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# Integrating the SDGs into Business Operations and Supply Chains in Asia and the Pacific

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# Delivering the 2030 Agenda

- Only 10 years left to implement the 2030 Agenda for Sustainable Development, including the Sustainable Development Goals (SDGs)

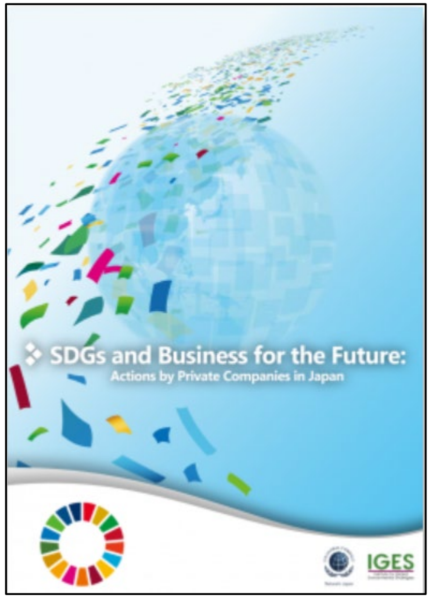
- Progress has been made--but much more is needed

- At the SDG Summit in September 2019, world leaders called for a **Decade of Action** to deliver the 2030 Agenda and the SDGs by 2030

- The Decade of Action asks for transformative solutions through accelerated efforts at all levels and by all stakeholders

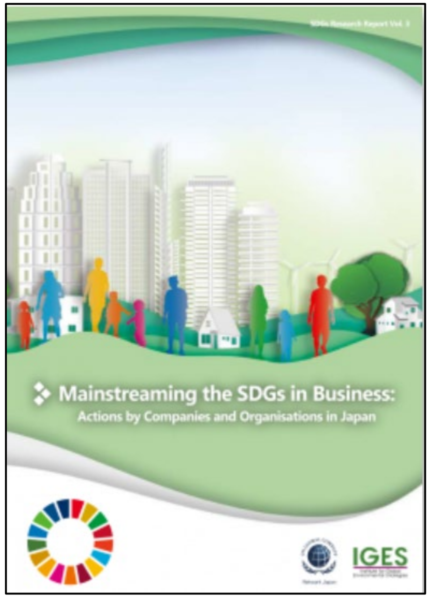
# IGES helping companies strengthen their SDGs efforts

2018



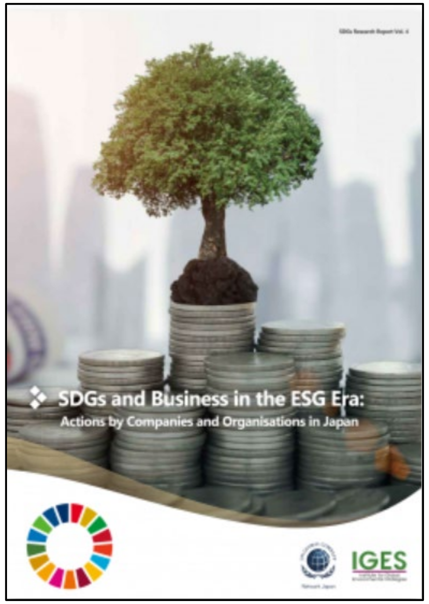

Integration of SDGs into core business

2019




Diversity and Inclusion

2020




ESG finance

2021


COVID-19 response

2020


Approaches and tools for SDGs

- Joint reports by IGES and Global Compact Network Japan
- Look at SDGs initiatives by companies and orgs in Japan over time
- The forthcoming report is on company efforts on the SDGs in the COVID-19 era

# Survey result : Overview of research

- **Target:** 376 GCNJ members companies and organisations (as of Sep. 1 2020)
- **Method**: Online
- **Period:** Sep. 1 2020 – Nov. 6 2020
- **Questionnaires:** Awareness of the SDGs, status of initiatives, future plans, SDGs-related initiatives in the context of the COVID-19 pandemic
- **Responses:** 208 companies and organisations (56% response rate)

