Since 1974, the World Economic Forum has brought together leaders from government, business and civil society to share and collaborate on important global issues. This year, Nexis® Solutions had its own special correspondent in the famed Davos ski resort to report on the daily happenings and interview the experts in attendance.

One of the key themes throughout the week centered on profits aligned with a purpose. Corporate social responsibility (CSR), environmental, social and governance (ESG), sustainability—the descriptors varied, but the message was the same: Businesses are focused on having a positive impact on global society.

Why? Investors and consumers—and young people in particular—increasingly expect companies to be ethical.

Two reports at Davos presented evidence that this approach provides a return on investment. The first tracked performance for a fund which invests in companies which are legally committed to supporting the SDGs. It returned more than 14 percent last year—significantly higher than all major funds apart from the Dow Jones. Another report showed that in the last ten years, the proportion of CEOs sacked for apparent ethical failings has more than doubled.

Read on for all the details from Davos. Learn how companies can demonstrate an ethical and purposeful approach, and how you can apply it in your own organization.

Contents

1 Corporate social responsibility and compliance to join top table at Davos

2 Investors increasingly favor companies committed to sustainable development goals

3 New poll shows CEOs more engaged on corporate social responsibility

4 Q&A: Maurice Ostro, OBE KFO, Vice-Chair of YPO and Founder of Entrepreneurial Giving

5 Fund proves real value of ethical investing

6 Q&A: Alfred Berkeley, Chair of the UNGSII’s SCR500 Fund

7 Q&A: Márcia Balisciano, Director of Corporate Responsibility for RELX Group

8 Benefiting from trust and transparency

9 Warning to unethical leaders brings Davos to close
Corporate social responsibility and compliance to join top table at Davos

The World Economic Forum (WEF) brings together leaders of government and business in the Alpine town of Davos in Switzerland this week. They are discussing the latest trends in business and society. The participant list is revealing—this year, some of the world’s biggest companies have sent executives responsible for Corporate Social Responsibility (CSR), Ethics, Compliance and Risk.

Changes in the Davos guest list

The 88-page participant list reveals that all the usual suspects are at this year’s WEF—namely government ministers, CEOs and chairs of the board of directors. But dotted among the participants are some roles which are not traditionally associated with Davos:

- Chief compliance officers
- Chief risk officers
- Heads of corporate social responsibility

Cisco Systems, Pfizer and Puma Energy have sent their CSR representatives; Audi, Credit Suisse and PayPal have sent their compliance officers; and Zurich Insurance and Australia’s The Westpac Group have sent risk experts. Given that most companies only send a small number of officials to the WEF, their presence at Davos indicates that more companies now consider CSR, ethics and compliance to be among their most important functions.

These officials are coming to Davos from major companies in different sectors in many countries. This includes banking, insurance, motoring, energy and pharmaceuticals firms based in:

- Singapore
- India
- Australia
- Belgium
- Germany
- United States
- Switzerland

Clearly the risk of bribery and corruption and the importance of CSR and ethics, is not only being taken seriously in the U.S. and the global banking sector. As we’ve noted recently, ethical business practices and corporate governance are a growing priority for any global business. On the evidence of this year’s WEF, we should expect the pace of this trend to accelerate in 2019.

Ethics on the agenda

If you look at the list of panels and events at Davos, an increasing focus on ethics becomes even clearer.

- On Tuesday, there was the launch of a report into global investment trends over the last year, with up-to-date statistics on the trend towards ethical investment.
- On Thursday, UN representatives hosted a panel on ethical investment and presented evidence that it can provide better returns than some of the world’s most established funds and indices.
- Later that day, a poll was launched at a meeting of young business leaders which revealed what the next generation expect from the businesses they buy from, work for and invest in.
Investors increasingly favor companies committed to sustainable development goals

Global foreign direct investment is shrinking rapidly—that’s the finding of the Global Investment Trend Monitor, which was released on Tuesday at the World Economic Forum (WEF) in Davos. At the launch, governmental actors and leaders in business and investment agreed that investors are attracted by trust and transparency, anti-bribery and corruption policies, and a commitment to SDG and ESG factors.

