The business value of sustainable development
A tool for strategic thinking on business & the SDGs
A strategic business view of the SDGs

A call to business action

Much has been made of the role of business in the United Nations Sustainable Development Goals (SDGs); not least because the development issues they cover are profoundly shaping the business environment.

From employment and decent work, to taxation, good governance, and social conflicts over limited resources, to name a few, many of the SDGs address issues that are material to a company’s operations, to its licence to operate, and to the enabling regulatory environment. Companies can also see the SDGs as opportunities for market innovation in products and services that are aligned with sustainable development.2

However, the engagement of companies with the agenda has not been uniform or universal. The SDGs are not explicitly directed at business. Among the 169 targets of the 17 SDGs, there is only one that specifically makes a mention of business.3 Furthermore, the large number of goals and targets, and their elaborate language that has resulted from political negotiations, have dissuaded many business people from engaging.

The Earth Security Group has worked with SABMiller plc to create the SDG Business Impact Tool. By moving beyond the goals’ headlines and using the SDG targets as the framework, the tool helps companies create a snapshot of the strategic strengths, weaknesses, opportunities and threats in relation to the key development issues covered in the SDGs. This snapshot can operate at both a global or a national level, allowing companies to develop national priorities.

The tool is now available to all companies around the world. We encourage businesses to use it to reconsider their approach to the SDGs, as a critical map to address issues that will shape the future of their companies.

For more information and to download the SDG Business Impact Tool, visit: earthsecuritygroup.com/sdgs

Our framework:
Four business dimensions

The business lens we have created to understand and prioritise a company’s position on the SDGs consists of four dimensions:

1 Business operations
Identifying the development issues that are likely to have a material impact on the costs and resilience of a company’s operations.

2 Licence to operate
Identifying the development issues that can affect a company’s licence to operate and key relationships with stakeholders, such as local communities or governments.

3 Innovation and growth
Identifying the development issues that present an opportunity to innovate in products, services and business models that enable sustainable growth.

4 Societal priorities
Identifying the development issues that are a top societal priority in the context where a company operates on which it may want to have a positive influence.

“The 2030 Agenda must be part of the totality of the activity of all business enterprises and that is increasingly being seen as a key to the future.”

David Nabarro
United Nations Special Adviser on the 2030 Agenda for Sustainable Development1

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1. United Nations Special Adviser on the 2030 Agenda for Sustainable Development
2. The 2030 Agenda must be part of the totality of the activity of all business enterprises and that is increasingly being seen as a key to the future.
3. Identifying the development issues that are likely to have a material impact on the costs and resilience of a company’s operations.
SABMiller has worked with the Earth Security Group to apply the SDG Business Impact Tool to shape its strategic approach to the SDGs. The results reflect the company’s understanding of the materiality that the development issues reflected in the SDG targets pose to its business on a global level.

Two additional individual targets have been identified by the company as a high global priority:

**SDG 3.5** Strengthen the prevention and treatment of substance abuse, including the harmful use of alcohol.

**SDG 17.1** Strengthen domestic resource mobilization to developing countries to improve domestic capacity for tax and other revenue collection.

The high-level results of the tool are presented below in a series of graphs and tables. They are shared with the wider business community to encourage other companies to revisit their approach to the SDGs.

### How to read the graphs

The top 5 SDGs for the business (Figure 1) are calculated on the basis of the most SDG targets being important to a company across all dimensions. Figure 2 assesses in what way these SDG are important to the business. Figure 3 shows the SDGs that are most important for each individual business dimension.

### Figure 1
**Top 5 SDGs for SABMiller at a global level**

SABMiller’s activities directly or indirectly impact on most of the SDGs, however, on a global level, five goals are identified as being the most important across the company’s operations, its licence to operate, the opportunities for innovation and the global societal context.

Two additional individual targets have been identified by the company as a high global priority:

**SDG 3.5** Strengthen the prevention and treatment of substance abuse, including the harmful use of alcohol.

**SDG 17.1** Strengthen domestic resource mobilization to developing countries to improve domestic capacity for tax and other revenue collection.

### Figure 2
**Top 5 SDGs for SABMiller according to each of the four business dimensions**

<table>
<thead>
<tr>
<th>Business operations</th>
<th>Licence to operate</th>
<th>Innovation and growth</th>
<th>Societal priorities</th>
</tr>
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<tbody>
<tr>
<td>SDG 6 Water</td>
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<tr>
<td>SDG 2 Food &amp; Agriculture</td>
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<td>SDG 8 Employment &amp; Economic Growth</td>
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<td>SDG 5 Gender Equality</td>
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<td>SDG 12 Consumption &amp; Production</td>
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The top 5 SDGs for SABMiller on a global level have differing impacts across our four business dimensions. The tool enables an analysis of how each top SDG matters to the company allowing a strategic definition of priorities across business units and functions.
### Table 1
**Key SDG targets for SABMiller at a global level**

