The sustainable development goals and retailing

Peter Jones* and Daphne Comfort

The Business School,
University of Gloucestershire,
Cheltenham, Gloucestershire,
GL50 2RH, UK
Email: pjjones@glos.ac.uk
Email: dcomfort1@glos.ac.uk
*Corresponding author

David Hillier

The Centre for Police Sciences,
University of South Wales Pontypridd,
Glamorgan CF37 1DL, UK
Email: illier2006@yahoo.com

Abstract: The sustainable development goals (SDGs) agreed at a United Nations General Assembly in 2015 embrace an ambitious and wide ranging set of global environmental, social and economic issues designed to effect a transition to a more sustainable future. The United Nations called on all governments to pursue these ambitious goals but also acknowledged the important role of the business community in addressing the SDGs. This paper provides an outline of the SDGs and offers a commentary on the challenges leading retailers seem likely to face if they are to make a significant contribution to the SDGs. The commentary suggests that while retailers will need to identify and measure their contributions to the SDGs, to integrate their achievements into their sustainability reporting processes and to commission more comprehensive external assurance, fundamental concerns remain about the tensions between sustainability and continuing economic growth.

Keywords: sustainable development goals; SDGs; retailing; economic growth; business engagement.


Biographical notes: Peter Jones is a Professor of Strategic Management in the Business School at the University of Gloucestershire. His research interests are in sustainability and retailing.

Daphne Comfort is a Research Administrator in the Business School at the University of Gloucestershire. Her research interests are in sustainability and woodland management.
The sustainable development goals and retailing

David Hillier is an Emeritus Professor in the Centre for Police Sciences at the University of South Wales. His research interests are in crime and urban design and sustainability.

1 Introduction

The sustainable development goals (SDGs), agreed at a United Nations General Assembly in September 2015, were described as “a plan of action for people, planet and prosperity” (United Nations, 2015a). These goals are ambitious and embrace a wide range of environmental, social and economic issues including climate change, energy, water stewardship, marine conservation, biodiversity, poverty, food security, sustainable production and consumption, gender equality and economic growth. The United Nations called on all governments to develop national strategies to pursue the SDGs but also acknowledged “the role of the diverse private sector ranging from micro-enterprises to cooperatives to multinationals” in addressing these goals. In reviewing future business engagement with the SDGs PricewaterhouseCoopers (2015) argued that when governments sign up to the SDGs “they will look to society and business in particular for help to achieve them”, that the SDGs “will herald a major change for business” and that “business will need to assess its impact on the SDGs and review its strategy accordingly”. That said the Institute for Human Rights and Business (2015) suggested that “the SDGs seem to have quietly re-imagined a new model of business, relapsed as an agent of development, harnessed and channelled by governments and set to work on alleviating poverty and fostering sustainable economic growth for all”. Further the Institute for Human Rights and Business (2015) argued that “business is not an adjunct of aid” and that “economic activity cannot easily be directed to where the need is greatest” but rather “it prospers when provided with the right conditions and the right opportunities”.

The majority of the world’s leading retailers have been pursuing sustainability strategies for some time (Jones et al., 2011) and there is growing awareness that retailers have a vital role to play in promoting the transition to a more sustainable future. Retailers are the active intermediaries between primary producers and manufacturers on the one hand and consumers on the other. As such large retailers can be seen to be in a singularly powerful position to drive sustainable development in three ways, namely through their own actions, through partnerships with suppliers and through their daily interactions with consumers. Durieu (2003), for example, argues that large retailers “can greatly influence changes in production processes and consumption patterns and are well positioned to exert pressure on producers in favour of more sustainable choices”. That said in advertising its 2012 Bi-Annual Conference on Business and the Environment, Globe, a not for profit organisation “dedicated to finding practical business oriented solutions to the world’s environmental problems” posed the questions “is sustainable retailing an oxymoron? and is the overarching need to reduce consumption simply at odds with the very foundation of retailing?” (Globe, 2012). Nevertheless many leading retailers are increasingly keen to publicly report on their sustainability strategies and on their achievements in pursuing these strategies. That said leading retailers will face some daunting challenges if they are to make a genuine contribution to the ambitious and wide
ranging SDGs. With this in mind this commentary paper provides an outline of the SDGs and of efforts being made to promote business engagement with them and offers some reflections on some of the challenges leading retailers will face in looking to contribute to the SDGs. The paper is not empirically based but it includes a number of brief illustrative examples drawn from the world’s leading retailers.