The Global Investment Trade Monitor was launched by the United Nations Conference on Trade and Development (UNCTAD) at a round table at the Davos Hilton on Tuesday, January 22. The high-powered meeting included major investors and government representatives:

- CEO of Invest India
- Head of Investment South Africa
- Vice-president of DSM
- President of Botswana
- Egypt’s Investment Minister
- Nepal’s Finance Minister

The headline finding of the report is that global foreign direct investment fell by 19 percent in 2018. It is now an estimated $1.2 trillion, which compares to the low point reached after the global financial crisis in 2008.

Trust and transparency critical for attracting investment

All parties at the table seemed to agree that countries which can demonstrate transparency and a strong commitment to anti-bribery and corruption (ABC) are more attractive investment targets. In fact, with less foreign direct investment available in the last year, ABC compliance is crucial. “The basis of investment, whether it is foreign or domestic, is trust,” a panelist told LexisNexis after the meeting. “As long as the level of trust is greater than the level of risk, investment will be attractive.”

A former advisor on investment and infrastructure to Presidents Bush and Obama agreed with this assessment. “A clean, honest, transparent market will attract a lot more investment than any other,” he said. “Countries need to have rule of law and they need to make those laws transparent. And corruption is the poison that puts investors off.”

The message is clear: Anti-bribery and corruption efforts will generate a return on investment. Ignoring the issue could mean investment income drops off rapidly.

Impact investing focuses on environmental, social and governance factors

At the launch it was also revealed that there has been a continued rise in ‘impact investment’ which focuses on the Sustainable Development Goals and environmental, social and governance (ESG) improvements.

James Zhan, Director of Investment and Enterprise at the United Nations Conference on Trade and Development, said there is a big opportunity for major companies to make a real impact on the achievement of these goals. He said there is still a gap of $2.5 trillion per year needed to finance the SDGs in developing countries. Another panelist told LexisNexis that he was surprised at how often the participants mentioned the Goals. “I keep hearing the SDGs mentioned today,” he said.
Expert insights from UN insider on ethical investment

Speaking outside the Congress Centre at Davos prior to the launch of the report, James Zhan, Director of Investment and Enterprise at the United Nations Conference on Trade and Development, explained these trends in more detail.

Q: What are the trends in ESG and SDG investment?

“In the area of SDG and ESG issues, there is a rapid scaling-up in the business and corporate world. For example, in the UN we have a Sustainable Stock Exchanges Initiative which started in 2009 and is scaling up now.

We started with five stock exchanges and now we have almost all stock exchanges worldwide working together to promote ESG issues through the stock exchange platforms; having more and more listing requirements for firms to report their performance on ESG; and also, for the stock exchange to mobilize financial resources for investing in the SDGs. It’s coming up in almost all the stock exchanges from the largest like New York and London to the smallest like in Africa, South East Asia and Latin America.

Regarding the SDGs, there are global efforts to mobilize financial resources, to fill in this $2.5 trillion annual gap for financing the SDGs in developing countries. For that we see firms are slowly but steadily moving into this area.

We need to help governments to formulate new strategies, incentive schemes and a policy framework to attract international investment in SDG sectors and we also need to mobilize further the business community to invest in the SDG sectors.”

Q: Why will it benefit companies in the long-term to focus on the SDGs and ESG factors?

“My message is that investing in the SDGs is a must, and it is profitable and beneficial to sustainable development and inclusive growth. Investing in SDG sectors—if businesses can find risk return profile high SDG projects and also work responsibly in these sectors—will be very sustainable and will be very much welcome. So, look for business opportunities and look for long-term growth.”
New poll shows CEOs more engaged on corporate social responsibility

93 percent of CEOs believe business should have a positive impact on society, according to a new survey. The Global Leadership Survey by YPO shows the changing attitudes of business leaders, who increasingly feel responsible for tackling climate change and supporting the UN’s Sustainable Development Goals through CSR programs. We were there for the report’s launch at the World Economic Forum (WEF) in Davos.

