

Issues Navigator: SDG Study

The New Risks are Human

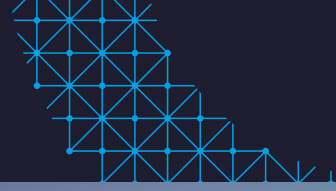
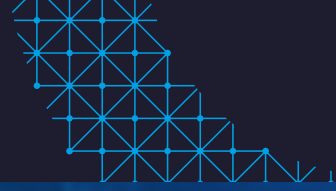


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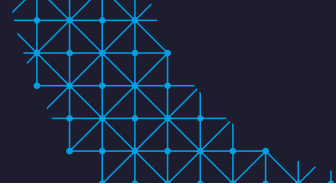
Executive summary

Our research has looked into the key conversations around the world's leading companies relating to the SDGs and sustainability. The results reveal a clear risk for those companies who have not put sustainability at the core of their operations. They call for a holistic approach to sustainability and ESG (beyond the 'E') and point towards a picture of full corporate engagement with the external landscape and other actors.

The results also reveal the trajectory of conversations related to the UN Sustainable Development Goals (SDGs) since 2016 and how they have impacted different sectors. The main conclusion is that the level of discourse and intensity of conversation is increasing; there is also more volume and more quality in the discussions. While the focus on conversations relating to the respective Goals varies, there has been a steady increase in the level of overall conversation.

The results also show the topicality of the different SDG domains and the proportion of risk conversation in each case, as well as looking at the presence of regulators and stakeholders in the discourse and the most influential stakeholders. In this dimension, we can observe a shift from an overwhelming focus on the environment towards other aspects of corporate performance, notably human and labour rights.

Discourse about SDG-related issues comprise less than a quarter of all ESG discourse over the same time frame. SDG discourse also has a lower risk profile than ESG discourse in general. This can be explained by the positive character of the SDG framework. It was created to foster collaboration and action, as opposed to 'policing' the actors to make them comply with its targets. This represents both the framework's biggest strength as well as its biggest weakness: there is not much that can be done to force companies to perform in line with the SDG requirements.



The Technology and Energy sectors are most prominent in the SDG-related discourse, with the Energy sector having most negative sentiment (30%) associated with its activities. This does not come as a surprise given the strong media and social media focus on climate change. Right now, it can be attributed to the 'Greta effect'.

The most topical SDG topics are those which tend broadly to align with many existing business models, such as: *Good Health & Well-Being*, *Affordable & Clean Energy*, *Innovation and Infrastructure*, and *Climate Action*. The least topical SDG topics – *Zero Hunger* and *Life Below Water* – are those where government and aid agencies are typically more accountable. On *Life Below Water*, it's notable that in spite of the high profile of the oceanic impact of waste plastics, the resulting corporate impetus behind circular economy solutions are not associated with this priority.

While the SDG topics related to *Decent Work* and *Economic Growth* receive roughly equal coverage both online and on social media, they also show the highest risk footprint (37%). *Decent Work* is an area where companies are arguably most able to deliver and yet results show unease in relation to issues such as job security and working conditions. The SDG topic for *Reduced Inequalities* also has a relatively high percentage of risk discourse (36%), with higher levels of social media content too. The SDGs for *Partnerships for the Goals* and for *Peace*,

Justice and Strong Institutions are the essential underpinning for the success of the SDGs overall. While there is less volume of conversation about the relevant topics here, it is worth pointing out that there are higher levels of risk content (33% and 32% respectively) regarding the ability to organise for positive impact.

Civil society organisations and NGOs are present in some 8%–14% of all discourse about companies and SDG topics over the time frame, while regulatory presence is lower at around 2%–4%. The difference in the presence of each group perhaps informs the higher risk scores relating to the SDGs for *Strong Institutions and Partnership*.

This result clearly presents an issue with the way companies take SDGs on board. Many of them create their own approaches towards the framework and even redefine the targets to suit their corporate agenda. Given the requirements facing the companies, this can lead to accusations of 'SDG-washing'. And when called out by the civil society actors, it can have strong negative reputational consequences and be truly counterproductive.

The most active NGO to engage with the SDGs is Greenpeace, followed by WWF, the Red Cross, Extinction Rebellion, the Public Citizenship Foundation and ACLU. The World Economic Forum is the most consistently present business voice in the discourse.



Introduction

Sustainable Development Goals define the way organisations and companies look at their sustainability and engagement efforts. Despite the criticism it attracts, the framework has brought about a fundamental change: companies, non-governmental organisations and governments now have a platform to discuss and engage on the most pressing global issues.

The past decade has not contributed to an overly positive image. Some would claim that regulatory changes which have led for instance to the reversing of the Paris Agreement, are pushing the world backwards. In addition, the levels of trust among the general population are low. Under growing economic pressure, the media no longer play a part in checking and helping to control the system. We are emerging from a decade of distress defined at its beginning by a recovery from the 2008 financial crisis and at its end by a series of climate-driven disasters.

Yet there is also growing positive action from multiple actors including businesses. Many initiatives are flourishing. The SDGs are definitely a reference point framework, which can be harnessed to facilitate new ways of working together. The next decade is set to become a decade of action and a decade of hope.

There is a lot of talk about the meaning of sustainability for companies and organisations. While not-for-profits are in the business of sustainability and trust, companies find themselves needing to respond to the same requirements from civil society, consumers and their own employees.

This study aims to:

- Look at the evolution of the SDG discourse over the years
- Define the key topics present in the SDG-related discourse
- See the 'ranking of the SDGs' and look at the main reputational risks and opportunities
- Define the key future risks for companies and organisations
- Analyse the way key participants are interconnected
- Develop a model for companies to integrate SDG strategy into the overall engagement mix



Methodology

The findings in this report represent the results of multi-year intelligence (2016–2019) drawn from the universe of publicly available unstructured data available online and in social media.

Leveraging Polecat’s advanced analytics platform, the results provide insight to SDG-related discourse in relation to over a thousand of the world’s largest public and private companies – the Polecat Global 1000 Index – across multiple sectors.

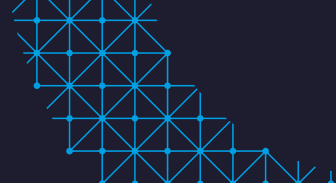
While multi-language intelligence is available, this report focused on English language results, based on over 8 million sources around the world. The results also reflect Polecat’s multiple stakeholder indexes, which deliver insight from publicly available data from NGOs, investors, regulators, governments, academia and think tanks.

