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Married to Sustainability: The SDG Wedding Cake Framework as a Tool for Strategic Corporate Social Responsibility

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Cover Page Footnote

B.S.B.A. 2018, Boston University; J.D. 2023, Northwestern Pritzker School of Law. This piece was selected for participation in the Salzburg Cutler Fellows Program. Thank you to Professor Jide Okechuku Nzelibe for helping bring this piece to life, and to the journal's editorial staff for your careful edits.

Married to Sustainability: The SDG Wedding Cake Framework as a Tool for Strategic Corporate Social Responsibility

*Jacob Aubrecht**

Abstract:

If anything can be said about the future, it is that nothing is certain. In this acceleratingly dynamic reality, stability and certainty are among the greatest assets a leader can have. The opportunity to secure long term stability is something that few would pass up. Broadly speaking, corporate leaders must be acutely aware of global market forces, government regulation, and their own power in the marketplace to create cogent predictions about the future.

This paper is designed for the burgeoning corporate leader that is looking to craft their strategic position on corporate social responsibility (CSR), or the savvy one looking to enhance their existing approach. In short, this paper will explore how existing frameworks for global sustainable development can be utilized to create comprehensive CSR strategies that appreciate the interrelatedness of global issues. By following the framework presented, corporations will be better equipped to stabilize a disrupted market in their favor. The SDG Wedding Cake Framework provides an avenue for corporations to reconsider their resiliency strategy. By adopting a corporate strategy that considers SDGs, international corporations will be equipped with a robust decision-making framework that will better prepare them in times of crisis and will drive sustainable profitability in the long run.

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I. INTRODUCTION

The last decade has shown that everything can change in an instant. From leaps in scientific discovery like the Higgs boson particle, to global advances in civil rights such as the legalization of same-sex marriage in eighteen countries, the world has shown us that it is capable of changing for the better. However, change can also be for the worse. The COVID-19 pandemic has put our global society through a profound social and economic reckoning. If anything can be said about the future, it is that nothing is certain.

In this rapidly challenging world, few people have to grapple with the acceleratingly dynamic challenges as corporate leaders do. The opportunity to lock down anything with certainty, or to secure long-term stability, is something that few would pass up. Broadly speaking, these leaders must be acutely aware of global market forces, government regulation, and their own power in the marketplace to create cogent predictions about the future. A corporate leader's ability to efficiently interact with these factors to drive sustainable, long-term success is best captured through a business ethics framework. These frameworks meld the standard empirical economic analyses with social impact evaluations, providing a more holistic and accurate perspective about what the future will hold.

The member states of the United Nations (U.N.) agreed to secure certainty for the future in 2015 when they created the Sustainable Development Goals (SDGs). These seventeen global goals establish the "blueprint to achieve a better and more sustainable future for all."¹ The U.N. crafted each individual goal to be actionable, detailing specific metrics and indicators to track individual and global progress along the way to each goal's eventual achievement.² While business ethics and the SDGs may appear to be entirely unrelated, tracing the historical development of these two evaluative frameworks reveals that they complement and even mirror each other. In the wake of COVID-19, many global corporations are plagued with enormous instability that current business ethics models cannot accommodate. By harnessing the institutional advantages that the U.N. possesses with regard to solving interrelated global issues and piloting disaster relief initiatives, corporations can fulfill their corporate ethics mission by using the SDGs as a guide.

This paper is designed for the burgeoning corporate leader who is looking to craft their strategic position on corporate social responsibility (CSR), or the savvy one looking to enhance their existing approach. In short, this paper will explore how existing frameworks for global sustainable development can be utilized to create comprehensive CSR strategies that appreciate the interrelatedness of global issues. By following

¹ United Nations, Sustainable Development Goals, <https://www.un.org/sustainabledevelopment/sustainable-development-goals/> (last visited Feb. 16, 2023).

² G.A. Res. 71/313 (Jul. 10, 2017).

the framework presented, corporations will be better equipped to stabilize a disrupted market in their favor. The SDG Wedding Cake Framework provides an avenue for corporations to reconsider their resiliency strategy. By adopting a corporate strategy that considers SDGs, corporations will be equipped with a robust decision-making framework that will better prepare them in times of crisis and will drive sustainable profitability in the long run.

Looking ahead, Section II of this paper will examine the creation of the SDGs and how the seventeen goals apply to corporate entities. After providing this groundwork, Section III will examine the development of business ethics and outline the competing contemporary approaches to CSR. Section IV will be a discussion of the Wedding Cake Framework, a model designed for the SDGs that uniquely captures synergies in a manner that is supremely applicable to corporate operations. Finally, Section V will provide recommendations to business leaders on how they could employ this approach to guide their strategic decisions.

II. SUSTAINABLE DEVELOPMENT GOALS: EXPLAINED

The SDGs were created by the merging of two forces: a series of high-level summits organized by the U.N. beginning with the 1972 conference and the expiration of the Millennium Development Goals (MDGs).³ Subsection A will provide a chronological account of these major forces to orient the reader to how the SDGs came to be. Subsection B enumerates the SDGs and explains their interrelated nature with major international policies. Finally, Subsection C explains the finer details of how the SDGs apply to corporate interests.

A. Background History

The earliest evidence of a push towards international sustainable development grows out from the “Group of 77” (G-77), a coalition of developing countries at the United Nations Conference on Trade and Development. This group of nations, spurred by increasing prices for basic commodities and the successful manipulation of oil supplies in the 1970s by the Organization of Petroleum Exporting Countries (OPEC), argued for a new global economic system.⁴ This aspiration was rooted in “dependency theory” which posits that the international trading system condemns peripheral nations to poverty, exploitation, and dependency for the benefit of developed nations.⁵ The G-77 coalition demanded a system of price supports for a number of exports that were shared among all developing nations, access to technology from the industrialized world, and a

³ MACHARIA KAMAU ET AL., TRANSFORMING MULTILATERAL DIPLOMACY: THE INSIDE STORY OF THE SUSTAINABLE DEVELOPMENT GOALS 2 (2018).

⁴ *Id.* at 18.

⁵ *Id.*

redistribution of some globally profitable industries from the industrialized world to the developing world.⁶

The momentum that these demands generated led to the 1972 Conference on the Human Environment in Stockholm, Sweden.⁷ While this conference is notable for many reasons, it is most famous for being the first global summit that identified environmental concerns as an issue.⁸ This UN Conference created a dialogue between industrialized and developing countries regarding the link between economic growth and the effect that “the pollution of air, water, and oceans” has on the well-being of people around the world.⁹ While conversation regarding this topic persisted, the thrust of the G-77’s demands faded as global economic trends turned against the developing world in the late 1970s.¹⁰ As a result, this topic took on a diminished role within the global agenda until the industrialized world would again be forced to respond.

The disparities between the developing world and industrialized nations, being ignored on the global level, began to widen. Between the years of 1980 and 1991, the price of a weighted index of thirty-three primary commodities exported by developing countries, not including energy, declined by 46 percent.¹¹ These same developing nations bore the debts of the 1970s which were incurred while commodity prices were high, and banks were freely lending. To illustrate the severity of this crisis, consider that by 1995 the total external debt of the forty-eight least developed countries globally was \$136 billion.¹² That sum represents 112.7 percent of their gross national product that year.¹³

The 1987 report from the World Commission on the Environment echoed language from the conversations in Stockholm nearly two decades earlier.¹⁴ Leaders discussed the “accelerating ecological interdependence among nations” which served to emphasize the link between economic development and the environment.¹⁵ The same report also noted that

⁶ Muzaffer Ercan Yilmas, *The New World Order: An Outline of the Post-Cold War Era*, 7, no. 4 ALTS: TURK. J.INT’L RELS. 44, 52 (2008).

⁷ UNITED NATIONS, *United Nations Conference on the Human Environment, 5-16 June 1972*, <https://www.un.org/en/conferences/environment/stockholm1972>.

⁸ *Id.*

⁹ *Id.*

¹⁰ James K. Sebenius, *Crafting a Winning Coalition: Negotiating a Regime to Control Global Warming*, in *Greenhouse Warming: Negotiating a Global Regime*, WORLD RES. INST. 69, 87 (1991).

¹¹ UNITED NATIONS DEVELOPMENT PROGRAMME, U.N. HUMAN DEVELOPMENT REPORT 1992: GLOBAL DIMENSIONS OF HUMAN DEVELOPMENT 59 (1992).

¹² *Id.* at Tbl.4.6.

¹³ *Id.*

¹⁴ REPORT OF THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT: OUR COMMON FUTURE 5 (1987), available at <http://www.un-documents.net/our-common-future.pdf>.