2 The SDGs and business engagement

The SDGs have been described as demonstrating ‘the scale and ambition’ of the United Nations ‘2030 Agenda for Sustainable Development’ which is designed to “shift the world on to a sustainable and resilient path” (United Nations, 2015a). There are 17 SDGs, and 169 associated targets, in ‘a genuinely comprehensive vision of the future’ in which ‘little is left unaddressed’ from “the wellbeing of every individual to the health of the planet, from infrastructure to institutions, from governance to green energy, peaceful societies to productive employment” (Institute of Human Rights and Business, 2015). The ratification of the SDGs is the latest in the line of global sustainable development initiatives which can be traced back to the declaration designed “to inspire and guide the peoples of the world in the preservation and enhancement of the human environment” (United Nations Environment Programme, 1972) following the United Nations Conference on the Human Environment held in Stockholm in 1971. More recently the SDGs are seen to build on the United Nation’s Millennium Development Goals (MDGs) established in 2001. The MDGs were described as having “produced the most successful anti-poverty movement in history” (United Nations, 2015b) but other assessments of the achievements of the MDGs have been less positive. While Fehling et al. (2013), for example, acknowledged that “remarkable progress has been made” they argued that “progress across all MDGs has been limited and uneven across countries”. At the same time the involvement of the business community in the MDGs was limited with PricewaterhouseCoopers (2015) commenting “business, for the most part, didn’t focus on the MDGs because they were aimed at developing countries”.

There are some 17 SDGs (see Table 1) with each one having a number of associated targets. The targets for 2030 for goal 1, namely to end poverty in all its forms everywhere include eradicating extreme poverty, measured as people living on $1.25 per day, ensuring that all men and women and particularly the poor and vulnerable have equal rights to economic resources, access to basic services and ownership and control over land and property; and building the resilience of the poor and vulnerable to reduce their exposure to climate change related extreme events. For goal 6, namely to ensure availability and sustainable management of water and sanitation for all the 2030 targets include achieving universal and equitable access to safe and affordable drinking water for all: protecting and restoring water related ecosystems; and improving water quality by reducing pollution, eliminating dumping and minimising the release of hazardous chemicals. Targets for goal 12, namely to ensure sustainable consumption and production patterns include achieving the sustainable management and efficient use of natural resources by 2030; halving per capita global food waste at the retail and consumer levels and reducing food losses along production and supply chains by 2030; and designing and implementing tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.
In making the case for business engagement with the SDGs PricewaterhouseCoopers (2015) argued that “increasingly companies from all sectors are having to confront and adapt to a range of disruptive forces including globalisation, increased urbanisation, intense competition for raw materials and natural resources and a revolution in technology that is challenging the business models of many sectors while forcing all companies to be more accountable to, and transparent with, all their stakeholders”. More specifically the Global Reporting Initiative/United Nations Global Compact/World Business Council for Sustainable Development (2015) argued that sustainable development challenges are presenting market opportunities for companies to develop innovative energy efficient technologies, to reduce greenhouse gas emissions and waste and to meet the needs of largely untapped markets for health care, education, finance and communication products and services in less developed economies. By enhancing the value of corporate sustainability, and more specifically by integrating sustainability across the value chain, it is argued that companies can protect and create value for themselves by increasing sales, developing new markets, strengthening their brands, improving operational efficiency and enhancing employee loyalty and reducing staff turnover. It is also argued that companies that work to advance the SDGs will improve trust amongst their stakeholders, reduce regulatory and legal risks and build resilience to future costs and regulatory and legislative requirements.