Polecat also employed its ‘risk’ lens to appraise the proportion of SDG related conversation that

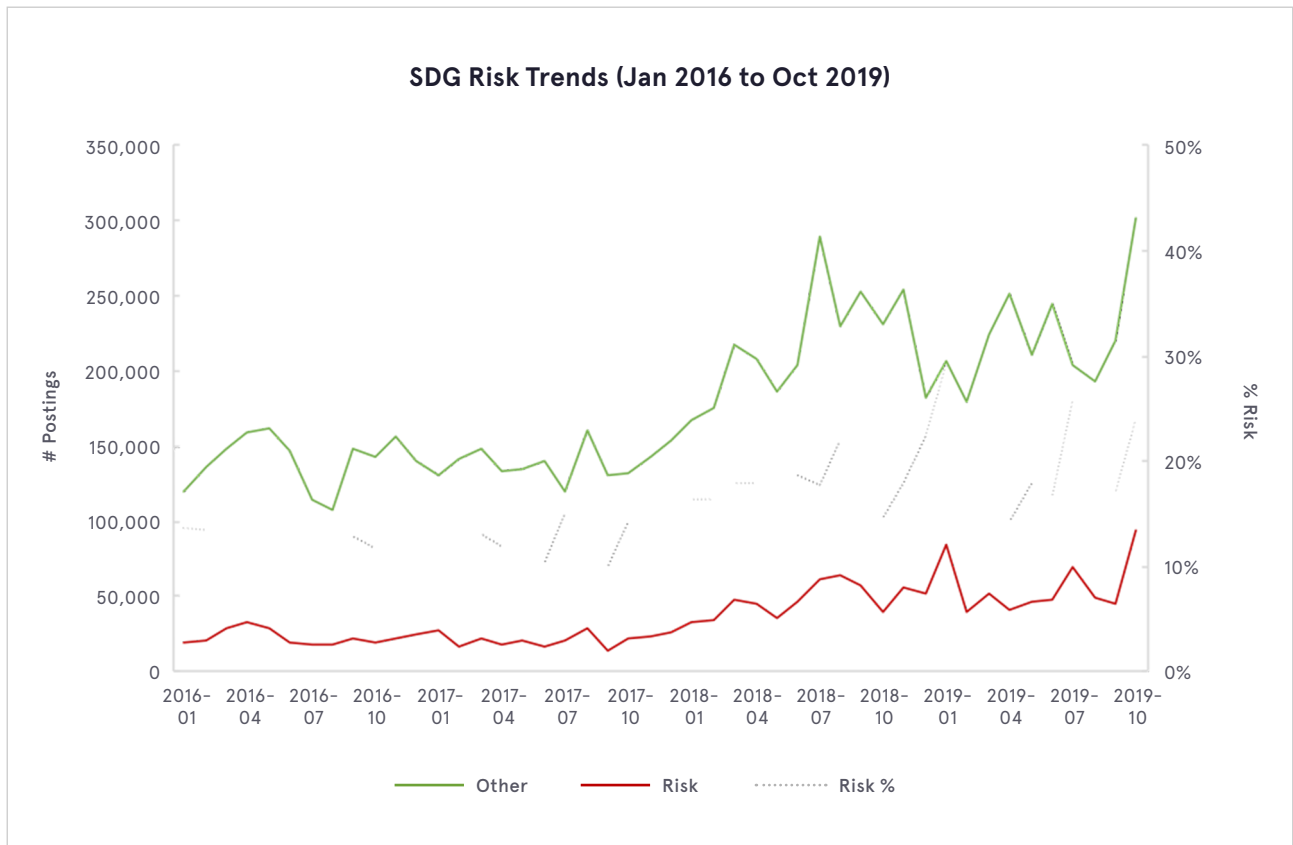
evidences language of active stakeholder criticism to inform understanding of trends, lines, and tipping points.

Polecat further looked at SDG discourse in the context of its full bandwidth of ESG intelligence to help contextualise SDGs in the broader landscape, including country insights. When we look at the broad ESG discourse over 2016–19, we see a conversation peak of around 1 million posts early in 2018. SDG content (next page) peaks over 250,000 at the same time.

So, within reasonable margins of error, the conversation about SDGs contributes at most a quarter of overall ESG discourse at any point in time. This means that the Sustainable Development Goals are yet to become a universal framework and reference point in the general corporate engagement around sustainability.



ESG and SDG related discourse: higher volume and less 'E'

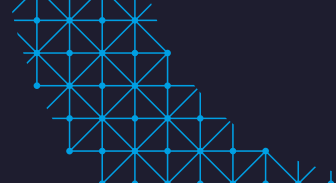


The risk content of online and social media discourse is defined by looking for the proportion of risk language evidenced by terminology such as 'protest', 'activism', 'litigation', 'class action' etc. ESG discourse overall has a risk content that averages around 34% across the time frame, and peaks at 40%.

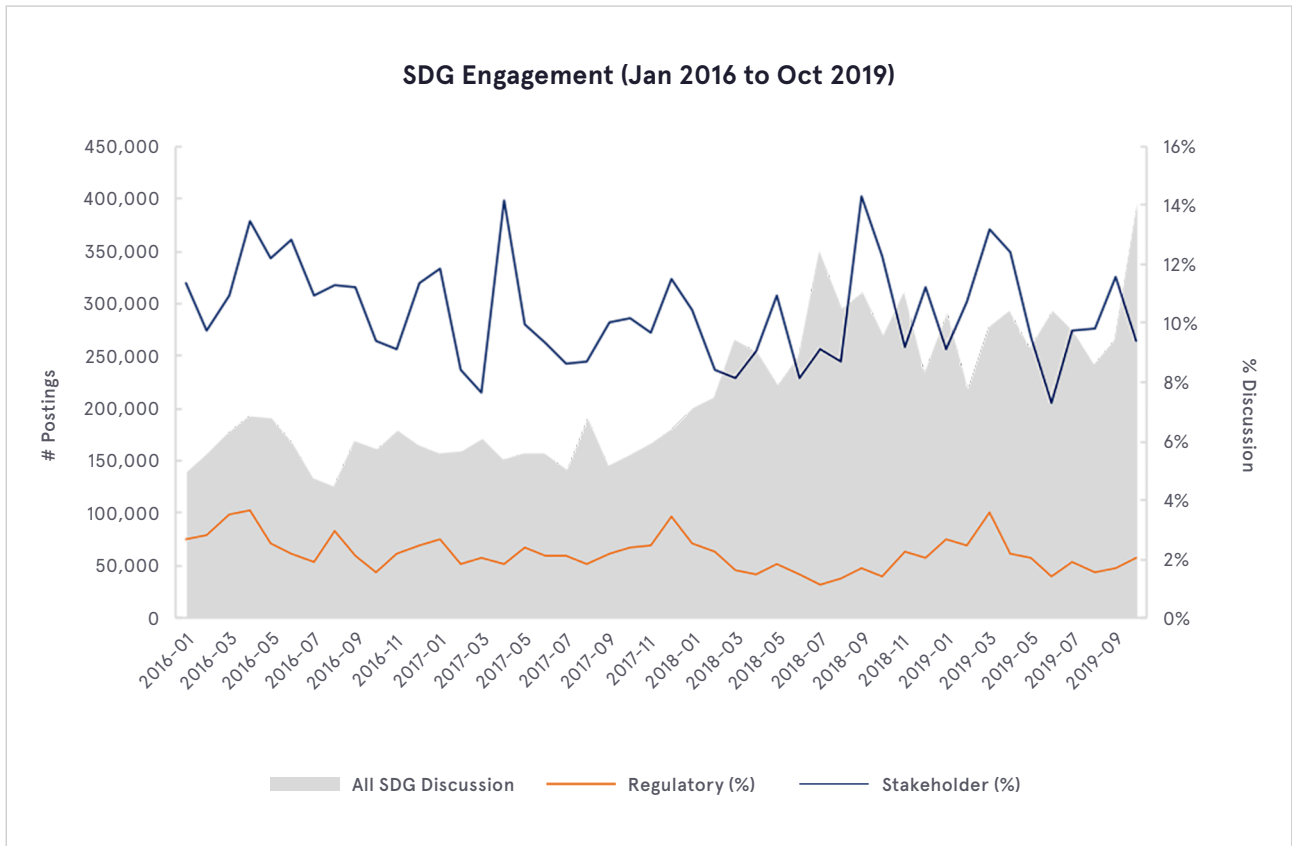
The percentage of SDG discourse with a risk footprint (dotted line, above) is proportionally lower, with a peak of some 30%. It is significant that there is growing risk language in both ESG and SDG discourse, indicating degrees of frustration, scepticism and the desire for more urgency.