¹⁵ *Id.*

economic and social progress must be defined in terms of sustainability.¹⁶ Finally, the report determined that a series of rapid transitions and policy changes are required to effectuate these goals such as increasing social equity between countries, increasing energy efficiency, and merging environment and economics in decision-making.¹⁷

The catalyst that forced a return of sustainable development to the top of the global agenda was the dissolution of the USSR and the end of the Cold War.¹⁸ The vast economic requirements of transforming former members of the Soviet Bloc to active players in the market economy, combined with the amplified call to focus on neglected developing nations, came to a head in 1992. The United Nations Conference on Environment and Development, colloquially known as Earth Summit, was the first major UN Conference that took place following the major geopolitical transformation caused by the end of the Cold War.¹⁹ The conference resulted in Agenda 21, a non-binding action plan that sought to achieve sustainable development by considering social and economic dimensions while balancing those with environmental conservation.²⁰ While groundbreaking in the abstract, Agenda 21 was ultimately foiled as the promise of a partnership between industrialized and developing nations never materialized.

While the partnership necessary for Agenda 21's success never came into being, the global economy still went through marked changes in subsequent years. The global share of the industrialized world's global GDP dropped significantly, and developments in information technology, trade liberalization, and economic reforms facilitated rapid growth globally.²¹ Effectively, the 1990's are characterized by a shift in the world's economic power balance—away from the United States and Europe, and towards Asia, Latin America and Africa.²² The emergence of country groupings like BRIC (Brazil, Russia, India, China) affirm this, with major financial institutions using them through the 1990's as an indicator for global market behavior.²³

¹⁶ *Id.* at 43.

¹⁷ LARS-GÖRAN ENGFELDT, FROM STOCKHOLM TO JOHANNESBURG AND BEYOND 111 (2009).

¹⁸ KAMAU, *supra* note 3, at 20.

¹⁹ *Id.*

²⁰ U.N. Conference on Environment and Development, Agenda 21, U.N. Doc. A/CONF.151/26 (June 1992).

²¹ *Databank: Sustainable Development Goals (SDG)*, THE WORLD BANK, [https://databank.worldbank.org/source/sustainable-development-goals-\(sdgs\)](https://databank.worldbank.org/source/sustainable-development-goals-(sdgs))

²² James M. Boughton, *Globalization and the Silent Revolution of the 1980s*, 39 FIN. & DEV., VOL. 1, (2002); Joseph Stiglitz, *The Roaring Nineties*, ATLANTIC (Oct. 2002), <https://www.theatlantic.com/magazine/archive/2002/10/the-roaring-nineties/302604/>.

²³ JIM O'NEIL, *BUILDING BETTER GLOBAL ECONOMIC BRICS* (Nov. 30, 2001), <https://www.goldmansachs.com/insights/archive/archive-pdfs/build-better-brics.pdf>.

The U.N. used the turn of the century as an opportunity to revise its approach to global collaboration. With a “results oriented” approach that puts everyday people at the center, the September 2000 Millennium Summit produced “the world’s first explicit development partnership framework between developed and developing countries.”²⁴ Drawing from the nearly 30 years of debate on the topic since Stockholm in 1972, the Millennium Declaration established eight distinct goals that were to be measured by 21 quantifiable targets.²⁵ These goals, which spanned social, economic and environmental agendas, were to be met within fifteen years of passing the Millennium Declaration.²⁶ While NGOs and developing countries resisted such terse and rigid metrics in favor of a more comprehensive agenda, the MDGs were accepted in 2000 and efforts to meet the challenge of the eight goals were implemented internationally.²⁷ Most importantly, by providing concrete metrics, the MDGs spurred a realignment in development efforts and gave the international community something tangible to rally around. Over the course of the MDGs fifteen-year lifespan, the goals became the quintessential scorecard for sustainable development cooperation on a global scale.

By their expiration in 2015, the global impact of the MDGs was immense. They had raised over a billion people out of poverty, reduced the number of deaths of children under the age of five by 49%, and increased access to safe drinking water from 76% to 90%.²⁸ As many international policy makers have noted, the MDGs also demonstrated the power and importance of setting ambitious goals on the global stage.²⁹ Additionally, and perhaps more importantly, the MDGs provided policy makers with the privilege of hindsight. The MDGs prioritized social issues, with six of the eight goals focused exclusively on global social development without addressing the underlying factors which caused that reality, notably environmental issues.³⁰

The emphasis on social initiatives meant that progress in other vital areas of sustainable development, such as environmental sustainability and economic growth, was underserved. Leaders noted that the passing focus on environmental goals felt like an afterthought and ultimately reduced the impact of the MDGs. Mark Malloch-Brown, a former United Nations Development Programme administrator, commented that when the MDGs

²⁴ John McArthur, *The Origins of the Millennium Development Goals*, SAIS REV. OF INT’L AFFS. 2014.

²⁵ United Nations Millennium Declaration, G.A. Res. 55/2, at 4, U.N. GAOR, 55th Sess., Supp. No. 49, U.N. Doc. A/55/49 (Sept. 8, 2000).

²⁶ *Id.*

²⁷ *Id.*

²⁸ World Health Organization, *Millenium Development Goals (MDGs)*, (Feb. 19, 2018), [https://www.who.int/news-room/fact-sheets/detail/millennium-development-goals-\(mdgs\)](https://www.who.int/news-room/fact-sheets/detail/millennium-development-goals-(mdgs)).

²⁹ KAMAU, *supra* note 3, at 28.

³⁰ United Nations Millennium Declaration, *supra* note 25.

had gone to press, he walked by the head of the UN's environmental program and "a terrible swearword crossed my mind when I realized we'd forgotten an environmental goal."³¹ Effectively, while the MDGs were noble in their intention, their narrow scope overlooked some of the fundamental and determinative components of national development. The progress towards achieving the MDGs was disjointed across nations, which critics attributed to these underlying factors.³² Some nations experienced rapid advancement, while others hardly developed at all, undercutting the notion that this initiative was creating a sustainable global society for all.

As early as eight years before the MDGs expired the international community was already analyzing how to harness the lessons learned so far. In a push led by the G-77 and China, the UN agreed to convene on the twentieth anniversary of the 1992 Earth Summit to create a new agenda for sustainable development.³³ All parties were intimately aware of the negotiating dynamic that would drive the conversation at the conference. It was the same that dominated every conversation since 1972: developing nations would push for comprehensive and broad sustainable development goals while industrialized nations would temper these aspirations to retain their position in the status quo. Here, the dilution of power from Western Europe and the United States towards emerging economies, such as BRIC since the turn of the 21st century, would become vividly apparent.

At the United Nations Conference on Sustainable Development in Rio de Janeiro in 2012, colloquially referred to as Rio+20, the process for creating the Sustainable Development Goals (SDGs) was put into action. The conference culminated in the U.N. renewing their commitment to sustainable development on economic, social, and environmentally sustainable dimensions, as opposed to the primarily social dimensions of the MDGs.³⁴ Due to their enhanced negotiating leverage following the globalization of the 1990s, developing nations had secured a unique drafting process for the SDGs. The SDGs would be created entirely by the Open Working Group (OWG), a drafting body of 30 seats that would be co-chaired by a developed country and a developing country.³⁵ In an effort to comprehensively rethink the global approach to sustainable development, the OWG was created with the intent to foster collaboration with a diverse set of viewpoints to mitigate the risk of blind spots in this new global paradigm.

³¹ Mark Tran, *Mark-Malloch Brown: Developing the MDGs Was a Bit Like Nuclear Fusion*, GUARDIAN (Nov. 16, 2012), <https://www.theguardian.com/global-development/2012/nov/16/mark-malloch-brown-mdgs-nuclear>.

³² KAMAU, *supra* note 3, at 28.

³³ Statement of H.E. Luiz Inácio Lula da Silva, President of the Federative Republic of Brazil, at the General Debate of the 62nd Session of the United Nations General Assembly. (Sept. 25, 2007), <https://www.un.org/webcast/ga/62/2007/pdfs/brazil-en.pdf>.

³⁴ G.A. Res. 66/288, annex, *The Future We Want*, at 12 (Sept. 11, 2012).

³⁵ KAMAU, *supra* note 3, at 55.

In 2013, the G-77 chose Kenyan Ambassador Macharia Kamau to represent the developing nations.³⁶ Kamau earned the position by showing that many African nations had not met the goals of the MDGs and had not been actively involved in their planning.³⁷ Thus, there was a clear need for these voices to have a central role in planning the SDGs, should they be globally accepted and achieved.³⁸ Industrialized countries, who were themselves divided over the nature of the SDGs, decided to nominate a neutral party in an effort to establish goodwill in this new-age international coalition. Hungarian Ambassador Csaba Körösi was selected to serve in this role.³⁹ From the outset, the overwhelming priority of the OWG was placed on cooperation and building trust between members that could appreciate the intricacies of the global community. Over the course of two years, the OWG sought to build confidence in its mission by ensuring that the UN trusted *both* co-chairs involved in steering the OWG.⁴⁰ By making a conscious effort to extinguish doubt and prevent division in the planning phase, Ambassadors Körösi and Kamau were able to draft a set of goals that comprehended global realities as opposed to advancing the interests of the select few.

