

# Sustainable Development Goals: "the closest thing the world has to a strategy"

What are the SDGs? The Sustainable Development Goals (SDGs), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The goals are interconnected – often the key to success on one will involve tackling issues more commonly associated with another.

What is Corporate Venturing? Corporate Venturing teams engage with entrepreneurs as a way to bring new ideas and energy into the business. Corporate Venturing activities can include running incubators, accelerators and investing through corporate venture capital funds.









# SDGs and Corporate Venturing: A Roadmap for 21st Century Strategy

Education

and Equality

Peace, Justice and Strong

Infrastructure and

**Smart Cities** 

\$ USD 3 Billion

102 deals

Manufacturing equipment

iculture and Ag Tech. Space

and Satellite Tech Robotics

Artificial/advanced materials

## Corporates have resources to make a difference

in Cash. Cash Equivalents and Short Term Investments on balance sheets

5.3% CAGR over the last



# What's Going Wrong?

Capital availability for dividend top-ups and share buy-backs are two often cited reasons for these growing corporate war chests. Graham and Leary (2017) also attribute the aggregate growth in cash globally in part to the disincentive of large corporates in certain countries to repatriate cash from overseas entities. This makes us believe that this 'cash trap' has historically restricted cash uses, including, arguably, its deployment to impactful venturing activities.

There are well understood reasons why businesses are holding cash on thei balance sheet, some have their origins in the financial crisis. We are coming ou of this dark period and corporations are finally putting long-term investmen back on their priority lists. The winners will be those corporations who take the long view and invest where the world is heading, not where it is or was!'

Professor of Entrepreneurship, Saïd Business School, University of Oxford

# **Enter Corporate Venturing**

# And they are tracking to SDG areas

As indicated in the image to the right, many areas of investment that align with the SDGs are already hot topics in corporate venturing

We all feel things are changing rapidly in this world. The SDGs provide a excellent roadmap for corporate venturing teams who want to invest in areas that are going to grow in importance for their business strategy in the year

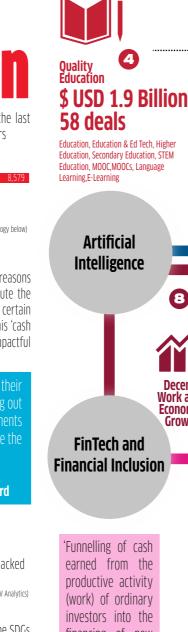
#### James Mawson

Founder and Editor-In-Chief, Global Corporate Venturing

The cash exhibit draws financial data from the S&P Capital IQ screening tool as of April 2018. The analysis includes Cash, Cash Equivalents and Short-Term Investments from 13,793 companies that meet the following criteria: (1) generated more than USD\$100mm in revenues in 2017 o 2016: (2) trade as public companies or public investment firms; and (3) classify as "Operating" in S&P Capital IO's Company Status field. S&P Capital IQ defines Operating companies as those that are not controlled, such as companies where no majority stake is held by any single company. This analysis excludes companies classified as "Operating Subsidiaries", which are defined by S&P Capital IO as companies where a stake of 50% or more lies with any other company, and the stake is held for strategic reasons, as opposed to being held for investment purposes.

Miss Fresh Connecting producers of high quality fresh produce and their consumers more efficiently with a commitment to reconstruct the supply chain.





'Funnelling of cash earned from the productive activity (work) of ordinary investors into the financing of new productive activity that will boost econ-

omies and make everyone better off in the long run' Somerset Webb, M. (2018). Merger stock markets. Financial Times.

**INVESTORS** 

### Vehicles, 3D printing, Other (Industrial) **New Economic** Internet **Growth Pathways** of Things 8 10 13 **Life Below** Responsible Climate Decent Reduced Life on Work and **Production Climate Change Battery Power** and and Energy **Climate Action** \$ USD 15 million 6 deals Water, Water Tech, Water Security and Management System, Water Purification 6 Agriculture **Health Tech** and Food Pharmaceuticals, Medical devices & diagnostics, Healthcare IT/ Administration Care provision & on-demand services, Other (Health) \$ USD 14 Billion

Renorted deals in 2017 [SOURCE: GCV Analytics]

**Zero Hunger** 

### SDG Deal Flow Exists

Using the Possibilian SDG assessment framework, these 4 deals are (or have the potential to) make a direct, net-positive impact to the SDGs outlined below

**Lightsource** Solar power generator which at end of 2017 had commissioned 1.3 GW of solar capacity and manages about 2 GW of capacity under long-term operations and maintenance contracts

Lemonade Home insurance company which uses behavioural economics and Grail is a life sciences company whose mission is to detect cancer early, when it can technology to help assess risk and returns unclaimed funds to causes their policyholders be cured. care about. Lemonade is also a Certified B Corp.

