

*This publication presents the results of the Challenge in the Netherlands, showing how broadly the Sustainable Development Goals are being recognised and reported on.*

## ***SDG Reporting Challenge 2017***

### ***Pragmatism and real engagement: Dutch companies and the SDGs***

**85%**

of companies assessed mentioned the SDGs; 25% of companies mentioned the SDGs but did not select priorities. 15% of companies did not mention the SDGs at all.

**28%**

of companies assessed set quantitative targets, and linked these to their societal impact for at least one KPI. Generally speaking, reporting is more often qualitative.



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# 1. Global perspectives on the SDGs

*It is now two years since 193 nations of the world unanimously committed to support and attempt to achieve the 17 United Nations Sustainable Development Goals (SDGs) by 2030. In that time I have been part of many meetings and attended many events devoted both to promoting the goals and bringing the private and public sectors together with a common purpose of sustainable success.*



**Malcolm Preston**

PwC  
Global Sustainability  
Leader

The enthusiasm for the goals is undeniable. After all, it is becoming increasingly clear that the issues addressed by 17 SDGs will have an overarching impact on all of business and greater society. Failure to address the goals will bring severe financial risks in every part of the world. A concerted effort to meet them, on the other hand, will be a key driver of economic growth – an estimated \$12 trillion a year in business savings and revenue by 2030 according to one authoritative study.

The opportunity, then, for all of business is clear. Yet despite all the upbeat conversations around the goals, do companies really understand what meeting the goals requires or the role they should play in the process?

To help answer that question, PwC recently undertook a comprehensive piece of research to evaluate the business world's commitment to the goals and what tangible action companies were taking to meet them. Our approach focused on the corporate and sustainability reporting of 470 companies around the world because those public statements offer an accountable and demonstrable way of evaluating sustainability commitments. To aid this painstaking research PwC created an online data collection and benchmarking tool that allowed us to collate the research and allow individual company benchmarking.

The focus of our research was twofold. First we wanted to get a clear sense of what SDGs companies were prioritising and why. Second we wanted to learn how they were reporting on the goals.

Were companies simply paying lip service to the goals they aspired to address or were they making tangible progress that they could measure, account for and report on?

The results are eye-opening and suggest that business has some important questions to address if it is going to realise the potential offered by the goals. As detailed in the report 62% of the companies we studied currently discuss the SDGs in their reporting. Only 37% have prioritised individual SDGs however. The other 25% continue to discuss the goals in general terms. That leaves 38% of companies who still haven't addressed the goals at all (or not to the degree where they feel the need to report on them).

In this report you'll learn which of the SDGs most companies choose to prioritise and why different sectors favour some SDGs over others. We also explore which SDGs and companies feel confident to report on in depth and which they lack the necessary metrics to speak to.

Taken as a whole the research will make every business sit up and ask: Are we actually prioritising the SDGs that are truly relevant to our business including across its entire value chain? And do we know the metrics and KPIs we need to understand accurately the impact of our business in its widest sense, and to measure and report on the work we are doing?

When companies can answer and respond to those questions the SDGs and the future path of business will be on the right track.



“

*The SDGs provide businesses with a new framework to translate global needs and ambitions into business solutions. By carefully considering how they can impact the SDGs and developing effective solutions, companies will be able to better manage their risks, unlock opportunities in growth markets, anticipate consumer demand, and strengthen supply chains - all while helping to move the world towards the delivery of the sustainable and inclusive future that the SDGs represent.*

Peter Bakker, President of the World Business Council  
for Sustainable Development (WBCSD)

”

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*From a reporting perspective, while many companies already communicate on the topics covered by the SDGs, aligning disclosure with the goals and identifying progress made on targets set against the SDGs, provides an opportunity for businesses to sharpen their existing reporting and to place more focus on the impacts of their activities. Integrating the language of the SDGs into reporting also enables companies to ensure that they are engaging in a common dialogue with stakeholders, and allows them to clearly articulate the contributions they are making towards this vital global agenda.*

Peter Bakker, President of the World Business Council  
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## 2. Real engagement is needed

*Technologically, the world is more and more connected – through Facebook, Instagram, Snapchat, Twitter... the list goes on. At the same time, we have divided ourselves up all sorts of ways which make it more difficult to work together – think of national boundaries, ethnic differences, and different religions. And if you look at the newspaper headlines, it would be easy to think that we are becoming more and more divided. Even as we become more connected through technology, trust is starting to break down. Populism is on the rise, and we also see political polarisation taking place when looking at the refugee crisis, North Korean nuclear tests and so on. This said, at a global level there are still movements towards solidarity. The most important of these is the Sustainable Development Goals.*

But what are the SDGs and what do the SDGs aim to achieve? The SDGs are a set of goals for the whole world to achieve by 2030, agreed to by all 193 members of the United Nations in 2015, across a range of topics related to People, Planet, Prosperity, Peace and Partnerships. They have been called the closest thing the world has to a strategy. If you think about it, the fact that 193 countries were able to agree on 17 goals, and 169 underlying targets, is close to a miracle! And for the first time, business was explicitly called on to contribute. The SDGs are a coordinated framework of common goals for national governments, businesses, and civil society. They give us all a direction to work towards, together.

This year, 43 Governments reported voluntarily to the UN on their SDG progress, and even more have signed up to do so in 2018. Again on a voluntary basis. Businesses across the world, including in the US, are upping their game. We have done research into how companies are responding to the SDGs - we looked at over 470 companies worldwide and found that globally 62% are reporting to their stakeholders about the SDGs. That is a lot higher than we expected, and just shows how strong the support for the SDGs actually is.

It also indicates that we are undergoing a big economic transition. Organisations can no longer work in silos. Business is no longer business-to-consumer or business-to-business, but has become business-to-society. That requires very different

behaviour from companies like ours than before. Businesses are challenged to align their company goals with National Governments and the International Community. This alignment holds enormous potential for positive change. Future progress will depend on companies going further than the quick wins and really engaging with the SDGs. Some frontrunners are starting to lead by example, although progress is still (too) slow.

Within PwC the Netherlands we are playing our part to bring different Dutch parties together to help achieve real progress. We are organising the SDG Booster, a programme which brings together professionals from different sectors to discuss what needs to be done to implement the SDGs in the Netherlands.

Our global research shows that Dutch companies are among the frontrunners when it comes to adopting the SDGs, often adopting a pragmatic approach and going for quick wins. This said, real progress also requires real engagement. Some companies in the Netherlands are starting to incorporate the SDGs into their strategy and operations, but in many cases there is significant room for improvement. We call upon all companies in the Netherlands to lead by example and actively start implementing the SDGs.

Hans Schoolderman & Linda Midgley









## 3. Executive summary

In 2016 PwC launched the first SDG Reporting Challenge in the Netherlands. We assessed the annual reports and sustainability reports of 25 leading Dutch companies to evaluate how broadly the SDGs were being recognised and reported on.<sup>1</sup> In 2017 we expanded the challenge to include 40 companies in the Netherlands and over 470 companies in 17 countries worldwide (hereafter referred to as: “the Challenge” and “the Global Challenge” respectively).<sup>2</sup> This publication focuses on the results for Dutch companies. For more details on the results of the Global Challenge please refer to the publication “The business side of the story – corporate reporting on the SDGs”.<sup>3</sup>

### 3.1. Key findings

Engagement with the SDGs is high, but most companies still fall short on setting targets and measuring progress.

