

Sustainable Development & Corporate Social Responsibility

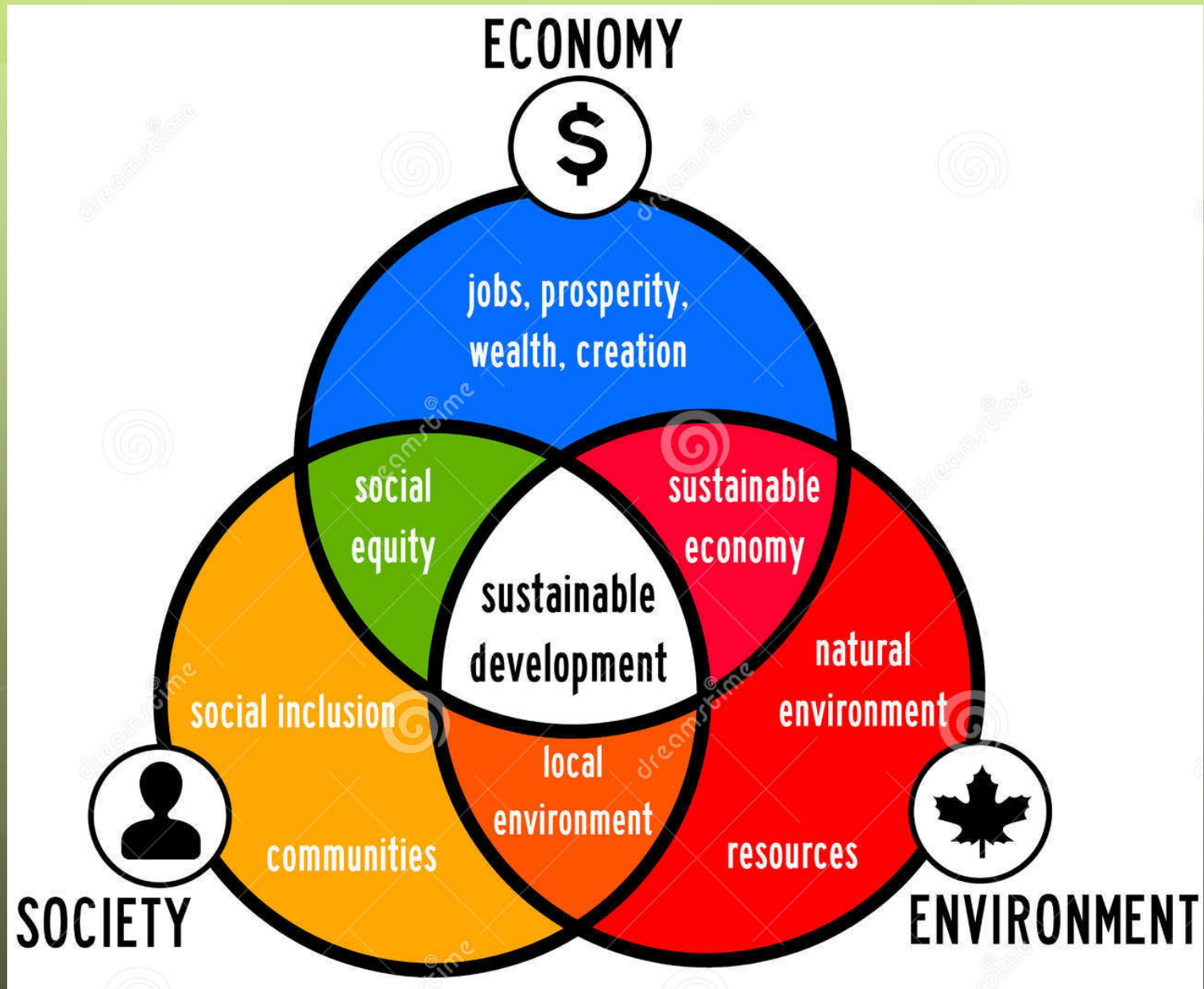
Alessandra Goria

**Public economics seminars,
LIUC, 2nd of March 2018**

Definition of Sustainability

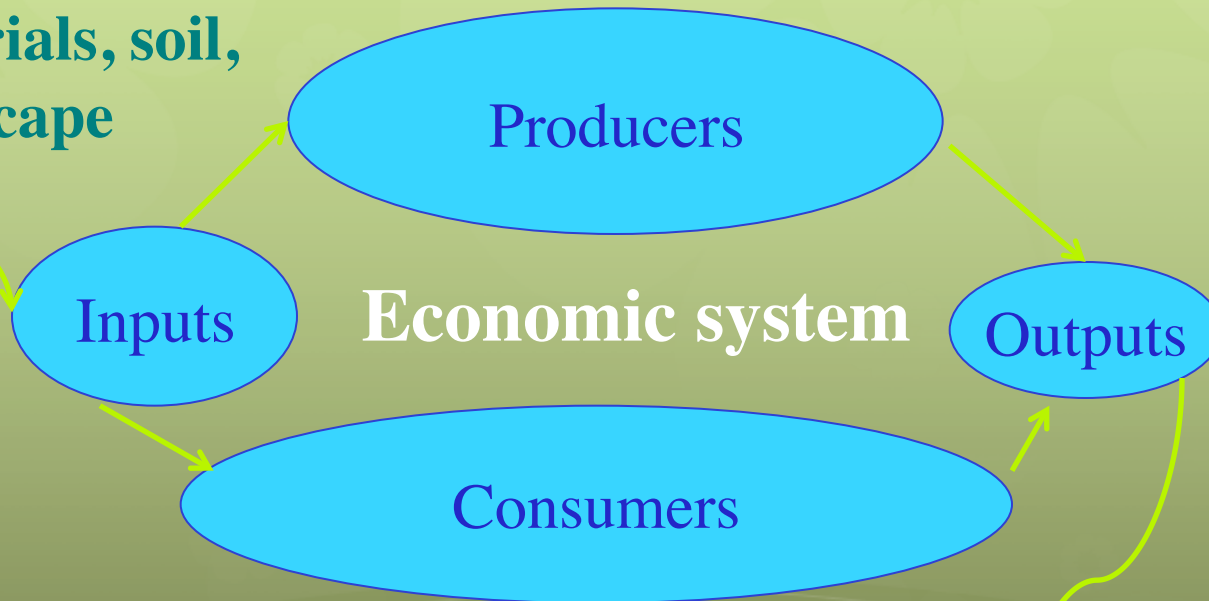
- ✿ **Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs (Brundland Report, World Commission on Environment and Development, 1987)**

The three pillars of sustainable development



The socio-economic system and our environment

Energy, water, air,
raw materials, soil,
landscape



Air, water and soil pollution,
solid waste

The big trade-off

Efficiency ↔ equity

- ✓ Economics pursues efficiency
- ✓ Environmental and social values call for equity => **intra and inter-generational equity**

International policies towards Sustainable Development

- **RIO 1992 – United Nations Conference on Environment and Development => Agenda 21 & three Conventions, i.e. Conventions on Climate Change, Desertification and Biodiversity**
- **2002 - Johannesburg – World Summit on Sustainable Development**
- **2012 - Rio+20**
- **2000 => UN Millennium Development Goals, which ranged from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education by 2015**
- **2015 => "Transforming our World: The 2030 Agenda for Sustainable Development"**