<table>
<thead>
<tr>
<th>SDG 6 Water</th>
<th>SDG 2 Food &amp; Agriculture</th>
<th>SDG 8 Employment &amp; Economic Growth</th>
</tr>
</thead>
</table>
| 6.3 Water quality
By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. | 2.3 Agricultural productivity
By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

2a Capacity building
Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries. | 8.3 Decent work
Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. |

| 6.4 Water efficiency & scarcity
By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity. |  | |

### SABMiller’s approach

SABMiller is working beyond its own operations, building partnerships to improve the quality and availability of the water supplies it shares with communities and ecosystems. The company was a pioneer in the use of water footprints to better understand ecological and business risks associated with water. SABMiller’s bespoke water risk assessment process helps to better understand the nature and extent of local water risk, and act to address it. SABMiller has achieved an efficiency ratio of 3.3 hectolitres of water per hectolitre (hl/hl) of lager produced and is now on track to meet a revised target of 3.0 hl/hl by 2020.

Brewing crops are an integral part of the food system. SABMiller’s public 2020 targets seek to ensure that its sourcing of crops measurably improves both food security and resource productivity of farmers. These targets include increasing the amount of malting barley grown per hectare – and of other key brewing crops while reducing inputs; and achieving local sustainable sugarcane standards for all sugarcane. A core part of SABMiller’s strategy is local sourcing. The business benefits include reducing total cost of raw materials; securing long-term supply of core crops; and strengthening SABMiller’s economic and social contributions in markets of operation.

An example of local sourcing is Nile Breweries in Uganda, producing beer from sorghum, a local subsistence crop, thereby developing a domestic value chain and creating a sustainable income for over 20,000 farmers.

SABMiller buys from or sells directly to nearly 1.5 million small businesses globally. It has set itself a 2020 target to directly support more than half a million small enterprises to enhance their business growth and livelihoods, working with partners to measure overall numbers of enterprises supported, income, job quality and employability. To strengthen its distribution network, SABMiller launched the “4e, Path to Progress” programme in partnership with multilateral agencies. So far, the programme has supported the development of 20,000 shopkeepers, providing access to credit, marketing and retailing skills and support with business formalisation, as well as supporting retailers to lead development in their communities.
SDG 5  
Gender Equality

5.5  
Women leadership  
Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

5a  
Access to resources  
Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.

SABMiller’s approach

SABMiller has set a target to increase female representation in management positions and executive roles by 2020. Another priority area is enhancing the economic inclusion of women in agriculture. For example, in South Africa, South African Breweries (SAB), is working in partnership with the South African government to support 5,000 women maize farming co-operatives and has committed to buy the full 16,000 tonnes of maize they aim to produce in 2016 – almost a tenth of SAB’s annual maize requirement.

SDG 12  
Consumption & Production

12.2  
Resource use  
By 2030, achieve the sustainable management and efficient use of natural resources.

12.5  
Waste generation  
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6  
Sustainability reporting  
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

SABMiller’s approach

Around 97% of spent grain from SABMiller breweries is reused: sold as animal feed or as a renewable fuel. In 2015, 89% of brewery waste was recycled and 100% of MillerCoor’s major breweries in the US became landfill-free. Product packaging is an area ripe for innovation in design and recycling to reduce post-consumer packaging waste. For example, in Zambia, SABMiller has partnered with Lusaka City Council to support small-scale waste collectors to build the missing link between the aggregation of post-consumer waste and recycling companies.

SDG 3  
Health & Wellbeing

3.5  
Substance abuse  
Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol.

SDG 17  
Partnerships

17.1  
Domestic tax capacity  
Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

SABMiller’s approach

SABMiller is committed to helping tackle harmful drinking and has set a number of public targets for 2020. These include to reach all of its beer consumers with effective communication campaigns to encourage moderate and responsible consumption; support responsible retail practices through industry leading levels of retailer training and engagement; encourage and support clear standards for beer retailing; support programmes to increase road safety awareness and enforcement, including drinking and driving; and reduce underage drinking.

SABMiller firmly supports the building of tax administration capability and the promotion of efficient tax systems. The company was a driving force as one of the co-founders of the recently formed Africa Industry Tax Association (AITA), whose current membership consists of nine multinational companies, with substantial footprints in Africa. AITA was formed to create a formal and structured collective platform from which to create open lines of communication with African governments and revenue authorities on matters of common interest, and to promote fair, transparent, efficient and enforceable taxation systems and administration.

Table 2  
Other key SDG targets of strategic relevance
Societal priorities

Water is the single biggest issue on which SABMiller believes it can drive change globally. Local community access to water and sanitation is identified as an issue of growing importance in the company’s contexts. Other targets seen as context priorities on which to drive change are food security, access to nutritious food, discrimination and violence against women and girls, sustaining per capita economic growth and increasing resource efficiency, as well as preventing the harmful use of alcohol.