3 Challenges for the leading retailers

The headline call for greater business engagement with the SDGs can be seen as a rallying cry but it masks underlying complexities and tensions. The Institute for Human Rights and Business (2015), for example, argued that the inclusion of businesses in global sustainable development is complex in that “it assumes companies of all different sizes and all different sectors will increasingly operate according to environmental, social and human rights standards…it assumes business models will be reconfigured as necessary to ensure sustainability of products and services, sometimes at the expense of higher profits and it assumes that the business community, in partnership with states and civil society, will channel a greater share of resources towards meeting SDG targets”, through investment as well as philanthropy. More specifically while the leading retailers can be seen to be at the heart of the drive towards a more sustainable future they face a number of major challenges if they are to make a significant commitment to the SDGs and a number of issues merit reflection and discussion.

Firstly retailers face challenges, for example, in determining which of the 17 SDGs (and the 169 associated targets) they select and prioritise. PricewaterhouseCoopers (2015), for example, suggested that self-interest may drive SGD selection and companies may be ‘set to cherry pick the SDGs’. In addressing the former PricewaterhouseCoopers (2015) argued that in the SDG selection process businesses will “see their greatest impact and opportunity in areas that will help drive their own business growth”. Further PricewaterhouseCoopers (2015) argued that “when business profits from solving social problems, when it makes profit while benefiting society and business performance simultaneously, it creates solutions that are scalable and asks should we question the motives of business if their activity and ingenuity works in the benefit of society”. In addressing cherry picking the SDGs PricewaterhouseCoopers (2015) argued that “It’s clear that business doesn’t intend to assess its impact across all the SDGs, its plan is to
look at those relevant to their business or a sub set of these. It’s less about picking the easiest, most obvious or positive ones and more about picking the ones that are material to the business”.

Many large companies increasingly employ a range of stakeholder engagement processes to determine the material issues, namely the explicit identification and prioritisation of the environmental, social and economic issues which inform their sustainability strategies, but, to date, this practice is currently poorly developed within the retail sector of the economy. In 2015 Walmart the world’s largest retailer, for example, reported that the company had begun its first formal materiality review which embraced a range of stakeholder groups, including customers, employees, suppliers, investors, governments, and non-governmental organisations, but offered no information on the mechanics of this process of stakeholder engagement or how it would inform the identification and prioritisation of the company’s sustainability agendas. Tesco, the UK’s largest retailer, emphasised its commitment to “our big three ambitions namely to lead in reducing food waste globally, to improve health and through this help to tackle the global obesity crisis and to create new opportunities for millions of young people around the world”. While these ambitions certainly strike a chord with some of the SDGs they seem to reflect the company’s executive decision making rather than a materiality review and/or a related process of stakeholder engagement.

More generally within this selection and prioritisation process there is a generic issue concerning the nature of the relationship between company interests and stakeholder interests. Where a company, and more specifically its executive management team, is principally, and sometimes exclusively, responsible for identifying and determining material issues, such issues seem more likely to reflect strategic corporate goals rather than a strong commitment to sustainability per se or to the SDGs. Here there are issues about the way in which leading retailers implicitly define sustainability and construct their sustainability agendas. While the majority of leading retailers publicly emphasise their commitment to sustainability they can be seen, individually and collectively, to have constructed a specific definition of the concept. This definition is primarily built around business efficiency and cost savings and is driven more by business imperatives than by any concern with sustainability. While many of the environmental agendas addressed by the leading retailers are designed to reduce energy, water consumption and waste emissions, for example, they also serve to reduce costs. In a similar vein the retailers’ commitments to their employees focusing for example, upon good working conditions, health and safety at work and training all help to promote stability, security, loyalty and efficiency within the workforce.