The Global Goals



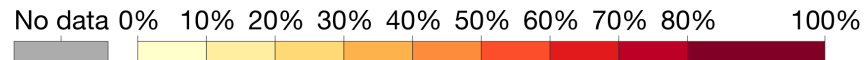
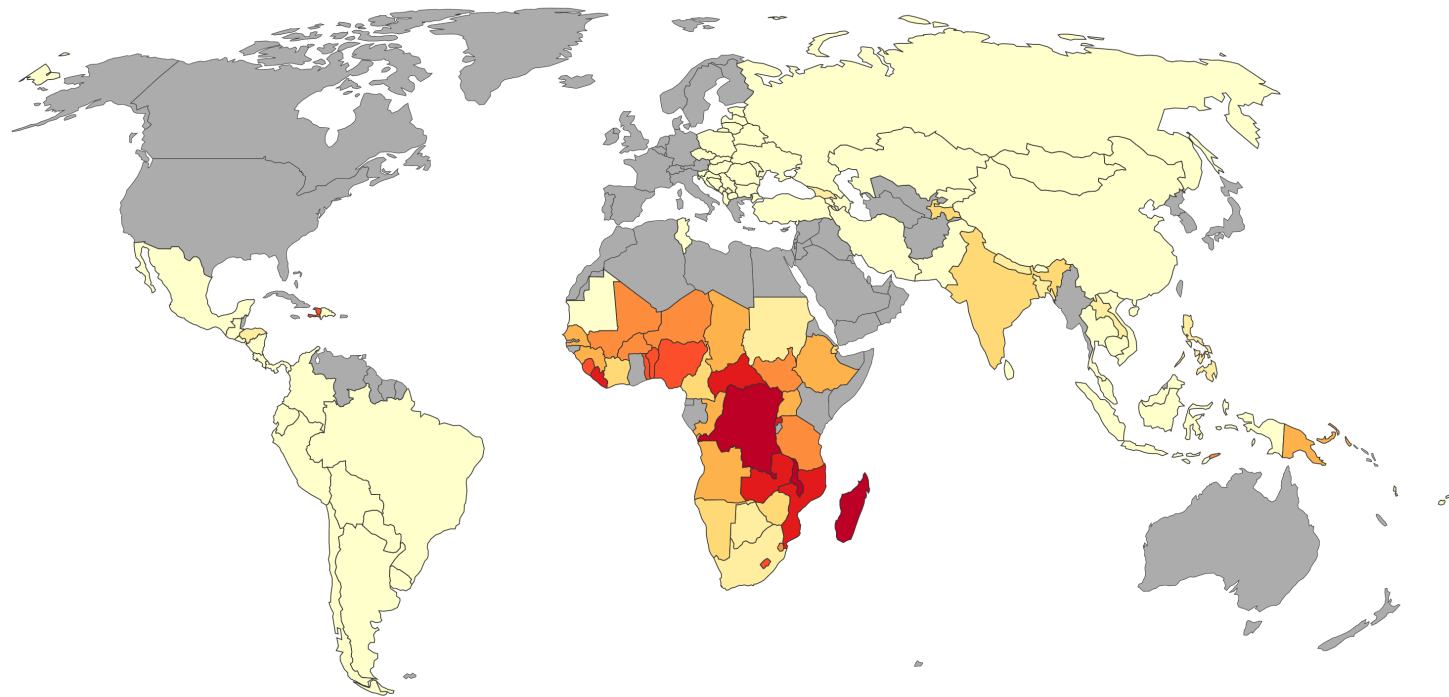
Sustainable Development Index indicators

SUSTAINABLE DEVELOPMENT INDEX INDICATORS		
ECONOMIC (10)	ENVIRONMENTAL (10)	SOCIAL (10)
GDP per capita	Fresh water extractions	Population under the poverty line
Inflation Rate	Stock of forests	Gini index
Employment rate	Deforestation	Life expectations at birth
Gross national savings	SO2 emissions per hectare	Rate of intentional homicide
Monetary aggregates	Biomass protection	Unemployment rate
Gross formation of fixed capital	Overexploitation of fish	Average schooling rate
Fiscal balance	Composition of electrical matrix	Schooling expectations
Checking account balance	CO2 emissions per capita	Improvement in sanitation facilities
Investment in innovation and development	Ecological ratio	Rate of malnutrition
External debt	Adjusted net savings	Mortality rate in children under 5

Share of the population in extreme poverty

Share of the population living in extreme poverty, 2013

Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries.