CEOs focusing on ESG factors

The Global Leadership Survey identifies the priorities of CEOs and the next generation of business leaders. Between December 23 and January 4, YPO polled more than 4,000 senior executives in 110 countries. More than 2,200 are chief executives and nearly 2,000 are younger than 31. The survey was carried out by YPO, which is a collection of more than 27,000 chief executives in 130 countries who run businesses which turnover $9 trillion every year and employ 22 million people.

Environmental, Social and Governance (ESG) considerations have gained traction in recent years, and the survey confirms the trend. Key findings include:

- 93 percent of CEOs and the younger generation believe business should have a positive impact on society beyond pursuing profits and wealth.
- 93 percent said purpose drives how they run their company.
- 74 percent of CEOs say they have changed their perspective on the role of leadership in the past five years—they now believe that businesses should play a stronger role in society.
- CEOs and younger leaders both picked climate change as their top area of concern related to the UN’s Sustainable Development Goals. Other top choices were education, poverty, peace and the availability of work opportunities.
- Young people are the most concerned about the environment—55 percent of young leaders said they are acting to reduce their company’s environmental impact, compared to 37 percent of current CEOs.
- 67 percent said society as whole is a “very important” or “extremely important” stakeholder of a business, and 66 percent said the same of the planet.

The rise of purpose-driven businesses

The report was launched in front of a packed audience at the Hilton Hotel in Davos on Friday, January 25. Its authors said the report is clear evidence of a change in thinking of the current and next generation of business leaders.

The report notes, “Business leaders, and society in general are moving from considering a business’ interest completely focused on its traditional shareholders to having a significant impact on more stakeholders, including society as a whole. Chief executives are working to ensure that their businesses make a positive impact.”

The motivations for this shift are not purely altruistic. In addition to mitigating risk of compliance failures or reputational damage, businesses have noticed that prospective customers, investors and employees are more likely to buy from, invest in and work for ethical companies. As the survey shows,
more companies are realizing that ‘good profit’ is possible: greater investment in CSR and placing purpose at the heart of their business strategy will lead to more profitability and sustainability in the future.

Maurice Ostro, Vice-Chair of YPO, said the report’s findings have been confirmed by other reports and conversations during this week’s WEF summit. “Here in Davos 2019, we have had multiple reports that make it very clear that the purpose agenda is important, that business needs to be a force for good,” he said. “Our challenge is how do we do that in a collaborative manner so that governments, NGOs and corporates work together to be an effective force for good.”
How CSR is helping companies achieve profitability with positive purpose

Maurice Ostro, OBE KFO, is Vice-Chair of YPO and Founder of Entrepreneurial Giving and an entrepreneur and former government advisor. Ahead of the launch of the Global Leadership Survey results, he explained its significance and other trends he has noticed at this year’s World Economic Forum summit.

What do the poll results show?

“In the new year, we polled 27,000 members in 130 countries, and we had thousands of responses, and two very interesting facts came back. Firstly, today there’s been such a shift in the mindset of CEOs and the next generation. 93 percent of respondents say that they don’t believe that business is just about making more money and being a more successful company in terms of profitability, but rather the impact that that company has on society.”

“What’s even more phenomenal is that 74 percent of them in the last five years have changed their minds. If we’d have done precisely the same poll five years ago, we’d have had significantly different results and that’s very encouraging.”

“We now need to tap into that wellspring of supportive feelings for making business a force for good and let’s make a real difference on the ground by changing these feelings into tangible outcomes to help people around the world.”

What trends have you noticed in Davos this week?

“Here in Davos 2019, we have had multiple reports that make it very clear that the purpose agenda is important, that business needs to be a force for good. Our challenge is: How do we do that in a collaborative manner so that governments, NGOs and corporates work together to be an effective force for good?”

What do you think is driving this shift in attitude from business leaders?

“I don’t believe there’s any single answer, I think there are multiple things happening at the same time.”

“A primary driver is the demographic of the millennial generation. They are less likely to have the same levels of financial security and wellbeing that their parents have and that’s a very interesting change. That dynamic makes them think, ‘Well, it can’t just be about making money and then maybe later on we’ll give it away and build hospitals’, so they’re thinking: ‘What can we do because we don’t want to feel that we’re just there working for ourselves trying to make money and knowing that we’ll never be as successful as our parents? That doesn’t give us a good feeling or sense of self-worth.’”