The lower risk profile of discourse linked to SDGs compared to ESG performance suggests that frustrations and criticism are finding expression in ways other than just through SDG engagement.

Furthermore, the SDG framework itself is seen as a positive contributor and factor in the alignment between corporate objectives and engagement. This represents an important opportunity for companies and organisations to deepen their SDG engagement and integration and increase their strategic maturity.



Who drives the discourse around SDGs?



In addition to looking at discourse about companies from the selected Polecat 1000, we looked at other actors driving that discourse around SDGs in relation to those corporates.

Stakeholder discourse – ie civil society and NGOs – contributes between 8% and 14% of all discourse about companies and SDGs, while regulatory presence is much lower, at around 2%–4%.

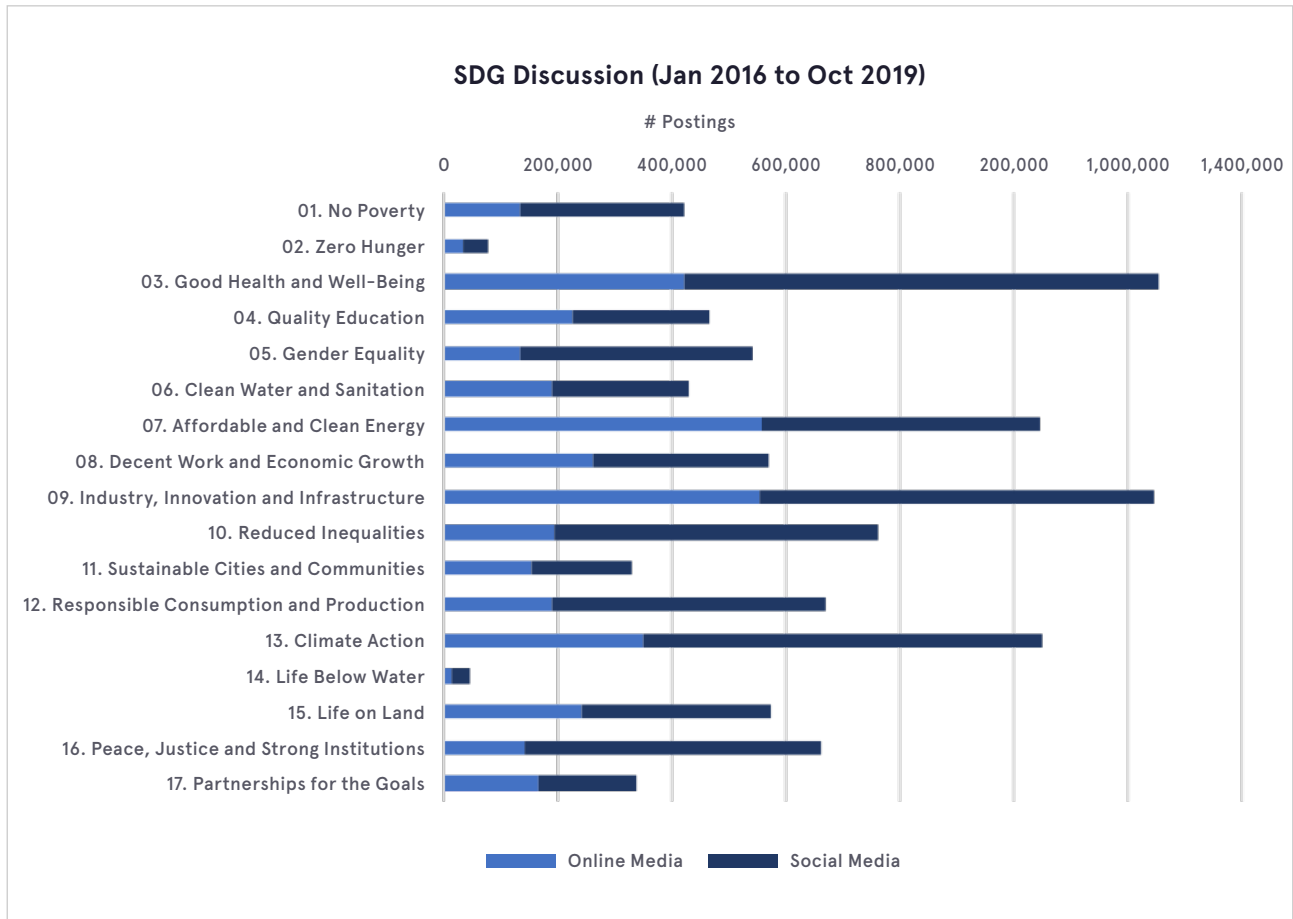
The gap is significant and perhaps informs the higher risk scores for specific SDGs relating to

Strong Institutions and Partnerships for the Goals. Strong partnerships across civil society, business and government would be reflected in a greater presence in the conversation and perhaps a lower risk score for those topics.

From a strategic perspective, we see risks arising from SDG discourse and dialogue that is evolving in a silo without clear linkage to civil society stakeholders. Inevitably, it raises the question of legitimacy and the potential negative ripple effect on the perception of the corporate actors in the long term.



Ranking SDGs: broader and new risks for companies



It is notable that the most topical SDGs are those which naturally tend to align with a range of brands and the regular operations and commitments of certain business models.

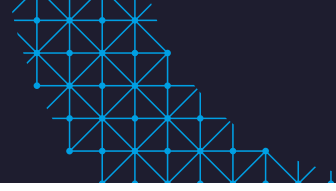
The most topical SDGs over the time frame have been:

- Good Health & Well-Being
- Affordable & Clean Energy
- Innovation Industry & Infrastructure
- Climate Action

By comparison, the least topical SDGs have been:

- Zero Hunger
- Life Below Water

On one hand, this is not surprising as there are not that many companies who can directly claim contributions to the targets expressed under these goals. These less topical SDGs are perhaps also those where government and aid agencies are typically more accountable – particularly in relation to hunger. Regarding *Life Below Water*, while there has been exponential growth in awareness of the oceanic impact of waste plastics from early 2019, most corporate responses are being framed as circular economy solutions that are not yet being linked back to this SDG. This is a good example of how the Goals and Targets can be viewed in a vacuum and are thus relatively siloed when it comes to a full understanding of cause, effect and the role played by business.