On September 25, 2015, as the self-imposed timeframe for the MDGs expired, the U.N. recommitted itself to advancing the interests of sustainable development by announcing that it would pursue the 17 goals and 169 targets captured within the SDGs.⁴¹ The adoption of these goals was a culmination of a unique three-year intergovernmental process supported by civil society, the corporations, academia, and specialists from the U.N. system and international financial institutions.⁴² The broader focus of the SDGs reflected the drafter's introspection about opportunities for improvement within the MDGs. Multiple discrete goals were created for environmental protection, economic stability, and social progress. These goals were also tempered by global perspectives to provide consideration for how nations that were already ahead of the goal could assist those that still had work to do. Notably, Jamaican Foreign Minister Arnold J. Nicholson remarked that the SDGs were a "worthy successor" to the MDGs, because of they considered the five ingredients which are required to make the world a better place – "people, planet, prosperity, peace, and partnership."⁴³

³⁶ *Id.* at 54.

³⁷ *Id.* at 58.

³⁸ *Id.* at 60.

³⁹ *Id.* at 61.

⁴⁰ *Id.* at 69-71.

⁴¹ *Id.* at 241.

⁴² *Id.*

⁴³ Statement by Senator the Honorable Arnold J. Nicholson, QC, Minister of Foreign Affairs and Foreign Trade of Jamaica to the United Nations Summit for the Adoption of the Post-2015 Development Agenda (Sept. 25, 2015), <https://www.un.int/jamaica/sites/>

B. Application of the SDGs to International Agreements

The seventeen goals that make up the SDGs are listed below:

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable and modern energy for all.
8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
10. Reduce inequality within and among countries.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable consumption and production patterns.
13. Take urgent action to combat climate change and its impacts.
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.⁴⁴

As discussed above, all of the SDGs considered in concert put forth a global development framework that aims to create an environmentally sustainable, socially equitable, and economically viable future for the planet. Traditionally, these aspects of sustainable development have been siloed and discretely analyzed.⁴⁵ However, it is understood that these goals

www.un.int/files/Jamaica/2015developmentagenda.pdf.

⁴⁴ G.A. Res. 70/1, Transforming our world: the 2030 Agenda for Sustainable Development, at 14 (Sept. 25, 2015).

⁴⁵ John C. Dembach & Scott E. Schang, *Making America A Better Place For All: Sustainable Development Recommendations for the Biden Administration*, 51 ENV'T L. REP.

cannot be considered discretely, and instead view them as an interlinked target that needs to be approached holistically. To account for this, the U.N. evaluates each goal in the context of “outcomes” and “means of implementation” by way of assessing the specific targets attached to each goal.⁴⁶ Additionally, spillover (the positive or negative externality that a nation creates as a product of working towards each SDG) is considered for each nation.

C. Application of the SDGs to Corporations

While the SDGs are largely a global policy initiative, the OWG expressly considered creating a more robust set of goals that could be translated to organizations outside of the governmental realm. The OWG committed to include perspectives from the corporations by engaging with a broad spectrum of business leaders and a permanent representative from the International Chamber of Commerce.⁴⁷

Policymakers noted that the SDGs required global businesses to “step up investment in and deployment of financial and technological resources, innovation and knowhow,” otherwise the SDGs would be nothing more than unmet promises.⁴⁸ However, co-chairs Kamau and Körösi approached these requests with caution, as they believed that businesses saw this as an opportunity to merely cloak their profit-motivated behavior as socially minded while avoiding meaningful contributions to the SDGs. As such, Kamau and Körösi encouraged countervailing stakeholders, namely representatives of civil society, to put forth bolder demands during the drafting process.

When the dust settled after the two-year drafting process, the SDGs represented an agreement that was infused with the compromises of international corporations and the interests of everyday people. In an effort to explain how the SDGs could be integrated into a business’s corporate strategy, a group of over 200 CEOs affiliated with the U.N. created the World Business Council for Sustainable Development (WBCSD) and released the SDG Compass.⁴⁹ By providing a common framework that could be shared globally, the SDG Compass laid the groundwork for how corporations can stabilize societies and markets, strengthen stakeholder relations, and enhance the aggregate value that they can derive from

10310, 10311 (2021).

⁴⁶ JEFFERY D. SACHS ET AL., *SUSTAINABLE DEVELOPMENT REPORT 2021* (Cambridge University Press, 2021).

⁴⁷ KAMAU, *supra* note 3, at 128.

⁴⁸ Louise Kantrow, Intervention delivered by Louise Kantrow, Permanent Representative of the International Chamber of Commerce to the United Nations on behalf of: Business and Industry, Scientific and Technological Community, and Local Authorities (Mar. 14-15, 2013), https://sdgs.un.org/sites/default/files/statements/34392013_03_15_Joint%20Statement_BI_LA_ST.pdf.

⁴⁹ GRI ET AL., *SDG COMPASS* (2015).

sustainable action in the marketplace.

Similarly, UN General Assembly President Peter Thomson convened a high-level SDG financing lab to discuss the need to increase private investment to support the SDGs.⁵⁰ Executives from JP Morgan Chase, Citibank, UBS, and Mastercard engaged in a conversation with governments about how to align financial markets with the SDG agenda. Shortly after these developments, the WBCSD began providing real-time news, insights, developments, and trends that corporate leaders can use to make the SDGs actionable for businesses.⁵¹ Financial leaders remarked that even a handful of SDG-committed financial institutions could catalyze development globally. Some even contemplated benchmarking corporate performance by how much each firm contributed to advancing SDGs, with publicly available information to create a “race to the top” for sustainability.⁵²

Ultimately, the U.N. settled on contextualizing the benefit of completing the SDG’s economically so that it would appeal to the broadest swath of business executives. The SDG Engagement Report established that completing the SDGs would generate US \$12 trillion in business savings and revenue globally.⁵³ In other words, nearly 15% of the global economy was ensnared in the issues that the SDGs directly targeted.⁵⁴ In sum, the SDGs were drafted with the intent of having a direct application to corporate operations anywhere in the world. Their broad applicability, coupled with extensive analysis and considerations of competing stakeholders makes them an invaluable tool for creating effective corporate strategy.

III. BUSINESS ETHICS & RELATED PRACTICAL ISSUES

With the history and ideologies behind the SDGs explained, the parallels shared with the academic field of business ethics become more pronounced. This section of the paper seeks to provide the reader with a brief account of the major doctrines that have developed the progression of business ethics from a radical ideology to the foundational component of business strategy it is today.

⁵⁰ Mike Scott, *Engaging with the UN’s sustainable development goals*, TELEGRAPH (July 31, 2017), <https://www.telegraph.co.uk/connect/better-business/business-sustainability/business-engaging-un-sustainable-development-goals/>.

⁵¹ *Databank: Sustainable Development Goals (SDG)*, THE WORLD BANK, [https://databank.worldbank.org/source/sustainable-development-goals-\(sdgs\)](https://databank.worldbank.org/source/sustainable-development-goals-(sdgs))

⁵² Mike Scott, *Engaging with the UN’s sustainable development goals*, TELEGRAPH (July 31, 2017), <https://www.telegraph.co.uk/connect/better-business/business-sustainability/business-engaging-un-sustainable-development-goals/>.

⁵³ PRICEWATERHOUSECOOPERS, MAKE IT YOUR BUSINESS: ENGAGING WITH THE SUSTAINABLE DEVELOPMENT GOALS 6 (2017).

⁵⁴ *GDP (current US\$)*, THE WORLD BANK (2017), <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?>

A. Background History

Business ethics were born out of a response to the cultural shift that was taking place in 1960's America. As Cold War tensions swelled, the United States was becoming a more dominant economic force. The rapid improvements in economic prosperity and standards of living in the United States throughout the 50's and 60's dramatically inflated the power of the American corporation.⁵⁵ Large, multinational, corporations were becoming synonymous with business itself, replacing the community-orientated small businesses of the past. From civil rights advocates and anti-war protesters to more radical groups such as the Weather Underground, the business corporation was seen as an integral part of the "establishment" that crippled dissent, promoted imperialism abroad and injustice at home, and stifled free expression.⁵⁶ Simply put, business was at the heart of the inescapable "spirit of protest" that would forever define the 1960's.⁵⁷

Amidst this growing public criticism, corporations sought to bolster their societal standing by exerting their political, social, and economic powers against a suite of demographics to preserve the status quo. The amalgamation of these powers was deemed to be "corporate social responsibility" and there was broad disagreement as to who was owed this "social responsibility" from a corporation. Milton Friedman, recipient of the 1976 Nobel Prize for Economics, famously remarked "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."⁵⁸ Academics such as Archie Carroll expanded upon Friedman's ideology while still retaining its core claim. Carroll put forward a framework that organizes corporate social responsibility as a pyramid. "The structure encompasses the four types of responsibility that businesses have: At the bottom is economic, then legal, then ethical and then philanthropic."⁵⁹ Notice that in these early stages of business ethics, the focus on being commercially viable overwhelmed virtually all the ethical implications of any enterprise.

