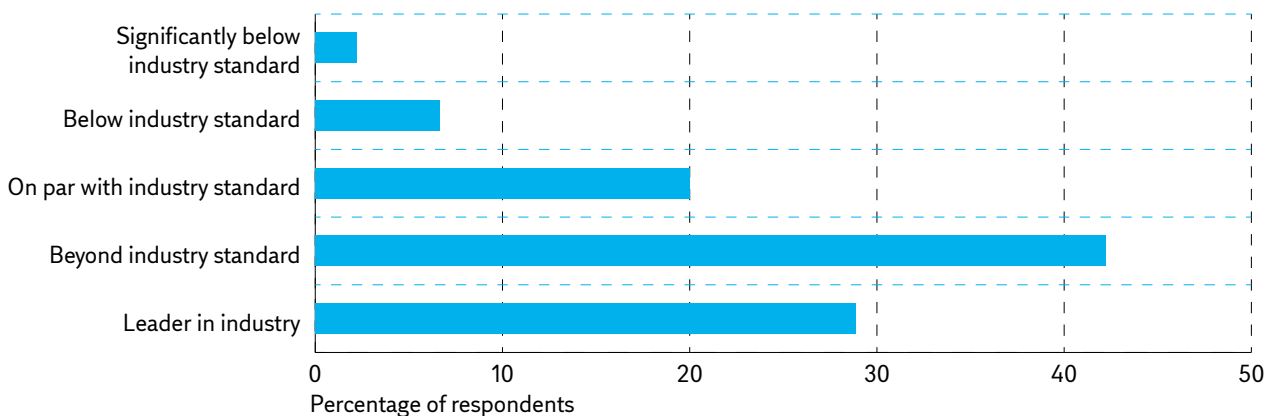
were far more inclined to say that they operate above industry-standards than respondents from large companies; the explanation is probably that large companies effectively set the standard in their industry and therefore are the industry-standard.

Before the engagement with the SDGs, most have adopted various CSR and sustainability guidelines, standards and methodologies. Fourteen respondents reported that their company is involved in the UN Global Compact collaboration; it is hence likely that many companies view the SDG work as a natural superstructure to the Global Compact. In addition, the ISO 14000 standard is observed by many of the companies, as are Sustainability Reporting standards.

Most of the companies were already actively engaged in sustainability work before the DI project. In addition, a large proportion had started reflecting on how to work with the SDGs. Hence, almost two-thirds of the respondents reported that their company already

COMPANIES OWN BENCHMARKING OF THEIR CSR AND SUSTAINABILITY PERFORMANCE

(n=45)



Company	Product areas	SDG priorities	Company established	Sales (t/o in mill. DKK)	Size (nr. of empl.)
Bobles	Furniture for children	4, 12, 17	2007	30	16
DuPont Nutrition and Biosciences	Ingredients within food, pharma and biotechnology	3, 7, 12	1802	38,000	10,000
Egmont	Books and magazines. Nordisk Film Group. TV 2 in Norway	4, 8, 12	1878	12,600	4,300
Fischer Lighting	Lighting	3, 7, 12	2016	n/a	11
FL Smidth	Equipment and service solutions to the cement and mining industries	6, 7, 12, 13	1882	20,646	11,765
Gehl	Urban design	3, 11, 17	2000	n/a	70
Haldor Topsøe	Catalysis and process technology	3, 7, 13	1940	5,931	2,238
Hempel	Coatings	8, 12, 13	1915	11,351	6,300
Herning Vand	Waterworks and Waste Water Treatment Plants	6, 13, 17	2001	182	30
Kamstrup	Energy and water meters	6, 7, 12	1946	2,396	1,438
Kopenhagen Fur	Auction house	1, 4, 12	1930	5,200	400
Krüger	Water treatment	2, 3, 6, 13	1903	600	409
LE34	Land Management, Cadaster and Land Surveying	1, 2, 17	1817	320	385
Orana	Food ingredients	5, 8, 12	1999	340	404
Peter Larsen Kaffe	Coffee	8, 12, 17	1902	250	67
Plus Pack	Food packaging	12	1963	570	226
Roskilde Festival	Music festival	4, 10, 12	1972	500	85
Royal Greenland	Seafood	4, 8, 12, 14	1989	5,327	2,200
Stena Recycling	Recycling	12, 17	1999	1,732	349
Stjernholm	Water treatment solutions for purification plants, industry and agriculture	17	1997	40	17
Tasso	Iron foundry	12	1856	106	57

had engaged with the SDGs before the DI SDG project, although the extent and scope of this activity was not specified. Conversely, more than one-third of the respondents reported that the DI project had been the triggering factor behind their company's SDG work.

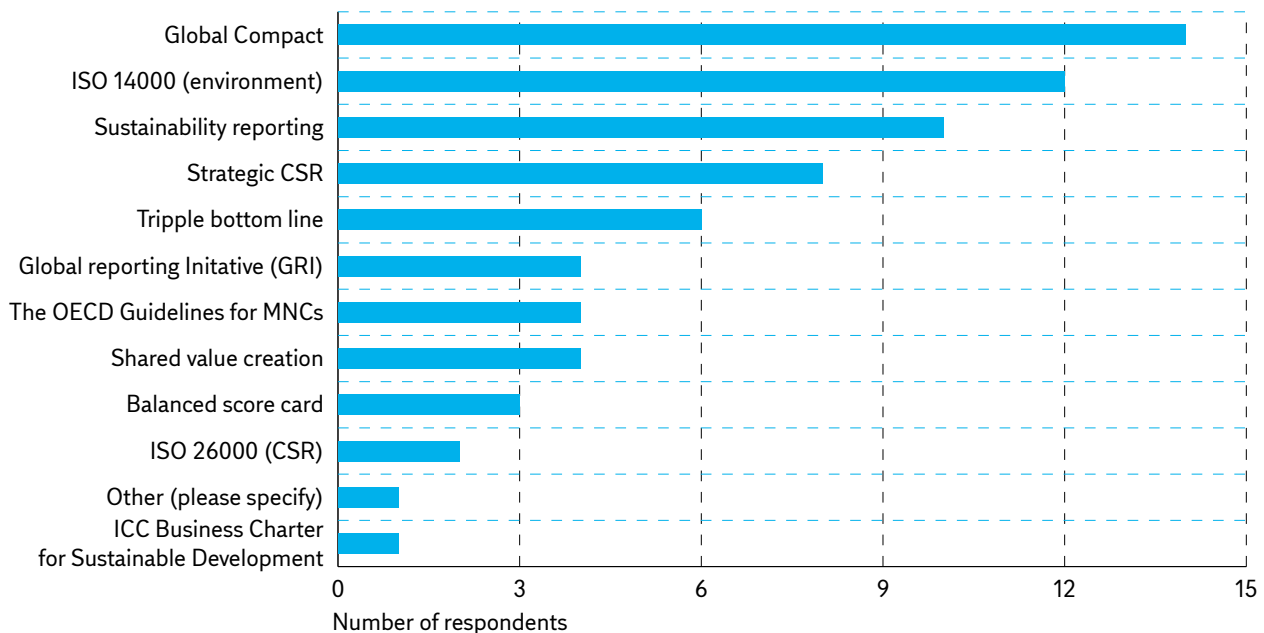
WHAT IS THE SDG AGENDA ABOUT FOR THE 21 COMPANIES?

The SDG agenda is an intergovernmental framework that pertains directly only to governments. It consists of 17 sometimes contradictory and often overlapping goals, supported by 169 more or less specific targets and 230 indicators. The 230 indicators are divided amongst 3 tiers based on criteria that inform their degree of rigor and international comparability. All this

makes the understanding of what the SDGs are about less than straightforward for companies. To clarify, how companies perceive the SDGs, respondents were asked what the SDGs are about from the perspective of their company.

Generally, the respondents view the SDG agenda as a new framing of the CSR and sustainability agendas. As mentioned, the companies are almost all already actively involved in CSR and sustainability work, and it seems that they have moved into the SDG agenda as a natural extension and continuation of that work. Equally important, the respondents view the SDGs as a set of sustainability indicators, as a form of operationalization and concretization of the rather lofty sustainability visions. In short, the SDGs are seen as an agenda continuing, extending and deepening the sustainability agenda; as stated by one company,

WHICH STANDARDS ARE THE COMPANIES WORKING WITH (n=25)



TRANSLATING THE SDGS TO BUSINESS

”A fundamental challenge with the SDGs is that they are developed for governments and international organisations and not so much for companies. So when we are down to the target levels, it does not say anything about company goals. You have to go into the SDG Compass or the Blueprint for SDG Leadership to make a company interpretation in order to develop relevant targets”.

Mikkel Thrane, Director, Global Sustainability Leader, DuPont Nutrition & Biosciences

”customers have for long focused on the environment, but now our salespersons report that customers are moving on the SDGs”. However, some emphasized change rather than continuity: *”Forget CSR – it means nothing – it is the circular economy, green transformation and*

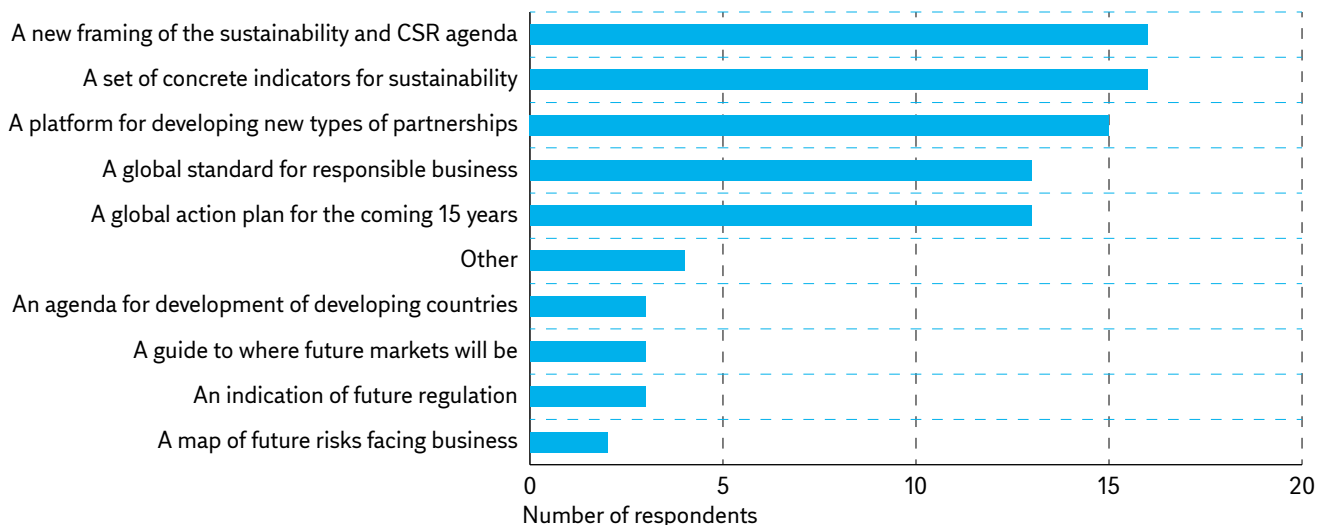
SDG communication that will make a difference. CSR is on its way out. There will be a much greater focus on competitiveness ... than old fashioned CSR”.

