

January 2020



TOWARDS 2030

THE SUSTAINABILITY DELIVERY DECADE

Using digital & financial
innovations to accelerate
business transformations
and contributions to a more
resilient and inclusive society



Executive Summary

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This document is an executive summary. Please download the full Report from our website [here](#) or browse other Ksapa publications [here](#). This report provides insights based on hands-on experience and practical examples to contribute to advance sustainability performance of companies and investors. This, by using the latest cutting-edge innovative approaches of how to best apply sustainability to your business and operations. We hope this perspective is helpful. Get in touch with us for more at: contact@ksapa.org

PROBLEM STATEMENT

In essence, frustration with years of stagnant wages, the effect of technology on jobs, uncertainty about the future where climate change is a major concern, and continuous deterioration of the natural environment have fueled public frustration, anger, and in some cases renewed nationalism and xenophobia. In a yet more interconnected and global world, there is an alarming tendency of closing oneself up to the surrounding world – when closer ties between actors are needed. Confidence and trust in multilateralism and official institutions have deteriorated, giving uprisings leading to social unrest and unstable political environments around the world. Governments are increasingly seen as incapable of providing quick and lasting solutions, and as a result, society is increasingly turning to companies for help to overcome and address pressing social, environmental and economic issues. Regulatory pressures are closing in, and new legally binding treaties are also being discussed at UN level, along with a growing number of market-level regulatory initiatives encouraging companies to define clear pathways to understand and mitigate human rights risks across operations and global supply chains. Companies are also increasingly scrutinized for their impacts on society and the environment, but also down-prioritized by investors increasingly searching for performance along these extra-financial issues. Companies are understood as having a responsibility to take due to the size of their power. **It is fair to believe that the pressure on businesses to take a stance on these social and environmental issues and to demonstrate progress has never been greater and is expected to continue increasing. Today, it is key for a company's survival. But it can also be a key for its success.**

The 2020's are the "Delivery Decade". Countdown is on. Business resilience and capacity to remain acceptable and generate long-term value is at stake. Jeremy Rifkin, for instance, believes that the carbon exposure will radically impact businesses and economies by 2028 at the very latest. (Rifkin, 2019). By zooming in, lessons can be learned.

What is really new to engage in the delivery decade with new solutions to accelerating pressure and challenges? Digital technologies disrupt the way the world works. Innovative finance solutions are emerging, accelerating access to much needed resources to change scale and impact of the transformations needed to deliver on Agenda 2030 global societal priorities. Businesses need to embrace digital and innovative finance solutions to stay relevant and thrive.

In this report, **we are exploring ways to deploy technologies and innovative financing generating return and impact on these sustainability areas.** We have identified interesting initiatives which show **how corporations and finance can work together, harnessing new technology and innovative finance solutions to scale-up their positive impact.**

The report also highlights the need to consider the cross-cutting nature of many aspects and the linkages with other SDGs. It is for instance obvious that tackling root causes generating poverty, insufficient access to quality education or gender has a significant impact on many environmental challenges such as quality on earth, climate action or sustainable cities.

Last, this report is here to foster dialogue between stakeholders, inspire decision makers, encourage everyone to do more and better than any finding hereby provided.



AT STAKE

1. SDGS ARE CLEARLY FRAMING GLOBAL PRIORITIES FOR BUSINESS AND EVERY STAKEHOLDER

Agenda 2030 (as well as Paris Agreement) are framing a clear global agenda for every stakeholder, including business. Corporations unable to lead with purpose aligned with SDGs and unable to find the right transformative dynamics strengthening fast their own resilience and inclusiveness are not geared to generate long term value and to address the growing pressure of their stakeholders. The OECD Business for Inclusive Growth pledge, supported by a growing number of multinational companies, provides an illustrative perspective on why it is imperative for businesses to work significantly harder on inequalities now.

