

# Helping businesses implement the SDGs: The potential of the Cradle to Cradle® approach

## 1. Mind your own business: how the private sector is faring at meeting the UN SDGs so far? A Brief Overview.

### *What are the SDGs and why should businesses care about them?*

The United Nation's Sustainable Development Goals<sup>1</sup> (SDGs), also known as the 'Global Goals', lay out a global framework to end poverty, reduce social injustice and ensure raised living standards are achieved in an equitable and an environmentally sustainable way (see figure 1). The 17 goals and 169 specific targets of this 2030 Agenda for Sustainable Development<sup>2</sup>, which build of the successes of the Millennium Development Goals<sup>3</sup>, set the world's sights on addressing the most critical environmental, social and economic issues we face today (UNDP, 2018).

Figure 1: the SDGs



Alongside government and civil society action, business plays a fundamental role towards ensuring the achievement of these goals. The SDGs represent a sizeable opportunity for the private sector to demonstrate the central role it plays in sustainable development and human prosperity and to serve as an essential partner to bridging the gap in finance and

<sup>1</sup> <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

<sup>2</sup> [http://www.un.org/ga/search/view\\_doc.asp?symbol=A/RES/70/1&Lang=E](http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E)

<sup>3</sup> <http://www.undp.org/content/undp/en/home/sustainable-development-goals/background.html>

technical capacity necessary to meet the challenge of achieving the SDGs. The SDGs are increasingly being used to inform decision making and guide strategy, which is helping drive innovation and create new value along the value chain as well as help reduce business risk (United Nations, 2018).

Furthermore, the SDGs promise significant economic rewards for companies that invest in delivering innovative solutions and transformative change. According to a flagship report from the Business Commission<sup>4</sup>, achieving the SDGs could create 380 million jobs and help unlock at least \$12 trillion in opportunities for business by 2030. Such opportunity should indeed incentivize business action towards aligning with the global goals (Business and Sustainable Development Commission, 2017).

Many companies have signalled much interest in the SDGs and are considering how to respond and align sustainability initiatives under this framework. Whilst the SDGs present a complex challenge for business, they also present an opportunity to demonstrate leadership and commitment to a clear corporate purpose. Businesses will have a critical role to play, and those that choose to ignore the SDGs or delay a response may miss the opportunity they present and be more exposed to unwelcome risk.

### *Current stats on business commitment and SDG delivery*

While the SDGs are driven by politics and protecting human rights, the goals cannot be achieved without input and action from the private sector. There is therefore significant business value for companies to align their strategy with the SDGs.