Interestingly, many respondents also view the SDGs as a platform for developing new types of partnerships. As stated by one respondent, *”there is so much to do out there that you don’t need to be protectionist. You need to think in partnerships instead of competition. By doing that, we can do some real disruption”.* When companies think of partnerships, it is not only with other businesses, for instance, in relation to developing new products. It is also with un-conventional partners such as governments, NGOs or aid agencies.

More lofty visions about the SDGs, for example, that they can help companies predict future risks, regulations and market developments, seemed of less importance to the participating companies.

WHAT ARE THE SDGS ABOUT FOR COMPANIES

(n=23)



THE STRENGTH OF PARTNERSHIPS

”The strength of the SDGs is that there is a quite defined agenda and goals that allow you to discuss concrete things with your customers and colleagues. Not least the clear focus on partnerships. We have learned now that these issues and questions are so connected and complex, which is well illustrated by the SDGs, and at a level that you cannot solve yourself. So you need to work together through partnerships”.

Ulf Arnesson, Executive Director Business Development, Stena Recycling Holding AB

Nevertheless, one respondent stated that the SDGs are becoming *”a licence to play, especially as EU legislation will follow suit”* and another respondent reported they are *”our export market catalogue”*.

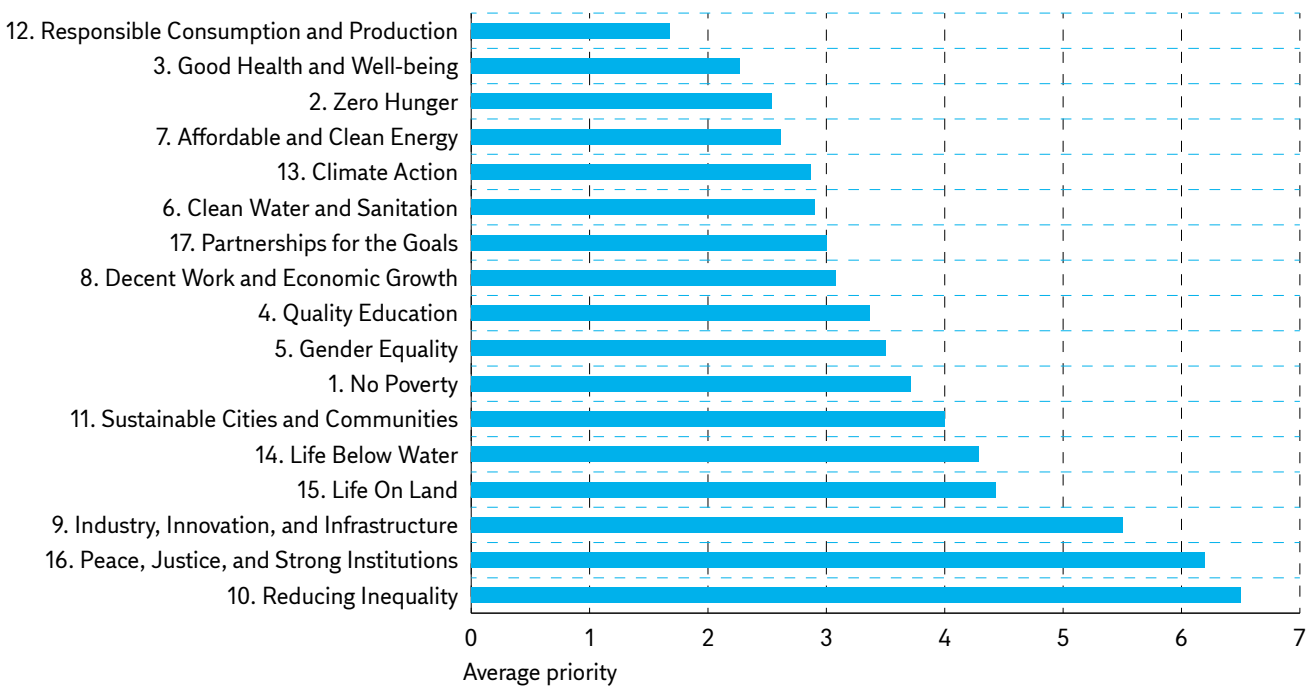
Notably, only three respondents view the SDGs as a development agenda indicating that the respondents are likely more aligned with those arguing that the SDG agenda mainly is a sustainability agenda rather than a classical development agenda.

WHICH GOALS TO ENGAGE WITH

The companies have in front of them a shopping list of 17 goals to which they all, in theory, could relate. However, all companies, as per DI’s advice and aided

WHICH SDGS ARE THE COMPANIES PRIORITIZING?

(low score equals high priority)(n=34)



by DI consultants, narrowed the list down to focus on a few select SDGs that offer the greatest potential to integrate positive social and environmental impact with business opportunity. On average, respondents reported that their company focused on three to five goals; one respondent mentioned seven relevant goals, while four respondents prioritized only one or two goals. As stated by one respondent, *“you have to go all in to do the work. But you need to limit yourself to a couple of objectives and choose those objectives where you can make the greatest possible difference. Focus on what is possible and be careful not to paint an ideal picture and also talk about what is difficult”*.

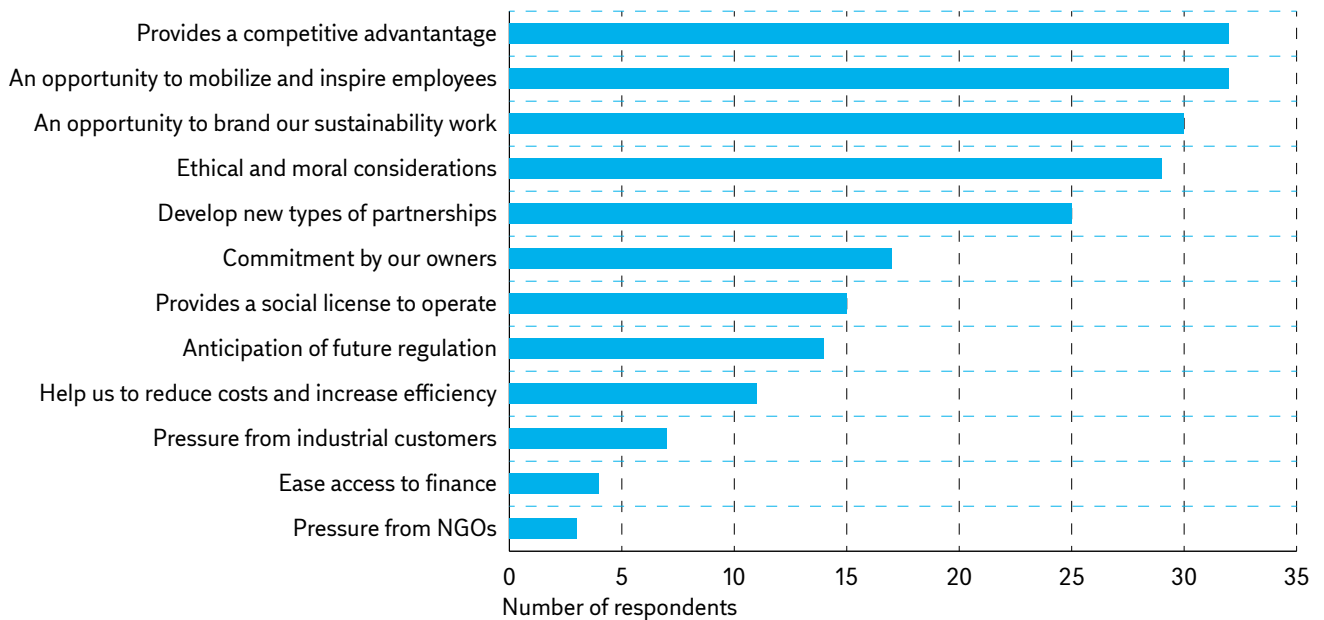
By far the most popular goal among the 21 companies is Goal 12 about responsible production and consumption, a finding that is not surprising as this goal deals with what the companies all are in com-

plete control of, namely their products and services. In addition, companies prioritize Goal 3 about health and Goal 2 about food; also not surprising given the sector profile of the companies, where several are involved in food and beverages. Energy and climate are also among the top priorities, a reflection of the high priority climate change has had on the Danish political and corporate agendas in recent years. Incidentally, the 21 companies’ prioritization of SDGs is almost identical to the prioritization identified by the 2019 DI Panel that surveyed DI member firms.

In other SDG surveys, decent work (Goal 8) has been seen as important but not to the same degree among these 21 companies. The explanation could be that working conditions may not be a differentiator in markets and therefore not a focus area for companies engaged in a DI project about the commercialization

WHAT ARE THE COMPANIES’ MOTIVES FOR ENGAGING WITH THE SDGS

(n=45)



of SDG work. On the other hand, as we will see later, the attraction, retention and motivation of employees is a key reason why the 21 companies engage with the SDGs in the first place.

Interestingly, while poverty alleviation is the first goal of the SDGs, this goal received relatively low priority among the respondents. Moreover, reducing inequality was the least prioritized goal. Possibly, it is difficult for companies to reconcile these classical development goals with their business models, except in a very abstract sense. Nevertheless, at least one company had come to find equity as an SDG goal of key importance to its commercial activities.

For some companies, the identification of which SDGs to work with was not the main challenge but rather how to move on from there. As stated by one respondent, *"the SDGs is a common language, something that the whole world is talking about and something*

that a lot of our products talks to. However, superficially we can all talk about the SDGs, but when we get to the substance, it often goes wrong; the link between goals and targets is not intuitively easy".

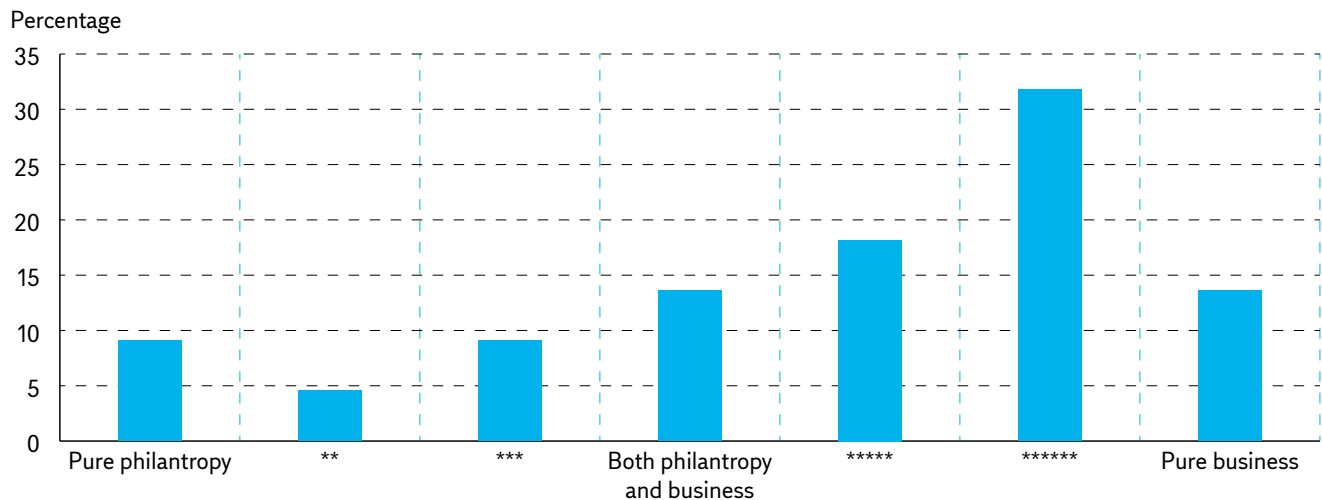
WHY ENGAGE WITH THE SDG AGENDA?