These business imperatives are most pointedly expressed in the sustainability report posted by Costco. In addressing climate change, for example, Costco reported “factors associated with climate change could adversely affect our business” and that increased government regulation “to limit carbon dioxide and other greenhouse gas emissions may result in increased compliance costs and legislation or regulation affecting energy inputs that could materially affect our profitability”. Costco further reported that “climate change could affect our ability to procure needed commodities at costs and in quantities we currently experience”. More generally Bannerjee (2008) argued that “despite their emancipatory rhetoric, discourses of corporate citizenship, social responsibility and sustainability are defined by narrow business interests and serve to curtail the interests of external stakeholders”. As such the successful progressive adoption of the SDGs may require a fundamental change in corporate culture but as Fernando (2003) argued
capitalism has shown remarkable creativity and power by appropriating the languages and practices of sustainable development”.

Secondly retailers may be faced with the dilemma whether to develop new sustainability strategies and targets specifically to meet a number of the SDGs or whether simply to map their existing strategies onto the SDGs. Carrefour, for example, lists its sustainability commitments as protecting biodiversity; building partnerships with supplier; protecting the environment; protecting human rights; offering safe, high quality products; motivating the company’s employees; and developing local solidarity. Many, arguably all, of these commitments strike a chord with the SDGs. In addressing the protection of human rights, for example, the company looks to focus on “improving the social responsibility compliance of the sites run by Carrefour suppliers, ensure our suppliers comply with human rights and participating in global standards” while in addressing environmental protection specific targets include “reducing energy consumption in stores by 30% per square metres of sales area by 2020, compared to 2004” and “reducing greenhouse gas emissions by 40% by 2020 compared with 2009 in France, Belgium, Spain and Italy”. In a similar vein the United Nations (2016) list Walmart as a partner in ‘Solutions for Youth Employment’, a multi-stakeholder coalition, which is claimed to addresses SDGs 4 and 8 and in the World Business Council for Sustainable Development’s Climate Smart Agriculture, an industry collaboration to increase resilience and adaptation to climate change which is claimed to address SDGs 2 and 13.

More specifically if the leading retailers are to identify and pursue sustainability strategies that are integrated into the SDGs they will also need to measure their achievements and to integrate their achievements into their sustainability reporting processes. In addressing measurement PricewaterhouseCoopers (2015) suggested that “the success of the SDGs has a huge reliance on data and warned that defining which indicators are relevant, how current business metrics align to them and potentially developing additional ones, and working out how to measure success against them, will be a significant time outlay for business as well as investment across their operations”. van Wensen et al. (2011) defined sustainability reporting as “the provision of environmental, social and governance information within documents such as annual reports and sustainability reports”. The SDG Compass, for example, emphasised to companies that “It is important to report and communicate on your progress against the SDG’s continuously in order to understand and meet the needs of your stakeholders” (GRI/UNGC/WBCSD, 2015). In some ways sustainability reporting has become an ‘industry’ in itself and a number of private companies and voluntary organisations offer sustainability reporting services and frameworks. The United Nations Environment Programme (2013), for example, identified a number of ‘reporting frameworks and protocols, reporting systems, standards and guidelines’ but reported that the Global Reporting Initiative ‘has become the leading global framework for sustainability reporting’ and cited its comprehensive scope, its commitment to continuous improvement and its consensual approach as being important in contributing to its pre-eminence in the field. Originally founded in 1997 the Global Reporting Initiative reporting framework has progressively evolved from the original G1 Guidelines launched in 2000 to the current G4 Guidelines introduced in 2013. The external assurance of sustainability reports is of central importance within the new guidelines.