Edward R. Freeman, a philosopher and business professor, argued to expand the scope of business ethics in his 1984 book *Strategic*

⁵⁵ Richard T. De George, *A History of Business Ethics*, MARKKULA CENTER FOR APPLIED ETHICS AT SANTA CLARA UNIVERSITY (November 17, 2015), <https://www.scu.edu/ethics/focus-areas/business-ethics/resources/a-history-of-business-ethics/>.

⁵⁶ Benjamin C. Waterhouse, *The Personal, the Political and the Profitable: Business and Protest Culture 1960s-1980s*, FIN. HIST., Spring 2017, at 14-15.

⁵⁷ De George, *supra* note 55.

⁵⁸ MILTON FRIEDMAN, CAPITALISM AND FREEDOM 133 (U. of Chicago Press 1962).

⁵⁹ Archie B. Carroll, *The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders*, BUS. HORIZONS, July-August 1991, at 39, 42.

Management: A Stakeholder Approach. Freeman argued for a capitalism that stresses the interconnected relationships between a business and its customers, suppliers, employees, investors, communities, and others who have a stake in the organization. This theory, known as “Stakeholder Theory,” argues that a firm should create value for all stakeholders, not just shareholders.⁶⁰ Notice that while stakeholder theory disagrees with Friedman about where a corporation’s obligations lie, it does not necessitate a reduction in profitability in order to work. In other words, stakeholder theory is rooted in the idea that a corporation should deliver the most value possible and expand the pool of recipients beyond that of corporate shareholders.

Ten years after Freeman’s idea of Stakeholder Theory, British management consultant John Elkington termed the phrase “triple bottom line” (TBL) in 1994.⁶¹ This ideology effectively narrowed the undefined stakeholders of Freeman’s Stakeholder Theory into three defined groups which became known as the three P’s: people, planet, and profit.⁶² In Elkington’s own words, “[i]n the simplest terms, the TBL agenda focuses corporations not just on the economic value that they add, but also on the environmental and social value that they add — or destroy.”⁶³

However, even by providing a narrower focus, problems persisted with this accounting tool. In fact, Elkington revisited his own framework twenty-five years after releasing it into the academic world and identified the issues that prevented it from being the ultimate measure of sustainable activity in the marketplace.⁶⁴ Elkington noted, “TBL wasn’t designed to be just an accounting tool. It was supposed to provoke deeper thinking about capitalism and its future, but many early adopters understood the concept as a balancing act, adopting a trade-off mentality.”⁶⁵ Furthermore, while it was theoretically possible to assign economic value to social development and environmental sustainability, every corporation approached that valuation differently, rendering the tool useless when it came to comparing two enterprises. Ultimately, Elkington concluded that “success or failure on sustainability goals cannot be measured *only* in terms of profit and loss. It must also be measured in terms of the wellbeing of billions of people and the health of our planet.”⁶⁶

Michael Porter, a scholar that is generally recognized as “the father of

⁶⁰ *About the Stakeholder Theory*, STAKEHOLDER THEORY (2018), <http://stakeholdertheory.org/about/>.

⁶¹ John Elkington, *Enter the Triple Bottom Line*, JOHN ELKINGTON 2 (2004), <https://www.johnelkington.com/archive/TBL-elkington-chapter.pdf>.

⁶² *Id.*

⁶³ *Id.* at 3.

⁶⁴ John Elkington, *25 Years Ago I Coined the Phrase “Triple Bottom Line.” Here’s Why It’s Time to Rethink It*, HARV. BUS. REV. ONLINE (June 25, 2018).

⁶⁵ *Id.*

⁶⁶ *Id.* (emphasis added).

modern corporate strategy,” weighed in on the practical issues of CSR in a 2006 *Harvard Business Review* article.⁶⁷ With the benefit of nearly fifty years of data to analyze, Porter was able to conclude that the heightened attention to CSR by governments, activists, and the media was actually pitting business and society *against* each other.⁶⁸ Porter believed that the lack of public acknowledgement that the realms of business and society are actually interdependent served only to create inefficiencies in creating a more sustainable world for all. Once businesses consciously acknowledged that they needed a healthy society in order to remain commercially viable, and modern society understood that it would not be able to sustain itself without corporate activity, synergies could be addressed between the two to create shared value. Examples include education, healthcare, and equal opportunity initiatives which are essential to a productive workforce. Safe products and working conditions not only attract customers but lower corporate liability and drive increases in their bottom line.

Efficient utilization of land, water, energy, and other natural resources makes business more productive and profitable. Strong regulatory standards protect both consumers and competitive companies from exploitation. Ultimately, a healthy society creates expanding demand for business, as more human needs are met and aspirations grow. Porter also points out how a healthy society needs successful companies. No social program can rival the business sector when it comes to creating the jobs, wealth, and innovation that improve standards of living and social conditions over time. If governments, NGOs, and other participants in civil society weaken the ability of business to operate productively, they may win battles but will ultimately lose the war. As corporate and regional competitiveness fade, wages stagnate, jobs disappear, and the wealth that pays taxes and supports nonprofit contributions evaporates.

Porter blamed the aforementioned approaches to business ethics as “fragmented” and “disconnected from business and strategy,” thus obscuring what he deemed “the greatest opportunities for companies to benefit society.”⁶⁹ Porter’s framework argued that corporations could leverage the resources that they competitively provide in the marketplace to address a suite of issues that are harming society.⁷⁰ At its core, Porter’s framework is about harnessing the unique positioning of each corporation in the market, and using that as a way of delineating between which social issues are the best fit for each organization to address.

According to Porter, two factors could determine which of two issues to pursue^{3/4}effect on corporate operations and long-term competitiveness.

⁶⁷ Michael E. Porter & Mark R. Kramer, *The Link Between Competitive Advantage and Corporate Social Responsibility*, HARV. BUS. REV. (Dec. 2006).

⁶⁸ *Id.* at 78.

⁶⁹ *Id.* at 80.

⁷⁰ *Id.*

Effect on corporate operations entails things like price volatility of raw materials and financing. Long-term competitiveness on the other hand, includes concepts like the potential of new entrants in the industry or the power of suppliers and customers. Based on these two factors, three possible issues exist: “generic social issues” which neither significantly affect the corporation’s operations nor influence the corporation’s long-term competitiveness, “value chain social impacts” which affect only the corporation’s operations in the ordinary course of business, and “social dimensions of competitive context” which only affect the underlying drivers of competitiveness for the corporation.⁷¹ Porter noted to commit to “a unique position—doing things differently from competitors in a way that lowers costs or better serves a particular set of customer needs.”⁷² Porter’s framework distills which issues confer a competitive advantage, thus helping corporations create integrated social initiatives that simultaneously better their own bottom line.

That said, Porter’s framework of creating shared value (CSV) was not received without criticism. Competing scholars pointed out that Porter was merely rebranding Freeman’s stakeholder theory from 20 years ago.⁷³ Furthermore, Porter did not contemplate instances where businesses themselves were creating and contributing to conflicting social and economic goals. Perhaps most importantly of all, Porter’s framework is still primarily driven by “a blind focus on individual corporate self-interest” which some critics argue causes the same “fragmented” nature of business ethics that Porter sought to resolve.⁷⁴

B. Practical Issues with Business Ethics

As shown through the brief outline of business ethics provided above, the early approaches provided by scholars considered business ethics to be restraints on economic activity, as opposed to avenues for driving growth. Corporate executives saw ethics promoters as a source for justifying legal restraints on business. Subsequent frameworks have fought an uphill battle to reframe business ethics as an opportunity, rather than a threat. This paradigm shift occurred in the 1990’s when Freeman’s Stakeholder theory, still rooted in a moral obligation, was superseded by Elkington’s framing of sustainable business practices as a competitive edge. It comes as no surprise that these very same changes were reflected on the international policy-making stage. At the same time that the competitive advantages of business ethics were beginning to entrench themselves into the corporate vernacular, developing nations were harnessing this ideology to create Agenda 21

⁷¹ *Id.* at 85.