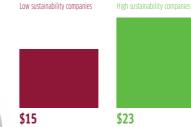
**INVESTORS** 

428 deals

# Why you should get involved?

Corporates should allocate more capital towards innovation focussed on SDGs instead of relying on short term strategies of dividend top ups or shareholder buybacks. Why?

## It's good for your business



The benefits of proactive engagement in sustainability are so strong that \$1 invested in high sustainability companies in 1992 was worth \$23 by 2010, whereas the low sustainability companies would have given a return of just \$15, a difference of 50%.

How to Become a Sustainable Company, MIT Sloan Management Review. Eccles. R., Joannou. L., Serafeim. G., 2012.

# Your investors will thank you

In addition to Larry Fink's letter to CEOs in early 2018, Vanguard's Bill McNabb and 9 other asset managers, together managing \$ US 15 trillion in assets, want chief executives to talk about long-term growth plans and risks with a minimum five-year trajectory including their interactions with society and mindful of climate change related risks. The letter concludes with:

o generate short-term results."

(CECP: Force for Good and Tett. 2018)

Tett, G. (2018). In the Vanguard: Fund giants urge CEOs to be 'Force for

# Your employees will thank you

benefit a cause. Achieve (2014). INSPIRING THE NEXT GENERATION WORKFORCE. THE 2014

of millennials want to use their skills to

Your kids will thank

Just ask them.

The SDGs offer both an enormous opportunity for investors and a set o objectives that desperately need more capital if they are to be achieved. Fo mpact investors, SDG-aligned deals provide clear, measurable, impact goal as well as, potentially attractive returns

Professor Alex Nicholls, Professor of Social Entrepreneurship Saïd Business School, University of Oxford

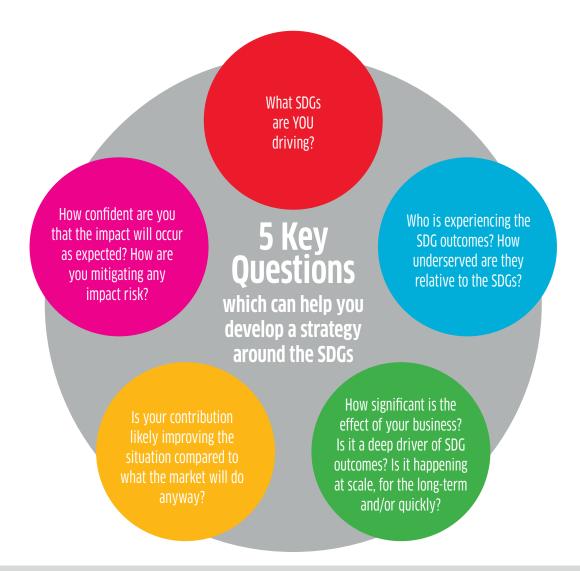
for the first time, due to the SDGs, companies have a framework to invest i ustainable development in an ongoing and scalable way, while also pursuir future-friendly business strategy. The SDGs are interrelated and the prival ector will play an important role in supporting and scaling innovation areas such as renewable energy, smart cities and providing increased acces: o financial services, healthcare and education.'

**Elizabeth Boggs Davidsen UNDP** 

Johnson & Johnson, Amazon, Bristol-Myers Squibb, Celgene, McKesson Ventures, Merck, Tencent

Holdings Limited Varian Medical Systems Inc.





## **SDG Resources**

If you're interested in learning more about tools to help you engage more directly in the SDGs, please check out the following resources.

#### **Impact Management Project**

Learn more about the five dimensions of impact, summarized in the questions above, as agreed by thousands of practitioners around the world. You'll find templates, training materials and links to useful resources to manage your positive and negative impacts as a business -- and explore your contribution as an investor to the SDGs.

impactmanagementproject.com

### The SDG Platform, based on the B Impact Assessment

B Lab and the UN Global Compact have partnered to create an actionable management platform for businesses to assess, compare and improve their performance against the SDGs. Before the platform goes public in late 2019, prospective users will test the metric sets as they roll out, prototype the online platform through development, and pilot features as they are completed. If you are interested in being a part of this development, please email

Contact Laura Velez Villa at lvelez@bcorporation.net

#### **Possibilian Ventures**

Possibilian Ventures is an emerging fund manager dedicated to embedding impact in the mainstream venture ecosystem. Their assessment framework helps investors understand where and how their portfolio aligns with SDGs.

possibilian.vc

ventureforgood.org

#### **Global Corporate Venturing**

Visit the Global Corporate Venturing website and register for the regular newsletter and daily deals to see where corporate venturing teams are focusing their resources. We'll also be posting regular updates on SDG-related activity and relevant reports and articles

globalcorporateventuring.com

If you'd like to learn more about work on the Sustainable Development Goals (SDGs) at Saïd Business School, University of Oxford please email:

SDG@sbs.ox.ac.uk

If you'd like to learn more about work on the Sustainable For more on corporate venturing and SDGs please get in touch:

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