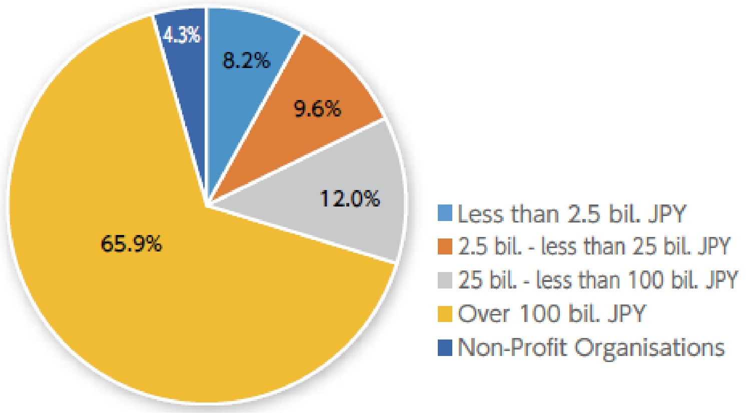



Figure 1: Sales of respondent companies/organisations (n=208)

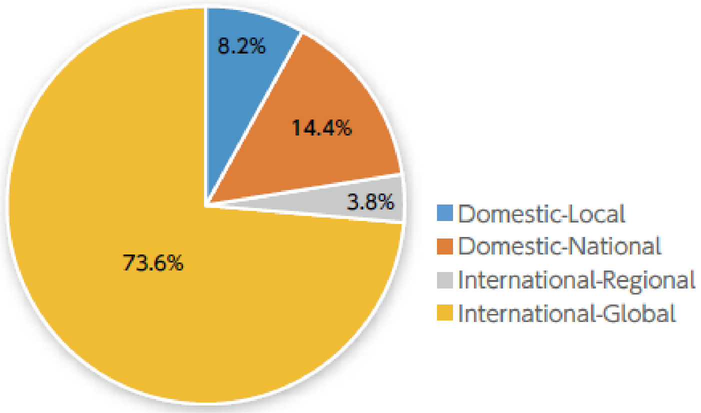



Figure 2: Markets of respondent companies/ organisations (n=208)

# Survey Result : Progress on integrating the SDGs into business

Table 2: State of progress on SDG Compass

Q. Which step indicates current progress on the "SDG Compass"?

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Step 1: Understanding the SDGs | 53.5% | 42.9% | 30.6% | 18.8% | 12.0% |
| Step 2: Defining priorities | 22.2% | 27.6% | 28.3% | 25.8% | 19.7% |
| Step 3: Setting goals | 11.1% | 13.5% | 16.7% | 26.3% | 20.7% |
| Step 4: Integrating | 9.1% | 8.0% | 12.2% | 15.1% | 27.4% |
| Step 5: Reporting and communicating | 4.0% | 8.0% | 12.2% | 14.0% | 20.2% |

(*Responses for 2016 were from only 99 companies/organisations who responded that they were using the SDG Compass as a reference.)

- In **2016**, **more than half** of respondents were on **Step 1 "Understanding the SDGs"**, with around 25% on Step 3 or beyond

- In **2020**, the **highest percentage of the respondents (27.4%) selected "Step 4: Integrating,"** with around 68% on Step 3 or beyond

## Survey Result: Increased awareness on the SDGs

Table 3: Level of awareness on SDGs

Q. Please select the applicable status of SDGs awareness in your company/organisation (multiple responses)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Well known by CSR division | 83.7% | 85.9% | 84.4% | 77.4% | 84.1% |
| Well known by top management | 27.9% | 36.2% | 59.4% | 77.4% | 85.1% |
| Well known by middle management | 5.4% | 9.2% | 18.3% | 32.8% | 43.8% |
| Well known among employees | — | 8.0% | 16.7% | 21.0% | 37.5% |
| Well known across affiliated companies and other stakeholders | 2.7% | 2.5% | 4.4% | 7.0% | 11.5% |
| Do not know | 11.6% | 6.7% | 2.8% | 2.2% | 0.5% |

- Top management's awareness was less than 30% in 2016 - a major hurdle
- **Top management's awareness of the SDGs** reached **85.1% in 2020**
- The **low level of awareness** among **stakeholders**, such as affiliates**(11%)** which include companies on supply chain