While many large companies currently claim that their sustainability reports follow GRI G4 guidelines their approach to independent external assurance is often limited
and/or confined solely to a small number of sustainability issues and targets. The world’s leading three retailers namely Walmart, Costco and Kroger did not commission independent external assurance as part of their most recent sustainability reporting processes. In itemising its adherence to the GRI Guidelines and more specifically in addressing the company’s ‘policy and current practice with regard to seeking external assurance’ for its 2016 sustainability report, Walmart’s response, for example, was “we did not seek external assurance for this report”. Lidl, the world’s fourth largest retailers currently does not publish a sustainability report and the fifth ranked retailer, Tesco, only provided external assurance on carbon emissions and food waste. While the failure to commission external assurance on the sustainability reporting process is currently not a problem per se as sustainability reports are themselves voluntary and accompanying assurance statements are not subject to statutory regulation. However the lack of comprehensive independent assurance can be seen to undermine the credibility and integrity of the sustainability reporting process. However for large companies capturing and aggregating data on a wide range of environmental, social and economic issues, across a wide range of business activities throughout the supply chain and in a variety of geographical locations and then providing access to allow external assurance is a challenging and potentially very costly venture. It is also one which many companies currently choose not to pursue. In looking to the future if companies are to publicly demonstrate and measure their commitment and contribution to the SDGs then the independent assurance of all the data included in sustainability reports would seem to be essential. That said in providing guidance on “effective reporting and communication the SDG Compass simply notes companies can make use of competent and independent external assurance as a way to enhance the credibility and quality of their reports” (GRI/UNGC/WBCSD, 2015).

Thirdly there are fundamental concerns about the underlying tensions between sustainability and economic growth and more pointedly about whether continuing economic growth is compatible with sustainable development. Some critics would suggest that continuing economic growth and consumption, dependent as it is, on the seemingly ever increasing depletion of the earth’s natural resources is fundamentally incompatible with sustainability. Higgins (2013), for example argued “the economic growth we know today is diametrically opposed to the sustainability of our planet”. However, in outlining its agenda for the SDGs the United Nations (2015a) argued “sustained, inclusive and sustainable economic growth is essential for prosperity” but failed to define the term sustainable economic growth or to explicitly recognise the environmental impacts and consequences of continuing economic growth. In an arguably more measured approach the SDG Compass argued that “companies will discover new growth opportunities” whilst ensuring that “the global economy operates safely within the capacity of the planet to supply essential resources such as water, fertile soil, metals and minerals thereby sustaining the natural resources that companies depend on for production” (GRI/UNGC/WBCSD, 2015) but there is no treatment of if, and how, this complex equation might be resolved. In many ways the leading retailers’ position on sustainability and economic growth has been epitomised by Sir Terry Leahy, the then Chief Executive Officer of Tesco, in his ‘foresight’ contribution at the start of The Global Coca Cola Retailing Research Council Forum (2009) report, who argued that, at that time, his company “is seeking to create a movement which shows that it is possible to consume, to be green and to grow…. “.
Innovation, particularly technological innovation, is widely seen to offer an important means of increasing production efficiency. The SDG Compass, for example, stressed the importance of harnessing “innovative technologies to increase energy efficiency, renewable energy, energy storage, green buildings, and sustainable transportation” and of substituting “traditionally manufactured and processed products by ICT and other technological solutions that reduce emissions and waste” (GRI/UNGC/WBCSD, 2015). More specifically Carrefour under the banner ‘innovating for a sustainable business’ argued that “by placing innovation and utility at the centre of its economic model, Carrefour and its employees are helping the commercial and social model of the company to move forward every day”. In a similar vein in addressing climate change Walmart argued that “companies must also drive for technological innovation, improved processes and scientific advances that produce faster results as we move closer to greenhouse gas emission levels that may cause irreversible change”. However Huesemann (2003) argued that “improvements in technological eco-efficiency alone will be insufficient to bring about the transition to sustainability”. More generally Schor (2005) argued that “the popularity of technological solutions is also attributable to the fact that they are apolitical and do not challenge the macrostructures of production and consumption” and that “they fail to address increases in the scale of production and consumption, sometimes even arguing that such increases are unsustainable if enough natural-capital-saving technical change occurs”.