⁷² *Id.* at 88.

⁷³ Andrew Crane et al., *Contesting the Value of “Creating Shared Value”*, 56 CAL. MGMT. REV. 130, 134-35 (2014).

⁷⁴ *Id.* at 132.

which constituted the bedrock of the MDGs. While encouraging, these fledgling approaches struggled to receive acceptance in the corporate world. Even in 2006, Porter's framework clearly caters to executives who worry of dissolving profits due to implementing socially conscious initiatives. These same conversations are reflected in the worries of the MDGs being focused too narrowly on social initiatives, and the early drafting discussions of the SDGs beginning in 2007. Simply put, the cost-forward nature of business ethics is immutable, and the players in the free market will respond to costs the way that they always have—by trying to reduce them.

Assuming that the market will be driven by a moral obligation, when it is in fact designed to motivate participants to maximize their profits, is the downfall of the frameworks above. Consider that only one of the three “bottom lines” in Elkington's TBL framework has a generally accepted format of being quantified. Assigning dollar amounts to “people” and “planet”, while feasible in the abstract, cannot be done in practice. How can an accountant assign a value for destroying ten acres of wetlands? Or increasing the rates of diversity in the labor force? Even if this were possible, how can there be a consistent assignment of these values across the market? In essence, there is no universal standard method for calculating the Triple Bottom Line, nor is there a universally accepted standard for the measures that comprise each of the three categories.⁷⁵

Similarly, Porter's framework places the prioritization into the hands of executives, as opposed to the stakeholders, who are more likely to be affected by the externalities of corporate misconduct. By permitting profit-maximizing entities to decide how they will benefit society, cost will always be a primary factor. Furthermore, neglecting to acknowledge an interrelated viewpoint between corporations leads to the same disjointed and fragmented application that Porter used to justify his own framework. Frankly, asking the free market to decide how to best allocate shared value will result in a collective action problem, where each corporation provides a meager distribution that ultimately will only serve to bolster personal profits.

Note that the criticisms of contemporary business ethics mirror the criticisms of the MDGs. Critics of the MDGs argued that the goals outright ignored that progress towards achieving these goals was disjointed across nations, as opposed to a unified global advance. This is identical to the corporations using Porter's framework and failing to “acknowledge the systematic nature of many of the problems we face” and refusing to “engage in collaborative responses with other stakeholders.”⁷⁶ It was universally agreed that the MDGs prioritized a social perspective and neglected placing a much-needed focus on economic and environmental

⁷⁵ Timothy F. Slaper & Tanya J. Hall, *The Triple Bottom Line: What Is It and How Does It Work?*, 86 IND. BUS. REV. 4, 5 (2011).

⁷⁶ Crane et al., *supra* note 73, at 132.

challenges. While the need to include a holistic perspective is what prompted the creation of the Triple Bottom Line, the framework ultimately fell flat because it could not accurately capture that content. Because these frameworks precede the paradigm shift in sustainable development thinking that came with the SDGs, they cannot satisfy today's modern critiques.

To be clear, the SDGs are far from perfect. However, the collaborative process of the OWG and the later implementation of the SDGs in 2015 has led to a markedly more unified approach in sustainable development. The SDGs include dedicated focus in the realms of environmental protection, economic stability, and social progress. These goals are further tempered by the global perspectives of developing nations, the industrialized world, non-governmental organizations, civil society, and corporate interests. Rather than having corporations develop their ethics individually, the lessons learned from the nearly two-year drafting process of the SDGs can be seamlessly applied to the corporate world. Engaging in a form of "ideological leap-frogging" would accelerate the field of business ethics and align it with the modern, post-SDG, perspective on how to move our global society forward sustainably. While not expressly created with an application to business ethics in mind, an evaluative framework for the SDGs has already been created that capture this shift in thinking. The remainder of this paper will detail the Wedding Cake Framework, how it differs from contemporary formats of business ethics, and why this approach provides a more robust guide to corporate social responsibility than prior models.

IV. THE WEDDING CAKE FRAMEWORK

The practical pitfalls of business ethics frameworks mirror the hurdles that have been addressed in sustainable development thinking over the last half century. As noted above, the SDGs have reflected a paradigm shift in the approach towards international sustainable development policy. This section of the paper will focus on the Wedding Cake Framework which synthesizes multiple business ethics ideologies into assessing progress towards the SDGs. After explaining the benefits and drawbacks of using the Wedding Cake Framework as a primary evaluative scheme, this paper will address considerations and strategies for implementation.

A. Benefits of the Wedding Cake Framework

A primary concern during the drafting of the SDGs was how they would be assessed and analyzed over their 15-year life span. Swedish researcher Carl Folke and his team proposed a tiering of the goals to reflect their interdependencies.⁷⁷ Folke split the SDGs into three tiers:

⁷⁷ Johan Rockström & Pavan Sukhdev, *The SDGs Wedding Cake*, STOCKHOLM RESILIENCE CTR. (June 14, 2016), <https://www.stockholmresilience.org/research/research-news/2016-06-14-how-food-connects-all-the-sdgs.html>.

environmental as the base (consisting of goals 6, 13, 14, and 15), social in the middle (1, 2, 3, 4, 5, 7, 11, and 16), and economic (8, 9, 10, and 12) at the top. Each tier is not equal in size, but rather the size shrinks as they move upward, resembling a wedding cake as shown in Figure 1.⁷⁸ The reasoning behind the shrinking was to illustrate that the size of each tier corresponded to its relative priority. By doing so, the framework captures the connections that the goals all share. Simply put, without a strong base, the cake will topple. This model provides a new paradigm for measuring development, moving away from a sectorial approach where social, economic, and ecological development are seen merely as ostensibly related parts. In summary, this perspective implies that economies and societies are seen as embedded parts of the biosphere. As Professor Johann Rockström noted, the Wedding Cake Framework illustrates the “transition of global leaders toward a mindset where an efficient economy serves an equitable society so that is rooted in a resilient planet.”⁷⁹

The Wedding Cake Framework, while not intentionally created to do so, is an ideological expansion upon the business ethics frameworks of Elkington and Porter. While TBL struggled with prioritizing the three P’s, the Wedding Cake Framework embraces a hierarchy and asserts that building from the base up allows actors to harness operational efficiencies. For example, protecting terrestrial biodiversity (Goal 15) is interrelated with ending hunger (Goal 2), as roughly 40% of global land is being used for agricultural purposes.⁸⁰ Prioritizing this environmental goal would also lay the foundation for achieving other social and economic goals that are connected to eliminating hunger, such as promoting global health (Goal 3), reducing poverty (Goal 1), and even promoting efficient supply chain management (Goal 9).⁸¹ Furthermore, the issues of quantifying unquantifiable factors which plagued the practicality of the Triple Bottom Line approach are eliminated. The SDGs have an aggregate 169 metrics which breakdown how each goal can be achieved and what steps are needed globally to do so.⁸² Thus, rather than relying on individual assumptions, the Wedding Cake Framework is built on universally accepted and quantifiable standards. The Wedding Cake Framework similarly quells the issues that arise from the individual, market-driven, focus of Porter’s approach. By designing itself as a tiered evaluation, the Wedding Cake Framework addresses the systematic nature of the global problems that we face, something that Porter’s framework does not. Additionally, by employing the conclusions of a global drafting body convening for 2 years, the

⁷⁸ See *infra*, Appendix at Figure 1.

⁷⁹ Johan Rockström, Centre Director, Stockholm Resilience Centre, Keynote Address at the EAT Food Forum (June 13, 2016).

⁸⁰ *Id.*

⁸¹ *Id.*

⁸² PRICEWATERHOUSECOOPERS, MAKE IT YOUR BUSINESS: ENGAGING WITH THE SUSTAINABLE DEVELOPMENT GOALS 28 (2017).

Wedding Cake Framework reduces (if not completely circumvents) the social inefficiencies of letting the free market decide which issues are the most convenient to mitigate.

The Wedding Cake Framework is an approach that leverages the lessons learned from the drafting process of the SDGs to create a more holistic and interrelated evaluation of sustainable development. Not only has this Framework been crafted around a series of goals and metrics that were meticulously created by a globally diverse coalition of political, business, and social leaders over the course of two years, but those same goals have since been crafted into specific action items by other UN affiliates such as the World Business Council for Sustainable Development.⁸³

Strategically speaking, adopting the Wedding Cake Framework as part of a corporate strategy is the most efficient method for any business to employ socially conscious initiatives because the framework, metrics, and approaches *already exist*. The Wedding Cake Framework allows users to leapfrog virtually all startup costs by building off the established goals and associated metrics. The same framework expressly contemplates the positions of global stakeholders and is designed to synergize the efforts of business, government, and society at large. Rather than continuing to internally debate about how initiatives should be crafted to leave a lasting impact that connects diverse global viewpoints in the abstract, businesses can take the SDGs—the result of over two years of meticulous deliberation that incorporated the broadest spread of perspectives possible. Opportunities like this, where a robust, internationally accepted answer is practically presented to you, should not be passed up lightly. To that point, remaining with a strategy that falls short of the Wedding Cake Framework by exhausting more resources for a less advantageous strategic position should also be abandoned.