Companies generally select their priority SDGs on familiar themes.

| Top 3 selected SDGs <sup>4</sup>   | Bottom 3 selected SDGs <sup>5</sup>  |
|--|--|
|  <b>SDG 12:</b> Responsible consumption and production <sup>6</sup> |  <b>SDG 14:</b> Life below water                                    |
|  <b>SDG 8:</b> Decent work and economic growth                      |  <b>SDG 16:</b> Peace, justice and strong institutions <sup>7</sup> |
|  <b>SDG 13:</b> Climate action                                      |  <b>SDG 1:</b> No poverty   |



*The number of companies that actually engage with the SDGs by setting targets and measuring their impact on their priority SDGs is rather small. Only a few companies translate the SDGs into relevant business indicators.*

# 28%

of companies assessed set quantitative targets, and linked these to their societal impact for at least one KPI. Generally speaking, reporting is more often qualitative.<sup>6</sup>

# 85%

of companies assessed mentioned the SDGs; 60% selected priority SDGs, while 25% of companies mentioned the SDGs but did not select priorities. 15% of companies did not mention the SDGs at all.

## The top 3

prioritised SDGs for Dutch companies are similar to Global companies

Companies that have prioritised SDGs are **more transparent**

and/or **more mature** in their reporting on their contributions

to the SDGs and have set **more concrete goals** compared to companies that have not set priorities

## The largest companies

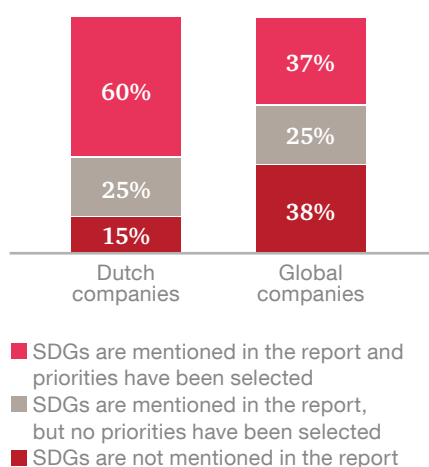
(revenue > \$10b) are more likely to select SDG priorities

## 4. Detailed results

*We assessed whether companies mention the SDGs in their report, whether they select SDG priorities, or whether they do not mention the SDGs at all. Many companies reported on the SDGs by prioritising the SDGs that they consider most relevant to their operations and strategy. By mapping these priorities, we can see which SDGs receive a lot of attention from business and which ones run the risk of being overlooked.*

### 4.1. Dutch companies choose priorities among SDGs relatively often

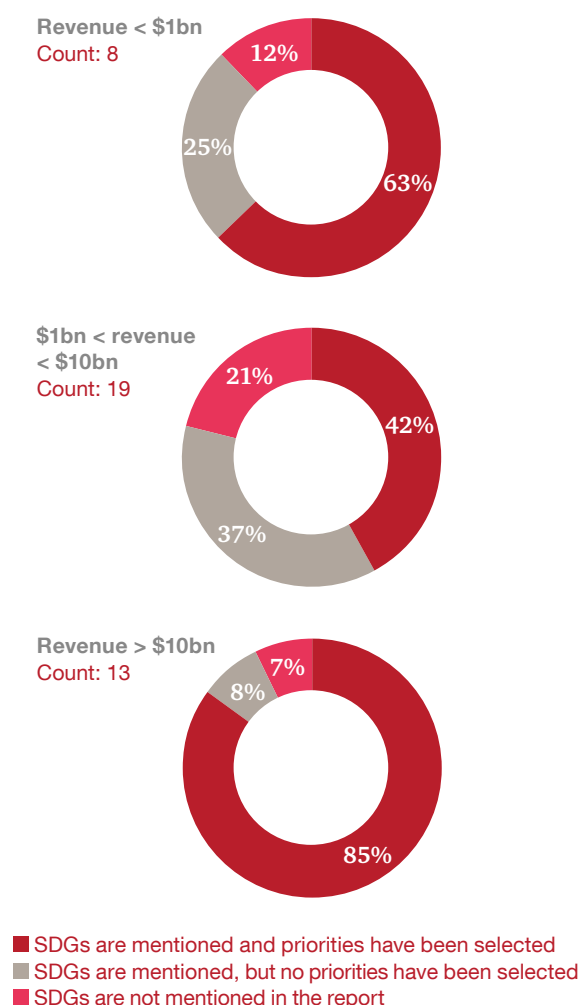
**Figure 1** Overview of SDG reporting for Dutch and Global companies



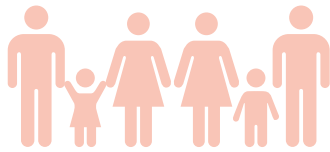
Last year, we assessed reports from 2015 and even though this was the year that the SDGs were agreed, 44% of the reports we assessed already contained at least one explicit statement about the SDGs.<sup>11</sup> This year, 85% of Dutch companies assessed mention the SDGs which shows that they continue to embrace the SDGs, as evidenced by their reporting.

Unlike governments, who will need to report on and make progress towards all 17 goals, business will need to prioritise the goals that are most relevant to them. 60% of Dutch companies selected priority SDGs to focus their efforts. This is much higher than the global average of 37% and it shows that Dutch companies are among the frontrunners when it comes to choosing a focus.

**Figure 2** SDG reporting based on revenue distribution







If we break down the results of the participating Dutch companies, we see that the largest companies (revenue > \$10b) are more likely to select SDG priorities, as shown in figure 2.

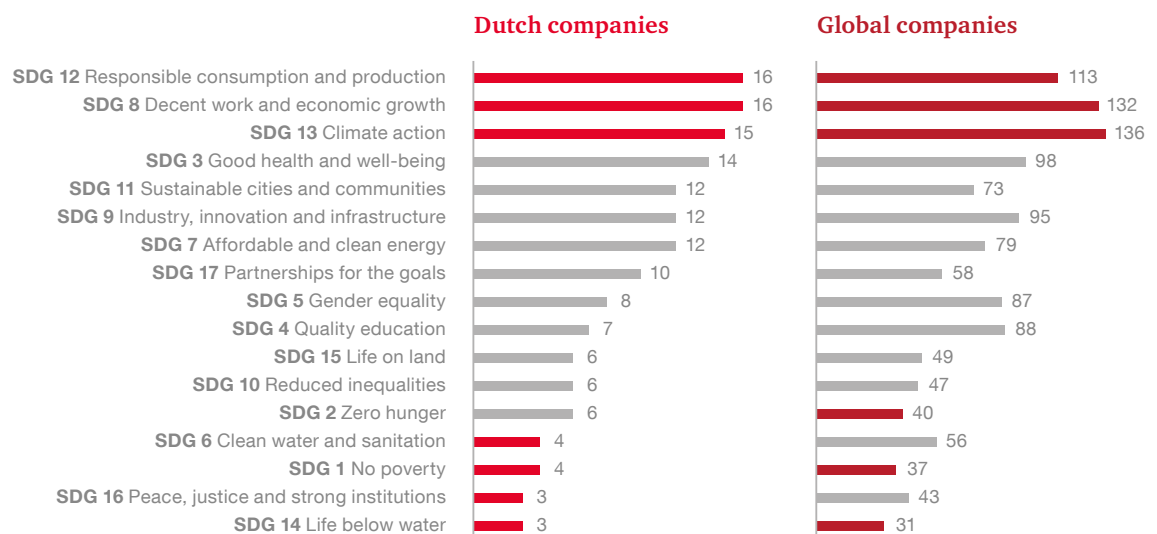
#### 4.2. Company priorities do not reflect the full spectrum of the SDGs

As shown in the previous paragraph, Dutch companies are among the leaders when it comes to selecting SDG priorities. Figure 3 shows how often each SDG was chosen as a priority by Dutch and Global companies.<sup>9</sup> The coloured bars represent the top 3 and bottom 3 selected SDGs. As figure 3 illustrates, the top 3 prioritised SDGs for Dutch companies are similar to Global companies, whereas the SDGs prioritised least often differ slightly. The numbers in figure 3 show how many companies prioritised each SDG.