Innovation and growth

SDG targets that present significant opportunities for SABMiller to innovate processes, products and services are: renewable energy and energy efficiency; and the development of SMEs to improve distribution models. New beers based on local grain have shown the potential to increase sales while helping poor farmers increase their income and farming practices. Circular economy models offer opportunities to reposition new products based on zero waste. Gender equality is seen as a catalyst for innovation across all business processes.

Licence to operate

From the perspective of SABMiller’s global licence to operate, SDG targets that are important to the business include issues such as ensuring the equitable access to safe and affordable drinking water; helping to implement integrated water resources management and the protection of water-related ecosystems. Other key targets identified as material to the licence to operate include promoting women equality, creating decent jobs and in particular the SDG target of promoting the responsible consumption of alcohol.

Business operations

Key SDG targets that are material to SABMiller’s global operations relate to ensuring water quality and availability and the sustainable production of cereal crops. Targets on energy efficiency and renewables are seen as key to operations given electricity costs and carbon emissions. Other top SDG targets to operations relate to the sound management of waste throughout the life cycle and the growth and resilience of small and medium-sized enterprises (SMEs), as necessary to maintain a vibrant and reliable distribution model.

Figure 3

The top 5 SDGs for each dimension, based on the materiality of SDG targets to the business

* Denotes an SDG that is highly ranked in a specific business dimension, but is not on the Top 5 SDGs for the business overall.
As multinational and national companies engage with stakeholders on the SDGs, their approach must reflect an understanding of how the goals are translated into national and local priorities. SABMiller’s Colombian subsidiary, Bavaria SA applied the tool and evaluated the results to understand how local priorities compare to the company’s global imperatives.

A strategic SDG target

**SDG 3.5**
**Strengthening the prevention and treatment of substance abuse.**
Bavaria has set corporate targets to 2020 to prevent drinking and driving and educate consumers on moderate drinking. It has involved retailers in promoting a culture of responsibility and preventing underage drinking, and has created a technology platform to engage and support community-led initiatives that strengthen the culture of responsible drinking. Bavaria’s non-alcoholic brand Aquila Cero accounts for more than 90% of the non-alcoholic beer category in Colombia within one year of its launch.

**SDG 7**
**Energy**
In line with SABMiller’s global targets, increasing energy efficiency and the share of renewables are seen as key drivers to reduce Bavaria’s energy costs while also reducing its carbon footprint. Bavaria’s 2020 targets seek to reduce 50% of the emissions from fossil fuels and a 25% reduction of its carbon footprint. It is improving energy efficiency along the production cycle. In 2015, 5.2% of its energy was generated by biogas created in the anaerobic treatment of waste water.

**SDG 6**
**Water**
Water scarcity risks and water quality are material issues for the business. The main problem breweries face is from increasing costs of water treatment. This largely results from other industries or agriculture run-off, originating from unsustainable farming practices. Bavaria has partnered with NGOs to create and capitalise three water funds to incentivise sustainable water and land-use practices upstream, reducing the cost of treatment and, thereby, the cost of water to the business.

**SDG 8**
**Employment & Economic Growth**
Bavaria breweries reuse 100% of its cereal and yeast waste, transforming it into animal feed. In total, they reuse 97% of the waste from operations, including organics and general waste. The vast majority of Bavaria’s beer is sold in returnable bottles or kegs, and the company’s returnable bottles are refilled an average of 44 times. The business is also looking beyond its direct operations and working with strategic suppliers to identify opportunities for improving its resource footprint.

**Top 5 goals for Bavaria**

**SDG 1**
**Poverty**
Some of Bavaria’s breweries are located in areas where poverty is extreme. Contributing to build the economic resilience of the poor in communities around breweries is integral to strengthening the business’s long-term social licence to operate. In collaboration with the Colombian government, Bavaria has set up ‘extreme poverty-free zones’ as a way to focus on measurably lifting families out of extreme poverty through enterprise support and education.

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**SDG 8**
**Employment & Economic Growth**
70% of the total cost of Bavaria’s local purchases from suppliers is done through SMEs, totaling 6,500 SME suppliers. Additionally, 380,000 SME retailers sell Bavaria’s products. Small enterprises provide 98.7% of jobs in Colombia. Supporting the economic productivity and work of SMEs is both critical to Bavaria’s business growth and to the country’s sustainable development. In light of the peace agenda being a top national priority and rapid social change occurring in post-conflict Colombia, Bavaria is committed to creating jobs such as through its initiative, *Tiendas de Paz*, which focuses on the role of SMEs in rebuilding rural communities that have been affected by conflict.
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Further References
For further information on SABMiller’s policies and programmes:

Sustainable Development Report 2016
SABMiller plc, 2016

Annual Report 2016
SABMiller plc, 2016

Our Approach to Tax 2016
SABMiller plc, 2016

Sigamos Prosperando: Informe de Desarrollo Sostenible 2015
Bavaria SA, 2015

Notes
1 ‘Dr Nabarro’s address to Diplomats and United Nations (UN) System Principals at the UN Office in Geneva’, April 15, 2016, International Telecommunications Union.