# Survey result: Partnerships have increased including with suppliers

Table 7: Partnerships in the past year

Q. In the past year, what stakeholder groups have you partnered with related to the SDGs? (multiple responses)

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Employees | 53.1% | 54.0% | 59.4% | 71.0% | 83.2% |
| Customers | 36.1% | 33.7% | 36.1% | 46.8% | 56.7% |
| Consumers | 16.3% | 17.8% | 16.7% | 17.2% | 24.0% |
| Suppliers | 34.7% | 38.0% | 46.1% | 54.8% | 57.7% |
| Shareholders/ investors | 15.0% | 21.5% | 26.7% | 33.3% | 38.5% |
| Government/ governmental organisations (including JICA, etc.) *2016 data includes local governments | 29.9% | 25.8% | 33.9% | 37.1% | 38.0% |
| Local governments | — | 26.4% | 37.2% | 44.6% | 48.6% |
| Foreign governments/ local governments/ governmental organisations | 18.4% | 19.6% | 24.4% | 21.0% | 23.1% |
| UN/international organisations | 26.5% | 26.4% | 32.2% | 29.6% | 34.1% |
| NGOs/NPOs | 44.9% | 41.7% | 51.7% | 47.3% | 50.0% |
| Academia | 21.8% | 23.3% | 28.9% | 31.2% | 34.6% |
| Other (please specify) | 7.5% | 4.9% | 5.6% | 8.6% | 10.6% |
| None | 23.8% | 23.3% | 14.4% | 6.5% | 3.8% |

- The **importance of partnerships** is now widely recognized.
- Percentage of respondents working with **"Suppliers" increased from 35% to 58%** from 2016 to 2020
- Not clear if suppliers they work with are mostly domestic or international

# Survey result: Defining priorities

Table 6: SDGs given priority

Q: What goal(s) within the SDGs has your company/organisation selected for focusing its activities? Please choose all that apply. (multiple responses)

| | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| Goal 1 | 17% | 21% | 24% | 20% |
| Goal 2 | 15% | 23% | 25% | 24% |
| Goal 3 | 50% | 64% | 65% | 69% |
| Goal 4 | 29% | 39% | 44% | 47% |
| Goal 5 | 44% | 52% | 54% | 59% |
| Goal 6 | 30% | 37% | 33% | 34% |
| Goal 7 | 46% | 57% | 59% | 62% |
| Goal 8 | 60% | 65% | 65% | 75% |
| Goal 9 | 39% | 59% | 59% | 69% |
| Goal 10 | 21% | 32% | 39% | 45% |
| Goal 11 | 34% | 51% | 55% | 63% |
| Goal 12 | 51% | 62% | 69% | 75% |
| Goal 13 | 63% | 72% | 73% | 76% |
| Goal 14 | 23% | 26% | 31% | 38% |
| Goal 15 | 34% | 40% | 35% | 39% |
| Goal 16 | 24% | 31% | 41% | 41% |
| Goal 17 | 29% | 43% | 53% | 62% |
| None | 11% | 2% | 2% | 1% |
| Do not know | 4% | 3% | 2% | 2% |

- As of **2020**, **76%** of respondents were focusing on **Goal 13 (climate action),** followed by **Goal 8 (decent work and economic growth)** and **Goal 12 (sustainable consumption and production)**

- **Fewer than 40% of companies and organisations** have chosen to focus on **Goal 14 (Oceans)** and **Goal 15 (Biodiversity)**

# Survey result: State of initiatives over the past year

Table 11: State of initiatives over the past year

Q. Of the following areas related to the SDGs, please respond on state of initiatives over the past year from the 4 options.
*Level of positive impact from 1 (actively engaged) to 4 (not engaged)