While much has been said about why companies engage with environmental protection, sustainability and CSR, less has been said about why they engage specifically with the SDGs. The evaluation therefore examined why the participating companies engage in SDG work:

The main impression is that companies view SDG work as an opportunity to get an edge in the market. Hence, top-line focus, marketing and branding seem to be keywords for many of the companies in terms of why they work with the SDGs.

IS SDG WORK PHILANTHROPY OR BUSINESS?

(n=23)



In contrast, more reactive motives for working with the SDGs, such as obtaining "a social license to operate", anticipate future regulation, adapt to pressures from customers and NGOs, or reducing costs and increase efficiency, played less prominent roles among the responding companies. As stated by one respondent, *"within a few years, we got human rights policy, an environment programme etc. We got our house in order, but we did not really feel comfortable. With the SDGs, we can now reach out to customers"*.

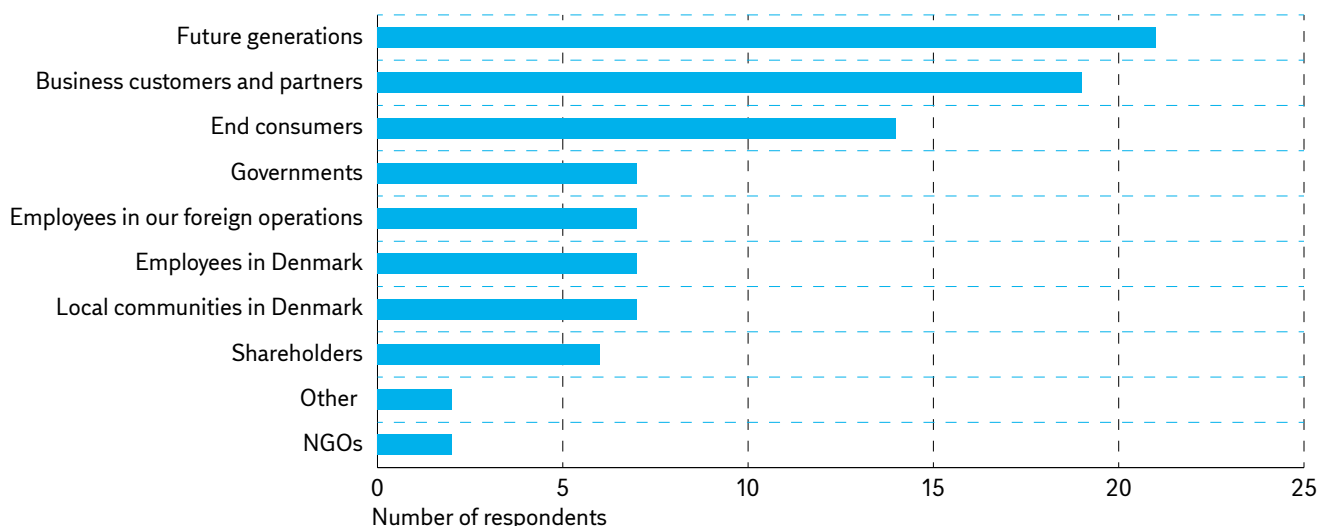
Among the market opportunities related to the SDGs were exports. For instance, one respondent reported, *"we think about the SDGs in terms of exports. The SDGs has helped us put new words on what we are doing; it has made us sharper in our communication"*. Another company also viewed SDGs as an integral part of its internationalization strategy: *"We engaged in the SDGs because we want to work internationally; it fits our internationalization strategy to take responsibility through*

INTERNAL BENEFITS OF SDG WORK

"The SDGs provide a language where we can communicate about our sustainability work internally as well as externally. The SDGs helped the sustainability work get the attention of management. For instance, we have rated 60 percent of our revenue through a portfolio assessment tool which allows us to measure not only whether, but also how much we contribute to the SDGs (positive and negative), something that made our work visible to our leaders. Moreover, as we were ahead with this agenda here in Europe, our SDG work has helped us influence the company's global sustainability agenda and strategy. The SDG work also benefits us externally. Gradually, the SDGs have obtained the attention of our sales organization as it helps us keep customers and expand relations with them e.g. through SDG workshops".

Mikkel Thrane, Director, Global Sustainability Leader, DuPont Nutrition & Biosciences

WHICH STAKEHOLDERS ARE MAINLY BENEFITTING FROM YOUR COMPANY'S SDG WORK? (n=25)



the SDGs, not through CSR.” The commercial benefits from SDG work partly derive from large institutional investors increasingly valuing SDG work. As stated by one respondent, *”in individual projects, we often require financial co-investments and here the SDGs can help us; among project partners, there is a large interest in SDGs”*. But also industrial customers have started including SDG performance in their assessment of suppliers: *”Customers are screening for all these goals, this is why it did not take much convincing for the board to engage with the SDG project”*.

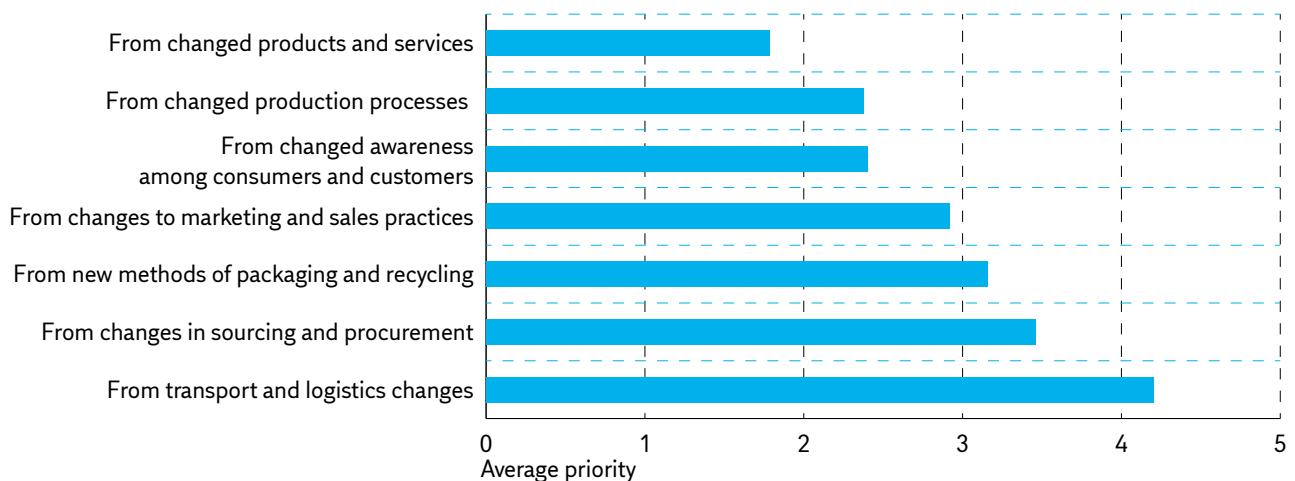
That the SDG work is strongly motivated with generating commercial, top-line outcomes is supported by responses to a question regarding the balance between philanthropy and business in the SDG work. Clearly, the respondents lean towards business outcomes in their motives behind SDG work: where 20 percent report that SDG involvement is more motivated with philanthropic motives, more than

60 percent leans toward business objectives. Indeed, 14 per cent view engagement with SDGs as *”pure business”*. This focus on commercial outcomes is probably different from traditional CSR and sustainable work, where the commercial value driver typically has played a less prominent role.

The second most prioritized motivation behind engagement with the SDGs was mobilization and inspiration of employees. SDG work is a way of motivating employees at different levels of the company for sustainability work but also is a way of making the company more attractive for future employees. One company mentioned that *”we are a knowledge company and need to attract the best brains. Young people are not attracted by wages; they ask about values and what our social footprint is”*.

The fact that many respondents viewed the SDGs as an opportunity to brand their company’s sustainabil-

WHERE DO COMPANIES’ MAIN CONTRIBUTION TO SUSTAINABLE DEVELOPMENT COME FROM (low score equals high priority)(n=33)



ity work supports the general impression of a strong downstream and commercial motivation of the SDG work: *"We feel that our SDG work provides us with very high credibility. I could make numerous presentations on our SDG work each week because many are aware that we are in the lead. We view this work as part of our communication and positioning"*. Likewise, another company stated, *"we now have handouts, we have something to visualize with, an icon that we use the logo, so it functions as a kind of labelling. The graphical representation is key"*. Related to this, one respondent described the SDG as a new language of sustainability as *"the SDGs is a common language, something that the whole world is talking about and something that a lot of our products talks into"*.

In short, these companies engage with the SDGs for commercial reasons to preserve, expand or build new market opportunities from being responsible. That

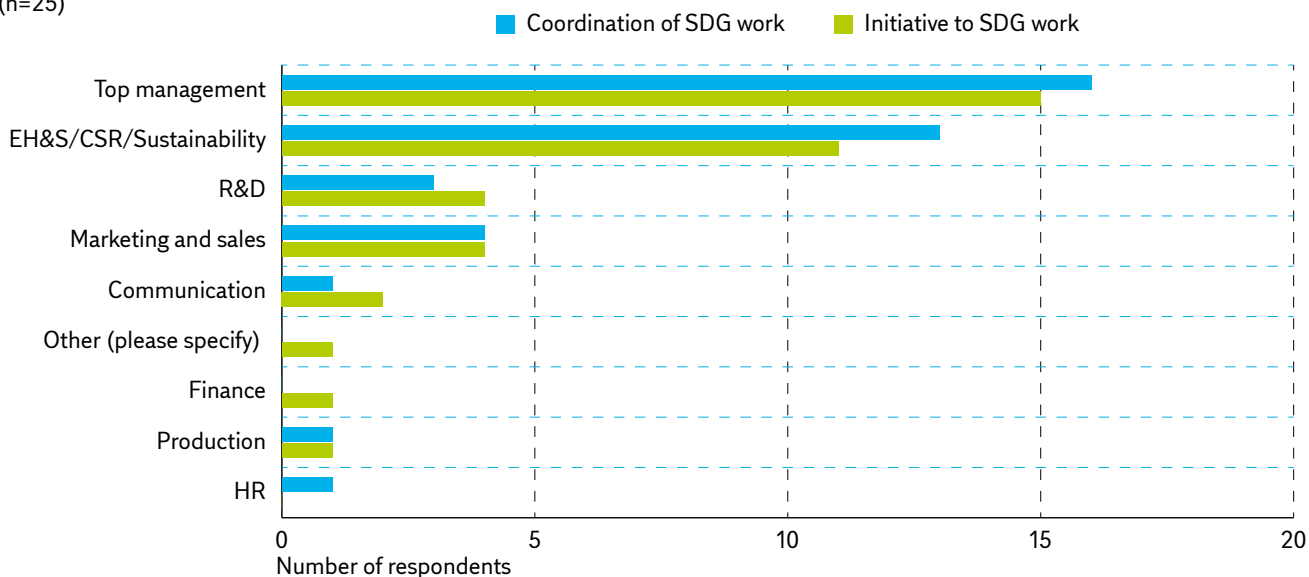
companies have this mindset is hardly surprising as the DI SDG project was about how to commercialize the SDGs.