Source: World Bank

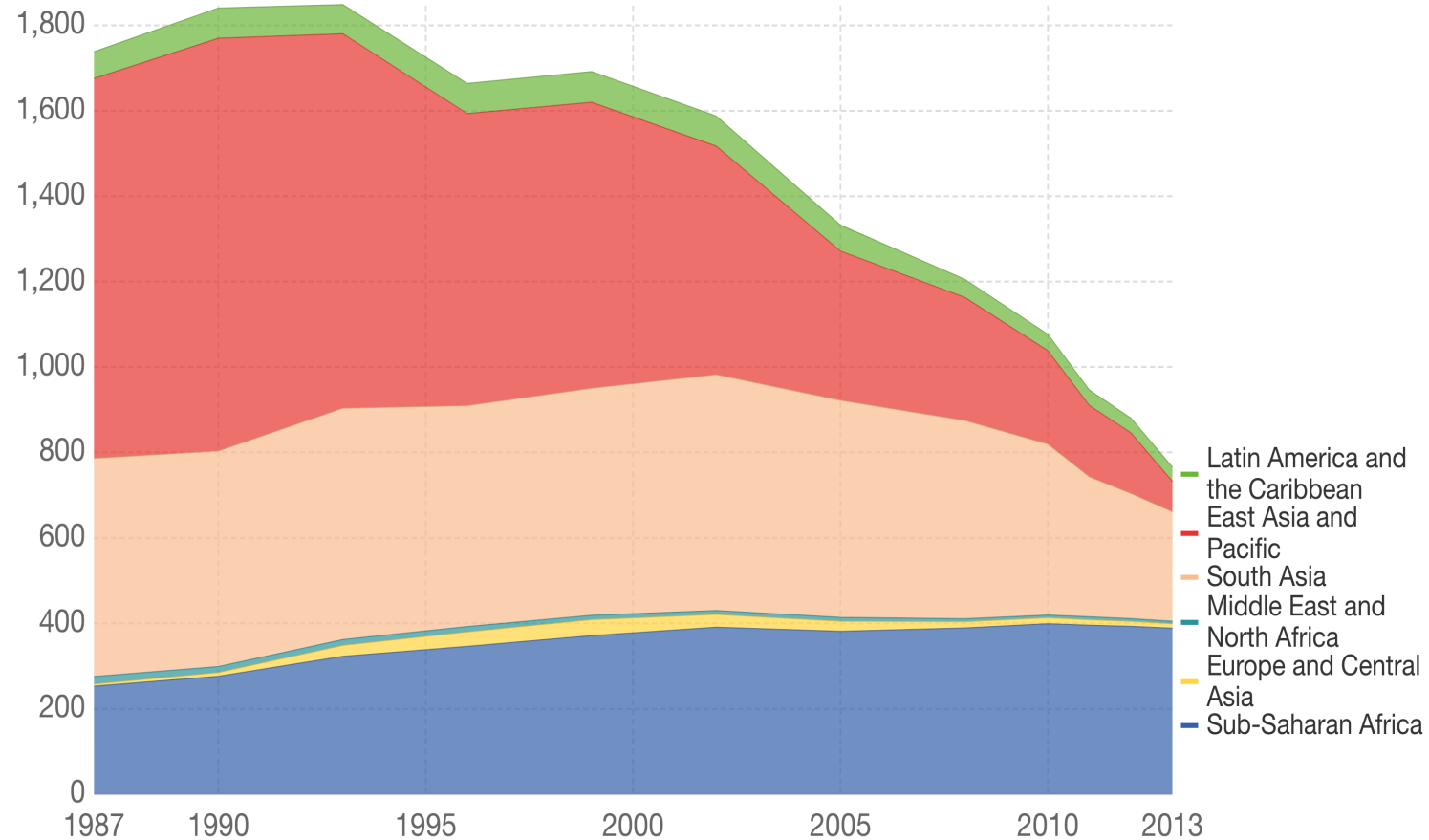
OurWorldInData.org/extreme-poverty/ • CC BY-SA

Population living in extreme poverty

Total population living in extreme poverty, by world region

Our World
in Data

Numbers are in millions of people. Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries.



Source: World Poverty Absolute Number by Region - PovcalNet (World Bank)