| | 2019 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| Contributions to SDGs via core business | 45.2% | 43.0% | 8.1% | 3.8% | 50.0% | 41.3% | 7.2% | 1.4% |
| CSR procurement | 31.2% | 41.4% | 17.2% | 10.2% | 32.2% | 44.7% | 14.4% | 8.7% |
| Climate change (GHG reduction) | 42.5% | 38.2% | 11.3% | 8.1% | 52.9% | 32.2% | 11.1% | 3.8% |
| Climate change (adaptation) and disaster prevention | 30.1% | 48.4% | 15.6% | 5.9% | 43.3% | 39.9% | 13.0% | 3.8% |
| Human rights due diligence | 23.1% | 38.7% | 25.3% | 12.9% | 24.5% | 43.3% | 25.5% | 6.7% |
| TCFD compliance | 25.8% | 19.9% | 21.0% | 33.3% | 38.5% | 19.2% | 20.2% | 22.1% |
| Plastics | 19.9% | 34.4% | 32.3% | 13.4% | 25.0% | 47.1% | 20.2% | 7.7% |
| Domestic poverty | 5.9% | 13.4% | 42.5% | 38.2% | 4.8% | 15.9% | 46.2% | 33.2% |
| Labour issues for foreign workers and technical interns | 15.6% | 24.2% | 33.3% | 26.9% | 13.9% | 27.9% | 26.0% | 32.2% |
| Diversity/women's advancement | 40.3% | 39.2% | 14.0% | 6.5% | 50.5% | 39.4% | 7.7% | 2.4% |
| Corruption prevention | 40.9% | 35.5% | 16.1% | 7.5% | 49.5% | 35.1% | 12.0% | 3.4% |
| Regional revitalisation and link to local government SDGs | 24.2% | 28.0% | 30.6% | 17.2% | 27.4% | 35.1% | 25.0% | 12.5% |
| Technology (e.g. AI, IoT) and SDGs | 23.1% | 25.8% | 36.6% | 14.5% | 24.5% | 36.5% | 28.8% | 10.1% |
| Inclusion of SDGs in reporting, e.g. integrated reporting for information disclosure | 50.5% | 30.1% | 11.8% | 7.5% | 51.0% | 33.2% | 9.1% | 6.7% |
| Telecommuting/work-from-home | — | — | — | — | 73.1% | 21.2% | 3.8% | 1.9% |

- Issues most commonly tacked include tele-commuting, climate change (mitigation and adaptation) and disaster prevention, compliance, and diversity

- **Slight increase**: human rights due diligence

## Survey result:
## Business continuity planning and basic policy on COVID-19 responses

Table 14: Status of BCP preparation

Q. Does your company/organisation have a business continuity plan (BCP) to deal with pandemics such as the COVID-19 or novel influenza?

| | Yes | No |
|---|---|---|
| Sales under 100 bil. JPY (n=71) | 60.6% | 39.4% |
| Sales over 100 bil. JPY (n=137) | 92.0% | 8.0% |