Generally speaking, businesses often do not give a detailed explanation as to why they prioritise certain SDGs. Speculating, one might conclude that

companies do not select certain SDGs as they are outside their comfort zone (for example SDG 2 on zero hunger or SDG 1 on no poverty) or that some SDGs are not well-understood, for example life on land (SDG 15) and life below water (SDG 14). Other SDGs may be seen as predominantly the role of Government (for example SDG 6 on clean water and sanitation or SDG 16 on peace, justice and strong institutions). Depending on the organisation and the business it operates in, this may or may not be legitimate. Cherry picking – focusing on SDGs impacted positively while ignoring negative impacts – might not be conscious, but may occur because some SDGs are more familiar, better understood and therefore more likely to show up as a priority. In our view, legitimate prioritisation is done through a materiality assessment and based on a solid understanding of the SDGs, the underlying targets and how they are interconnected. Companies who prioritise SDGs without really engaging with them and taking actions to improve, will reveal themselves through poor quality reporting that is not aligned with stakeholder expectations.

**Figure 3** SDG priorities for Dutch and Global companies



The very nature of prioritising the goals means that some SDGs may be left out if they are chosen as a priority relatively less often. This is not necessarily a bad thing – as long as it is a result of legitimate prioritisation rather than cherry-picking – but it does mean that governments should be aware of which SDGs companies are prioritising and be prepared to fill the gaps.

### *Dutch performance on the SDGs*

The Central Bureau of Statistics (CBS) executed an initial analysis in 2016 to assess how the Netherlands is performing on the SDGs.<sup>10</sup> According to the CBS report, the Netherlands is doing rather well on several SDGs: SDG 3, SDG 4, SDG 8, SDG 11, SDG 16, and SDG 17. On the other hand, the CBS report emphasises that there is potential for improvement on the following SDGs: SDG 1, SDG 2, SDG 5, SDG 6, SDG 7, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, SDG 14 and SDG 15. We compared some of the results of the research performed by CBS and the Voluntary National Review of the Kingdom of the Netherlands with our findings.<sup>11</sup> This shows that there is a gap between some of the SDGs on which the Netherlands scores less well and the SDGs being addressed by Dutch companies.<sup>12</sup> Of course, the companies assessed often operate across borders and a 100% match is unlikely. Even so, the extent of the mismatch is certainly food for thought.

Next we summarise, per SDG, the status as presented by the CBS and Voluntary National Review and outline how the companies assessed report on those SDGs.



### **SDGs on which the Netherlands performs less well**

Mapping the focus areas for the Netherlands and linking this to our research shows that there is sometimes a mismatch between company priorities and government priorities. This means that either government will have to step in to achieve progress through policy development, or to call on business to change its priorities. For many of the SDGs and targets, progress will require a joint effort for which contribution of businesses is essential.



More people are living below the national poverty line in the Netherlands in 2014 than in 2006, which implies that social inclusion is low<sup>13</sup>. In addition, many Dutch companies operate across borders, in developing countries, and have far-reaching value chains. With this in mind, it is noticeable that the companies assessed did not often prioritise and report on SDG 1 on no poverty. Interestingly enough, companies report better on the support they provide for poor communities, and less well on living wage. It appears that companies are either concerned with eradicating poverty worldwide through support for communities, or that this is easier to report on for companies.

Even though food insecurity or malnutrition is hardly present in the Netherlands, many people are overweight. Food production in the Netherlands is high, but according to the CBS this production is often not sustainable. Intensive Dutch agriculture contributes to the nitrogen surplus, although recently the level of nitrogen in Dutch soil has decreased.<sup>14</sup> SDG 2 on no hunger is not a major issue in the Netherlands. However, when looking at the underlying targets, SDG 2 may be more relevant than it initially appears to be. For example, target 2.4 specifically refers to sustainable agricultural production systems.



Gender inequality is still an issue in the Netherlands. On average, women earn 16% less per hour than men, and even when career interruptions, part-time workers and other occupational differences are taken into account, there is an unexplained salary gap.<sup>15</sup> According to the CBS report the number of women in management positions is low compared to other EU countries. A healthy life expectancy for women is below the EU average in the Netherlands, and domestic violence occurs relatively often.<sup>15</sup> Our research shows that businesses report relatively well on SDG 5 on gender equality, which could indicate that companies are realising the need for action and are working on improving the results. This said, our research confirms that the percentage of female managers and board members in the Netherlands is still too low.

People in the Netherlands generally have access to affordable, clean drinking water. Thanks to the implementation of the EU Water Framework Directive, water quality has improved.<sup>15</sup> That said, attention should be given to the quality of groundwater, surface water and coastal waters as this may come under pressure due to climate change or contamination in the future. Our result show a clear gap, as SDG 6 on clean water and sanitation is one of the least often prioritised SDGs.



The share of renewable energy of the total energy supply in the Netherlands is low compared to other European countries, and the Netherlands emits a relatively high amount of greenhouse gases per capita. However, it should be noted that access to reliable and affordable energy is relatively well-organized throughout the Netherlands.<sup>14</sup> An average number of companies prioritised SDG 7 on affordable and clean energy, however the quality of reporting is relatively high (see section 4.4).

Expenditure on R&D and the number of patent applications lies around the European average. Developing and spreading knowledge is an essential building block for sustainable development in a rapidly changing world. Compared to other EU countries, the volume of Dutch passenger transport with respect to GDP has a fairly low ranking, and freight transport is ranked average.<sup>14</sup> It is therefore promising that a relatively large group of companies prioritised SDG 9 on industry, innovation and infrastructure.



Attention is required to address inequalities such as social inequality through for example discrimination.<sup>14</sup> There is commitment by the Dutch government to combine a solid social security system with progressive taxation, and there are various policies aimed at contributing to the empowerment and participation of disadvantaged groups.<sup>15</sup> SDG 10 on reducing inequalities is not often prioritised, and scores very low in terms of reporting quality (see section 4.4).



In the Netherlands the level of urbanisation is high, of which the downside is that social and physical quality of life in many cities is under pressure. On average the Netherlands generates a large amount of waste compared to other EU countries.<sup>14</sup> Companies select SDG 11 on sustainable cities and communities as a priority relatively often, which will hopefully help to address this.



The Netherlands generates a relatively large amount of food-related waste and hazardous waste, at the same time the recycling ratio is average compared to other EU countries.<sup>14</sup> SDG 12 on responsible consumption is in the top 3 of most prioritised SDGs among Dutch companies. Again, this will hopefully have a positive effect on achieving SDG 12 and the underlying targets.



Compared to other EU countries the Netherlands emits a relatively high amount of greenhouse gases per capita, while the greenhouse gas intensity of the economy is only average. Even though our research shows that SDG 13 on climate action is one of the most prioritised and reported SDGs, we are not there yet. The fact that many companies are reporting on SDG 13 is partly explained by requirements from both regulatory institutions and pressure from institutional investors through frameworks like the CDP<sup>16</sup> to report on climate actions.