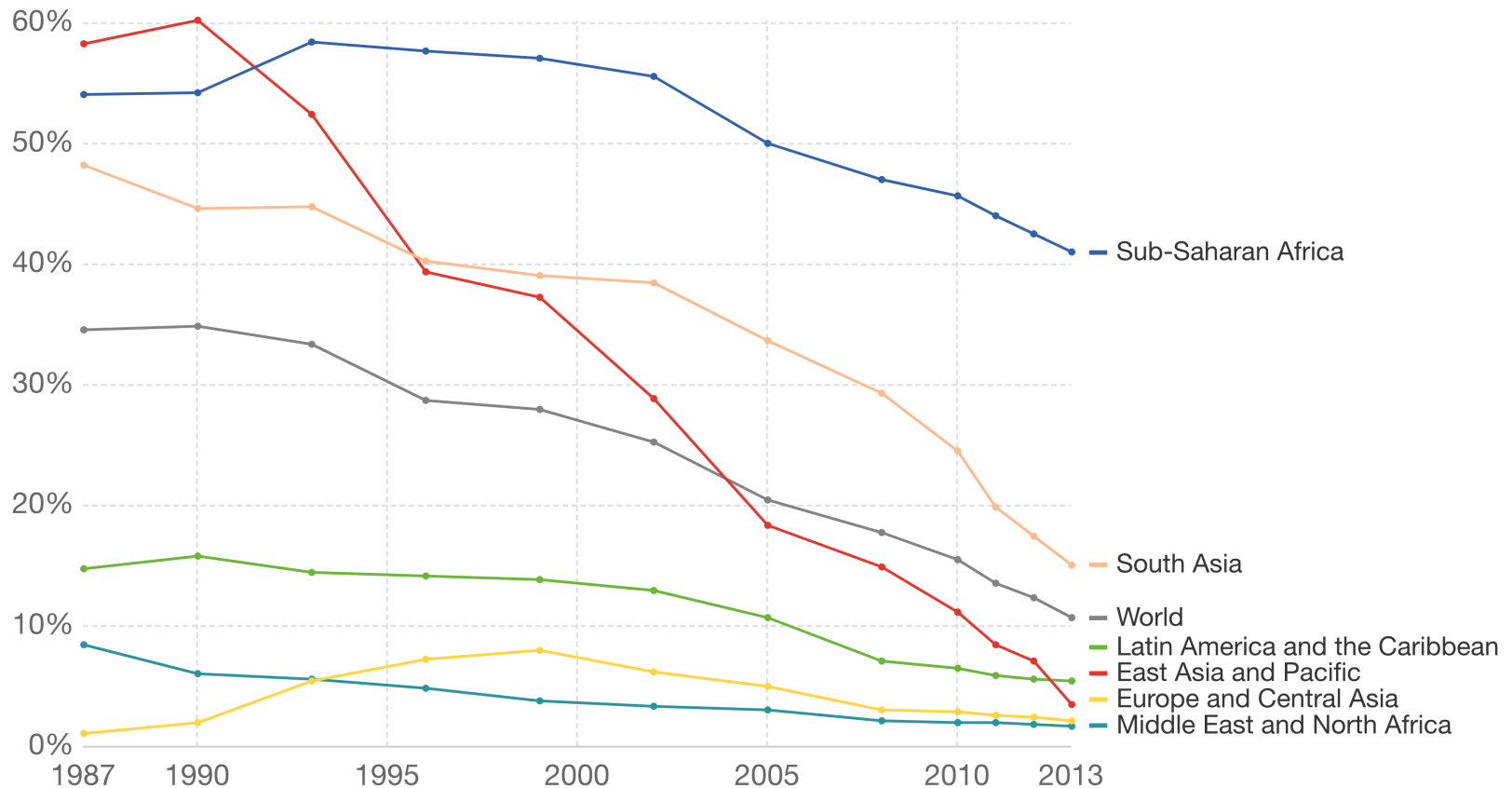
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Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.

Share of the population in extreme poverty over time

Share of the population living in extreme poverty, by world region

Extreme poverty is defined as living with per capita