The above conclusion is supported by the observation that most respondents see the primary beneficiaries of their company's SDG work as the commercial stakeholders (BtB partners and end-consumers). It should be noted, however, that the most commonly mentioned stakeholder cited by the respondents is "future generations". This reflects the long-term idealistic mindset behind the companies' SDG work, namely that the pursuit of commercial gains through the SDGs at the end of the day is motivated by improving the world for future generations!

The survey asked the respondents which part of their value chain would create an impact on sustainable development. The contribution to sustainable

ORGANIZATIONAL ANCHORING OF SDG WORK

(n=25)



development derives mainly from the products and only secondarily from production processes. Hence, the respondents generally expect company impact to take place downstream in the value chain in connection with the utilization of their products and services, not upstream in sourcing and procurement nor in the production process. Also in that sense, SDG work may be fundamentally different from classical environmental, CSR and sustainability work, which tended to focus on internal process and impacts deriving from production.

HOW DO COMPANIES ORGANIZE SDG WORK?

A key component in the DI SDG project was to mobilize various functions of the company. In particular, it was important to involve both operational levels and top management, as it was believed that without anchoring in overall company strategy and vision, the SDGs would not succeed.

Moreover, commercialization of the SDGs would require that the work also involved sales and marketing functions and not only CSR/ sustainability functions. Hence, the survey set out to examine which functions were involved in the SDG work. The initiative to engage with the SDGs and the subsequent coordination of SDG work are more or less evenly dis-

tributed between top management and sustainability/ CSR operations according to the survey. As stated by one respondent, *"many of these things we would have done anyway, but the vision and top management backing have made a huge difference"*.

Among other functions involved in SDG work, we also find marketing, sales and R&D functions. This reflects the aforementioned strong focus on products and services in the companies' SDG work.

The evaluation team tried to get an impression of the scale of human resources involved in the SDG work. However, the respondents had problems separating an SDG dedicated workforce from a CSR and sustainability dedicated workforce. Nevertheless, they were able to assess the workforce involved in the combined SDG, sustainability and CSR activities, with 17 respondents providing information on this aspect. In total, companies allocated 346 working months, equalling 20 working months per company on average. Obviously, the large companies allocated more time to these activities, one company up to 60 working months. However relative to size, these activities played a much more significant role in small companies, where, for instance, one company allocated one working month per employee in the company, compared to more than 100 employees per working month in large companies.

Did the SDG work create business opportunities?

The core of the SDG project was to explore how SDGs can create business opportunities for companies. Against this background, it is not surprising that the respondents overwhelmingly stated that direct or indirect commercial benefits had motivated their engagement with the SDGs. The question is to what extent the projected commercial benefits were realized over the almost three years the project ran, and what these benefits were more specifically.

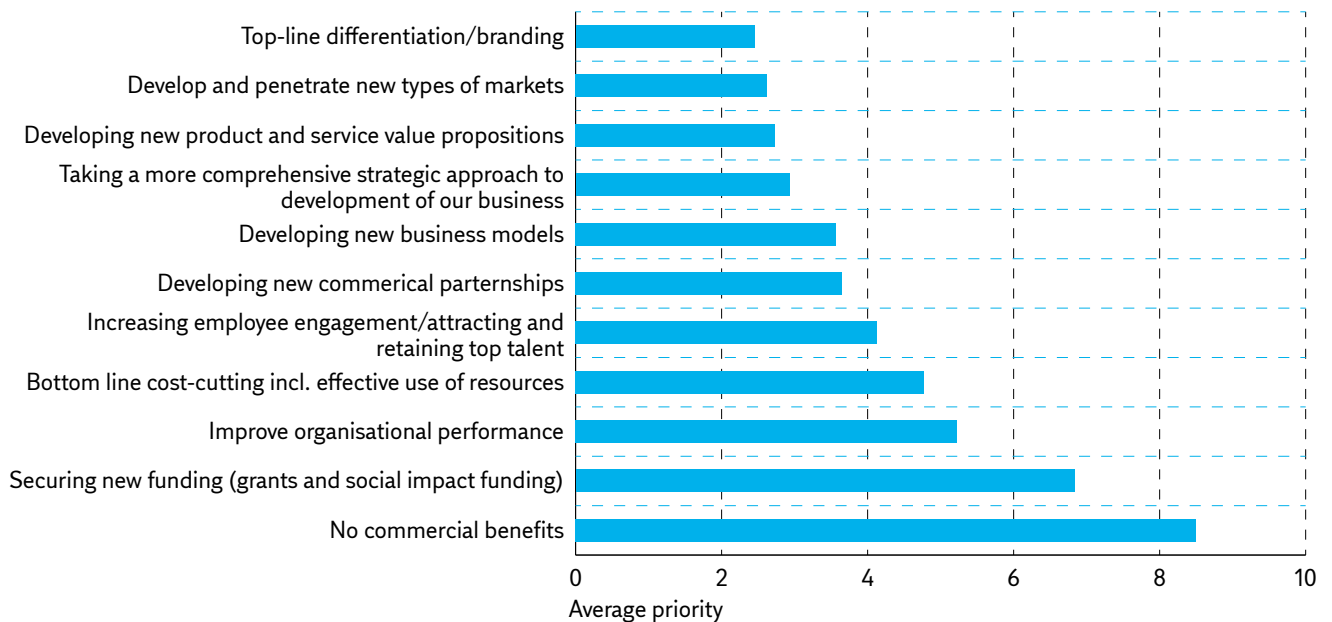
WHAT ARE THE MAIN COMMERCIAL BENEFITS FROM SDG WORK?

From the survey, it is clear that it is the downstream

impacts on sales and brands that interest companies when they engage with the SDGs, not so much reducing costs or increasing efficiency in production. Hence, the respondents stated that the main commercial benefit of SDG work is found in differentiation and branding. This is a significant finding, supporting the above conclusion that companies' SDG work overwhelmingly is motivated with gaining competitive advantage.

Another downstream effect scoring high is discovering and penetrating new types of markets. This is a more radical effect of SDG work, where companies experience not merely an improved performance in already existing markets but opening up completely new markets not previously engaged.

WHAT ARE THE MAIN COMMERCIAL BENEFITS OF SDG AND SUSTAINABILITY WORK
(low score equals high priority)(n=20)



Overall, it seems that for the 21 companies, differentiation and accessing new markets are the main value drivers behind SDG work. Conversely, bottom-line cost-cutting and effectivization play a lesser role. In other words, for most of the 21 companies' survey respondents find that SDG work is about contributing to sustainability through their products and services rather than through their production and procurement.

HOW LARGE ARE THE COMMERCIAL BENEFITS FROM SDG WORK?

The survey asked respondents to assess the commercial value of their SDG work. Many reported that this was impossible to estimate, partly because they do not know if the same value would have been generated had the SDG work not taken place. Moreover, as SDG work in most companies is a direct extension of existing sustainability and CSR work, it is inherently difficult to evaluate the SDG benefits separately. Finally, many of the commercial effects from SDG work are intangibles (e.g., reputation, improved dialogue,

INTEGRATING SDGS INTO STRATEGY

"The SDG work, in combination with many other activities, has meant that sustainability now being integrated as a part of our business strategy. If you had asked me three to four years ago, I wouldn't have dared to think that we would be at this stage now. Previously we were focusing on our own impacts like emissions and waste but now we also talk about how our products can help our customers reach their own sustainability goals ... that's a new way to talk about coatings."

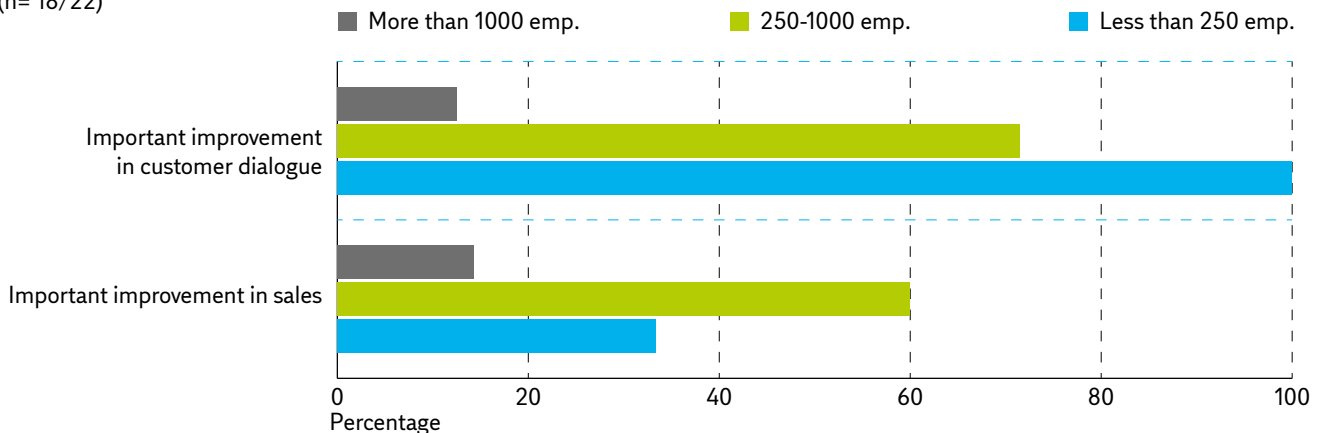
Louise Krüger Kofoed, Corporate Responsibility Manager, Hempel A/S

visibility) and long-term, which add to the difficulty of assigning precise values to the SDG work.

With these caveats in mind, one-third of the respondents reported "important" improvements in their companies' sales due to SDG work, and almost 60 per cent reported important improvements in customer dialogue. Mostly the benefits were projected rather

IMPROVEMENTS IN SALES AND CUSTOMER DIALOGUE DUE TO SDG WORK, BY SIZE OF COMPANY

(n= 18/22)



than realized; as stated by one respondent: *"probably, the work with the SDGs will affect our sales positively, but it will be in the longer run. The customers do not yet demand it, but it is coming"*. Another respondent stated that it is *"far-fetched that we can move to invoice, but the SDG work has a branding value and it has focussed our strategy thinking"*.