Water quality and fresh water extraction, coastal waters and sustainable fishery are points of concern according to the CBS, even though the Netherlands is doing more than other EU countries to protect the sea and coastal areas. A marine strategy has been developed, based on the EU Marine Strategy Framework Directive.<sup>15</sup> SDG 14 on life below water is the SDG that Dutch companies select least often. Companies might not be aware of issues that relate to life below water, or SDG 14 and the underlying targets may be less well-understood by companies.



As stipulated in the CBS Report, natural habitats and biodiversity in the Netherlands are under considerable pressure. Internationally the Netherlands takes a relatively low position on the ranking of both forest and nature as well as the state of conservation. SDG 15 on life on land is also not often prioritised by companies. Although SDG 15 is more often prioritised by companies than its “sister”-SDG 14, we again identify this as a gap.



## SDGs on which the Netherlands performs well

The Netherlands has a high level of well-being and a low level of maternal mortality, suicide, and mortality due to traffic accidents.<sup>15</sup> Furthermore, life expectancy has risen. Only a small number of Dutch citizens report lacking access to adequate medical care because of high costs. SDG 3 on good health and well-being is the number four on the list of SDG priorities, so there does not appear to be a gap here.



Skills are essential for both the labour market, and for sustainable development. The Netherlands scores well on lifelong learning and the skills taught in the educational system. SDG 4 on quality education is not a particular focus for Dutch companies which is in line with the above.



GDP (per capita and per number of worked hours), resource efficiency, and median gross earnings per hour are relatively high in the Netherlands. Working conditions are good and improving.<sup>14</sup> SDG 8 on decent work and economic growth has a shared first place in the list of SDG priorities by Dutch companies and therefore seems sufficiently covered, at least in the Dutch context. As mentioned before, companies operating internationally and/or with value chains extending into developing countries should consider the context in all the countries they touch with their operations.



In the Netherlands the majority of inhabitants feel safe in their own neighbourhood, the number of (registered) crimes is falling and the number of detainees is stable. The Dutch are not often faced with corruption and they generally have confidence in institutions.<sup>14</sup> Spending on public safety has increased in recent years and is relatively high compared to other EU countries.<sup>15</sup> SDG 16 on peace, justice and strong institutions is bottom of the list of the SDGs prioritised by companies. In the Dutch context this seems acceptable. However, as with SDG 8, SDG 16 can still pose a challenge for companies operating internationally.



The Netherlands provides relatively strong support to developing countries. This said, private support is rising, while government support is declining. Transfer of money by foreigners working in the Netherlands to their home countries is particularly high.<sup>14</sup> SDG 17 for partnerships for the goals is in the middle of the list of company priorities, therefore both business and government should closely watch progress on this SDG.









*A large number of companies reported just qualitative statements or ambitions in response to the indicator questions – so a vast majority of companies are still relying on anecdotal evidence without using data or targets to support their claims.*

#### 4.3. Reporting quality is better when companies choose their SDG priorities

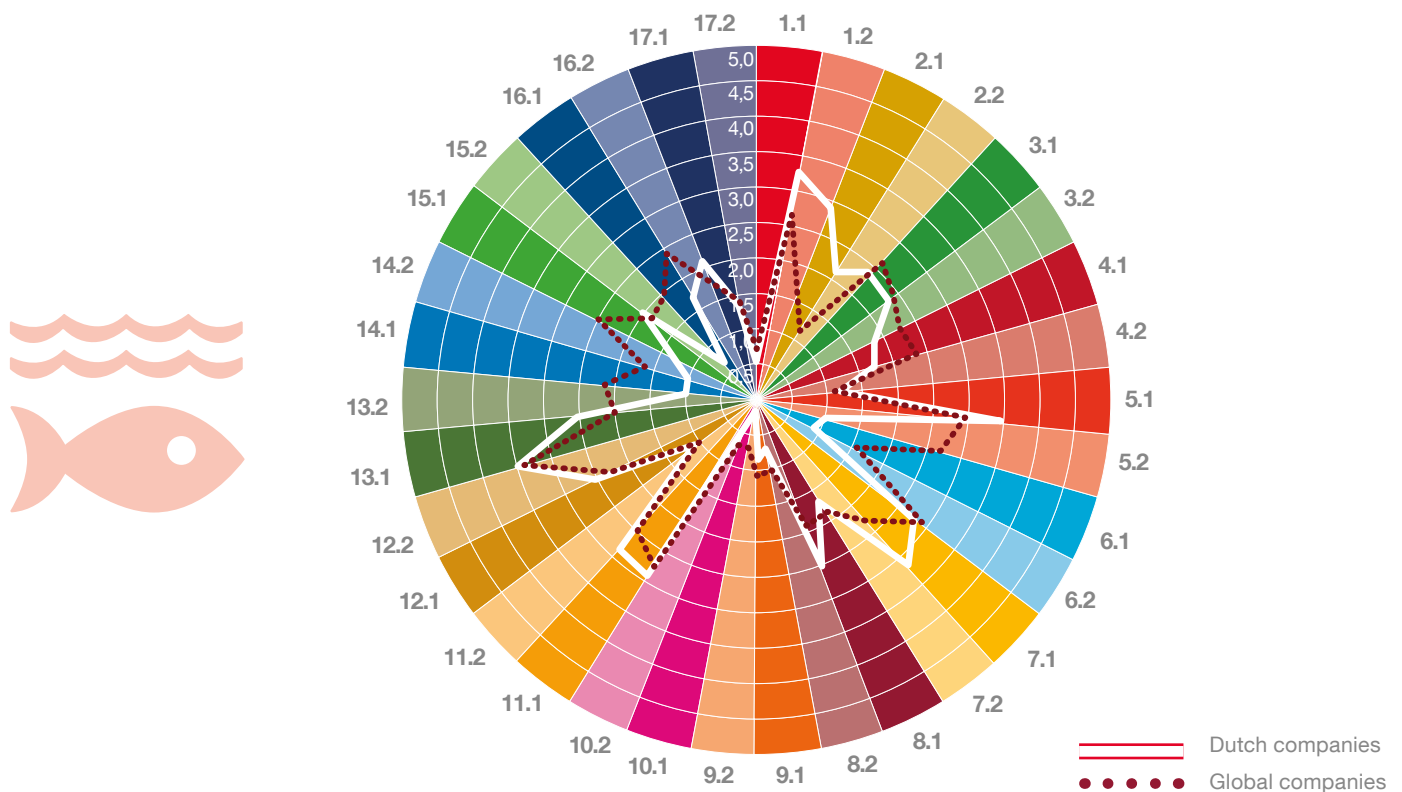
For each SDG we selected two indicators that resemble the UN target/indicator list closely, but also give insight into the contribution business can make. For an overview of the indicators please refer to Appendix A.5.<sup>17</sup> Each indicator was assigned a score from 0-5 which gives insight into the quality of reporting, based on the assumption that quantitative reporting on an indicator is generally more mature.<sup>18</sup>

- 0. Not reported
- 1. Qualitative remark
- 2. Qualitative ambition
- 3. Quantitative KPI
- 4. Quantitative KPI and target
- 5. Quantitative KPI, target and link to societal value

Whilst some of the SDGs cover topics familiar to corporate reporters, others are more challenging for businesses to implement. Figure 4 shows that much of the reporting remains qualitative. It also highlights some of the mature themes and shared struggles for Dutch and Global companies, illustrated by the fact that the Dutch and Global scores follow a similar pattern. Furthermore figure 4 shows that reporting quality varies widely depending on the indicator.