“Many Millennials are thinking: ‘We want to make a difference now. We don’t want to wait for some future event that might never happen. We want that in our work life we can embed a sense of purpose’. That is a shift that drives things on multiple levels—it means for businesses that you need to be thinking about that if you want to recruit the very best calibre of individual in your team.”

“And furthermore, if a business wants to resonate with the consumers who are having these same feelings, you need to be thinking about your purpose, your environmental impact, your supply chain.”

“Who wants to have things that they are buying made be slaves or kids? That doesn’t make anybody feel good and most of the things that people purchase are not a necessity and certainly not only from one particular supplier. If you are giving them a choice saying my product is [ethically] better, you will have a more successful business and a more engaged staff. That will help society, and everyone gains.”
What is your message to who are CEOs considering prioritizing purpose and ethics in their business strategy?

“For the 74 percent of CEOs who have changed their mind about purpose in business, our challenge is do something about it. It's nice to have the feeling, but you have to act on it. You don’t have to act alone. Work with others and you’ll be even more impactful by leveraging your combined resources.”

And what has your focus been on at this year’s WEF?

“Here, I have been talking with a number of friends from YPO and major organizations—corporates, governments and NGOs—and we’re talking about how we can collaborate to be an effective force for good from the business side.”

“This is not about philanthropy. This is about being effective business leaders. There are multiple ways we can do this and that is precisely why here—amongst the larger corporates in the world—we’re focusing on the start-up businesses, the little guys.”

“You might think: ‘What a funny place to do it,’ but it’s business leaders, corporates and governments that need to come together to make this happen. It cannot be done by one organization. It needs to be done as a collaborative effort. I hope this Davos will be the beginning of many good initiatives.”
Fund proves real value of ethical investing

A fund which invests in major companies who have made a legal commitment to supporting the United Nations’ Sustainable Development Goals (SDGs) announced its 2018 performance on Thursday, January 24 at the World Economic Forum in Davos. It returned 13.71 percent over two years, which is better than every major index other than the Dow Jones. This is hard evidence that ethical and sustainable businesses can be more profitable than others.

Last year, we wrote about the new fund which only invests in companies who can prove they are supporting the SDGs. The SCR500 fund studies the annual reports of the world’s 500 largest companies to determine which have made legal commitments to supporting the SDGs and other environmental, social and governance (ESG) criteria. It only invests in those which have committed to the goals in their annual report or can prove that they are making concrete moves in the direction of sustainability.

“Our approach is straightforward: we apply traditional investment rules to a select universe of companies that have committed to sustainability and implement their commitment in their business,” said Alfred Berkeley, chair of the fund. The results in its first year were remarkable: Its returns beat every other major fund. So, we attended the announcement of the latest results to find out if its first result was more than a fluke.

Cue the drumroll ... Good practices yield good profits

At the SDG Lab opposite Davos Congress Centre, the results were unveiled. The fund did not perform as well as last year, but this was to be expected with a difficult period for the markets over the last two months.

Overall, the fund has returned nearly 14 percent since 2017, which is better than every major fund apart from the Dow Jones. Alfred Berkeley, who was formerly President of the NASDAQ stock exchange and advisor to Bush, Clinton and Obama, said the results offer a major lesson to companies. “This performance demonstrates a solid challenge to competitors and highlights that responsible, socially conscious business is also profitable business, providing unique opportunities to support progress on the SDGs while also making an investment profit,” he said. “We’re about proving to investors that you can make a better than average return and proving to companies that it pays to be a sustainable company.”

SDGs on the corporate agenda

Perhaps more interesting than the fund’s results is the data it has now released on how companies are approaching the SDGs. It shows that more companies are focusing on the SDGs: analysis showed that over 85 percent of the largest 500 global corporations now disclose non-financial information as part of their legally-binding annual financial report. “It seems fair to conclude that the SDGs will become the globally accepted strategic roadmap by listed companies,” said Mr. Berkeley.
Why are investors flocking to SDG-committed companies?