SDGs where the majority of discourse was coming from social media include:

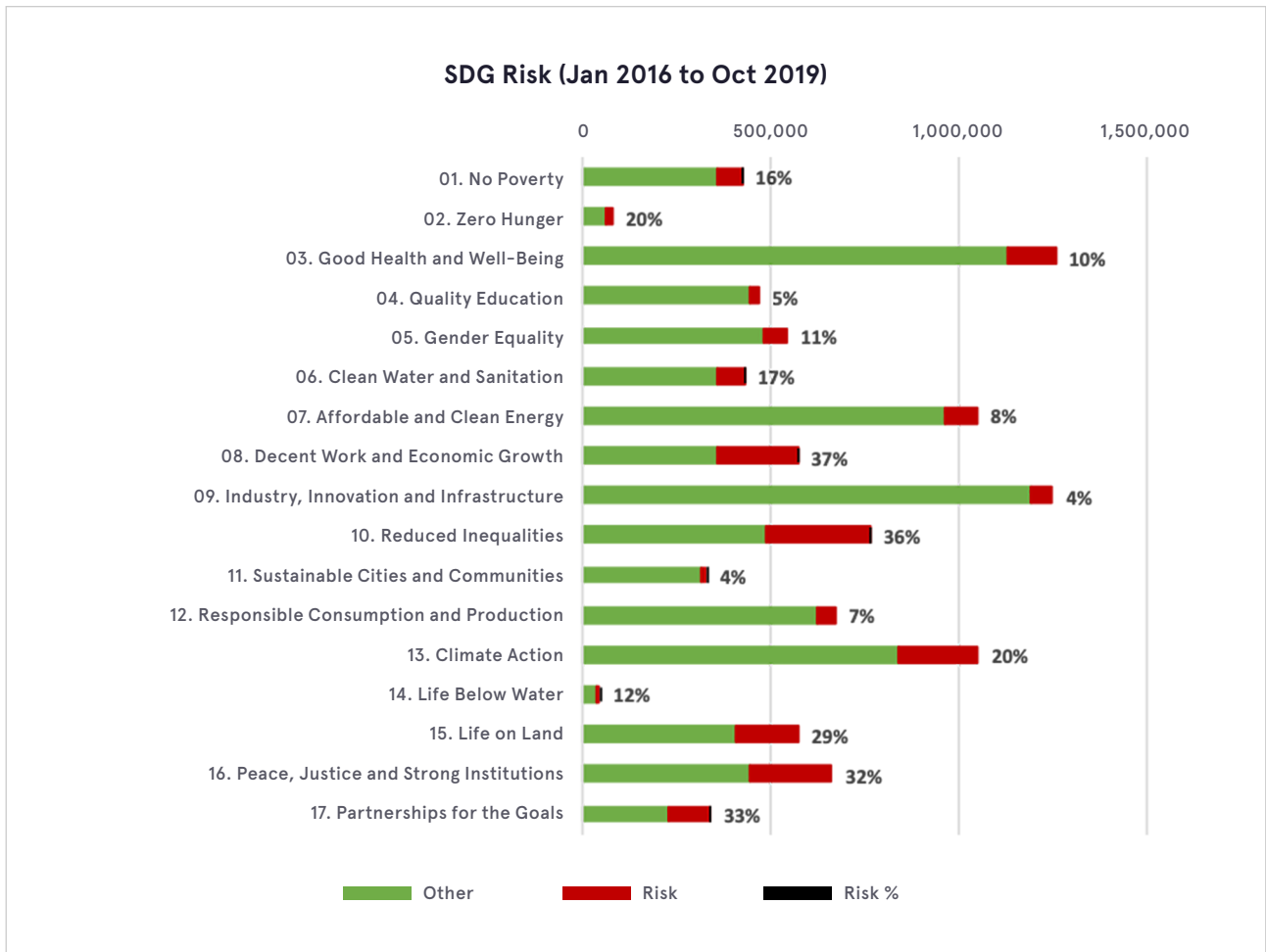
- No Poverty
- Gender Equality
- Reduced Inequalities
- Responsible Consumption and Production
- Life Below Water
- Peace, Justice and Strong Institutions

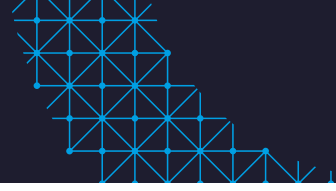
The gap between online and social media coverage can be a helpful indicator of emerging civil society interests and concerns about the role

being played by business with regard to certain SDGs (expressed in social media) which are not perhaps yet fully reflected in more mainstream media discourse.

The results reveal a visible opportunity for companies to broaden their approach and integrate a more holistic view on the Sustainable Development Goals into their engagement strategies. This would allow them to move from a relatively defensive approach following the requirements of the stakeholder landscape to a proactive approach shaping the operating environment.

The human side of SDG-related risks: working conditions and human rights on the rise





We tracked the risk content of online and social media discourse by looking for the proportion of discourse characterised by language of 'protest', 'activism', 'litigation', 'class action' etc. in relation to the different SDGs. The findings are insightful and reveal that the human-related Goals have the highest risk profile from a corporate perspective.

The SDGs with the highest risk footprint are:

- Decent Work & Economic Growth (37%)
- Reduced Inequalities (36%)
- Partnership for the Goals (33%)
- Peace, Justice & Strong Institutions (32%)
- Life on Land (29%)
- Climate Action (20%) and
- Zero Hunger (20%)

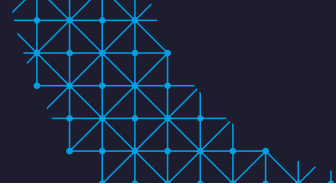
It is worth flagging that *Decent Work and Economic Growth* receives about equal coverage both online and in social media, but with a comparatively high risk footprint. While *Decent Work and Economic Growth* is one of the areas where companies are most easily able to deliver, the results show discomfort in relation to issues such as job security, equality, working conditions and remuneration. This perhaps also relates to

the results for the SDG for *Reduced Inequalities*, which see higher levels of social media than online discourse (p.9) and a similarly high percentage of risk discourse. It would be consistent that concerns about *Decent Work and Economic Growth* should also play out in concerns to do with challenges and failures around reducing inequalities in certain communities and geographies.