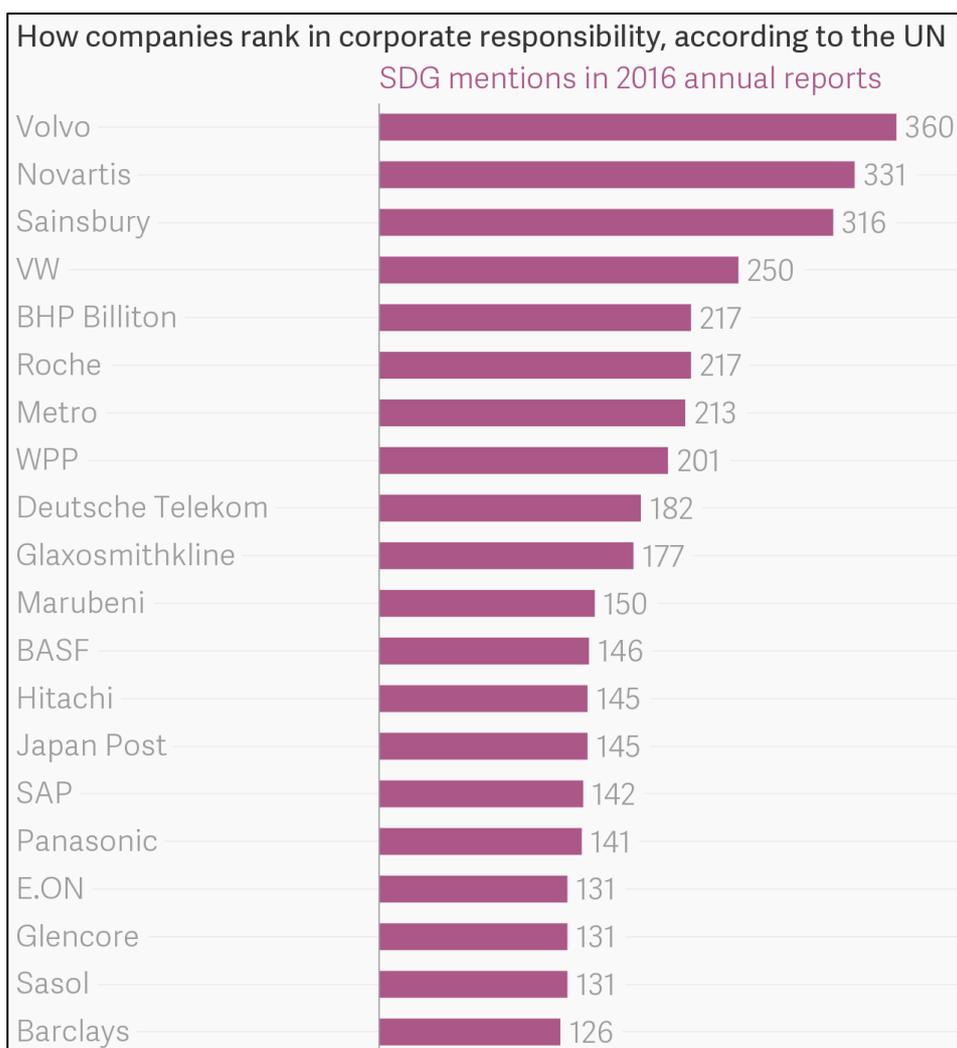
Businesses are starting to step up to the SDG challenge. According to a UN 2017 report<sup>5</sup>, 82 out of 100 blue chip companies demonstrated commitment to the SDGs in their 2016 annual reports, either through explicit statements about the goals or implicit actions that support them. SDG 13 (Climate Action), SDG 3 (Good Health) and SDG 10 (Reduced Inequalities) were top priorities, with the key focus varying by sector (Verles & Vellacott, 2018). See figure 2 for the 20 twenty of these companies and those who are walking the SDG talk.

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<sup>4</sup> <http://report.businesscommission.org/report>

<sup>5</sup> <https://www.cbd.int/financial/2017docs/un2017-scr100.pdf>

**Figure 2: The UN’s top 20 companies in corporate sustainability**



Reference: UN, 2017

In their latest review of members’ sustainability reporting, the World Business Council for Sustainable Development (WBCSD) found that 79 per cent of the 157 companies analysed acknowledge the SDGs in some way; 45 per cent had started to align their sustainability strategies with goal-level SDG criteria; but only 6 per cent have aligned their strategy and targets to specific target-level SDG criteria and measured their contributions to key SDGs (WBCSD, 2017).

However, and whilst the number of companies reporting against the SDGs is on the rise, according to a 2017 report<sup>6</sup> from Corporate Citizenship, there does seem to be a clear gap emerging between thinking and action, especially when tangible actions towards SDG involvement has been stalling since late 2016 (Sustainable Brands, 2017).

This downward trend can be illustrated by a 7 per cent increase between 2016 (13 per cent) and 2017 (20 per cent) in the number of organizations who said that they aware of the SDGs, but had no actual plans to do anything about them. At the same time, the proportion of companies that have been actively involved in a collaboration related to the SDGs has fallen from 40 per cent in 2016 to 33 per cent in 2017. The Corporate Citizen report further finds that there has been a decrease in the number of organizations

<sup>6</sup> <https://corporate-citizenship.com/our-insights/accelerating-corporate-leadership-global-goals/>

committed to reviewing or setting new targets and informing strategy development based on the SDGs (Sustainable Brands, 2017<sup>a</sup>).

