



“The Sustainable Development Agenda” and Yokogawa

古川千佳

Chika Furukawa
Head of Sustainability Promotion Department
Corporate Management Center
Corporate Administration Headquarters

A SOCIAL PARADIGM SHIFT

Thomas Kuhn, an American philosopher of science, noted in his book “The Structure of Scientific Revolutions” that a revolutionary change, or paradigm shift, brings about great progress in science. A paradigm shift overturns the basis of existing concepts, laws, and theories, and provides the scientific community with new insights, methods, and goals⁽¹⁾. Copernicus upended the conventional wisdom about celestial bodies, and Einstein fundamentally changed the concept of space, time, and mass. A great paradigm shift sheds light on new issues and unearths challenges to be solved, and each time scientists find themselves in another world.

In 2015, humankind experienced the first “social” paradigm shift: the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change were adopted. People challenged the old definition of affluence and increasingly questioned the blind pursuit of GDP growth. If the standard for measuring affluence is replaced, existing norms could all be refuted.

For more than 100 years, Yokogawa has adhered to its founding values, one of which is “contribution to society.” Yokogawa also complies with its Corporate Philosophy, which inherits the founding values and aims to achieve a society with great affluence. But what is affluence? How is it defined? This paper examines the SDGs as a new standard for affluence and discusses how to consider social paradigm shifts and what we need to do to achieve a truly affluent society.

REDEFINITION OF AFFLUENCE

In 1972, the Club of Rome published its report “The Limits to Growth,” highlighting the finite supply of resources. Nearly a half century later, people are now facing enormous challenges in terms of the economy, society, and the environment. Economic growth had been expected to ensure a rich and prosperous life. Ironically, however, it has become clear that economic growth itself poses a serious threat to people themselves as well as the environment, which is indispensable for their existence. Meanwhile, digital technology is developing quickly, causing huge changes to the framework of industry and society. For example, the sharing

economy is growing, in which people no longer own but rent goods only when needed. The younger generation skillfully uses social networking services (SNS) for communication; these digital natives easily transcend borders and established frameworks and quickly find ways to work with people in other sectors and locations.

Under these circumstances, the UN drew up the SDGs as an effective policy framework. Previously, people focused on economic value; the SDGs added a new standard of social and environmental value. This new standard is based on the concept of triple bottom lines, which aim to balance the economy, society, and the environment during development. The standard also assumes that the current generation must not sacrifice future generations for the sake of abundance today. This is an instinct common to all living things.

The Business & Sustainable Development Commission, an advisory body to the World Economic Forum, published “Better Business, Better World” in 2017. This report estimated that achieving the SDGs could create market opportunities worth US\$12 trillion annually. Environmental, social, and governance (ESG) investment and green bonds are spreading rapidly, and more funds are flowing to projects that are considered to create social and environmental value. Although the paradigm is still shifting and the definition of affluence is changing, this trend is increasingly affecting companies.

2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

What is social and environmental value? A clue can be found in “2030 Agenda for Sustainable Development,” which was adopted at the Sustainable Development Summit 2015. This document lists the principles to be followed by all nations, which can be categorized as human-rights-based, inclusivity, universality, equity, integration & indivisibility, participatory, and transparency & accountability⁽²⁾. The SDGs, consisting of 17 goals and 169 targets, are part of this agenda, and these principles underlie the concept of the SDGs. This document also sets forth a vision for human beings to aim for by 2030, globally recognized challenges, means for achieving the vision, the roles of each organization, and so on. This agenda is a charter for the people and the planet in the 21st

century, and pledges that no one will be left behind, including future generations. “We can be the first generation to succeed in ending poverty; just as we may be the last to have a chance of saving the planet.” After emphasizing urgency, the Agenda describes the 17 goals of the SDGs.

To fully understand the SDGs, we should read through this agenda and understand the principles underlying the SDGs. By applying the SDGs to everyday practice, we can create inclusive social and environmental value rather than pursuing our own interests.