B. Drawbacks of the Wedding Cake Framework

While the Wedding Cake Framework certainly provides a new outlook to sustainable development policy, it is not without criticism. Prior discussions about sustainable development policy centered around balancing environment, society, and economy rather than creating hierarchy. At its core, Folke's Wedding Cake Framework posits that there is a hierarchy. Simply put, society is part of the environment, and the economy is part of society. As a result, the criticisms of the Wedding Cake Framework reject this notion of hierarchy.

Notably, scholars such as Bill Scott, deputy-director of the University of Bath's Institute for Sustainable Energy and the Environment have criticized the Wedding Cake Framework for improperly organizing that

⁸³ OLE LUND HANSEN ET AL., *THE SDG COMPASS, UNITED NATIONS GLOBAL IMPACT* (2015).

hierarchy.⁸⁴ While Scott agrees that environmental concerns belong as the bottom tier, he maintains that the economy exists to serve society and therefore economy, and not society, should be the intermediary tier.⁸⁵ As Scott put it, the Wedding Cake Framework commits a “fundamental misrepresentation of human society” which prevents it from being an effective tool for spurring progress.⁸⁶ Others argue that a model which relies on cooperation between industrialized nations and developing nations overlooks the documented history of U.N. precedent historically favors the oppression of a developing nation.⁸⁷ As discussed in Section II above, these two backgrounds create diametrically opposed perspectives towards sustainable development.⁸⁸

While Scott’s argument is rooted in a convincing claim that modern society would cease if it were to exist in a complete vacuum from economic activity, this argument fails because it discusses labels such as “economy” and “society” broadly and overlooks what the SDGs are designed to accomplish. Folke’s socially focused SDGs, such as ending hunger (Goal 2) and achieving gender equality (Goal 5) do not necessitate the completion of economic goals such as achieving sustainable economic growth (Goal 8) or resilient infrastructure (Goal 9) in order to be completed. Social goals such as gender equality should be addressed first, because they would increase the efficiency of economic goal completion, and allow for a more diverse group of stakeholders to be involved in charting the path forward for sustainable development. Furthermore, the position that an approach which relies on international cooperation is destined to fail is impossible to support because it ignores the past successes of the MDGs and SDGs. By virtue of the MDGs and SDGs creating the lasting global impact they are known for, the thrust of a collaborative global policy should not be dismissed simply because it requires collaboration. In fact, the hallmark of the SDGs is the emphasis that was placed on collaboration to create a realistic and durable set of goals for the global community.

While these contemporary arguments are fraught with nuance and policy concerns, it cannot be overlooked that Folke and a team of scholars at the Stockholm Resiliency Centre pitched the Wedding Cake Framework

⁸⁴ See Tim Willmott, *Prof. Bill Scott on Education for Sustainable Development*, SUSTAINAPEDIA (June 10, 2013), <http://www.sustainapedia.com/prof-bill-scott-on-education-for-sustainable-development/>.

⁸⁵ See Bill Scott, *Problems with the Stockholm Wedding Cake model*, UNIV. OF BATH (Dec. 5, 2017), <https://blogs.bath.ac.uk/edswahs/2017/12/05/problems-with-the-stockholm-wedding-cake-model/>.

⁸⁶ *Id.*

⁸⁷ See *supra* Section II.A.

⁸⁸ George Philippidis et al., *Snakes and Ladders: World Development Pathways Synergies and Trade-Offs through the Lens of the Sustainable Development Goals*, 267 J. CLEANER PROD. (2020).

for adoption by the UN in 2016.⁸⁹ Ultimately, the UN dismissed this scheme for evaluating the SDGs in favor of a broader framework known as the 5 P's.⁹⁰ These 5 Ps consist of four general Ps: People, Planet, Prosperity and Peace. These principles provide good benchmarks for measuring progress in all SDGs. But there is also one process-oriented P—Partnering. Partnering is a means, but perhaps also a goal in itself, which enables implementation of corporate strategies at a more sophisticated level of intervention. Interestingly enough, this framework is a variation on Elkington's TBL (People, Planet, and Profit) meaning that it is also plagued with the same problems. The UN overlooked the widely known errors of TBL in accepting the 5 P's while rejecting the integrated Wedding Cake Framework.

C. Implementation Concerns

Implementation of the SDGs has varied across the globe. While this is an expected obstacle in creating a uniform set of goals that apply to the entirety of humanity, concerns nonetheless do arise. For the purposes of this paper, only implementation strategies that relate to the Wedding Cake Framework as it applies to corporations will be discussed. Folke and the researchers at the Stockholm Resiliency Centre understood this obstacle and left the issue of implementation up for the U.N. to decide.

Primarily, challenges of implementing the Wedding Cake Framework are congruent to those that define corporate social responsibility initiatives. The clearest example is that of alternative constituency statutes. These were adopted by a majority of the jurisdictions in the United States in the 1980's in an effort to move corporate law in a more socially conscious direction.⁹¹ Effectively, they reiterated Edward Freeman's stakeholder theory perspective. Giving actors such as creditors or communities in which these companies are based status as members of the corporation, the fiduciary duty of care extended to them as well.⁹² As such, corporations would be exposed to greater liability under fiduciary duty because these previously outside actors could use the courts to force reticent corporations into this socially minded approach.⁹³

⁸⁹ Rockström, *supra* note 79.

⁹⁰ See Kaysie Brown & Krista Rasmussen, *The Sustainable Development Goals in 2019: People, Planet, Prosperity in Focus*, UNITED NATIONS FOUNDATION. (July 9, 2019), <https://unfoundation.org/blog/post/the-sustainable-development-goals-in-2019-people-planet-prosperity-in-focus/>.

⁹¹ Brett McDonnell, *Corporate Constituency Statutes and Employee Governance*, 30 WM. MITCHELL L. REV. 1227, 1228 (2004). Charles Hansen, *Other Constituency Statutes: A Search for Perspective* 46 BUS. LAWYER 1355, 1355 (1991).

⁹² Anthony Bisconti, *The Double Bottom Line: Can Constituency Statutes Protect Socially Responsible Corporations Stuck in Revlon Land*, 42 LOY. L.A. L. REV. 765, 773-74 (2009).

⁹³ *Id.*

While this approach seems strong on paper, the typical challenges of judicial enforcement exist. These additional stakeholders may lack ability to bring a lawsuit, they may have contractual obligations that hinder their ability to pursue litigation, or they may just plainly not be aware of the legal rights they are entitled to through a fiduciary duty. Ultimately, alternative constituency statutes had a minor impact on changing corporate culture because of the reasons explained above, and it is highly likely that if the same approach is taken to implement the Wedding Cake Framework it would be very similar.

Those that have used the SDGs to create policy have done so because they have had a diverse spread of problems to address. Viken, a county in Norway, used the SDGs as its foundational framework to address a complex web of problems that it faced simultaneously. This included internal governance, employment, social inclusion, and climate action.⁹⁴ This report, and others from the OECD confirm that in order for the SDGs to have their greatest power, all possible synergies need to be realized, which can only result from meaningful implementation.⁹⁵ As such, regardless of the approach that is taken, interrelatedness and communication need to be prioritized to ensure that these efficiencies are capitalized. With the Wedding Cake Framework designed around these, it is already intrinsically promoting these ideals, but they should be emphasized in the implementation process.

V. RECOMMENDATIONS

This section aims to provide recommendations to business leaders about how to best deploy a business ethics strategy that is in alignment with the Wedding Cake Framework outlined above. Specifically, this section will progress by analyzing each tier within the Wedding Cake Framework, beginning with the environmental tier, and then progress upwards while addressing spillover effects between tiers. The discussion will also identify notable trends in SDG metrics that emerged over the course of the COVID-19 pandemic to demonstrate how this approach would insulate business against external risk factors while advancing a socially beneficial agenda.

A. *Environmental*

Crafting a position that addresses the broad concept of “environmental sustainability” is effectively a requirement for any corporation in the modern age. However, broad statements of solidarity without any subsequent action have little positive, if not a negative, effect on consumer perception of a brand. Further consider that the greatest decrease in CO₂ emissions in SDG history was when the pandemic hit. Then, despite this

⁹⁴ Andreas Obrecht et al., *Achieving the SDGs with Biodiversity*, 16 SWISS ACAD. SCIS. 1, 4 (2021).