2. TECHNOLOGIES HAVE POTENTIAL TO SIGNIFICANTLY AMPLIFY SUSTAINABILITY PROGRAMS ADDRESSING SDGS

Technologies being an enabler is old news: every industrial revolution has been led by technologies enabling to accelerate productivity as well as management of greater business complexity. Scale, the effect from interconnected technologies as well as acceleration are what makes this digital revolution currently underway truly unique.

- Every business from every perspective anywhere in the world is impacted. This is scale.
- The variety of technologies – machine learning, Artificial Intelligence, Internet of Things, blockchain, applications accessible on smartphones, 5G, AR/VR, drones... are multiplying effects when combined together. This is the interconnected effect.
- Most solutions are deploying fast and areas of application will grow exponentially in the decade to come. Both blockchain and 5G, for instance, are in the very beginning of its deployment and keep finding new business applications. This is acceleration.

Scale, interconnection and acceleration **are three important forces needed to tackle the delivery decade with the right ambition and meet Agenda 2030 Sustainable Development Goals.**

3. MASSIVE CAPITAL SEEKING INVESTMENT OPPORTUNITIES AND PERTINENT TO FUND TRANSITION AND AGENDA 2030 GOALS

Levels of financial assets valuation made possible, among others, by the monetary policies of the past decade have reached all-time high levels in many sectors. Recent acquisitions by mainstream rating agencies of extra-financial agencies specializing in non-financial rating, climate risk estimation or big data processing illustrate a growing interest to include extra-financial analysis at large scale from mainstream investors, as does the multiplication of dedicated funds and the shift of an increasingly significant proportion of existing institutional investment vehicles to Green, SRI (Socially Responsible Investment) or ESG labels.

What these examples demonstrate is the **redesign of the risk/return trade-off in the assessment and definition of corporate financial analysis. This recast is directly linked with the redefinition of the role of corporations in society, and in particular of the impact of its activities in the social and environmental fields.**

In other words, we're entering a new decade where there are plenty of liquidities and a growing number of investors and asset managers interested in exploring ways to update the reading of the risk/return trade-off. These investors and asset managers increasingly factor environmental, social and governance criteria and/or value impact as part of their risk and portfolio management. They can become key partners of sustainability leaders to provide the liquidities needed to support economy transition **and adaptation to Agenda 2030 societal goals.**



Supported by an extensive review of recent research, this report screened the maturity of 80 companies and investors, through primary and secondary research, and explored inspiring initiatives which show the way forward



6 Sustainability Priorities

Business and investors are taking efforts to **mitigate climate risks, preserve biodiversity, and address the demand for more social justice**

Decarbonization, Water, Deforestation, Circularity, Inclusive Growth, Human Rights

3 Principles to Scale Up Cost-Effective Tech Solutions Accelerating Sustainability Transformation of Business and Finance

The report covers the latest trends concerning pertinent digital technologies and their business applications for **AI, VR, AR, IOT, Blockchain, Robots, Quantum Computing, 5G** and others

3Cs Principle: Connect, Combine, Calibrate



13 Innovative Finance Solutions Can Create Scalable and Effective Ways of Channeling Private Resources Towards Financing the SDGs

In the context of high liquidities, growing interest in ESG performance, and the debate around the role of companies, **better finance can accelerate business transition for more resilient and inclusive economies**

ESG Linked Loans & Bonds, Impact Investing, Coalitions, Platforms & Blended Finance, Renewed Shareholder Practices, Tokenization, Cryptocurrencies, Decentralized Finance, FinTech & InsurTech 4 Good, Artificial Intelligence



KEY FINDINGS FROM THE STUDY

1. LARGE (AND SMALLER) COMPANIES ARE EXPOSED TO MAJOR RESILIENCE CHALLENGES FOR THE DECADE TO COME.

Climate on its own is calling for fast transformation and adaptation of business models in the decade to come. For example, 53% of 6900+ companies reporting to CDP anticipate both physical risks, such as extreme weather patterns and rising global temperatures, and transitional risks, such as potential legal and policy changes.