household consumption below 1.90 international dollars per day (in 2011 PPP prices). International dollars are adjusted for inflation and for price differences across countries.



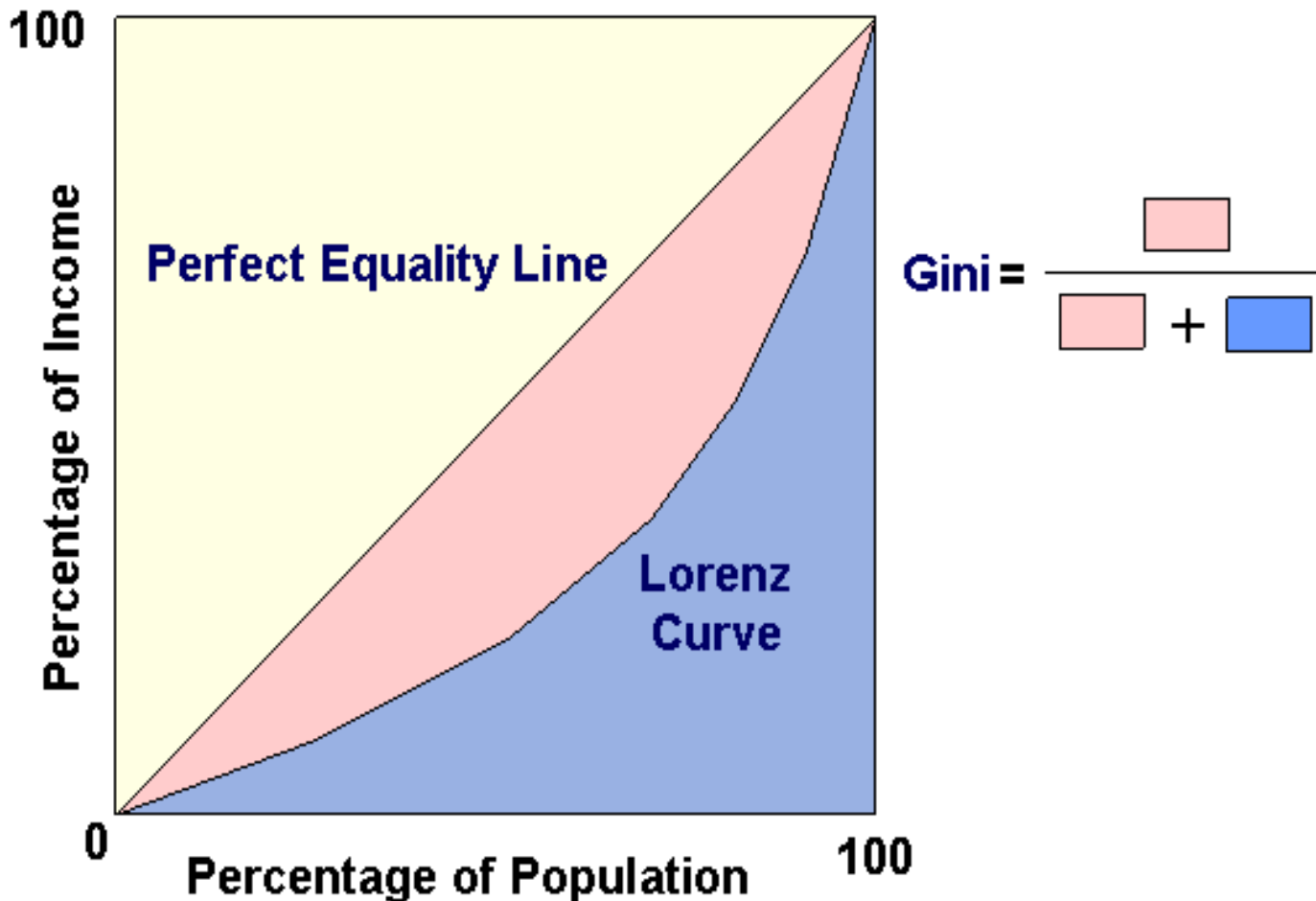
Source: Share of the population living in extreme poverty by world region - PovcalNet World Bank