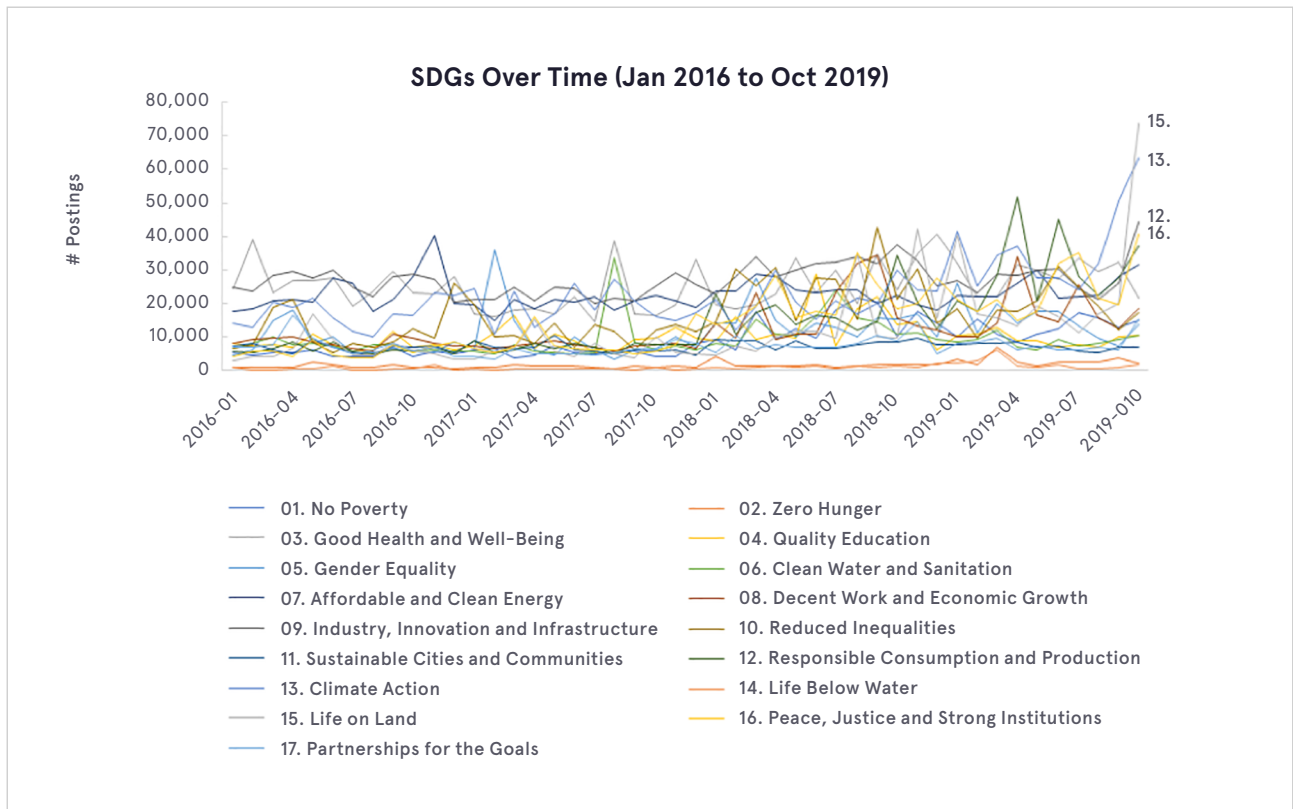
The SDGs related to *Partnerships for the Goals* and also *Peace, Justice and Strong Institutions* are of course the essential underpinning for the success of the SDGs. While there is less discourse here, it is notable that both areas see higher levels of risk discourse in relation to the collective ability to organise which is so fundamental to impactful delivery across all SDGs.

We believe that this points to the need for a closer link between business delivery on these Goals and corporate engagement, collaboration and partnership to scale success and impact beyond individual companies. The companies are seen to be more accountable to actually deliver on these focus areas. Therefore, their perceived action (or non-action) is the most visible and represents the highest risk.





Goal related interest: evolving, and ever growing



The evolution of the discourse around the respective SDGs is strongly driven by the overall focus of the media and external stakeholders, and we see a clear tipping point for certain concerns towards the end of 2019.

The topics that we see escalating towards the end of last year to new peaks of coverage across the three-year time frame include *Life on Land* (grey) and *Climate Action* (pale blue), followed by *Responsible Consumption and Production* (olive) and *Peace, Justice and Strong Institutions* (yellow).

These new peaks of concern point to an urgent need for a more proactive approach from the top companies. There is a clear expectation for them to take a position and work towards the delivery of the SDG targets (see the high risk profiles of multiple SDGs) and there is overall a higher amount of coverage which reached a tipping point at the end of last year.



Global discourse, but strong sectoral and geographic trends

On sector association with SDGs, online data shows that majority of SDGs are being addressed to some extent by most sectors. However, there are some SDGs where certain sectors are more prominent in the discourse.¹

- SDG3 – *Good Health and Well-Being* sees the strongest levels of exposure for Healthcare Sector (58% of all sector discourse about all SDGs)
- SDG7 – *Affordable and Clean Energy* sees the strongest levels of exposure for Energy (31% of all sector discourse all about SDGs) and Automotive Sectors (28% of all sector discourse about all SDGs)
- SDG9 – *Industry, Innovation and Infrastructure* sees the strongest levels of exposure for IT/Tech (25% of all sector discourse) and Finance (20% of all sector discourse about all SDGs)
- SDG12 – *Responsible Consumption and Production* sees higher levels of exposure for Food & Beverage Sector (14% of all sector discourse about all SDGs)
- SDG13 – *Climate Action* sees the strongest exposure for Energy Sector (20% of all sector discourse about all SDGs) ie SDGs 7 & 13 account for 51% of all SDG discourse related to the Energy Sector

On country association with SDGs, online data shows that the majority of SDGs are being addressed to some extent by many countries. However, there are some SDGs which connect more particularly to specific countries.²

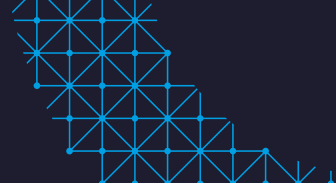
- US sees the highest volumes of discourse in relation to the SDGs, in particular SDG3 *Good Health and Well-Being* comprises 15% of US discourse about SDGs. This is followed by SDG7 *Affordable and Clean Energy* (12%), SDG9 *Industry, Innovation and Infrastructure* (11%), and SDG13 *Climate Action* (10%)
- China is the second most prevalent country discussed in relation to SDGs, particularly with regard to SDG9 *Industry, Innovation and Infrastructure* (19%) and SDG7 *Affordable and Clean Energy* (16%)
- India is the third most prevalent country, with a particular focus on SDG7 *Affordable and Clean Energy* (19%) and SDG9 *Industry, Innovation and Infrastructure* (19%)
- Across the other top 10 countries in the discourse, we see the main SDG association being with SDG7 *Affordable and Clean Energy* – which comprises 12% of discourse about Canada, 14% about UK, 28% about Japan, 27% about Germany and 20% about Australia

It is important to note that while the US clearly dominates conversation by volume, other countries see a higher percentage of conversation attached to specific SDGs, with *Affordable and Clean Energy* clearly a priority for many countries along with *Industry, Innovation and Infrastructure*.