In particular, small as well as medium-sized companies had detected substantial improvements in sales and dialogue with customers over the project period, while large companies reported smaller effects. One reason could be that large companies take longer to implement the SDG agenda, another that the SMEs, as previously mentioned, was more directly focussing on the top-line effects of the SDG work than were the large companies.

Several respondents saw an improved dialogue with customers because of the SDG work as more impor-

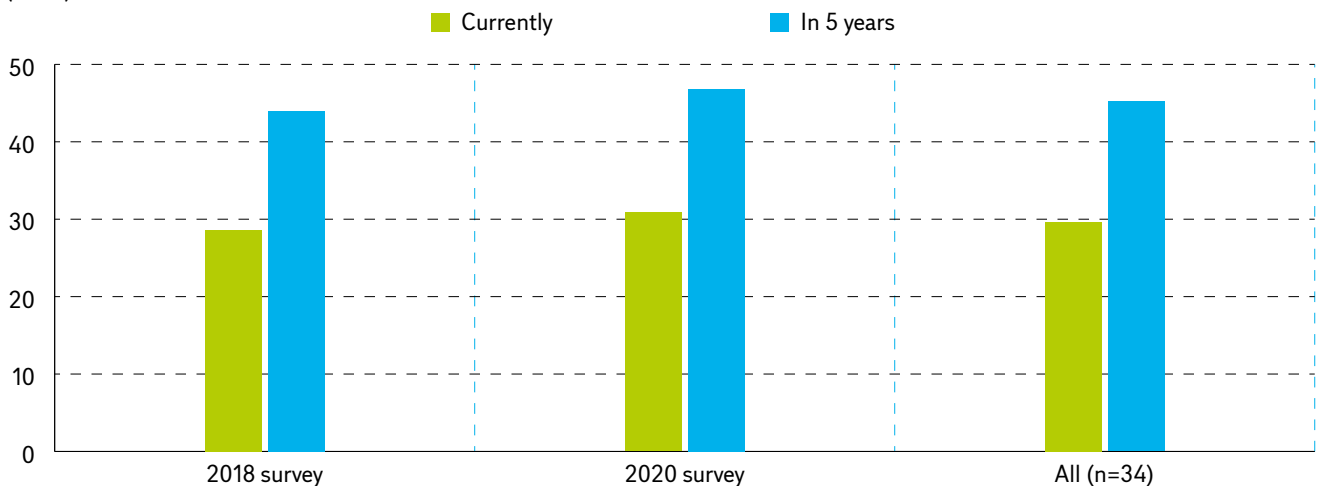
tant than increased sales. One respondent stated, *"The use of the SDGs in communication and development projects can un-equally give us an improved position. It provides us with differentiation in relation to customers and in relation to politicians. Our hypothesis is that it makes a difference for our customers whether we work with the SDGs or not"*. Moreover, a respondent pointed out that SDG work could be *"a door opener with customers ... export managers know each other and agree that SDGs are good values, but we are far from where the market accept these values. Our large buyers will not pay a premium for our SDG work. But it can open doors"*.

COMMERCIAL BENEFITS FROM BROADER SUSTAINABILITY WORK

As mentioned, it is in practical terms challenging to separate sales growth deriving from SDG specific work from sales growth deriving from general CSR

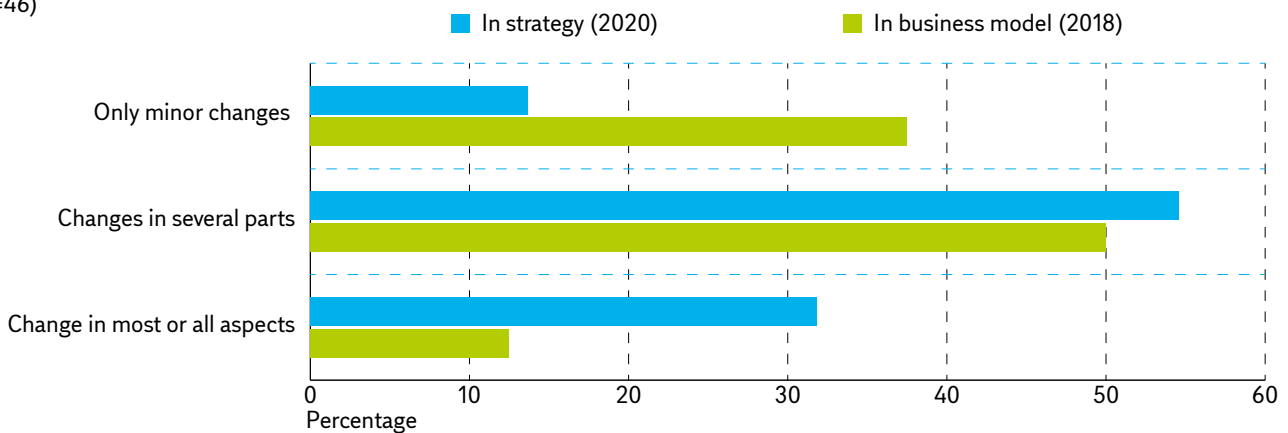
AVERAGE EXPECTED PERCENTAGE OF SALES DIFFERENTIATED WHOLLY OR PARTLY BASED ON SUSTAINABILITY/CSR/SDG

(n=34)



DEGREE OF EXPECTED CHANGE IN COMPANY DUE TO SUSTAINABILITY, SDG AND CSR WORK

(n=46)

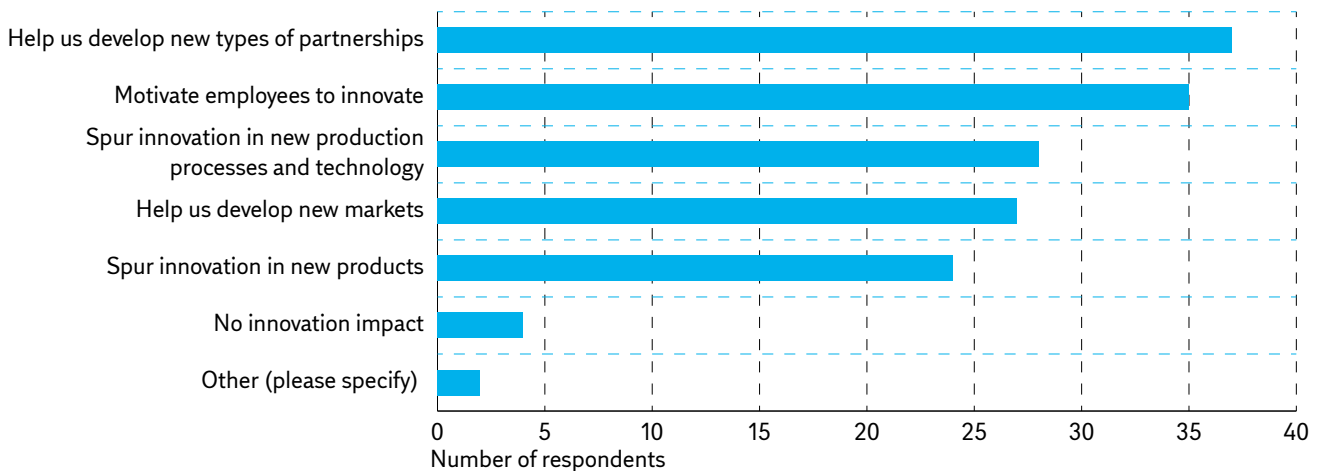


and sustainability work. Therefore, the survey asked respondents to estimate what share of their company’s sales can be differentiated, wholly or partly, based on combined sustainability/CSR/SDG qualities, now and in five years. The respondents esti-

mate that on average less than 30 percent of sales are wholly or partly differentiated based on sustainability/ CSR/SDG. However, they expect significant gains in this number over the coming years, up to a level of about 45 percent of sales.

HOW WILL SUSTAINABILITY, SDG AND CSR WORK AFFECT INNOVATION

(n=48)



While sustainability, CSR and SDG work may affect directly on sales, it may also affect indirectly due to changes to the business model and strategy of the company. In this regard, most respondents expect that their companies will make substantial changes to strategy and business models in the coming years because of CSR, SDG and sustainability; indeed, one-third expects a shift in most or all aspects of the company strategy. It seems that more respondents expected change in 2020 than in 2018, a possible impact of the DI SDG project.

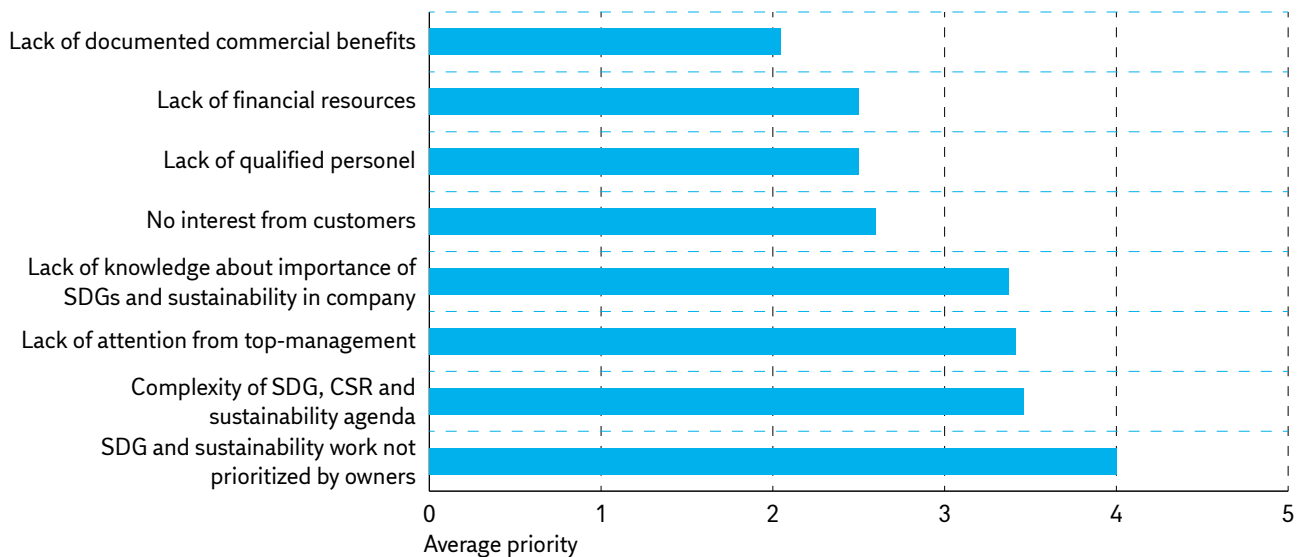
The survey also examined whether the engagement with CSR, SDG and sustainability may spill over into innovation. The vast majority of respondents reported that these activities would facilitate innovation in their companies in some way or another. Interestingly, the respondents found that the main innovation

benefits were in relation to partnerships. Secondly, SDG work would motivate employees to engage in innovation processes. Several companies also cited more direct product and technology gains, but to a lesser extent. In other words, the primary innovation effects from sustainability work are the indirect effects related to dialogue and motivation externally and internally.