The concept of sustainable consumption, which Cohen (2005) has described as “the most obdurate challenge for the sustainable development agenda” can be seen to provide a particularly daunting challenge for retailers, which want to engage with the SDGs. In addressing goal 12 namely to ‘ensure sustainable consumption and production patterns’ the United Nations Development Programme (2016) stressed the need to “urgently reduce our ecological footprint by changing the way we produce goods and services”. The SDG Compass couched its guidance to companies on sustainable consumption and production in terms of shared value and stressed the overall importance of energy efficiency and waste reduction strategies, for example, rather than a more explicit and measurable focus on reducing corporate or individual ecological footprints. Here again a number of the leading retailers have stressed their commitment to reducing food waste. Under the banner ‘consuming properly, wasting less’ Carrefour, for example, reported its commitment ‘to reducing its wasted food by half by 2025’ and that the company had ‘implemented a comprehensive plan to tackle waste in all areas’ including ‘products packaging, water and energy, transport and more’. Tesco also reported on its commitment to ‘reducing food waste’. A commitment which embraces not only reducing waste within stores but also to reduce losses in the growing and processing stages of the food chain. That said within many developed economies there is little evidence of any significant consumer appetite for sustainable consumption and here the European Commission’s (2012, p.9) recognition that “sustainable consumption is seen by some as a reversal of progress towards greater quality of life in that ‘it would involve a sacrifice of our current, tangible needs and desires in the name of an uncertain future’ resonates. This view is supported by Reisch et al. (2008) who argued that although moving towards sustainable consumption is a major policy agenda, “growth of income and material throughput by means of industrialization and mass consumerism remains the basic aim of western democracy”.

The sustainable development goals and retailing 615
4 Conclusions

The SDGs offer an ambitious and wide ranging global vision for a sustainable future. While the transition to such a future demands commitments from governments and all sections of society as well as universal changes in mind-sets and behaviours, the United Nations has called on all businesses to play a central role in achieving the SDGs. Here the underlying aim is to connect business strategies to global priorities for people and the planet. The leading retailers as the active intermediaries between primary producers and manufacturers on the one hand and consumers on the other can be seen to be in a singularly powerful position to play an important role in helping to achieve the SDGs. However if the leading retailers are to fulfil this role in promoting the transition to a sustainable global future they will it face a wide range of fundamental and dynamic challenges. That said fundamental concerns remain about the tensions between sustainability and continuing economic growth.

Table 1 The SDGs

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</td>
</tr>
<tr>
<td>2</td>
<td>Ensure healthy lives and promote well-being for all at all ages</td>
</tr>
<tr>
<td>3</td>
<td>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</td>
</tr>
<tr>
<td>4</td>
<td>Achieve gender equality and empower all women and girls</td>
</tr>
<tr>
<td>5</td>
<td>Ensure availability and sustainable management of water and sanitation for all</td>
</tr>
<tr>
<td>6</td>
<td>Ensure access to affordable, reliable, sustainable and modern energy for all</td>
</tr>
<tr>
<td>7</td>
<td>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</td>
</tr>
<tr>
<td>8</td>
<td>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</td>
</tr>
<tr>
<td>9</td>
<td>Reduce inequality within and among countries</td>
</tr>
<tr>
<td>10</td>
<td>Make cities and human settlements inclusive, safe, resilient and sustainable Ensure sustainable consumption and production patterns</td>
</tr>
<tr>
<td>11</td>
<td>Ensure sustainable consumption and production patterns</td>
</tr>
<tr>
<td>12</td>
<td>Take urgent action to combat climate change and its impacts</td>
</tr>
<tr>
<td>13</td>
<td>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</td>
</tr>
<tr>
<td>14</td>
<td>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</td>
</tr>
<tr>
<td>15</td>
<td>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</td>
</tr>
<tr>
<td>16</td>
<td>Promote, just, peaceful and inclusive societies</td>
</tr>
<tr>
<td>17</td>
<td>Strengthen the means of implementation and revitalise the global partnership for sustainable development</td>
</tr>
</tbody>
</table>

Source: United Nations (2015a)
The sustainable development goals and retailing

References