Alfred Berkeley, chair of the UNGSII’s SCR500 fund, former president of the NASDAQ stock exchange and advisor to U.S. presidents Bush, Clinton and Obama, took time out at Davos to discuss the fund’s performance with LexisNexis.

What are the results you are announcing today and what do they mean?

“The UNGSII sponsored a fund that is trying to make the point that you can make better than market averages by investing in companies that are adhering to the SDGs for 2030. We are running a paper portfolio that is doing that right now and we’ve had results for 2018 of about 13.7 percent—that’s a little better than the Standard & Poor’s 11.97 percent.”

“The great challenge in the sustainable investing area is to convince people that you can make a good return while you are making good investments, that the companies can subscribe to the SDGs, they can change their business models so they can become more sustainable and they can still make good money.”

What is your aim?

“I think there are two keys that we need to be addressing – one is the companies themselves and our primary purpose is to make money, at least as much money as the market would make you, and then to reward companies with attention and praise for adhering to the SDGs”

What is your message to companies considering putting sustainability at the heart of their business strategy?

“It’s a big decision for a company to go sustainable, many companies are paying lip service to it, but more and more companies are actually delivering and doing it. We have a wonderful chance as a western society, indeed the world, to take on the challenge of the UN, to change our behavior and up our game.”

“The SDGs are all about upping humanity’s game in this long-term view of our own survival and the world’s health. So, that’s what we’re about—proving to investors that you can make a better than average return and proving to companies that it pays to be a sustainable company.”
Investors renew sustainability commitment at Davos

Márcia Balisciano is Director of Corporate Responsibility at RELX, the FTSE30 data and analytics company, who was in Davos this year to take part in a panel discussion on how women leaders can help achieve the UN’s goals. On a freezing afternoon at the SDG Tent in Davos, she explained how corporate responsibility has risen up the agenda of companies, employees, investors and governments.

What has been the trend in CR and what are the drivers of that trend?

“I have definitely seen corporate responsibility or sustainability or whatever name you want to use for it rise up in terms of its importance to business. I think that is because there is a clear understanding that how you conduct your business influences how sustainable you are going to be as a business over the longer term. It has coincided with the interest of governments in how we undertake our business – a good example of that is the Modern Slavery Act in the United Kingdom. It also coincides with the interest of investors – they want to know that they are investing in companies that are going to be doing the right thing because that is going to have a positive impact on the business over the longer term and it is not going to damage shareholder value through unethical practice.”

We are speaking here at the 2019 World Economic Forum in Davos. What have you observed this week in relation to sustainability?

“On my first evening in Davos I sat next to two private equity investors and they both said, “we want to be better at ESG, we want to really be serious about understanding the impact of the companies that we invest in”. One mentioned gender equality as something that they were really passionate about and the other mentioned environmental sustainability and how they want to factor that into the investments that they make. I see that corporate responsibility will only increase over time in terms of the importance that the range of stakeholders - NGOs, employees, investors and government - place on this very important agenda.”

What are the risks for companies who do not take corporate responsibility and sustainability seriously?

“If a company is not considering its impact on the environment, on its people or in terms of fostering a responsibility towards society, they will feel the pain of that in the longer term because to my mind there will be an increase in the value that consumers place on products and services that have been produced in an ethical fashion, that don’t damage the environment and that are sourced in environmentally friendly ways.

I think companies ignore environmental, social and governance qualities (ESG) at their peril because this will continue to be of importance to a range of stakeholders, to government, to investors, to our employees and to NGOs who will continue to put scrutiny on companies and their performance – and rightly so.”

Finally, tell us how CR has been implemented in the RELX Group?