The survey asked respondents to assess a list of factors that potentially could provide a barrier to the further expansion of SDG and sustainability work. "Lack of documentation of commercial benefits of the activity" was the most commonly cited obstacle. This significant finding stresses the importance of measuring and reporting impacts of this kind of work for its continued success.

WHAT ARE THE MAIN BARRIERS TO CONTINUED SDG AND SUSTAINABILITY WORK IN YOUR COMPANY

(low score reflects high priority)(n=22)



Variations in SDG work

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.

(Business and Sustainable Development Commission report Better Business, Better World, 2017)

The participants in the DI SDG project were all engaged in the SDG work to create business opportunities. As demonstrated, there were general trends and patterns in the way the companies engaged with the SDGs. However, while general trends are discernible in the company sample, it is also evident that they had quite different approaches to SDG work depending on size, sector and previous experience in the sustainability field:

THREE GENERIC APPROACHES TO SDG WORK

Essentially, three generic approaches to how the SDGs can open business opportunities were identifiable in the sample. First, one group of companies view SDGs in terms of pre-empting future regulations and expectations. This group essentially views the SDGs as a way of anticipating future requirements from governments, industrial customers and consumers. Moreover, and following from that, SDGs may offer a compass that helps companies identify future risks deriving from growing societal expectations to business. These types of companies operate with a technology and product/service that may become challenged as the sustainability agenda expands. By engaging with the SDGs, such companies may identify future threats to their product category and technology and pre-empt these threats by reducing harm, documenting impacts and possibly influencing opinion and regulators. This SDG approach can be labelled *"pre-emption"*.

ANTICIPATING FUTURE REGULATION AND REQUIREMENTS

"Very few companies are established with the sole purpose of improving the SDGs, although there are rare cases of that. Most companies have existing products and services, and they need to figure out how they can support the SDGs and improve their profit at the same time. You need to embed the sustainability work into your existing business. You need to understand that, going forward, the sustainability agenda will become a more critical driver of growth. It will be driven by responsible companies, but also legislative regulations and requirements. In order not to fall behind, companies must embrace this development and invest up-front. The profit will materialise later".

Louise Krüger Kofoed, Corporate Responsibility Manager, Hempel A/S

Second, a group of companies view SDGs as an opportunity to differentiate their products and services in existing markets. By engaging with the SDGs, such companies expect to get an advantage vis-a-vis competitors not yet engaged in the SDG agenda. For instance, big buyers in certain industries are increasingly including SDGs in their dialogues with suppliers and may eventually prefer SDG engaged suppliers and service providers over others. Or, governments and international development agencies and banks are frequently screening their partners for SDG performance, giving SDG compliant companies an advantage. SDG work may also produce less tangible differentiation benefits in the market, such as facilitating the dialogue with customers and stakeholders and attracting young people to the company. This approach to SDG work can be labelled *"differentiation"*.

Third, a group of companies view SDGs as a way of identifying and even building new markets. They

DEVELOPING AND PENETRATING NEW TYPES OF MARKETS THROUGH SDG WORK

”Some of our new projects – especially around health and equity – are much much more tied to the SDGs. The SDGs have allowed us to brand new types of services and have helped us through the COVID crisis. We have been able to land new types of projects related to health in a very difficult market situation. If we had not been able to do that, we would have been harder hit by the COVID crisis. The DI project helped us redefine our business, that we are not only about the environment but also about the health and well-being of all people. And by being more vocal about us having capabilities within health, and that the engagement we are doing is about equity and representation of diverse people, it has allowed us to develop a new language and has opened up a palette of new types of projects.”

Helle Søholt, Founding Partner, CEO, Gehl

expect fundamental disruption of many markets in the coming years as the world moves toward greater sustainability. Active engagement with the SDGs potentially allows such companies to discover the market opportunities of the future, disrupt existing technologies and solutions, and sail into virtual “blue oceans”. This approach can be labelled “*new market development*”.

Obviously, the three approaches overlap; companies may get differentiation advantages from pre-empting regulation. Moving into entirely new markets can be a radical pre-emption strategy for a company whose category is under threat from the sustainability agenda. Continuous differentiation may eventually add up to the creation of new markets. And evidently, individual companies may have elements of all three

approaches embedded in their SDG work. Nevertheless, the typology is useful to illustrate the variation in companies’ approaches to the SDGs.

SECTOR

Companies’ approaches to the SDGs depend on industry and sector. Companies with high-energy consumption and strong environmental impact tend to look at the SDGs as a continuation and elaboration of the sustainability and CSR agendas. SDGs are, for such companies, a way of anticipating regulation and mitigating risks. The SDG work may have top-line benefits, but mainly it can help companies understand risks, structure dialogue with stakeholders, and obtain a social license to operate. In the extreme, changing stakeholder-expectations may challenge the very “category” in which such companies operate. SDG work may help such companies navigate stakeholder expectations. In contrast, some companies have activities with a minimal sustainability footprint, for instance, companies involved in services or light manufacturing. The production impacts here are mainly related to travel, office energy use, and waste. These are hardly activities allowing for fundamental transformations of the business model or for the discovery of new markets! In such companies, the SDG work is mainly related to the content and quality of the services and products provided. Such companies may offer a service that is key to reaching specific SDG targets. SDG work in these companies is downstream oriented, toward marketing and dialogue with customers and, more broadly, education of stakeholders and consumers.

CUSTOMERS AND END CONSUMERS

Different types of customers have different interests in products and services that relate to the SDGs. Some of the companies operate in markets where

customers increasingly focus on the SDGs. This is in particular the case in BtB and BtG markets with relatively few buyers and sellers, and where transactions are based on long-term partnerships. For instance, SDG orientation may be an advantage for companies that engage with international development organizations such as the World Bank or Danida. Moreover, some industrial customers have begun to include SDG performance in their assessment of suppliers. While documented SDG performance in such cases does not yet allow companies to command a premium, it can, the case companies reported, facilitate dialogue and open doors. Conversely, in cases where the customer base is fragmented and anonymous, it is much more challenging to reap commercial advantages from SDG work.

SIZE

The sample of 21 companies includes both large MNCs and SMEs. Their approaches to the SDGs vary significantly. It seems that the smaller companies have gained more from the SDG project than larger companies have, possibly because they are more agile and therefore can change their strategy and business model more quickly than big companies can. Consistent with this, large companies were generally less inclined to report sales growth stemming from their SDG work. In the large companies – especially those with international subsidiaries in several countries – the formulation of a shared vision is a long-term and complicated process, compared to that of small companies where vision and execution often are embodied in a few persons.

Approach to SDGs			
	Pre-emption	Differentiation	New market development
Content of SDG work	External and external dialogue to identify risks Using SDGs as certification instrument and a social license to operate Measuring and reporting impacts Educating regulators about best practices in industry	External communication based on SDGs to differentiate products and services and recruit employees Internal dialogue and communication to motivate and retain employees Using SDGs as a marketing and branding instrument	External and internal dialogue with a broad range of stakeholder to sense and seize evolving SDG markets Facilitate innovation processes that can lead to new products and services that solve SDG challenges Develop new markets by moving toward solving clients' and customers' sustainability challenges
Industry position	Incumbent	First mover	Beacon
View of markets	Market adaptation	Market differentiation	Market creation
Ambition	Survival, license to operate	Growth and incremental transformation	Moon shot
Typical sectors	High pollution, energy-intensive	Mature, with growing sustainability demand	Services and new technology intense
Typical size of the company	Large global	Large global-medium sized	Small-medium sized

Companies' evaluation of the DI "From Philanthropy to Business project"

DI designed the DI SDG project as a pilot project, where DI had the opportunity to explore how it can interact with companies to facilitate SDG work and help them generate commercial benefits from this work. Subsequently, the idea was to scale up the activities that worked well so that they can be offered to other DI members. Hence, it is essential to get the 21 companies' evaluation of what worked and what did not:

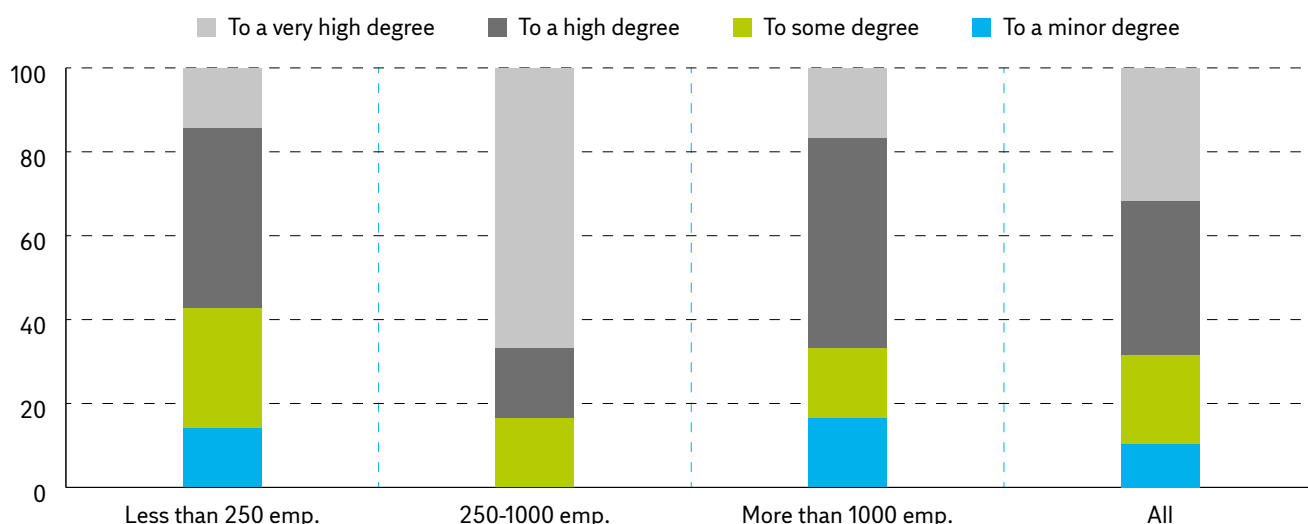
paid off. More than two-thirds of the respondents responded positively. Clearly, especially the medium-sized companies benefitted. One respondent reported that *"the project participation has kick-started our SDG work – and made us think about our procedures etc. in another way than we would otherwise have done. The DI project has provided us with good sparing with DI and other participants – and we have obtained good tools that allow us to work with the SDGs"*.

DID PARTICIPATION IN THE SDG PROJECT PAY OFF?

The survey asked the participants whether the allocation of time and resources for the SDG project had

By March 2020, the respondents had an overall positive assessment of the DI project: 95 percent were "favourable" and "highly favourable" and none were outright "unfavourable". One company commented that the activities overwhelmingly were in English and not in Danish. Another respondent reported that

TO WHAT EXTENT HAS PARTICIPATION IN THE SDG PROJECT PAID OFF, BY SIZE OF COMPANY (n=19)



“it has been difficult for us to get a hold of the project and what we want to and should get out of it – but this also falls back on ourselves”. A few projects were distracted from the SDG work at different times during the project period due to financial challenges, major organizational changes and/or changes in key personnel.