INITIATIVES AND PRACTICES OF COMPANIES

There are several frameworks urging companies to commit to sustainability. A major one is the UN Global Compact (UNGC), which was advocated by Kofi Annan, the former UN Secretary-General. The UNGC encourages the member companies to follow the ten principles concerning human rights, labor, the environment, and anti-corruption, and urges the members to hold discussions with governments and NGOs on the latest topics of sustainable economic growth. Another framework is the World Business Council for Sustainable Development (WBCSD), where business leaders around the world gather to discuss and share their commitment and experience and work together to achieve a sustainable society through their business. This Council worked together with UN agencies and NGOs, and actively submitted proposals from the viewpoint of private enterprises regarding negotiations on drawing up the SDGs⁽²⁾. In 1997, the Global Reporting Initiative (GRI), another framework, was set up to establish a standard for the information that companies should disclose in terms of the economy, society, and the environment. Information disclosure is becoming increasingly important for companies to win the respect and understanding of stakeholders while doing business.

These three major initiatives (UNGC, WBCSD, and GRI) worked together and drew up SDG Compass. This guidebook discusses how the SDGs affect business, and also offers knowledge and tools to help companies set sustainability at the core of their strategies. SDG Compass helps executives to review their business with a focus on social issues and is expected to help exploit market opportunities worth US\$12 trillion annually. However, the “Better Business and Better World” notes the following:

“To capture these opportunities in full, businesses need to pursue social and environmental sustainability as avidly as they pursue market share and shareholder value. If a critical mass of companies joins us in doing this now, together we will become an unstoppable force.” “If they don’t, the costs and uncertainty of unsustainable development could swell until there is no viable world in which to do business.”

THREE GOALS: TO ACHIEVE AN IDEAL SOCIETY BY 2050

In 2009, Yokogawa expressed its approval to the UNGC and joined the WBCSD in 2017. In 2019, Yokogawa’s sustainability report was verified as complying with the requirements of the GRI standard, and the Company became

the 10th Japanese entity registered in the GRI. This honor confirms that, as stated in its Corporate Philosophy, Yokogawa has been working to achieve an affluent society and doing business focusing on creating social and environmental value.

In 2015 when the SDGs and the Paris Agreement were adopted, Yokogawa decided to set sustainability at the core of its business and started discussions on various matters. These included: “Our strong points are measurement and control, and these can help our customers to improve the safety and efficiency of their production no matter what industry customers belong to,” “We can contribute through customers’ business to various domains of the economy, society, and the environment,” “We need to establish a long-term viewpoint to cope with climate change,” and so on. As a result of these discussions, the following points were incorporated in Yokogawa’s sustainability concept: contribution through customers’ business, triple bottom lines, and a long-term viewpoint. In 2017, Yokogawa announced “Three goals,” a commitment to making the world a better place for future generations. The goals to be achieved by 2050 are: “net-zero emissions” to deal with climate change, “well-being” to bring an affluent life to all people, and “circular economy,” which is achieved by recycling resources and improving efficiency. These goals also reflect the concept of triple bottom lines.

ROAD MAP TOWARD THE THREE GOALS

To stay on track toward reaching the distant goal of achieving an ideal society by 2050, we need a “compass” in the form of key performance indicators (KPI). With reference to SDG Compass, Yokogawa determined specific KPIs in 2018. These are not directly based on our outputs. Our outputs such as products and solutions increase outcomes for customers. Therefore, we can check whether we are on track by measuring the increase in customers’ economic value and how much this impacts on society and the environment. For this reason, Yokogawa set customers’ economic value and social and environmental value as mid-term KPIs until 2030. Although many factors in outcomes and impacts are still difficult to measure, companies around the world including Yokogawa will work on measuring value that has not been measured before, but which will ensure affluence in the future.

Focusing on the SDGs, this paper explained the social paradigm shift and the change in the definition of affluence, and described Yokogawa’s commitment. The author would like to conclude with the following quotation from the 2030 Agenda:

“The future of humanity and of our planet lies in our hands. It lies also in the hands of today’s younger generation who will pass the torch to future generations.”

REFERENCES

- (1) Thomas S. Kuhn, *The Structure of Scientific Revolutions*, The University of Chicago Press, 1970
- (2) Monitor Deloitte, “The Future of Management Challenge by the SDGs,” Nikkei Publishing, 2018 (in Japanese)