2. LARGE COMPANIES ARE POORLY ABLE TO PROJECT THEIR SUSTAINABILITY AMBITION FOR NEXT DECADE (E.G.: 2025).

The November 2019 BSR/GlobeScan State of Sustainable Business Survey surveyed 125 multinational companies, concluding that approximately 50% of companies set 2020 as a key milestone for their sustainability strategy and just over a third of companies are focusing on 2025 as their next major milestone.

3. SUSTAINABILITY TARGETS TO DATE ARE GENERALLY NOT ALIGNED WITH IMPERATIVES DESIGNED THROUGH AGENDA 2030 GLOBAL GOALS.

For instance, too few companies are committed to 1.5-degree trajectory. As of December 2019, support for the TCFD (Task Force on Climate-related Financial Disclosures) represents a market capitalization of USD 11 trillion. This is less than 3% of the global financial market.

4. TECH IS A BUZZ WORD AND EVERY COMPANY WOULD CLAIM TO DIGITALIZE BUSINESS.

Just too few anecdotal examples do really show how companies are leveraging the potential of new techs to provide transformative solutions addressing their most pressing material sustainable challenges.

5. COMPANY MATURITY USING INNOVATIVE FINANCE SOLUTIONS TO SCALE-UP AND ACCELERATE DEPLOYMENT OF SUSTAINABILITY SOLUTIONS REMAINS LIMITED,

at a time when liquidities are available, and at a time when green bonds or blended finance solutions are increasing rapidly.



Conclusions

THE COUNTDOWN IS ON

The 2020's are the "Delivery Decade". Countdown is on. Business resilience and capacity to remain acceptable and generate long-term value is at stake. We anticipate major social and environmental disruptions with the capacity to generate high risks, and opportunities for business and investors able to transform and adapt to the delivery decade market and societal expectations.



SOLUTIONS ARE AVAILABLE

Digital technologies disrupt the way the world works. Innovative finance solutions are emerging, accelerating access to much needed resources to change scale and impact of the transformations needed to deliver on Agenda 2030 global societal priorities. Businesses need to embrace digital and innovative finance solutions to stay relevant and thrive.

CONSTRUCTIVE OPTIMISM IS OUR ULTIMATE INGREDIENT TO SUCCEED

We are not naïve nor candid. We are well aware of the energy challenges scaling up digital solutions for instance. We are also well aware that a very large part of global finance will not explore extra-financial performance in the years to come. Too big to change.

It's a matter of perspective. Instead of looking at a half-empty glass, we prefer to have a constructive, optimistic attitude looking at a half-full glass! Our world "just" needs to convert 1% of global finance every year (USD 3-4 trillions on annual basis) to make serious progress towards Agenda 2030. There is a long way to go.

This is a journey and we're just entering the Delivery Decade. Much more is underway. Much more will come. Much more will positively surprise us all. Growing urgency will help to accelerate change as well. We are realistic, yet we want to approach the Delivery Decade with a positive mindset. **Optimism is the ultimate ingredient we all need to deliver at the scale needed for the 2020 decade to build more resilient and inclusive societies.**



Ksapa.org

Our mission at Ksapa is to provide scalable innovative solutions to help finance and business to accelerate impact on their Sustainable Development Goals (SDGs) priorities. We help to build more resilient, more inclusive yet more competitive operating models through strategic advice, impact investing solutions design and management, and advocacy.

Ksapa & Advocacy

We are a social purpose corporation. We want to encourage investors and businesses to generate value and competitiveness through strong impact on the priority SDG relevant to their portfolios and operations. We provide regular perspectives to accelerate engagement and shift of finance and companies to meet SDGs by 2030, using the following editorial lines:

- Provide briefings addressing industry-wide hotspots where lack of resilient and inclusive business models is generating high risks for investors and companies
- Influence practices of investors, companies and regulators to accelerate resilience and inclusive growth

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