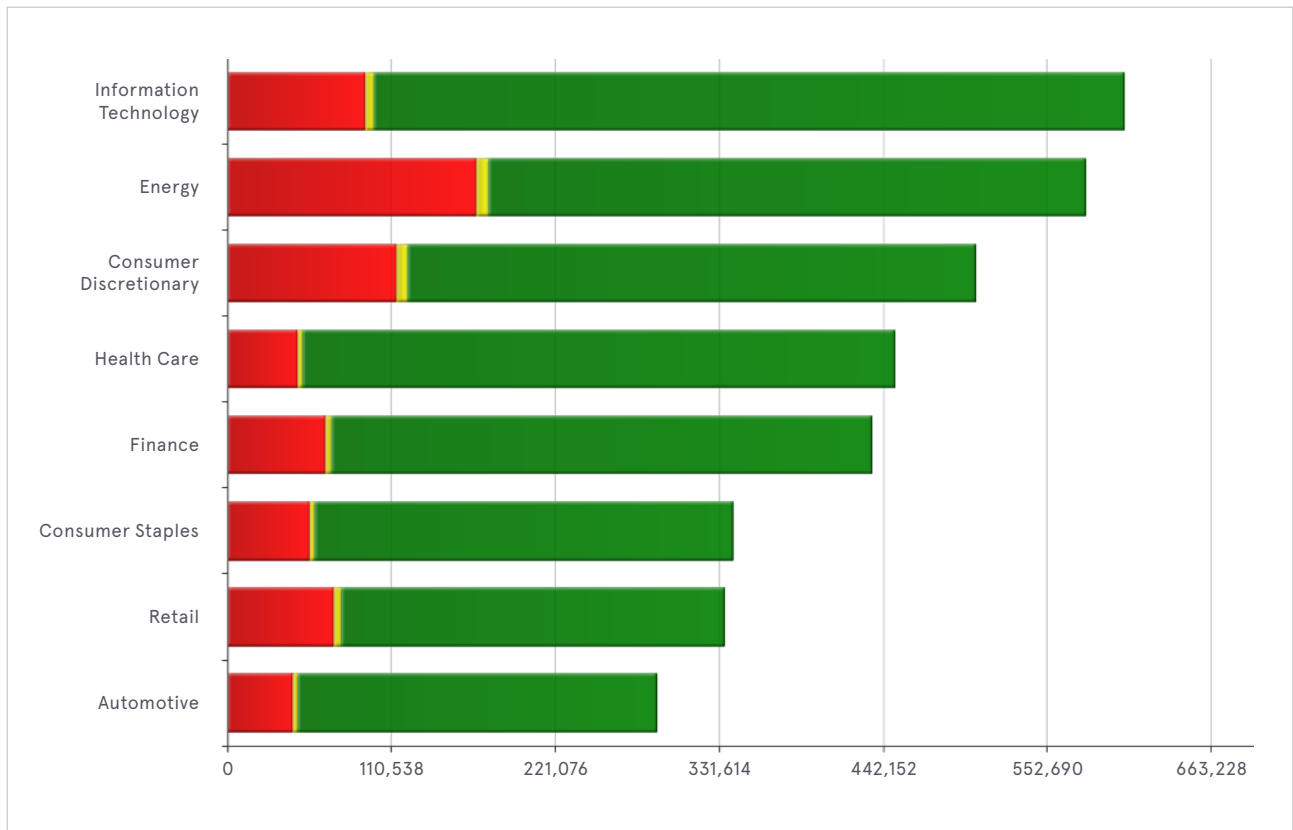
The fact that the discourse is somewhat aligned to different countries can help inform global strategic positioning, including analysis of white space for additional engagement or partnerships.

¹ The percentages below relate to online media, but social media is very aligned.

² As above, the percentages relate to online media coverage, but social media is quite aligned. Results are for English language.



Sectors present in the discourse around SDGs

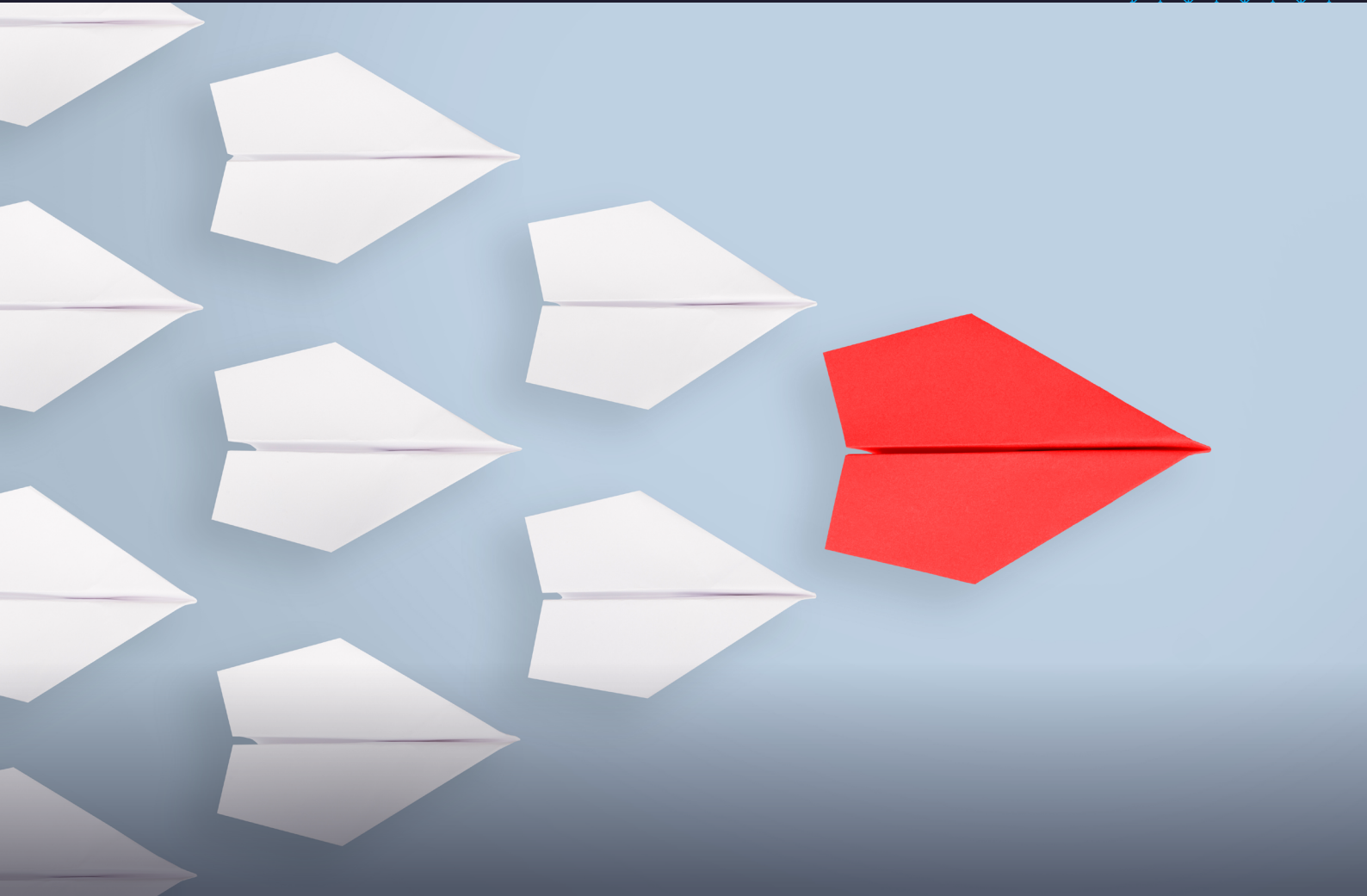
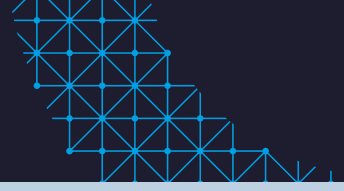


When we look at the main sectors present in the SDG discourse, we see ICT and energy sectors leading. The colour bars reflect the sentiment or tonality of conversation, with red indicating 'less healthy', yellow as 'neutral' and green as 'healthy'.

The level of ICT presence reflects the contributions being made by the technology sector across so many SDGs from smart cities,

to innovation, education and health, with less positive sentiment (15%) associated with questions about impacts on strong institutions, anxieties about the future of work and so forth.

The energy sector has the highest negative sentiment (30%) of all sectors, reflecting concerns to do with climate, energy transition and environmental impacts.



SDG discourse leaders

The top companies in the overall discourse about all SDGs draw from all sectors: tech, healthcare, FMCG, energy and automotive.

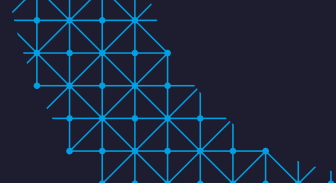
The sentiment attached to the companies varies greatly according to the topics being discussed. For instance, ExxonMobil may do well on innovation and far less well on climate. Similarly, some tech companies may do very well on smart cities and climate resilience, but less well on some job security concerns.