Q. What elements are included in your basic policies on COVID-19 (including BCP)? (multiple responses)

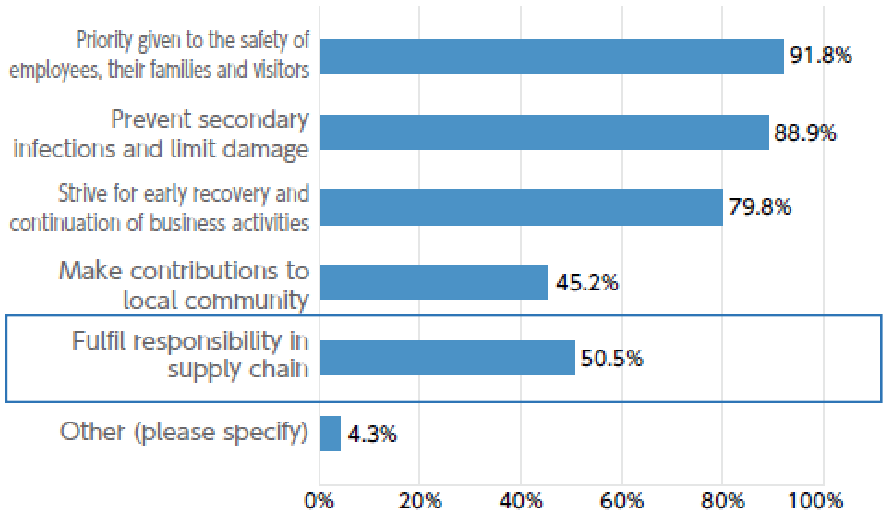
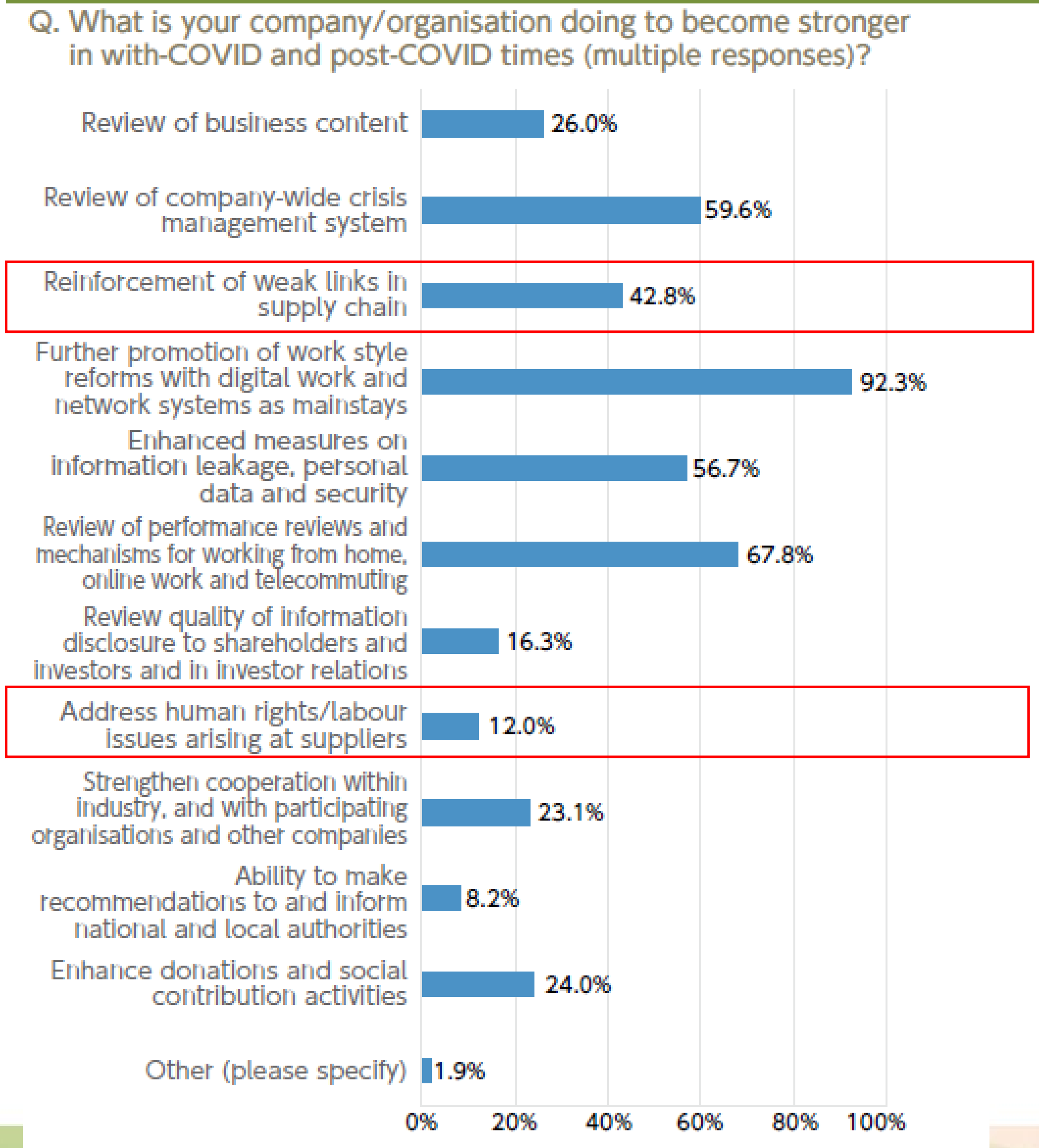



Figure 5: COVID-19 response policies

- **92% of companies with sales over 100 billion JPY** (1000 oku yen), and **60.6% with sales under 100 billion JPY**, including non-profit organisations answered "**YES**". (Table 14)

- Roughly **half of respondents** also have **policies in place on fulfilling commitments** in **local communities and supply chains**

## Survey result:
## Working to grow stronger in “with-COVID” and “post-COVID” times




- Most respondents promote **work style reforms**

- We can infer that reviews of **company-wide crisis management system** and **reinforcement of supply chains** have been carried out from the perspective of **business continuity**

- Responses for **“address human rights/labour issues arising at suppliers”** were **low at 12.5%**, suggesting the need for more efforts to **“leave no one behind”**

# Conclusion

- Progress on integrating the SDGs into core business
- Increased awareness that SDGs actions include making supply chain sustainable and resilient
- Action to make supply chain more sustainable and resilience is still limited especially abroad
- COVID-19 created a good opportunity to improve supply chain from environmental and social perspectives
- Need to talk about supply chain

# Thank you

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