Several of the companies were sceptical about the outcomes of the SDG work at the outset of the process. They realized, however, that there were more benefits than anticipated, though sometimes they were intangible: *“We were somewhat confused at the beginning; many of us were slightly sceptical about the framing of the SDG agenda as something quite apart from our core activities and customers. But we have learned a number of things. We have learned to think more long term. We have learned that we need to understand our customers better, to inquire into their long-term strategy. And the SDGs provide us with a language and vocabulary. We have seen that the SDGs now play a big role in the media and thereby also with our customers, so we feel we now are on the right track”.*

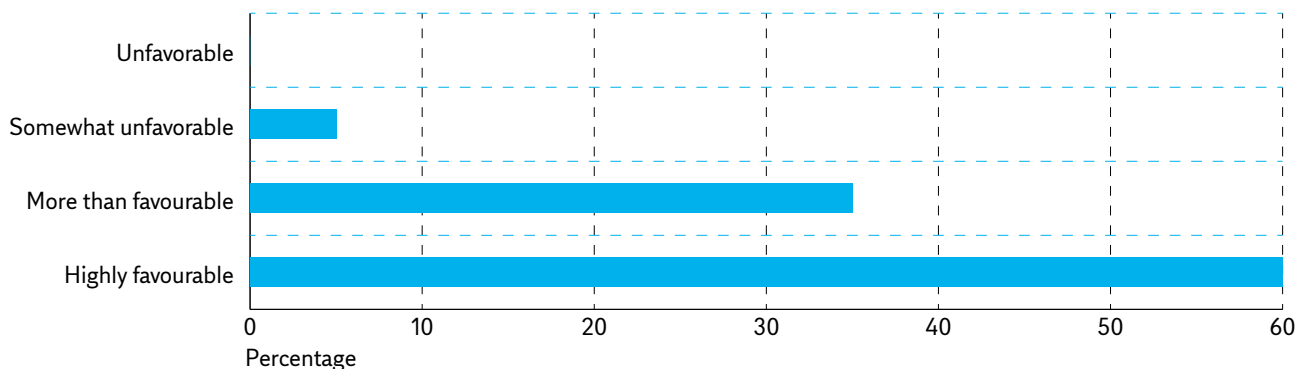
WHAT WERE THE BEST PARTS OF THE DI SDG PROJECT?

Asked about which parts of the DI project that benefitted their companies the most, respondents reported that they mainly benefitted from the opportunity to network with other companies with a similar mindset and set of challenges. Consistent with this, networking is also an activity that respondents wish DI would expand if they are to scale up the services related to the SDGs.

The second-ranking benefit was using the project to kick-start the company’s SDG work; this is consistent with the above finding that the project has had an agenda-setting role, as one out of three of the participating companies initiated their SDG work with the DI SDG project. One company reported that the project had helped them clarify what the SDGs are offering. *“The new thing is that we have made the SDGs concrete; initially, it was somewhat diffuse, would we have to relate to all the 17 goals. We now have a better*

OVERALL ASSESSMENT OF DI PROJECT

(n=20)



understanding, we know what they are about, and we know how they can be used strategically”.

Information about the SDGs was also important, stressing the point mentioned above that the DI project helped companies navigate through the 17 SDGs. The general conferences held during the project period showed a lower priority among the 21 responding companies. The explanation is possibly that there was less value-added from general conferences for companies that already, via the DI project, were heavily engaged in SDG work.

There are some interesting observations when looking at the changes in the priorities of the respondents between the 2018 survey and the 2020 survey. For instance, kick-starting and advice from consultants was seen as more valuable in the early phases of the project, whereas marketing and network activities were seen as more valuable after two years of project engagement.

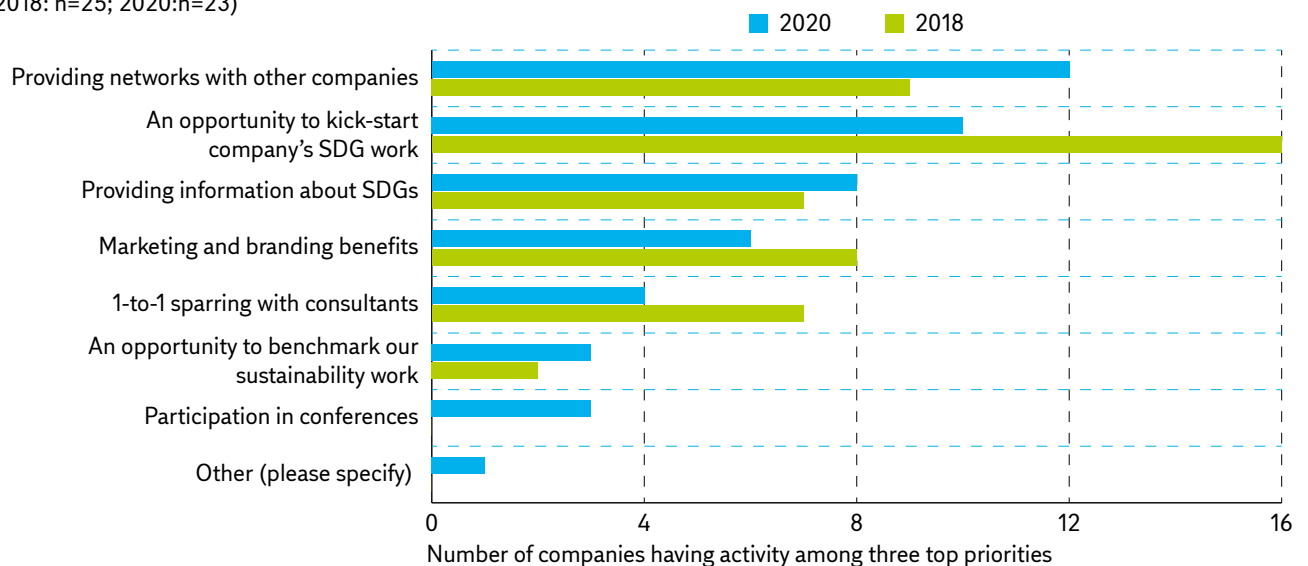
CONCRETE RESULTS OF THE DI SDG PROJECT

”For us it was very helpful to be part of the process. It helped us to stay focused. The world is changing rapidly and fast, and it is easy for the leadership team to focus only on immediate needs. Through the DI project, we were constantly reminded about the SDGs. The project gave us several concrete results, most importantly, the reshaping of our purpose as a company and our strategy. We basically took our purpose ‘Making cities for people’, and we discussed it internally in the framework of the SDGs. That was a super helpful exercise for us, and this made us think much more beyond the physical environment and the people that we have always had a focus on. We also realised that we needed longer internal planning cycles to tackle environmental, social and cultural sustainability issues. This reshaped the way we work with our strategy, and this resulted in a ten-year strategic framework setting our long-term aspirations for our growth, our impact, and our ways of working”.

Helle Søholt, Founding Partner, CEO, Gehl

WHAT ARE THE MAIN BENEFITS OF DI SDG PROJECT

(2018: n=25; 2020:n=23)

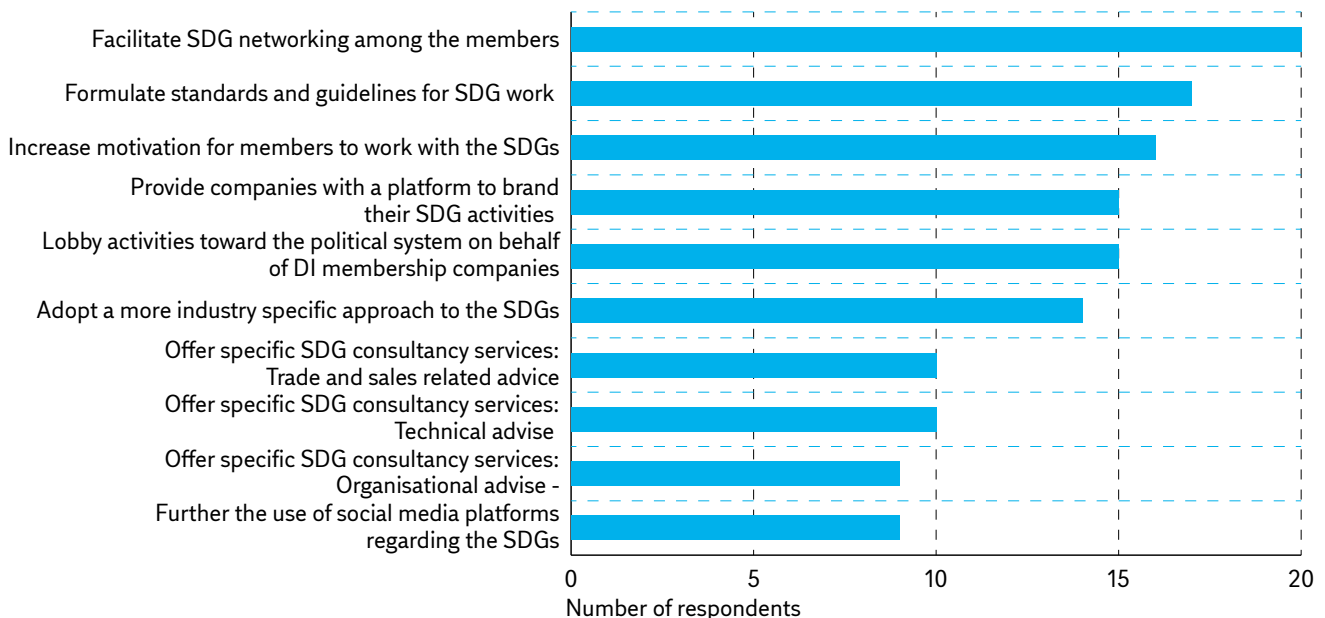


Companies were asked which SDG activities DI should expand. Here, they mentioned network facilitation first. The formulation of standards and guidelines was the second most commonly cited activity; in particular, respondents referred to a need for reporting standards and sector-specific guidelines. In addition, it is recommended that DI expand on motivational activities, reflecting the above finding that a key benefit from the DI SDG project for many respondents was that it kick-started the companies' SDG work.

One of the main ideas of the "From Philanthropy to Business" project was a parallel engagement in two levels of the involved organizations, namely management and operations. This approach was adopted to ensure alignment in the activities and to

ensure that SDG work also had the attention of top management. The majority of respondents assess that dialogue between management and operational levels on sustainability has improved due to the DI project. Interestingly, the impact was much smaller in 2018 than in 2020, suggesting that it takes time for this effect to mature. In some cases it appeared that the project had provided sustainability functions with more leverage toward top management: One company reported that the project "could be used as a leverage for the sustainability work internally in the company as DI has blue stamped it". Another company reported that having the CEO present on the SDGs at DI conferences had played an important role in strengthening awareness of the SDGs at the strategic level of the company.