Dutch companies that have prioritised the SDGs have a higher overall average score of 2 out of 5 compared to companies that do not prioritise or mention the SDGs in their report (score of 1.2). This confirms that companies that have prioritised SDGs are more transparent and/or more mature in their reporting on their contributions to the SDGs and have set more concrete goals compared to companies that have not set priorities.







**Figure 4** Average reporting score per SDG indicator (0-5) for Dutch and Global companies





Overall the average reporting scores are low, meaning that a large number of companies reported just qualitative statements or ambitions in response to the indicator questions – so a vast majority of companies are still relying on anecdotal evidence without using data or targets to support their claims. One year on, simply mentioning the SDGs is no longer enough, and stakeholders are interested in evidence of concrete examples of SDG engagement.

Other themes such as energy efficiency, employee health and to a certain extent diversity (e.g. % of women in management positions) are also familiar, easy to quantify, and belong to a first wave of sustainability metrics that are now well embedded in corporate reporting. Companies might report less often on indicators which they are not familiar with such as the percentage of workers that earn an amount equal or above living wage. Another reason for not reporting could be due to the sensitivity of the indicator such as top earner income relative to the median compensation for all employees per country, and number of managers from developing countries.

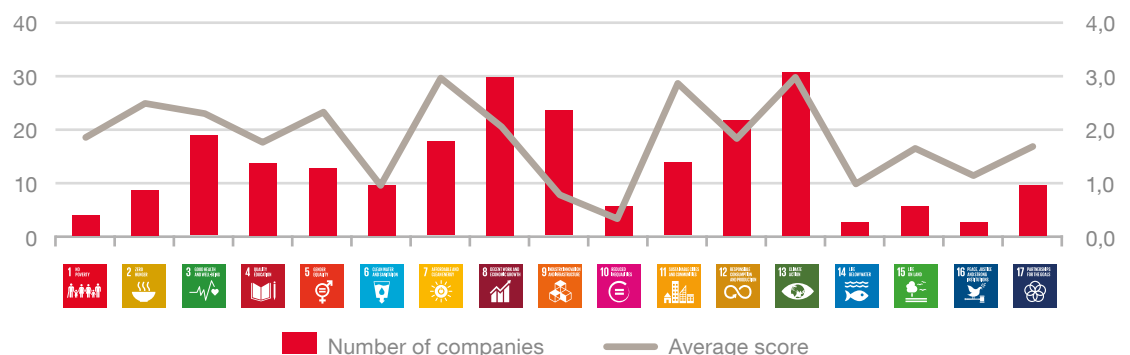
| Top 3 reported indicators  |  | Bottom 3 reported indicators   |   |
|--|--|--|---|
|   | GHG emissions reduction (Average score = 3,5/5)  |   | # of managers from developing countries (Average score = 0,2/5)   |
|   | Representation of women in management positions (Average score = 3,5/5)                                    |   | Top earner income relative to the median compensation for all employees per country (Average score = 0,5/5) |
|  | Report on the company's programs to support poor communities around its facilities (Average score = 3,3/5) |  | % of workers that earn an amount equal or above living wage (Average score = 0,5/5)                         |

In the table above the top and bottom 3 reported indicators of Dutch assessed companies are listed. Looking at specific indicators, climate change has taken a central stage in the sustainability debate for some time and there is broad consensus on how it should be measured (GHG emissions).

#### 4.4. Reporting quality is highest for the SDGs which are most often reported on

Many companies have reported on the SDGs that are most relevant to their operations and strategy. On average, Dutch companies focus on 6 SDGs (but ranges from 2 to 17). Generally speaking, prioritising a smaller number of SDGs means that a company can focus its efforts. This said, any prioritisation should also take into account the interconnections among SDGs. Figure 5 shows that reporting quality tends to be better on SDGs that are often reported on, suggesting that there is value in sharing experiences and in consensus on indicators.

**Figure 5** Number of Dutch companies reporting on an SDG and the average reporting indicator score per SDG



|       |   |        |  |
|-------|---|--------|--|
| SDG 1 | No poverty                                | SDG 10 | Reduced inequalities                   |
| SDG 2 | Zero hunger                               | SDG 11 | Sustainable cities and communities     |
| SDG 3 | Good health and well-being                | SDG 12 | Responsible consumption and production |
| SDG 4 | Quality education                         | SDG 13 | Climate action                         |
| SDG 5 | Gender equality                           | SDG 14 | Life below water                       |
| SDG 6 | Clean water and sanitation                | SDG 15 | Life on land                           |
| SDG 7 | Affordable and clean energy               | SDG 16 | Peace, justice and strong institutions |
| SDG 8 | Decent work and economic growth           | SDG 17 | Partnerships for the goals             |
| SDG 9 | Industries, innovation and infrastructure |        |  |

*Reporting quality is better for those SDGs that are often reported on, suggesting that there is value in sharing experiences and in consensus on indicators.*



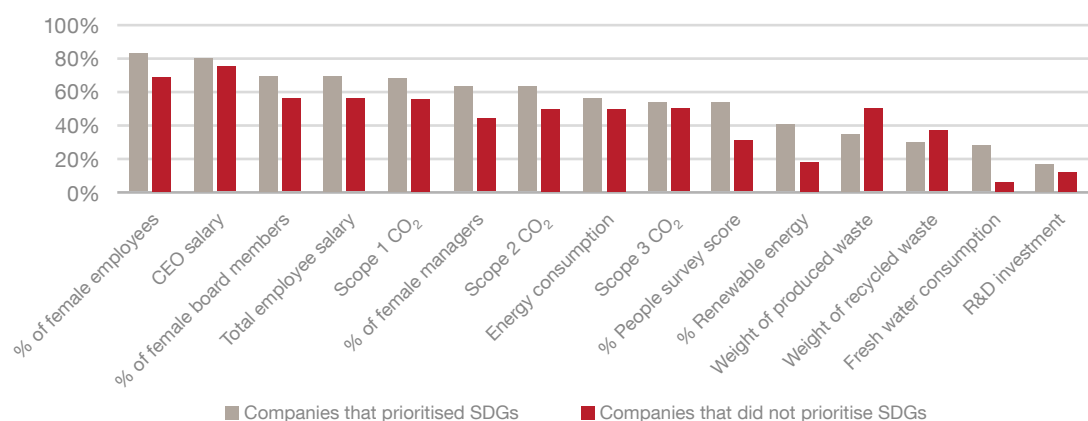
Figure 5 shows that SDGs which are chosen as a priority relatively less often, also show the lowest scores when it comes to reporting quality. There is only one exception for the rule that when a large number of companies report on an SDG this shows higher overall scores (SDG 9 on industries, innovation and infrastructure). When we look at the global results we also see that SDG 9 has the second lowest score on reporting quality, while it is in the top 5 of most prioritised SDGs. One of the reporting indicators for SDG 9 is on the R&D investments per country / € of revenue per country. As will be illustrated in the next section, reporting on R&D investments is also assessed as a performance indicator, which shows that only a small number of companies report on this. This might be the reason why the score is so low. The other reporting indicator on SDG 9 is about companies reporting on the company's program to support the inclusion of small businesses in the supply chain. This could be seen as a relatively difficult indicator to report on quantitatively, explaining why the reporting quality score is low, while the number of companies reporting on the SDG is rather high.