“At RELX Group we began in 2003 with a small corporate responsibility team and we are still a small team because the emphasis is across our business getting people engaged in maximizing the ethical performance of our business. I would say about half of the work of my team and colleagues is about making sure we have our own house in order. It is really important that all companies do well in terms of governance and how we treat our people, the impact that we have on the environment and the local communities, and also how we engage with our customers.
But there is also this other area where we look at maximizing access to science through things like Research for Life which we are the largest contributor of content to this UN-sponsored program which provides content to researchers, libraries and universities in the developing world. Also, RELX Group in 2017 launched the free SDG Resource Centre to curate content from across our company that map to the SDGs and we’ve created some amazing tools like the SDG News Tracker which provides up-to-the-minute news on the SDGs.”
Benefiting from trust and transparency

When it comes to their desire for trust and transparency, people worldwide are increasingly turning their backs on political leaders, the newly released Edelman Trust Barometer suggests. In their major annual survey, published at the margins of this year’s World Economic Forum in Davos, the global communications experts state that people are instead placing their trust into companies.

Over the course of the past decades, the world has witnessed a gradual decrease of trust in both, governmental leaders and their respective institutions. This development can be seen as a direct fallout of public concerns on the topic of migration, economic turmoil following the financial crisis of 2008, and the general fear of social insecurity.

Through the relatively new force of social media and its exponential growth in the past 10 years, long-established leaders of the global power elite, such as Heads of State and CEOs are continuously being disregarded for their actions and face a shift in the public’s trust and their personal representation. Edelman President and CEO, Richard Edelman, states, “People have low confidence that societal institutions will help them navigate a turbulent world, so they are turning to a critical relationship: their employer.” This underlines two crucial questions for decision-makers on all levels. “Am I trustworthy?” and “How can I (re)build trust.”

The key to trust? Transparency

Recent developments in the tech and financial industry have led people worldwide to reconsider the trustworthiness of countless companies such as Facebook, ING and others. In an interview during the World Economic Forum in Davos Sheryl Sandberg, Facebook’s COO, admitted that it is crucial for her company to “earn back the trust” after facing numerous scandals for violating its users privacy and exploiting their data in recent years.

In line with the vulnerability of giant tech companies when it comes to their handling of data, recurring cases of corruption and money laundering are naturally undermining the trust of customers and society in financial institutions around the world. Dankse Bank’s recent €200 billion money laundering scandal has not only tarred Denmark’s reputation as one of the least corrupt countries in the world but also led to a harsh decline of trust in the connected financial institutions such as the German market leader Deutsche Bank.

Records show that we are less likely to trust companies in a sector or a jurisdiction with a higher risk of bribery and corruption, who are covered negatively by the media, or who have a history of legal problems or attention from regulators. Nevertheless, a company has to get active to prevent the above-mentioned slump in trustworthiness and to improve its reputation for being trustworthy. Due diligence, monitoring the social and environmental sustainability of their supply chains and on-site checks for certain higher risk suppliers can not only mitigate possible risks with governmental regulators but also assist them in improving its reputation for being trustworthy in the eyes of society.

Recent studies find that while in most cases corruption scandals of financial institutions lead to a plummeting reputation of the respective company, there is a chance of recovering their trustworthiness as soon as the broad public gets the feeling that it is dealt with in a transparent and comprehensive way.
Business leaders should therefore embrace an approach based on sustainability and morals, treating their employees fairly and improving their environmental record.

Most importantly of all, we trust companies who are transparent. The focus should not only circle around the question of being a trustworthy company, it should also tackle the challenge of building a trustworthy product for society. The Edelman Trust Barometer found that nearly half of those surveyed did not trust companies because of a perceived lack of transparency and dishonesty in their business dealings. These results show that the solution to a lack of trust is transparency.

**Trust pays off**

Contemporary experts often call trust the oil of the future. This exemplifies one of the main challenges for businesses when it comes to their trustworthiness. While they might be losing trust, it is becoming more important than ever to their success. This is also reflected by data collected by the Reputation Institute, which monitors the level of trust in businesses and finds that the most trusted companies also happen to be the most successful.

“Reputation is now the currency on which everything else will depend”,

Stephen Hahn-Griffiths, a senior executive partner and chief research officer at the Reputation Institute shared his insights in an exclusive interview with LexisNexis, “We are seeing the dawn of the reputation economy.”