⁹⁵ *Id.*

ubiquitous monologue of environmental stewardship in corporate strategies across the globe, CO₂ emissions exceeded pre-pandemic levels within only six months of the initial dip.⁹⁶ Clearly, there is a disconnect between the views espoused by corporations and the actions that they actually take.

The Wedding Cake Framework places an enormous amount of importance on the way in which the goals are tiered. As a result, all corporations must find ways to interact with these goals meaningfully on a local level to create global change. The SDG Compass, along with other UN-affiliated publications, have noted that the most impactful developments would incorporate local stakeholders into supply chains as much as possible. Not only would this cause the greatest reduction in emissions, it would also create local jobs and reduce transaction costs. There are also external market pressures that are exerting force to move corporations to seriously consider employing meaningful environmental initiatives. New government regulations require reporting of financial exposure due to climate change, something that will affect bottom line calculations. Markets themselves have also begun creating formats of self-regulation. For example, B Corp certification is a designation that corporations can apply for that serves to build trust with consumers, attract employee talent, and draw in mission-driven capital investment.⁹⁷ The provider of these certifications, B Lab, conducts assessments based on the revenues of each enterprise, imposes corporate governance requirements, and requires disclosure of all performance metrics on its public website.⁹⁸

These trends, either alone or in concert, serve to demonstrate that there is a demand for corporations to take a socially conscious stance in the free market. While justifications certainly exist for how these goals tie into other social or economic initiatives, the reason why this tier is the base of the entire structure is simple: “When the last tree is cut, the last fish is caught, and the last river is polluted; when to breathe the air is sickening, you will realize, too late, that wealth is not in bank accounts and that you can’t eat money.”⁹⁹

B. Social

The SDGs, much like the MDGs that came before them, have placed an emphasis on social development as opposed to any other tier. As such, the Wedding Cake Framework is uniquely positioned to consider the nuances of advancing global society to a more just and equitable place.

⁹⁶ *Databank: Sustainable Development Goals (SDG)*, WBG, [https://databank.worldbank.org/source/sustainable-development-goals-\(sdgs\)](https://databank.worldbank.org/source/sustainable-development-goals-(sdgs)) (last visited Feb. 15, 2023).

⁹⁷ *About B Corp Certification*, B LAB, <https://www.bcorporation.net/en-us/certification/> (last visited Feb. 15, 2023).

⁹⁸ *Id.*

⁹⁹ Native American Sayings, OXFORD DICTIONARY OF PROVERBS (5th ed. 2009).

However, even with the backing of the entire global community, business agendas, and non-governmental organizations, there was still a year-over-year decrease in progress towards achieving these social goals in the wake of the COVID-19 pandemic. For the first time in SDG history, the number of people living in extreme poverty increased. Unfortunately, these issues are likely to continue to exist for the foreseeable future as unbalanced vaccine rollouts worldwide will serve to exacerbate disparities.

In examining how to resolve this tension, the Wedding Cake Framework dictates that decision-makers look to the lower tier. Addressing environmental issues would cause a trickle-up effect of benefits that would in turn impact these social issues. For example, creating sustainable supply chains that prioritize environmental sustainability would have massive trickle up effects.¹⁰⁰ Actions that corporate leaders are encouraged to take are to impose requirements on primary suppliers, require suppliers to create their own sustainability goals in order to become partners, and require consistent evaluations from current partners.¹⁰¹

Taking these actions would not only target environmental goals such as reducing carbon footprints and creating more reliable energy transmission to sustain centers of production, but it would also impose greater responsibilities on suppliers, creating more jobs in the process. These requirements can also be tied into social programs that address social issues such as gender disparity in the workplace, provision of wages, and workplace safety. This is also possible in agricultural enterprises where practices like intercropping, where multiple crops are grown on the same plot of land, would create environmental efficiencies that in turn require increased labor and will lead to innovation to make those processes more profitable. For example, intercropping prevents soil erosion, preserving the viability of arable land for longer while also using symbiotic relationships between plants to make them more resilient.¹⁰² This in turn requires more laborers during the harvest, which corporations can use as an opportunity to address social issues identical to the ones listed above.

As illustrated in this subsection, there is a strong link between the achievement of social goals and a concurrent investment or achievement of environmental challenges captured in the tier beneath. It is vital to notice that the social goals cannot be achieved without the successful imposition of the environmental goals. The same climbing benefit plays out between the social and economic tier. As the model drives home, the greatest impact that a business can have is through investing in lower tiers, and it is critical for business executives to understand this relationship.

¹⁰⁰ Verónica H. Villena & Dennis A. Gioia, *A More Sustainable Supply Chain*. HARV. BUS. REV. MAG. (Mar.-Apr. 2020).

¹⁰¹ *Id.*

¹⁰² Kateryna Sergieieva, *Intercropping: Ergonomic and Efficient Farming*, EOS DATA ANALYTICS (Nov. 11, 2020), <https://eos.com/blog/intercropping/>.

C. *Economic*

Finally, there is a focus placed on economic efficiency. While prior business ethics models embraced and emphasized placing capital into this tier as their primary purpose, it is critical to understand that the Wedding Cake Framework perceives investment in lower tiers as the primary purpose, with the direct economic benefits coming after completion of the lower tiers. In short, benefits will climb up the wedding cake, but they will not trickle down.

Consider that through the first year of the COVID-19 pandemic, virtually every nation experienced some form of an economic downturn. However, certain nations bounced back sooner than others. Notably, the stronger the financial ties to the United States, the more resilient any given nation was to economic resiliency. Experts have since concluded that this is largely attributed to the solvency of a nation. The more malleable a currency is on the international market, the more likely it is to hold its value when there is a decrease in trading. However, there are avenues available to governments that can provide additional options and circumvent having to deal only with market prices. Notably, currency swap lines can be extended. Swap lines effectively constitute an agreement to keep a supply of currency available to trade with the other central bank at the going exchange rate.¹⁰³ With the benefit of hindsight, it is not surprising to see that of the five nations that the United States extended swap lines to, all of them have surpassed expectations for financial recovery.¹⁰⁴

Using this perspective to inform recommendations, business should consider expansion strategies that consider swap lines such that they are in a position that is economically positioned to protect against risk. To achieve this, businesses should allocate their discretionary budgets around the improved regulation of global financial markets, institutions, and trade agreements that could reverse the stagnation and protectionism that has evolved in recent years.¹⁰⁵ This can be achieved by advancing the SDGs located in the economic tier of the Wedding Cake Framework. For example, encouraging economic industrialization in developing nations, promoting inclusive and sustained work for all, and ensuring sustainable

¹⁰³ *What are Currency Swap Lines?*, EUR. CENT. BANK (May 18, 2022), https://www.ecb.europa.eu/ecb/educational/explainers/tell-me-more/html/currency_swap_lines.en.html.

¹⁰⁴ Saleem Bahaj & Ricardo Reis, *Central Bank Swap Lines During the COVID-19 Pandemic*, CENTRE FOR ECONOMIC POLICY RESEARCH: COVID ECONOMICS, Issue 2 (Apr. 8, 2020), at 1.

¹⁰⁵ See Chad P. Brown & Melina Kolb, *Trump's Trade War Timeline: An Up-to-Date Guide*, PETERSON INST. FOR INT'L ECON. (Feb 8, 2022), <https://www.piie.com/blogs/trade-investment-policy-watch/trump-trade-war-china-date-guide>; Chad P. Brown, *Why Biden Will Try to Enforce Trump's Phase One Trade Deal With China*, PETERSON INST. FOR INT'L ECON. (Dec. 15, 2021), <https://www.piie.com/blogs/trade-and-investment-policy-watch/why-biden-will-try-to-enforce-trumps-phase-one-trade-deal-china>

consumption patterns will all factor into international agreements that extend credit swaps.

Again, while these goals can be achieved through direct capital expenditure, that neglects to acknowledge the evident synergies between these goals and those that exist on lower tiers, thus leaving value behind that could be delivered to the global community. All of these economic goals can be furthered through investment in social agendas, which in turn can be advanced by furthering environmental initiatives. Ensuring sustainable consumption patterns begins with addressing climate action initiatives, which leads to local solutions. These actions address social issues such as poverty, health, and others which climb up to address economic goals such as promoting inclusive and sustained work for all.

This subsection confirms that the Wedding Cake Framework establishes a link between tiers and drives home the proposition that the value-maximizing approach to any business ethics strategy is to invest heavily in the lowest possible tier, modestly in the middle tier, and lightly in the highest. By doing so, the value that the corporation receives from brand recognition to international bargaining power is at its height.