#### **4.5. Companies that self-select their SDG priorities report on the performance indicators more often**

In addition to the specific indicators identified per prioritised SDG, all companies were assessed on 16 commonly reported performance indicators. These indicators can also be linked to the SDGs, although the link to the SDGs is usually not as strong. The advantage of measuring performance on these indicators is that it allows for benchmarking and provides insights into the progress companies are making towards achieving the SDGs.<sup>19</sup> Figure 6 shows the percentage of Dutch companies reporting on a performance indicator, where we split the group into companies that prioritised SDGs and companies that did not prioritise SDGs.<sup>20</sup>

With the exception of 2 performance indicators, all performance indicators are reported on more often by the group of companies that prioritised SDGs.<sup>21</sup> This supports the earlier finding that companies that define their own SDG priorities are more mature in their reporting.

**Figure 6** Percentage of Dutch companies reporting on a performance indicator



*Companies tend to report more often on themes they are familiar with, such as the number of female employees, managers and board members.*





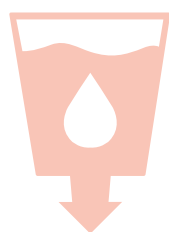
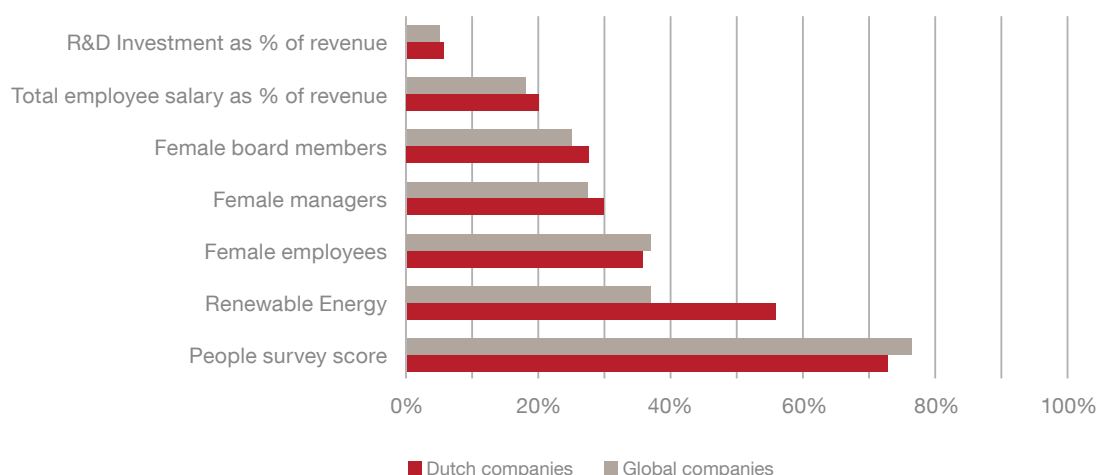


*Companies that define their SDG priorities are generally more mature in their reporting.*

The highest percentage of companies reporting on one of these performance indicators in the Netherlands is 83% for the percentage of female employees, relating to SDG 5 on gender equality. The percentage reporting on female managers (63%) and board managers (70%) are also rather high. These are familiar themes, well embedded in corporate reporting. Dutch companies report on their people survey score almost twice as often as Global companies. However only 18% of Dutch companies report on their R&D investment, versus 43% of global companies.

When it comes to actual performance, we looked in detail at the most interesting indicators. Figure 7 shows that there are no striking differences between the results of Dutch and Global companies for the performance indicators. The percentage that stands out in the Netherlands is the percentage of renewable energy, where the average usage of renewable energy for Dutch companies is 56%, this is 37% for Global companies. Figure 7 also shows that globally the percentage of female employees, female managers and female board members is low, indicating that a glass ceiling still exists and that there is still work to be done on SDG5 (gender equality).

**Figure 7** Actual performance of Dutch and global companies on several performance indicators



*However, the actual percentage of female employees, managers and board members is low, indicating that a glass ceiling still exists and that on gender equality there is work to be done.*

## 5. Conclusions



### ***Awareness around the SDGs is high***

85% of the Dutch companies assessed – and 60% of global companies assessed – acknowledge the SDGs in their report. Companies are rapidly picking up the SDGs and we strongly believe the SDGs will be the new language for business to communicate about their contributions to and impacts on society and the environment.

### ***Actual engagement with the SDGs is low***

Our results also show that the number of companies that actually engage with the SDGs by setting targets and measuring their impact on their priority SDGs is still rather small. Only a few companies translate the SDGs into relevant business indicators.



### ***Business needs the SDGs and the SDGs need business***

SDG 17 explicitly recognises business as indispensable to the global partnership for development. A few first-mover Dutch companies have already made the SDGs a priority on their strategic (sustainability) agenda. Other companies should follow as SDGs need business and business needs the SDGs, since the goals offer a compelling growth strategy for individual businesses and the world economy. And it is also clear that the SDGs will not be reached without business.

To ensure the goals will be achieved in 2030 it is vital that business move from pure pragmatism/quick wins to deeper engagement. Businesses that simply make superficial statements about the SDGs risk being seen as “jumping on the bandwagon” or “greenwashing” instead of making a significant contribution.

### ***Need for common business language***

Besides individual companies’ actions, there is a need for the development of a common SDG language. Consensus is required on a shared set of indicators companies should measure and report on, as this is vital to align corporate efforts and promote comparability among companies.

The Global Challenge gives insights into companies’ progress on SDG reporting and how they are doing compared to others. While reporting is sometimes seen as “after the fact”, public reporting of a commitment generates pressure to ensure that action follows. Through this Global Challenge we aim to accelerate progress on achieving the SDGs by showing how businesses could report and perform on the 17 Goals.

Business is on a journey that will ultimately lead to SDG impacts and – hopefully – contribution, and Dutch companies have already taken the first steps: making clear commitments to align their performance with the Goals.

## 6. Next steps

### 6.1. General recommendations for next steps

As our research clearly shows, engagement with the SDGs in the Netherlands is high and there is a lot of enthusiasm about the SDGs. It is really important to harness this momentum moving forward. In our view, there are three main areas in which companies can and should take action.

#### 1. Choose priority SDGs

Focus on SDGs that relate to the company's material issues - the ones that are closest to your operations and value chain. Selecting a manageable number of goals and underlying targets will make sure you keep your efforts focused and can achieve and track your impact. Remember that the SDGs do not only call on companies to disclose their positive impacts, but also to mitigate or avoid negative impacts.

#### 2. Set quantitative targets

Embed the SDGs into strategy and business processes by selecting quantitative indicators and setting targets (science-based, where possible). In this way, contributing to the SDGs will become part of the company's management processes rather than an add-on

#### 3. Understand the targets underlying the SDGs

Underneath each SDG is a range of interconnected targets. This research is intended to give a high level overview and therefore the focus is kept on the SDG level. But the real work to be done is at target level. We encourage businesses to analyse which targets they can (potentially) contribute to and to choose priority SDGs based on this understanding (see point 1 above). The same is true for individual company target-setting (point 2 above).

Besides individual companies' actions, there is also a need for consensus on the indicators companies measure and report on the SDGs. Having a shared indicator set around the SDGs is crucial to align corporate efforts and promote comparability amongst companies. As we did in our publication last year, we call upon standard-setters to develop solid guidance on how to measure and report on these indicators to ensure comparability of data.