Rather than seeking to show leadership on single SDGs, it is likely that the companies that are perceived as sustainability leaders over the longer term will be those who have a joined-up

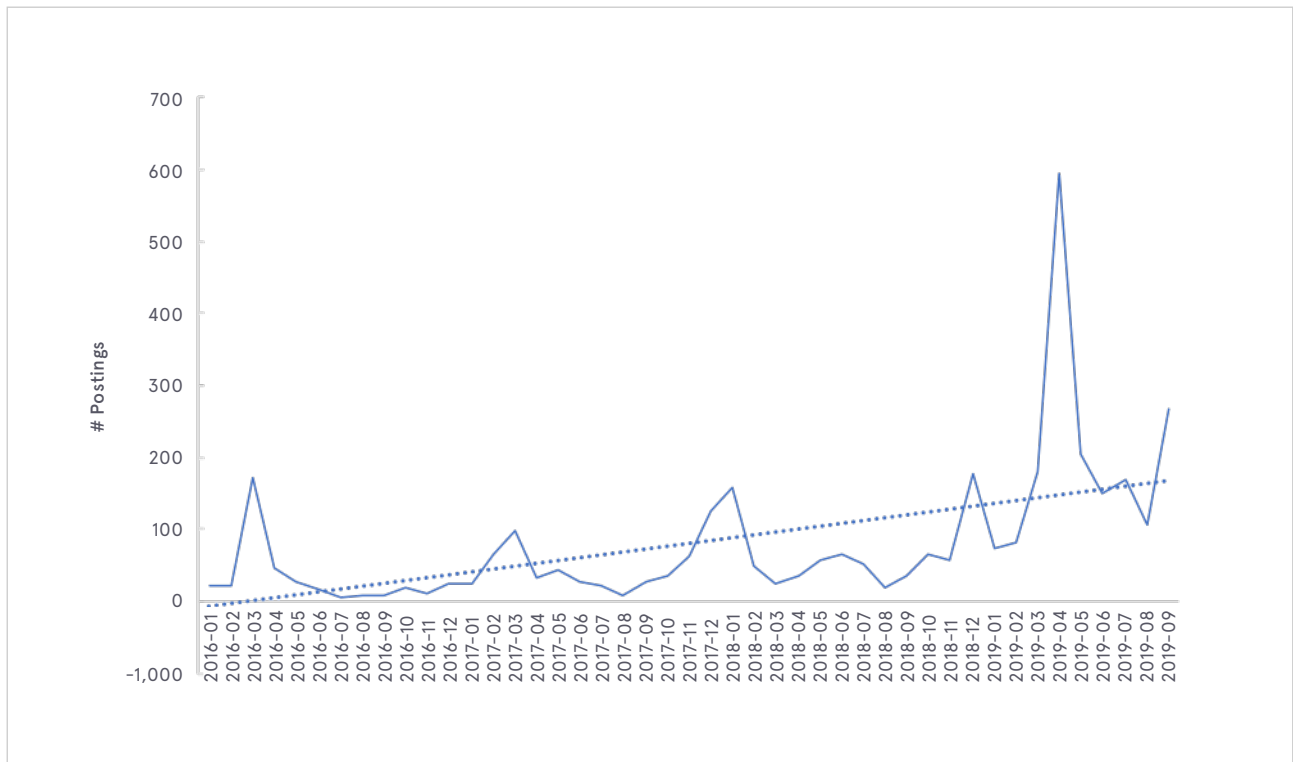
and systemic strategy regarding their delivery across the bandwidth of SDG priorities.

The business opportunity is to look at the nexus of SDGs in relation to the landscape of risks and opportunities they present and create strategy accordingly.

Notably the companies which are the most visible in the discourse about critical topics relating to the SDGs are not necessarily the ones best known for their SDG commitments. This means that they face a significant opportunity and risk. They are front of mind in the respective topics but they don't necessarily have their SDG advocacy strategy aligned with this external focus.



'Greta effect' on deep discourse – or lack of?



Each SDG comprises a broad bandwidth of topics and issues, each of which can also be interrogated against multi-year data.

Conversation about Fossil Fuel Divestment is not amongst the largest or most prominent when it comes to volume, but its increase over the last 3 years is significant as the point at which protest intersects substantively with business as usual.

The peak over the last year and summer (above) has been substantially driven by the increased presence of Extinction Rebellion and Greta Thunberg in the discourse, which has also brought a growing focus on the role of financial

institutions in systemic changes necessary for energy transition.

Looking at this data point together with the results of the focus on the respective SDG conversations as well as ESG and SDG discourse in general, it becomes clear that we are facing an important tipping point in which the discourse is shifting towards higher expectations of action.

Yet many companies tend to take positions that are relatively neutral to positive in relation to the overall SDG discourse. More concentrated strategic action is the clear opportunity and inaction represents a high level risk.



Key conclusions

The intelligence indicates that the time for action and engagement is now. The key linked observations from this study are:

1. There is a growing level of discourse around the Sustainable Development Goals. The risk profiles for the companies indicate that there is also a growing expectation for them to act. And action will be judged by whether companies can deliver tangible results. The steep increase of discourse in the most pressing subjects at the end of 2019 suggests that we are nearing a tipping point.
2. SDG related discourse is still more positive in tone than an overall ESG related one. The Sustainable Development Goals Framework appears to be seen as a positive contributor and factor in this broad ESG space. Yet the SDG framework is not yet a universal reference point for corporate engagement in sustainability.
3. The focus on the respective SDGs both in terms of the sectors and geographies is relatively broad. However, for each of the sectors and for each of the Goals there is a clear leader and this leading industry or region has the closest business interest in the Goal. So there is an evident opportunity for companies to broaden the scope of their engagement and move towards more proactive approaches.
4. The new risks for the companies are human. While climate change and climate action still attract significant levels of coverage, the Goals with the highest risk potential are the human ones. We see this shift as evidence of a need to re-think completely the approach to sustainability and move from reporting and quantitative approaches towards human-centred strategic narratives. Therefore, not only is content due to change, but also the format of communication and engagement.
5. The cooperation between participants needs to be further integrated into the strategic thinking around SDG engagement. The relatively low co-presence of civil society and government actors paired with the low coverage and high risk of *SDG17 Partnerships for the Goals*, suggests that this should be an urgent area of focus for companies.



Real risk, real opportunity: championing the SDG space

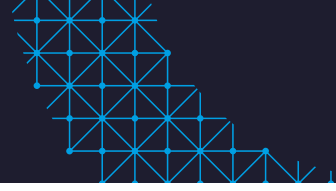
Harnessing the power of data for organisational strategy

Corporate engagement and advocacy can redefine the business position of an organisation. Businesses also have a huge opportunity to demonstrate their positive influence on society. The challenge is determining the best way to align their corporate sustainability and responsibility practices with the global agenda.


An evidence-based strategy building process can shape the operating environment of a company.