### *Why some businesses are failing to align with the Goals*

The SDGs are still relatively new and so a large proportion of businesses are playing catch up. One major pitfall area is the fact that many businesses do not know where to start, particularly in terms of measurement and quantifying, reporting on and monitoring impacts owing to inconsistent reporting methods and indicators. Other pitfall areas include the temptation of simply reframing business communications to demonstrate their good work in this area whilst continuing business as usual as well as the temptation to only disclose the company's positive impacts and not the negative so not revealing the full picture of the company's footprint (Verles & Vellacott, 2018).

While general improvements, according to a 2017 UN report<sup>7</sup> on Progress towards the Goals, have been made across the board in the private sector towards aligning with the SDGs, more work needs to be done to truly deliver on the objectives outlined in the 2030 Agenda. The critical success factor is for businesses to now translate intent into action.

## **2. How could businesses do better at achieving the SDGs?**

### *Introducing the Cradle to Cradle® approach*

In nature, there is no concept of waste. Everything is effectively food for another organism or system. Materials are reutilized in safe cycles. There are no persistent, bio-accumulative materials that can lead to irreversible changes. The Cradle to Cradle<sup>®8</sup> (C2C) approach pivots on this idea through mirroring the healthy, regenerative productivity of nature, and considers materials as assets, not liabilities (Cradle to Cradle Products Innovation Institute, 2016).

The framework was developed in 2002 by two pioneers, William McDonough and Michael Braungart which focuses on the design of intelligent products, processes and systems by taking into account the entire life cycle of the products, optimizing material health, recyclability, renewable energy use, water efficiency and quality, and social responsibility. The approach aims to achieve three things:

- (1) **Eliminate the concept of waste:** Design products and materials with life cycles that are safe for human health and the environment and that can be reused perpetually through biological and technical metabolisms. Create and participate in systems to collect and recover the value of these materials following their use.
- (2) **Power with renewable energy:** Maximize the use of renewable energy.
- (3) **Respect human & natural systems:** Manage water use to maximize quality, promote healthy ecosystems and respect local impacts. Guide operations and stakeholder relationships using social responsibility.

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<sup>7</sup> <https://unstats.un.org/sdgs/report/2017/>

<sup>8</sup> Cradle to Cradle and C2C are registered marks of MBDC, LLC.

Specifically the emphasis is placed squarely on products that have a positive impact and which are developed through production effectiveness. This concept argues that resource consumption and economic growth should not be isolated from each other. In fact, they often go hand-in-hand (Governance & Accountability Institute, 2017).

### *Linking the C2C® approach to the SDGs: Enter the Circular Economy concept*

The Cradle to Cradle school of thought can be considered as one of the catalysers for the circular economy (CE) concept. The concept of the circular economy describes an industrial economy in which material flows keep circulating at a high rate (in terms of quality, property, function, range of use) without the materials entering the biosphere, unless they are biological nutrients. Hence CE is understood as a system, which is restorative by design (World Resources Forum, 2014).

A circular economy aims to redefine growth, focusing on positive society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system. Underpinned by a transition to renewable energy sources, the circular model builds economic, natural, and social capital. It is based on three principles which also form part of the C2C® approach 1) Design out waste and pollution 2) Keep products and materials in use 3) Regenerate natural systems (Ellen MacArthur Foundation, 2017<sup>a</sup>).

The C2C® approach and circular economy concept therefore go beyond the “reduce, reuse, recycle” campaign of the late Twentieth Century, and focus more on the design and production of products and processes, rather than on products consumption and/or consumer behaviour. Building on this, the emphasis of the SDGs is on developing a more circular economy and seeking to implement sustainable development across the UN member states. The Cradle to Cradle Certified™ Products Program can therefore be utilized as a circular economy enabler particularly through being used as the design and verification tool for circular economy products.

This grounding of the circular economy approach, thanks to the C2C Certified™ Products Program<sup>9</sup> and the application of top down and bottom up circular thinking to its products and services as well as processes across different spatial scales, would therefore help to ensure many targets under the SDGs are accomplished.