### 6.2. GRI and UN Global Compact

While active participation from business is key to achieving the SDGs, common practices for corporate reporting on them have yet to be established. To close this gap, the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, and GRI, the world's leading organisation for sustainability reporting, entered into a partnership – the Reporting on the SDGs Action Platform. PwC supported this Action Platform through the provision of a specialist team from four different countries, contributing expertise. The first deliverable of the Action Platform is "Business Reporting on the SDGs: An Analysis of Goals and Targets". It includes illustrative business actions and indicators per SDG target. The publication was presented at the UNGC Leaders Summit in September 2017 and is now available.<sup>22</sup>









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# 7. Appendices

## A. Methodology

### A.1. Company selection

In the Netherlands we selected 40 companies across a range of sectors. We included Dutch companies that have a sustainability strategy / sustainability targets, or that have identified their sustainability related risks and opportunities. An overview of the assessed companies can be found in the appendix B.<sup>23</sup>

We completed a questionnaire per company based on publicly available information in annual reports and sustainability reports. On the basis of this public information we assessed how companies report on the SDGs that they have identified as a priority, as well as assessing their disclosures on a number of key sustainability indicators which enable us to benchmark performance against that of peers.

### A.2. SDG Prioritisation

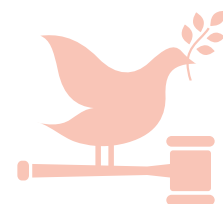
Many companies have chosen priority SDGs which they identify as most relevant to their operations, strategy and/or stakeholders. We identified which SDGs had been prioritised by the companies in our sample. For companies that did not select priority SDGs, we used default priorities based on their industry and sector. We did this using PwC's SDG Selector tool:

<https://dm.pwc.com/SDGSelector/>.

### A.3. Reporting Quality

For each of the priority SDGs (either self-selected or default), we assessed the company on 2 indicators. To score companies on the 34 indicators, we used a 0-5 scale. Scores were awarded based on the following observations.

0. Not reported
1. Qualitative remark
2. Qualitative ambition
3. Quantitative KPI
4. Quantitative KPI and target
5. Quantitative KPI, target and link to societal value



### A.4. Performance

Measuring performance enables benchmarking and provides insights into the progress companies are making to achieve the SDGs. Therefore we collected data on 16 commonly reported KPIs and company information on revenue and employees.

To define our criteria, we took the following into account:

- To promote comparability across different companies, we selected indicators that hold relevance for all sectors.
- With our indicator set, we aim to represent a broad selection of the globally determined 169 targets that underpin the 17 SDGs.

We tried to include indicators that focus on the direct impact of companies, more indirect impacts through the supply chain and the overall global responsibility of business.

## A.5. Reporting Indicators

| SDG   |  | Indicator 1   | Indicator 2   |
|---|--|---|---|
|    | 1. End poverty in all its forms everywhere   | 1.1 % of workers that earn an amount equal or above living wage   | 1.2 Report on the company's programs to support poor communities around its facilities                              |
|    | 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture  | 2.1 % of products sourced from sustainable agriculture  | 2.2 Report on the company's programs to end hunger everywhere   |
|    | 3. Ensure healthy lives and promote well-being for all at all ages   | 3.1 Report on the company's policy to promote health and well-being of workers along the value chain                            | 3.2 Report on the company's programs to promote healthy lives and well-being for all                                |
|    | 4. Ensure inclusive and equitable quality education promote lifelong learning opportunities for all  | 4.1 Report on the company's policy to promote lifelong learning opportunities for workers along the value chain                 | 4.2 Report on the company's programs to promote education on the skills that will support future business needs     |
|    | 5. Achieve gender equality and empower all women and girls   | 5.1 Ratio of basic salary and remuneration of women to men  | 5.2 Representation of women in management positions   |
|    | 6. Ensure availability and sustainable management of water and sanitation for all  | 6.1 Fresh water consumption reduction   | 6.2 Proportion of waste water safely treated  |
|   | 7. Ensure access to affordable, reliable, sustainable and modern energy for all  | 7.1 Energy efficiency   | 7.2 % of energy from renewable sources  |
|  | 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all  | 8.1 Proportion of workers along the value chain with permanent employment contracts and agreements around fair labour practices | 8.2 Report on the company's vision on long term value creation  |
|  | 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation   | 9.1 R&D investments per country / € of revenue per country  | 9.2 Report on the company's program to support the inclusion of small businesses in the supply chain                |
|  | 10. Reduce inequality within and among countries   | 10.1 # of managers from developing countries  | 10.2 Top earner income relative to the median compensation for all employees per country                            |
|  | 11. Make cities and human settlements inclusive, safe, resilient and sustainable   | 11.1 Waste reduction  | 11.2 LTA rate reduction   |
|  | 12. Ensure sustainable consumption and production patterns   | 12.1 material footprint / € of revenue  | 12.2 % of reusable waste  |
|  | 13. Take urgent action to combat climate change and its impacts  | 13.1 GHG emissions reduction  | 13.2 Report on the company's program to address future risks from climate change                                    |
|  | 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development   | 14.1 Impact of the business on aquatic ecosystems   | 14.2 Report on the company's program to address future risks from aquatic ecosystem resource depletion              |
|  | 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss | 15.1 Impact of the business on terrestrial ecosystems   | 15.2 Report on the company's program to address future risks from terrestrial ecosystem resource depletion          |
|  | 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels            | 16.1 Report on the company's inclusion of environmental, social and governance issues into the corporate governance system      | 16.2 Report on the company's policy to promote fair business (like corruption prevention and whistleblowing policy) |
|  | 17. Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development   | 17.1 Total tax contribution / € of revenue  | 17.2 € invested in multi-stakeholder partnerships   |

## A.6. Performance Indicators

Measuring performance will enable benchmarking and provide insights into the progress companies are making to achieve the SDGs. Therefore we collected data on commonly reported KPIs and company information on revenue and employees.

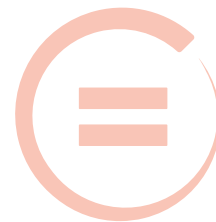
| SDG  | Indicator   |
|--|---|
| Company info   | The company's total revenue   |
| Company info   | The company's direct FTE's or employees   |
|  SDG 4    | The total number of training hours, on any subject, provided to the company's employees   |
|  SDG 5    | The % of female employees within the total workforce  |
|  SDG 5    | The % of female employees within the manager layer  |
|  SDG 5   | The % of female board members (both executive board and supervisory board)  |
|  SDG 6  | The total consumption of fresh water  |
|  SDG 7  | The total consumption of energy   |
|  SDG 7  | The % of energy from renewable sources.   |
|  SDG 8  | People survey score   |
|  SDG 10 | The total amount spent on employee salaries.  |
|  SDG 10 | The amount spent on CEO salary  |
|  SDG 11 | The total amount of produced waste  |
|  SDG 12 | The amount of recycled waste  |
|  SDG 13 | Direct, scope 1 CO <sub>2</sub> emissions conform GHG protocol (emissions from burning gas, diesel, coal, etc.)                       |
|  SDG 13 | Indirect, scope 2 CO <sub>2</sub> emissions conform GHG protocol (emissions from electricity, purchased heat, steam, etc.)            |
|  SDG 13 | Supply chain, scope 3 CO <sub>2</sub> emissions conform GHG protocol (emissions from upstream and downstream supply chain activities) |