WHICH ACTIVITIES SHOULD DI SCALE UP AND BROADEN IN RELATION TO ITS SDG WORK (n=22)



Recommendations

For Danish business, the SDG agenda provides a unique opportunity to generate new sales at home and abroad as many of the SDG goals are aligned with Danish competitive advantages, such as green tech, life science, sustainable urban planning, eco-food and public-private partnerships. As shown in this report, the commercial benefits from SDG work are not always immediate and tangible, but significant benefits can be expected in the coming years. These benefits are partly related to increased sales and partly related to improved dialogue with customers and partners.

However, it is also clear from the report that this is a new field for business and that the SDG work is still in an experimentation and innovation phase. In this situation, it is essential to share and exchange ideas and experiences among Danish companies. Based on the experiences of the 21 companies, the following section will present several recommendations for how other Danish companies can engage with the SDGs and how DI can scale and deepen its company-specific SDG work:

RECOMMENDATIONS FOR COMPANIES

The 21 companies were clear front-runners in the sustainability field and were therefore strongly motivated and capacitated for engaging with the SDGs. As such, the findings of this report cannot be generalized to all Danish companies. Nevertheless, the experiences of the 21 companies regarding why and how to engage with the SDGs and the "dos and don'ts" of SDG work may inform and inspire other Danish companies contemplating to engage with the SDGs. The recommendations are:

a. **FOCUS ON BUSINESS OPPORTUNITIES FROM SDG WORK**

Companies typically focus on responsibility toward societal expectations and compliance with

regulations in their existing CSR and sustainability work. Sometimes this work generates business opportunities (i.e., "the business case for CSR"), but more often it does not. In contrast, the SDG agenda has the potential of reversing the logic and directing focus toward business opportunities from responsibility and compliance. It is recommended that companies that wish to capitalize on their sustainability activities use the SDGs as a vehicle for sensing and seizing business opportunities related to sustainability.

b. **CLARIFY WHAT THE VALUE DRIVERS ARE**

There are widely different kinds of business opportunities from SDG work. For some of the 21 companies, the SDGs are about identifying and projecting risks and threats to their business and adopting mitigation strategies that will secure the long-term survival of their product category and technology. For other companies, the SDGs become a vehicle for differentiating their products and services from those of competitors. For a final group of companies, SDG work is a business development activity focused on identifying and developing new markets. Depending on the value drivers behind SDG work, the 21 companies adopted widely different strategies and organizational modalities. It is therefore recommended that companies clarify upfront what the value drivers of SDG work are in their particular company.

c. **FOCUS ON FEW SDGS**

A primary strategic challenge for companies is how to navigate the 17 SDGs and the accompanying 169 targets. The DI project unveiled various methodologies that are suitable for scoping the SDG work to make it manageable, e.g., the UN Compact SDG Compass which for many of the 21 companies proved highly useful in identifying relevant goals and targets. It is recommended that companies that want to engage with the SDGs devote resources to narrow down the list of SDGs

and targets to those that are specifically relevant to their company.

d. **UTILIZE THE POTENTIAL OF THE SDGS AS A COMMUNICATION TOOL**

For several of the 21 companies, the SDGs and their visual representations provided an excellent tool to brand and communicate their sustainability work. The SDGs allowed them to communicate with customers and stakeholders in a structured way, and they provided a vocabulary and symbols for communicating the societal engagement of the company. It is recommended that companies wanting to engage with the SDGs explore how the SDGs can serve as a tool for creating a narrative of the company's sustainability activities that can engage stakeholders externally and internally.

e. **ENGAGE TOP MANAGEMENT!**

If the SDG agenda is being construed as a business development agenda, it has profound implications for which functions of the company should be involved and how. In particular, the SDG project documented that engagement of top management and alignment between top management and operational levels is crucial for the long-term success of SDG work. Hence, it is recommended that companies wanting to engage with the SDGs involve top management from the very beginning of the process and that the SDG activities are anchored in strategic business functions.

SDG WORK IS A PROCESS

"Working with the SDGs is not a project; it is a process. We are not over and done with the conclusion of the DI project. It is incredibly important that DI keeps on track with the work through, for instance, best practice examples, and highlighting and sharing the good stories is incredibly important.

Helle Søholt, Founding Partner, CEO, Gehl

f. **FOCUS ON THE PROCESS**

The DI SDG project demonstrates that there is no blueprint or manual for what the SDGs are, how companies should work with them, or which outcomes will be produced. It is recommended that companies that wish to engage with the SDGs do so with an open mind as to the content and outcomes of the activity.

g. **HAVE A LONG-TERM PERSPECTIVE ON SDG WORK**

Most of the 21 companies did not move to invoice during the project period, although some did. Many companies initiated changes to strategies and business models based on the SDG work, but business outcomes take time to materialize, especially in the larger companies. However, most companies projected that in the longer run (three to five years) they would see substantial effects on their bottom line from the SDG and sustainability work. It is recommended that companies wanting to engage with the SDGs adopt a long-term perspective on this activity and that they are patient in terms of the bottom-line outcomes.

h. **ADAPT THE SDG AMBITION TO THE CAPABILITIES OF THE COMPANY**

The report found that the ambition behind SDG work, as well as the content of it, varies substantially among the companies; some companies strived to radically transform their business and make a "moon-shot", while others, more modestly, wished to revitalize and capitalize on existing CSR and sustainability work. Some envisioned change to more or less all aspects of their business model and strategy while others went for incremental changes. Small companies could quickly reorient their business model and strategy to pursue business opportunities related to SDGs, whereas large global companies needed to align many levels of decision making in Denmark and abroad. Hence, different companies have different capacities for engaging with

the SDGs. It is recommended that companies wanting to engage with the SDGs base this work on a thorough understanding of their existing capabilities, organizations and paths.

FOR DI IN ITS WORK WITH MEMBER COMPANIES

DI has a vital role to play in setting and deepening the SDG agenda in the Danish business community. Three years of engagement with the 21 companies in the "From Philanthropy to Business" project has generated some relevant learnings that may inform DI's future activities on the SDGs:

a. **EXPAND ACTIVITIES FOCUSING ON SDGS AS VALUE DRIVERS**

Overall, the main idea of the DI SDG project – to focus on SDG business value drivers – proved good and sound. This approach clearly resonated with the companies and unleashed a lot of interest and engagement from the participants. Eventually, almost all those participating gave a positive evaluation of the project. Against this background, it is recommended that DI scale up and further develop this type of activity in the future.

b. **FACILITATE NETWORKING AMONG COMPANIES**

While companies overall had a positive assessment of the DI project, individual components and activities were valued by the companies in varying degrees. The main benefit of the SDG project was, according to the 21 companies, related to "networking", as it provided opportunities for companies to interact with their peers, share experiences, and benchmark their activities against other companies. Hence, it is recommended that DI expand this type of activity in the future, for instance, by organizing focussed networking events related to the SDGs for smaller groups of similar companies.

GETTING AN OUTSIDE IN PERSPECTIVE ON YOUR BUSINESS

"What was interesting for us was the processes that the project came with ... with the business value drivers and so on. But even more important was the fact that putting 21 very different companies together gave us an opportunity to get an outside-in perspective on our business and our place in the sustainability agenda. It was quite an eye-opener for us. This process was extremely good for us to find out where we can contribute and create value for our customers. We realised that our knowledge about raw materials is very valuable to our customers".

Ulf Arnesson, Executive Director Business Development, Stena Recycling Holding AB

c. **MOTIVATE SDG WORK**

All the participating companies were highly uncertain about what the SDGs are about and what their use is. Hence, the dissemination of information about what the SDGs are and sharing of experiences may be critical tasks for DI in the future. It is recommended that DI demonstrate and document in a concrete way how engagement in the SDG agenda can support and even guide business strategies, and how engagement with the SDGs can add value to companies already engaged in environmental, sustainability and CSR activities.

d. **SEGMENTATION OF COMPANIES**

The DI SDG project involved a highly diverse group of companies. While companies at early stages of their SDG engagement may benefit from cross-industry experiences, at later stages, more industry or product group-specific activities are probably more efficient. A way forward would be to make a distinction between those companies that work with the SDGs from a market development perspective and those that work with the SDGs from a risk management perspective, as

TRANSLATING THE SDGS TO CONCRETE BUSINESS GOALS

”DI should keep working to increase the attention and to contribute to a better understanding of the SDGs from a business perspective. DI can help the companies to develop their own interpretation. DI can assist the companies in their work in converting the SDGs to concrete business goals. Finally, it would be great if DI could bring in leading experts that can explain more about the SDGs history, background, strengths and weaknesses – so we really get a deep dive from a more scientific perspective – and provide companies with new perspectives and perhaps focus on what it is that companies miss doing from an SDG perspective”.

Mikkel Thrane, Director, Global Sustainability Leader, DuPont Nutrition & Biosciences

these two approaches demand very different tools, strategies and organizations. Moreover, as demonstrated in this report, there is a huge difference between how large and small companies work with the SDGs and what they seek to get out of this work. These observations lead to the recommendation that future DI SDG activities should seek a sharp segmentation of companies participating in events and activities.

e. **LOBBY FOR BETTER FRAMEWORK CONDITIONS**

Several companies wanted DI to use its political lobby and advocacy capabilities to improve the framework conditions for Danish companies working with the SDGs. This work could include lobbying for government initiatives and procurement practices that encourage companies to engage with the SDGs. DI could also lobby to ensure that Danish business core competencies – such as green tech, health, or food – are promoted in Danish and international SDG related initiatives. In this regard, DI could seek to ensure that Danida programming explicitly considers

whether and how Danish industry competencies can be mobilized for SDG based development intervention. Finally, DI could further market Danish SDG related competencies in export promotional activities such as delegations, visits and fairs.

f. **FOCUS ON DI'S COMPARATIVE ADVANTAGES**

In recent years, a plethora of public and private initiatives and organizations working with SDGs and sustainability from various perspectives, have emerged. Some of these also contribute to the DI SDG project. As DI further develops its SDG related activities, it is recommended that a clear division of labour with other public and private providers of services related to the SDGs be observed. According to the 21 companies, DI's comparative advantages are closely related to its ability to set, focus and develop the SDG agenda from a business perspective, to facilitate network and motivation activities, and to influence the framework conditions for SDG work in Denmark!

DENMARK IS NOT ALWAYS LEADING ON SDGS

”In Scandinavia and Germany and other places in Europe, the work with the SDGs is a differentiator. But also in Latin America and Asia, we begin to see an effect. I still think, however, that our US-based clients want to be sustainable, and we focus a lot on diversity and inclusion, but the UN as an institution is not something you necessarily trust as an American. In Denmark, we are quite ahead when it comes to urban planning and broad collaborations, but also in Denmark the SDGs require a lot of new thinking, testing of new ideas, and a lot of innovation. We really need to think large scale and things need to happen faster, and in Denmark we need more opportunities for policy sandboxing because we still have issues in the collaboration between the public and private sectors”.

Helle Søholt, Founding Partner, CEO, Gehl