An increasing number of customers and investors prefer to put their money into companies who are aiming for high ethical and moral standards. Recent developments such as an index, investing only in companies who promote the United Nations’ Sustainable Development Goal was able to outperform all other major funds, show that investing in trust is most likely to foster further investments.

Trust should be expected to become even more crucial for businesses worldwide in the future.
Warning to unethical leaders brings Davos to close

The World Economic Forum came to a close on Friday, January 25 after a long week of deals and discussions in the snowy resort of Davos. You might expect the final session in Davos’ ‘SDG Lab’ to send participants home on a positive note. Instead, it came with a direct warning to the CEOs in the room: if you ignore ethics, you will lose your job. But a solution was offered: embrace CSR.

A new report into leadership and CSR was released by UNGSII (the UN Global Sustainable Index Institute) at one of the last events in the 2019 World Economic Forum. It was uncomfortable reading for the CEOs in the room because it found that the share of CEOs fired over ethical issues has significantly increased in the last ten years.

- From 2007–2011, ethical issues were given as the reason for 12% of all CEO sackings in that period. From 2012 to 2016, this number had risen to 26%.
- The same trend was seen in every region of the world, to different extents.
- In North America the proportion rose from 5% to 11%. In Western Europe the figures grew from 11% to 19%.
- The biggest rise, from 12% to 52%, came in the BRICS countries.

The message is clear: the cost for CEOs who ignore ethics is greater than ever before.

A solution: choose your own SDG adventure

The message to CEOs was not entirely gloomy, however. The report also found that if CEOs publicly commit to supporting the SDGs, and implement these promises, their reputation among investors, customers and media will be strengthened.

UNGSII analyzed statements from C–level executives in the world’s 500 biggest companies to identify those who mentioned the SDGs most frequently.

Top performers included:
- Henkel
- BMW
- Botswana Insurance
- JP Morgan Chase
- Standard Bank
- Inditex

UNGSII also found that these firms received positive media coverage relative to rivals. “Associating the SDGs with the C-suite shows a considerable commitment that has high value in communications and media activities,” said the report. “This suggests these companies are likely to continue to grow their SDG commitments and are worthy of particular attention from investors.”

So, it is hardly surprising that more and more firms are promoting and implementing the SDGs. The same UNGSII analysis found that that over 85% of the largest 500 global corporations now disclose non–financial information like their SDG and environmental, social and governance (ESG) activity as part of their legally–binding annual financial report. Other findings in this analysis include:

- Pfizer, Inditex and Sanofi were the companies whose annual reports most often mentioned SDG 3 on health.
- SDG13 on climate action is by far the most likely to be mentioned in a major global company’s annual report. It was followed by SDG12 (responsible consumption and production) and SDG3 (good health and wellbeing).
- Danone, Cemex and Schneider Electric were the companies which mentioned climate action the most.
Some SDGs were hardly mentioned by companies, including SDG14 on life below water, SDG1 on poverty, SDG2 on hunger and SDG10 on inequalities. “The extremely limited visibility of these companies showcases opportunity for companies who step forward,” said UNGSII.

Firms in India, South Africa and the UK are most likely to mention the SDGs in their annual reports and in other statements. China, Canada and the US are the least likely to mention them prominently.

How can companies manage the risks?

Due diligence is essential to meet ethical expectations. Companies should assess prospective third parties against criteria related to good governance and addressing sustainable development goals. In addition, continuous monitoring using a PESTLE framework enables companies to identify emerging threats based on their specific risk considerations. Do you have the transparency needed to spot third-party risks before they become a headache?

LexisNexis® can help

For more than 40 years, LexisNexis has been helping companies deliver good profit by enabling them to build and maintain trusted relationships using effective due diligence and ongoing monitoring measures. Our versatile technology and comprehensive global intelligence support a risk-based approach to identifying, assessing, and mitigating risk. With better insights, companies can make informed, data-driven decisions. Because good profit comes from making the right strategic decisions.

For More Information

Due Diligence Solutions:
LexisNexis.com/Lexis-Diligence

Risk Monitoring Solutions:
LexisNexis.com/Entity-Insight

@LexisNexisBiz
LexisNexis.com/BizBlog
800-628-3612