## B. List of companies: resources used for this publication

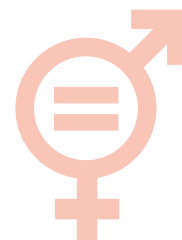
| Company           | Report Title  | Year |
|-------------------|---|------|
| ABN AMRO          | ABN AMRO Group Integrated Annual Report                                       | 2016 |
| Achmea            | Achmea Annual Report  | 2016 |
| Aegon             | Aegon Annual Review   | 2016 |
| Ahold Delhaize    | Ahold Supplementary Report on Sustainable Retailing Performance               | 2016 |
| AkzoNobel         | AkzoNobel Annual Report   | 2016 |
| Alliander         | Alliander Annual Report   | 2016 |
| APG               | Responsible Investment APG  | 2016 |
| Arcadis           | Arcadis Annual report   | 2016 |
| ASML              | ASML Integrated Report  | 2016 |
| Bam               | BAM Integrated Report   | 2016 |
| Corbion           | Corbion Annual Report   | 2016 |
| DSM               | DSM Annual Report   | 2016 |
| Enexis            | Enexis Annual Report  | 2016 |
| FrieslandCampina  | FrieslandCampina MVO Update   | 2016 |
| Gasunie           | Gasunie Annual Report   | 2016 |
| Heineken          | Heineken Annual Report  | 2016 |
| HVC               | HVC Jaarverslag   | 2016 |
| IKEA              | IKEA Group Sustainability Report  | 2016 |
| ING               | ING Group Annual Report   | 2016 |
| KLM               | KLM Annual Report; Corporate Social Responsibility Report                     | 2016 |
| KPN               | KPN Integrated Annual Report  | 2016 |
| NS                | NS Annual Report  | 2016 |
| PGGM              | PGGM Annual Report; PGGM Annual Responsible Investment Report                 | 2016 |
| Philips           | Philips Annual Report   | 2016 |
| Port of Rotterdam | Port of Rotterdam Annual Report   | 2016 |
| PostNL            | PostNL Annual Report  | 2016 |
| Rabobank          | Rabobank Annual Report  | 2016 |
| Randstad          | Randstad Annual Report  | 2016 |
| SBM Offshore      | SBM Offshore Annual Report  | 2016 |
| Schiphol          | Schiphol Annual Report  | 2016 |
| Stedin            | Stedin Annual Report; Stedin Financieel Verslag van Gereguleerde Activiteiten | 2016 |
| TBI               | TBI Annual Report   | 2016 |
| TKH               | TKH Annual Report   | 2016 |
| TomTom            | TomTom Annual Report  | 2016 |
| Triodos           | Triodos Annual Report   | 2016 |
| Unilever          | Unilever Annual Report and Accounts   | 2016 |
| Van Lanschot      | Van Lanschot Annual Report; Van Lanschot CSR supplement                       | 2016 |
| Vitens            | Vitens Jaarverslag  | 2016 |
| Vopak             | Vopak Annual Report   | 2016 |
| Zeeman            | Zeeman Maatschappelijk Jaarverslag  | 2016 |





### C. Footnotes

- 1 The Sustainable Development Goals, A common language for corporate reporting on societal issues, PwC (2016).
- 2 Countries: Canada, Colombia, France, Germany, Greece, Italy, Japan, Luxembourg, The Netherlands, Nigeria, Norway, Portugal, South Africa, Switzerland, Taiwan, UK, US; and industries: Energy, Utilities & Mining; Financial services; Retail & Consumer; Industrial Products; Private Equity; Public sector; Technology, Media & telecom; Transport & Logistics
- 3 PwC, The business side of the story - corporate reporting on the SDGs (2017).
- 4 Of the companies that selected SDG priorities in their annual report or sustainability report. Companies reporting on SDG themes but that have not explicitly referred this to the SDG, are excluded as they did not prioritise the SDGs in their report.
- 5 Of the companies that selected SDG priorities in their annual report or sustainability report. Companies reporting on SDG themes but that have not explicitly referred this to the SDG, are excluded as they did not prioritise the SDGs in their report.
- 6 Place 1 and 2 are shared.
- 7 Place 1 and 2 are shared.
- 8 Note that the population of companies assessed was different in this research, and they were assessed on slightly different SDG indicators.
- 9 Of the companies that selected SDG priorities in their annual report or sustainability report. Companies reporting on SDG themes but that have not explicitly referred this to the SDG, are excluded as they did not prioritise the SDGs in their report.
- 10 Meten van SDGs: een eerste beeld voor Nederland, CBS (2016); The four SDGs prioritised in the Dutch National Development plan are: SDG 4 on Quality Education, SDG 7 on Affordable and Clean Energy, SDG 8 on Decent Work and Economic Growth, and SDG 14 on Life Below Water.
- 11 Report on the implementation of the Sustainable Development Goals, Ministry of Foreign Affairs of the Netherlands (2017).
- 12 The analysis performed by CBS is on SDG and target level. For some SDGs the Netherlands scores well on some targets, but less good on other targets. For the classification of these SDGs we looked whether there are more targets on which the Netherlands is performing well or more targets where there is room for improvement.
- 13 Report on the implementation of the Sustainable Development Goals, Ministry of Foreign Affairs of the Netherlands (2017), p. 18.
- 14 Meten van SDGs: een eerste beeld voor Nederland, CBS (2016), p. 29-30, 33-37, 40-41.
- 15 Meten van SDGs: een eerste beeld voor Nederland, CBS (2016), p. 11, 23, 27, 31-33.
- 16 The Carbon Disclosure Project (CDP) is a non-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
- 17 Refer to Appendix A.5 for the full list of indicators.
- 18 Refer to Appendix A.3 for the methodology.
- 19 Refer to Appendix A.6. for the full list of performance indicators.
- 20 A comment here is that the percentages of companies reporting on a particular performance indicator does not give information on how well this score is in terms of actual performance.
- 21 The two exceptions are the weight of produced waste and the scope 2 CO<sub>2</sub> emissions.
- 22 Business Reporting on the SDGs - An Analysis of the Goals and Targets,  
<https://www.pwc.com/gx/en/sustainability/publications/assets/sdgs-business-reporting-analysis.pdf>
- 23 Refer to Appendix B for an overview of the assessed companies.



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## Contacts

*If you'd like to talk through what the SDGs mean for your business and how best to engage with them, please do get in touch.*

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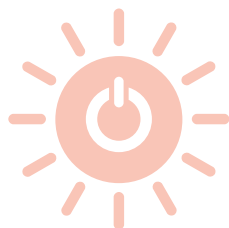


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## Further reading

- The business side of the story – corporate reporting on the SDGs (2017). Global results Challenge 2017. Available at: <https://www.pwc.com/gx/en/services/sustainability/sustainable-development-goals/sdg-reporting-challenge-2017.html>
- Working in an SDG economy – Aligning business activity to the Global Goals (2017). <https://www.pwc.com/gx/en/sustainability/publications/assets/working-in-an-sdg-economy.pdf>
- Delivering the Sustainable Development Goals – seizing the opportunity in global manufacturing (2017). Aligning to the SDGs – the business case and practical steps for the Manufacturing sector. Available at: <http://www.pwc.com/m1/en/publications/documents/delivering-sustainable-development-goals.pdf>
- Navigating the SDGs: a business guide to engaging with the UN Global Goals (2016). A practical guide to the SDGs and their implications and opportunities for business. Available at: <https://www.pwc.com/gx/en/sustainability/publications/PwC-sdg-guide.pdf>
- Make it your business: Engaging with the Sustainable Development Goals (2015). How is business engaging with the SDGs? PwC research with UNGC, WBCSD and GRI explores. Available at: [https://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research\\_FINAL.pdf](https://www.pwc.com/gx/en/sustainability/SDG/SDG%20Research_FINAL.pdf)
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