Note: Consumption per capita is the preferred welfare indicator for the World Bank's analysis of global poverty. However, for about 25% of the countries, estimates correspond to income, rather than consumption.

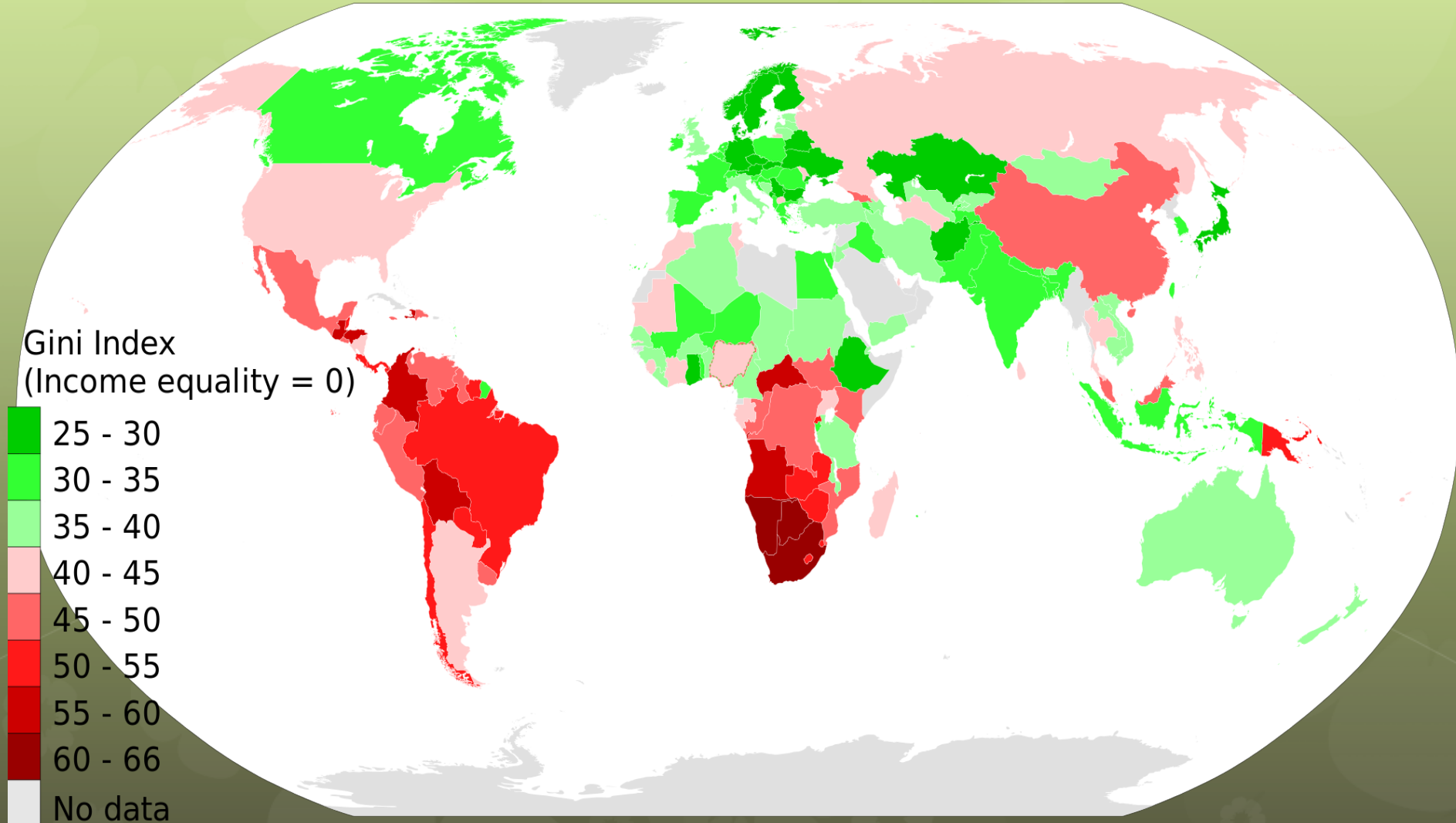
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Poverty is not only a matter of income level, but also of income distribution...the Gini coefficient as a measure of income inequality