### *The Potential of the C2C® approach to help companies track their efforts towards achieving the Global Goals*

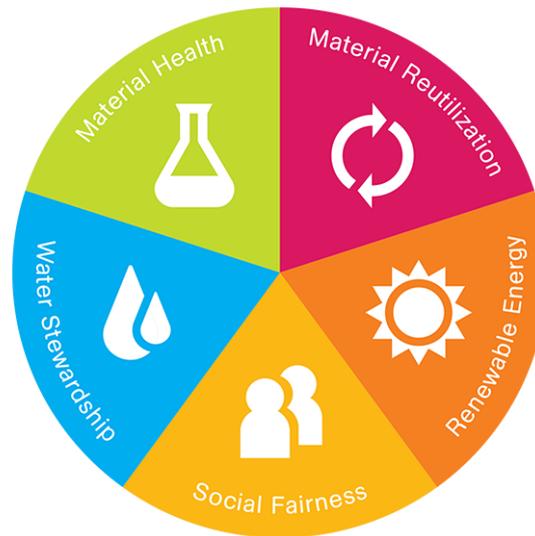
The C2C design principles provide a positive agenda for continuous innovation around the economic, environmental, and social issues of human design and use of products and services. Specifically, the purpose of the product certification program, which falls under the C2C framework and methodology, is to improve the way we make, use, and re-use things recognizing two metabolisms, the biological metabolism and the technical metabolism, with a goal to leave a beneficial footprint for human society and the environment (Cradle to Cradle Products Innovation Institute, 2016). See figure 3 below for the five categories of the C2C Certified™ Products Program which range from responsible business operations and ethics for all stakeholders (social fairness) to

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<sup>9</sup> Cradle to Cradle Certified is a certification mark licensed exclusively for the Cradle to Cradle Products Innovation Institute. Cradle to Cradle and C2C are registered marks of MBDC, LLC.

eliminating the concept of waste (material utilization) to product design that are safe for humans and the environment (material health).

**Figure 3: The five categories of the C2C Certified™ Products Program**



These five categories link strongly to many of the SDGs specifically SDG 3: Good Health and Well-being, SDG 6: Clean Water and Sanitation, SDG 7: Affordable and Clean Energy, SDG 9: Industry, Innovation and Infrastructure, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action and those link to social ideals.

Whilst notable progress is being made on some of these SDGs within the international development community including the private sector, progress on others is falling short (United Nations, 2017). For example, progress on SDG 7 falls short of the mark in terms of achieving energy access for all and meeting targets for renewable energy and energy efficiency where there is a need for higher levels of financing and bolder policy commitments. SDG 12 displays worsening trends for consumption, with domestic material consumption increasing from 1.51 kg to 1.73 kg per unit of GDP from 2000 to 2010 and a rise in the total domestic material consumption during the same period, from 48.7 billion tons to 71.1 billion tons (Sustainable Brands, 2017<sup>b</sup>).

As a third party verification and certification, Cradle to Cradle Certified™ provides the perfect opportunity for companies to actually ground their sustainability efforts and track these against the global goals, particularly in terms of improving eco-effectiveness in their product designs. However, verification is only as strong as the standards or methodologies the data are verified against. Using rigorous and transparent standards with globally accepted methodologies and processes would help to ensure that companies are following best practices that reflect the latest scientific evidence (Verles & Vellacott, 2018). By using such standards, companies are able to boost their credibility, gain recognition from civil society and in some cases generate new revenue streams through transformative and more sustainable business models. These standards also help to avoid ‘green’ or ‘SDG’ washing – when businesses market their positive contribution to some of the goals while ignoring their negative impact on others. Avoiding such practices is important so as not to undermine the value of the SDGs.

## *Situating the C2C Certified™ Products Program among other measurement and reporting tools*

Currently, there is no single methodology for measuring and reporting business progress and impacts on the SDGs. This means that the C2C Certified™ Products Program is not the only approach out there that companies can use to help them measure and report on progress towards. In order to position the usefulness of C2C Certified™ it is important to situate it amongst these other leading tools and methods.