This process will inform:


- Communications and advocacy strategy development
- Public affairs strategy
- Sustainability strategy and stakeholder engagement
- SDG communication and engagement strategy
- Reputation management
- Crisis management and crisis communication





The Issues Navigator process


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Define the issues: We work with you to clarify the issues that matter most to you and that reflect the complexities of your stakeholder environment.
- 

Build materiality index: Identify and list an organisation’s most material issues, particularly those aspects of its operations which have the most significant economic, environmental and social impacts.
- 


Deep listening: This involves big data analytics, examining online and social media sentiment evaluation and, if appropriate, a perception audit through stakeholder interviews. The resulting contextual analysis provides us with an in-depth understanding of all factors that may influence the campaign planning and its implementation, with insights into the societal, political, economic, business, governance and communications environments in which your organisation operates.
- 


Data collection and analysis: Gather quantitative and qualitative data in real time that is clean, consistent and reliable and use it to reveal actionable intelligence for business decision-making.
- 


Insight generation: Interrogate the data set, allied to our own knowledge of the organisation’s ecosystem, to identify fundamental truths that we can leverage for competitive advantage and form the basis of an action plan.
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Strategy development: Determine the strategic objectives, strategic narrative and engagement plan focusing on those with real influence in your business or organisation.

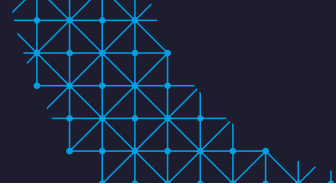


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Engagement: Implement the data-driven action plan across appropriate advocacy and communications channels, including visual and digital collateral. We believe strategic engagement is paramount to cut through the noise, and it can also build a strong competitive advantage.
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Measurement and reporting: Deliver deep measurement and ongoing monitoring of the organisation’s advocacy and communications campaigns as well as its reputation and that of its leadership. We apply AMEC’s Barcelona Principles in all our metrics and reporting.
- 

Evaluation: Assess the success of the programme at regular intervals across environmental, social and governance dimensions and make appropriate modifications.



About Leidar

Leidar is an international advocacy, branding and communications consultancy. We help our clients set their course, navigate and communicate effectively. We call our approach Leadership Navigation.

SET YOUR COURSE

A clear destination and direction define the journey towards business success. Leidar is the Norse name for the North Star. And with a clear North Star, you can navigate confidently and successfully, creating engaging communications.

NAVIGATE

We guide our clients towards their destination, avoiding trouble spots, and staying on course for success.

A strong brand story, bold thought leadership and distinctive design drive advocacy to create competitive advantage and stakeholder engagement.

COMMUNICATE

You will communicate your written and visual content to the audiences you want to reach, using the right channels, co-ordinating your work across those channels. This will create sustainable relationships and successful outcomes.

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About Polecat

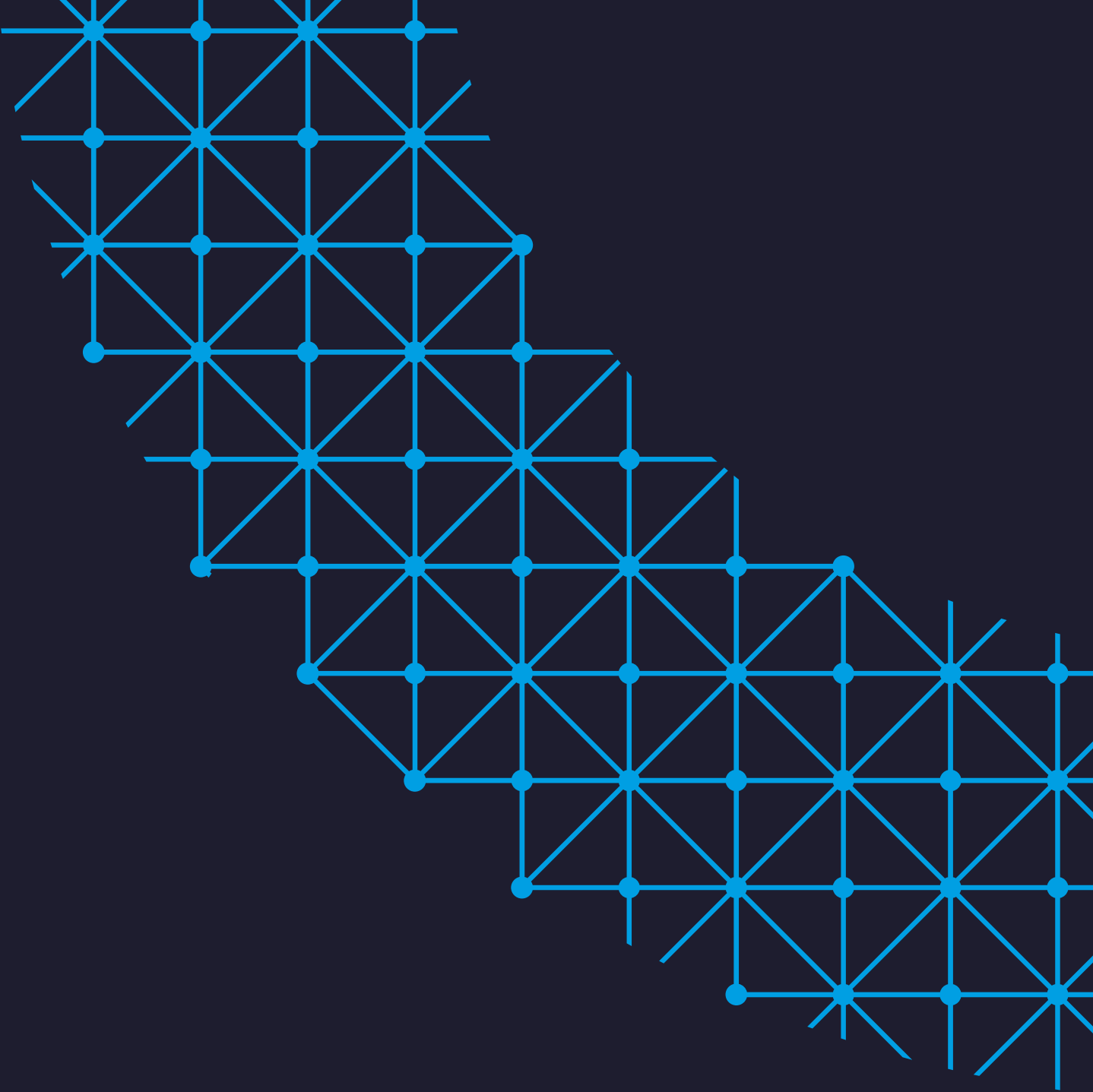
Polecat is a technology company. We deliver advanced analytics and actionable intelligence to some of the world's leading corporations and institutions. Our platform interrogates the universe of publicly available unstructured data online and in social media. Our RepVault software reveals actionable insights, issues and opportunities for business across the reputation, sustainability and ESG landscape.

Polecat intelligence is:

- **Real-time:** up to the minute insight across millions of sources and multiple languages
- **Multi-year:** deep insight to long term trends and trajectory
- **Forensic:** drill down to specific companies, topics and priorities
- **Comprehensive:** interrogate performance across a landscape of topics
- **Strategic:** benchmark against a multitude of companies, sectors and stakeholders
- **Practical:** support and make decisions on specific campaigns, communications, issues management, crisis, engagement and advocacy activities
- **Empowered:** enjoy dedicated customer service teams focused on excellence

We deliver Board-level confidence, competitive advantage, strategic focus and reputation performance.

polecat.com



Get in touch
contact@issuesnavigator.com

Leidar
Rue Ami-Lévrier 15
1201 Geneva
+41 79 746 18 73
leidar.com

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BRUSSELS | OSLO | DUBAI

Polecat
10-12 The Circle, Queen Elizabeth Street
London SE1 2JE
+44 (0) 20 7060 1987
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