Calculating the Gini Coefficient

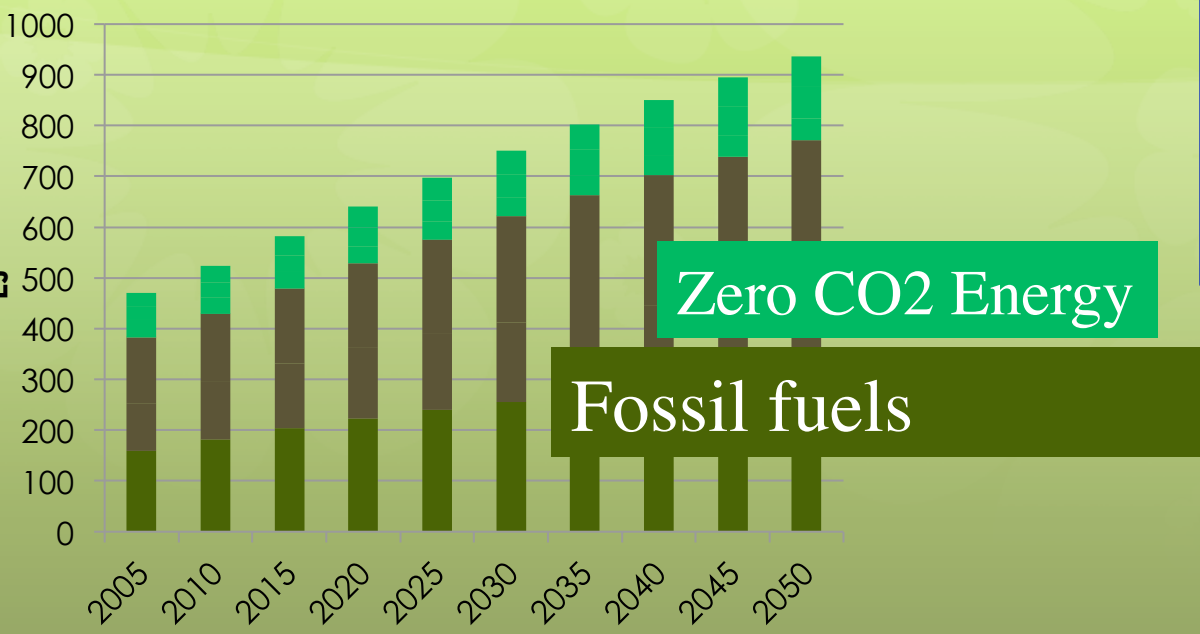


World income inequalities

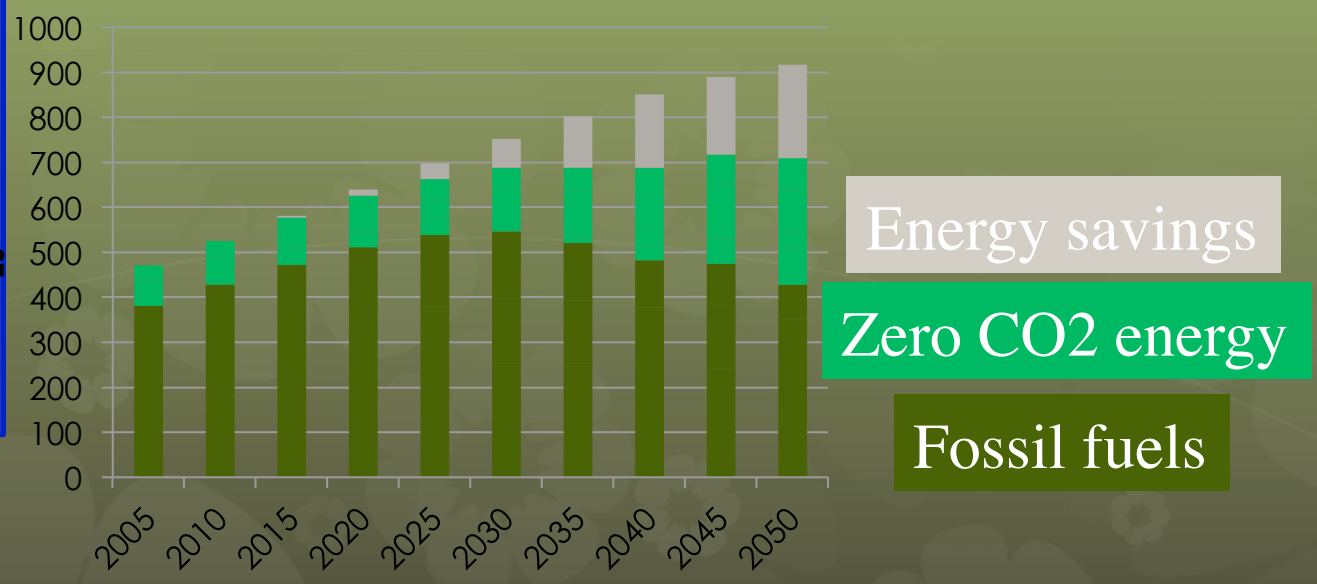


Source: World Bank, 2014

We need to move from this world...

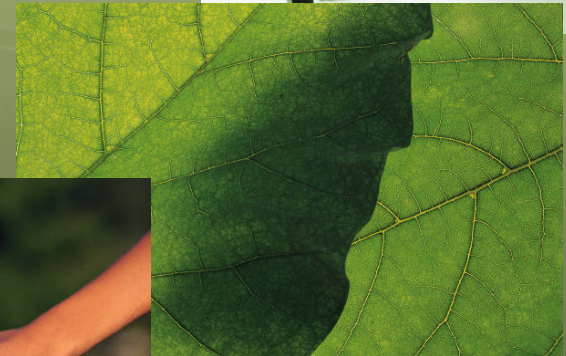


..to such a different world!



How to provide incentives towards SD?

- ❁ Global goals to be declined at the national level based on the UN principle of “Common but differentiated responsibilities”
- ❁ Legal incentives
- ❁ Economic incentives
- ❁ **Win-win strategies!!!**



Corporate Social Responsibility (CSR) as a win-win strategy

- ✿ **Corporate Social Responsibility is a form of corporate self-regulation integrated into a business model, whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and national or international social and environmental norms**
- ✿ **CSR strategies encourage the company to make a positive impact on the society, environment and stakeholders including consumers, employees, investors, communities**
- ✿ **The aim is to increase long-term profits and shareholder trust through positive public relations and high ethical standards to reduce business and legal risk by taking responsibility for corporate actions => win-win!**

Social and environmental accounting

- ❁ **Social and Environmental Accounting is often used as an "umbrella term" to describe the impacts of business activities on the society, including employees and consumers, and the environment**
- ❁ **It offers a mechanism for reporting information that enables management to monitor key social and environmental opportunities and threats facing the organization**

International guidelines for CSR

- ❁ Global reporting international standards
- ❁ UN Global Compact Initiative

Business case studies on CSR

- ❁ **Apple** => conflicts due to cases of under age and over labour exploitation in suppliers factories (e.g. electronic manufacturer Foxconn in Singapore, 2010) => change in policies with the requirement of sustainability reporting from suppliers and the publication of a Supplier Sustainability Report
- ❁ **Coca-cola** => conflicts due to evidence of residues of pesticides and water over-exploitation in India, leading to water shortage for local communities (2003) => adoption of social and environmental reporting in 2008

UN Global Compact Innovation Action Platform

 <https://www.youtube.com/watch?v=IAGBS8EE3MQ>