***The Trucost SDG Evaluation Tool:*** Trucost, a leader in carbon and environmental data and risk analysis, has launched the Trucost SDG Evaluation Tool to help enable companies to identify business risks and opportunities aligned with the United Nations Sustainable Development Goals (SDGs). The tool provides a quantitative analysis of corporate performance on the SDGs across the value chain, from raw material inputs to product use and disposal, within the context of a company's geographic operations. The main features of the Tool include (1) a scorecard of a company's overall SDG performance and individual scores for each goal, including positive contributions towards the SDGs as well as negative impacts (2) comparison of a company's performance relative to its sector and competitors, (3) identification of the most relevant SDGs for a company, with prioritized risks and opportunities and (4) a gap assessment showing the company where SDG investments may be optimized (Trucost, 2018).

***GRI Sustainability Reporting Standards:*** In 2016, the Global Reporting Initiative (GRI), an international independent standards organization, released new global sustainability reporting standards, with the hope to enhance corporate transparency worldwide. The standards give companies a common language for disclosing non-financial information, and will help firms contribute to the SDGs. With investors increasingly interested in directing funds towards businesses that are leading the on responsible business practices, transparent and effective reporting has never been more vital (GRI, 2016).

***The SDG Compass:*** This is a guide that companies can use to align their strategies with the relevant SDGs, and measure and manage their impacts. It is supported by a live and constantly updated inventory of business indicators and tools (SDG Compass, 2018).

***Circularity Indicators:*** Developed by the Ellen MacArthur Foundation, these indicators measure the extent to which the material flows of a product or company are restorative. In doing so, they will enable companies to measure their progress in making the transition from linear to circular models, and to identify areas of further opportunity (Ellen MacArthur Foundation, 2018<sup>b</sup>).

***PWC's Global Business Navigator:*** This is a systems driven database mapping tool to help businesses identify which of the Global Goals are most relevant across their core operations and supply chain, given the countries and sectors they operate in (PWC, 2018).

***The Natural Capital Protocol and Social and Human Capital Protocol:*** These are two frameworks designed to help businesses create better value and make better decisions in their interactions with nature, people and society. By incorporating both approaches into decision-making, they can help businesses consider interrelated social, environmental and financial risks and opportunities side-by-side (Natural Capital Coalition, 2018; WBCSD, 2018).

**Gold Standard for the Global Goals:** Gold Standard — a standard and certification body established by World Wildlife Fund that works to catalyse action for climate security and sustainable development — has launched the Gold Standard for the Global Goals, a new standard to quantify, certify and maximize the contributions of climate and development interventions toward the Paris Climate Agreement and the SDGs. The standard will make it easier for businesses, governments and investors to measure, track and report the full range of benefits they have contributed to, while safeguarding organizations against accusations of green-washing (Gold Standard, 2018).

While many organisations are now pushing their methods and tools out there and even trying to create a single standard for the Goals, like Gold Standard, none of the measurement and tracking tools have the specific focus on product design and the eco-efficiency of these products via streamlined and verified processes. This is what gives Cradle to Cradle Certified™ its edge and its uniqueness in terms of helping companies deliver towards the SDGs. Therein lies the huge opportunity to scale it up.

### **3. Next steps**

To date, it would seem that no clear metrics or indicators have been developed that succinctly link the C2C® approach with the SDGs. Elaborating a more comprehensive indicators and metrics framework, therefore, which demonstrate how the C2C could be used to help companies track and measure their efforts towards achieving relevant global goals would seem a logical next step as well as the exploration of partnerships, such as with the Gold Standard and the Ellen MacArthur Foundation, to ensure that a product design standard is fully considered in the development of a single standard for the SDGs.

As advisors, consultants and business developers for C2C® and CE strategies (which are designed and powered by C2C®) as well as a blossoming pioneer and leader in this market area, the Eco-Intelligent Growth company based in Barcelona, over the course of 2019, intends to take a brave but important step towards developing such a framework. This would not only help to propel the use and application of the circular economy approach but would enable businesses to directly contribute to the successful achievement of the SDGs and the 2030 agenda.

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