D. Legal Considerations

While the argument for employing the Wedding Cake Framework as a method of evaluating a corporate approach to business ethics is sound in the abstract, practical considerations still cut against it. At the end of the day, even the strongest driving forces behind implementing socially conscious initiatives cannot change the fact that many businesses are driven by corporate profit alone. That said, all corporate directors are explicitly charged with maintaining a relationship of trust between management and shareholders by complying with the traditional fiduciary duties of loyalty and care.¹⁰⁶ While these duties impose a requirement to “keep up with evolving external demands and expectations regarding board conduct,” which has included socially conscious issues that are raised by non-stockholder interests, they are relatively toothless.¹⁰⁷

Under Delaware General Corporation Law, which accounts for approximately 60% of the Fortune 500 Companies, the shareholder primacy rule requires shareholder interests to be assigned first priority relative to all other corporate stakeholders.¹⁰⁸ Delaware court decisions also reflect this belief, with Delaware Supreme Court Chief Justice Leo E. Strine, Jr. remarking in 2015 that a “clear-eyed look at the law of corporations in Delaware reveals that, within the limits of their discretion, directors must

¹⁰⁶ 8 Del. C. § 141 (a).

¹⁰⁷ Marc S. Gerber et al., *Directors’ Fiduciary Duties: Back to Delaware Law Basics*, SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP (Feb. 19, 2020).

¹⁰⁸ Robert J. Rhee, *A Legal Theory of Shareholder Primacy*, 102 MINN. L. REV. 1951, 1952-53 (2017).

make stockholder welfare their sole end, and that other interests may be taken into consideration only as a means of promoting stockholder welfare.”¹⁰⁹ The underpinnings of this perspective are not hidden^{3/4} for-profit corporations that are governed by Delaware law are permitted to consider social issues so long as these issues are sufficiently connected to shareholder value enhancement.

Shareholder primacy has waned in its support from CEOs in recent years, yet it continues to drive corporate behavior. In a shocking illustration of this point, in December 2016, roughly 100 CEOs gathered in Rome to discuss how corporations could meaningfully contribute to addressing global issues like climate change, providing healthcare to poverty-stricken areas, and create a more equitable workplaces across the globe. While seemingly benign, note that this occurred because of *the pleading of Pope Francis*, and the conference resulted in CEOs concluding that public support for their system of operation was waning.¹¹⁰ They were correct. By 2019, 64% of Americans concluded that a corporation’s primary purpose should include “making the world a better place” while only 41% of Fortune 500 CEOs agreed.¹¹¹ In short, while the shareholder primacy model is not a barrier, it is certainly not a motivator. The need to advance corporate social initiatives must be internal, and the only way to truly drive that is to frame it within the context of increased profitability.

Managers should note that taking the approach of ignoring business ethics, or even failing to prioritize it in a corporate strategy does little in the way of long-term profitability. Corporations that focus on short-term profitability do so at the expense of undermining resiliency within their organization. COVID-19 is just one example of the slew of unknown challenges that international corporations will inevitably face in the 21st century, and those that choose to ignore that reality will find themselves in dire circumstances in the worst of times. Creating a corporate strategy that differentiates a brand from a competitor’s and gives a company a holistic and immutable competitive edge in the marketplace, all while working towards establishing global economic certainty, is a valuable endeavor for any one of those reasons in isolation and a surefire recipe for success in combination.

It should also be noted that utilizing the SDGs in a corporate strategy is niche enough to warrant a competitive edge while circumventing the expenses of internal innovation. Currently, only 46 percent of international businesses are embedding the SDGs into their core business, and only 37 percent are designing business models that contribute to SDG

¹⁰⁹ Leo E. Strine, Jr., *The Dangers of Denial: The Need for a Clear-Eyed Understanding of the Power and Accountability Structure Established by the Delaware General Corporation Law* 50 WAKE FOREST L. REV. 761, 768 (2015).

¹¹⁰ Alan Murray, *America’s CEOs Seek a New Purpose for the Corporation*, FORTUNE, (Aug. 19, 2019).

¹¹¹ *Id.*

achievement.¹¹² Even if corporations deploy initiatives purely to gain an edge in the marketplace, they should be doing so in a way that maximizes the value they receive for their investment. Since the Wedding Cake Framework captures the opportunities for how value can be maximized in, it should be a foundational consideration in any corporate approach.

Working towards achieving these goals also has benefits outside of the effects on a corporation's bottom line. Notably, Michael Porter has argued that a corporation's success in achieving ethical operation in the marketplace is also the driver of all the soft components of an effective organization.¹¹³ Porter characterizes these as employee satisfaction, corporate culture, and internal brand perception. While these are notoriously challenging things to quantify, and even harder to excel at, they all tie back to ethical operation of the corporate entity. If a business enterprise is struggling with challenges relating to these soft components in any way, then implementing a meaningful and socially conscious strategy will certainly help.

The SDG Wedding Cake approach is a metric that addresses both internal organizational objectives and drives external value to the consumer. The reason prior corporate social responsibility initiatives have been unsuccessful is because they have been too narrowly focused. The above discussion of Elkington's Triple Bottom Line and Porter's framework, along with each creator's later criticisms of their own framework, confirm that proposition. By utilizing an approach that has an objectively broader analysis, one that comprehends the interrelated elements, this framework improves over what is currently employed in the market at driving corporate ethical behavior.

Even if business leaders choose not to consider the SDGs as guiding principles, the above analysis still serves as a cogent demonstration of how corporations can interface with these goals. By doing so, this paper espouses to provide each reader a toolkit of metrics by which to judge corporate progress toward, or backsliding from, key social, economic, and environmental outcomes.¹¹⁴ Change can occur in the corporate space internally *and externally*. Policymakers can craft regulations that effectuate change by prioritizing corporate interests according to the Wedding Cake Model. Investors can do the same by evaluating corporations according to the Wedding Cake Model and using that as a background for ESG

¹¹² REPORT OF THE UNITED NATIONS GLOBAL COMPACT: UNITING BUSINESS IN THE DECADE OF ACTION: BUILDING ON 20 YEARS OF PROGRESS, 14 (2020), available at https://globalcompact.at/wp-content/uploads/2020/08/UNGC_Progress_Report2020.pdf.

¹¹³ Building Good Podcast, *Triple Bottom Line*, BUILDING GOOD (Sept. 14, 2020), <https://www.buildinggood.ca/podcast/season-1/triple-bottom-line/>.

¹¹⁴ John C. Dernbach & Scott E. Schang, *Making America A Better Place For All: Sustainable Development Recommendations for the Biden Administration* 51 ENV'T L. REP. 10310, 10311 (2021).

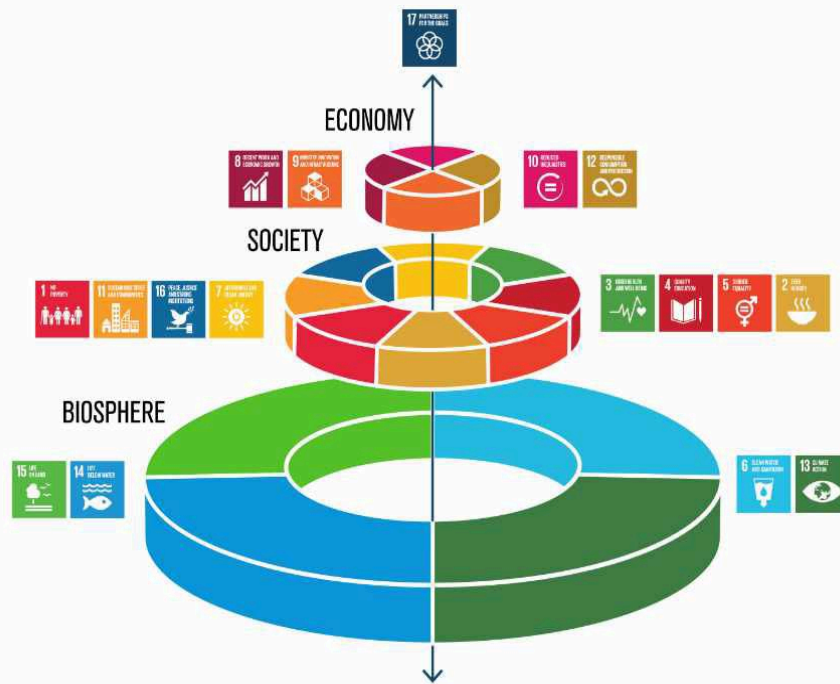
investing, creating an equity-based incentive for corporations to adapt. Finally, consumers themselves can use this as a tool to assess a corporation's stance within the marketplace and direct their purchases accordingly. Corporate leaders should take note of all of these forces, as well as trust their gut intuition about what the future of business looks like before making their final decision on how to proceed. Regardless of what you seek to use this knowledge for, this paper delivers knowledge that you can employ to make the world a more equitable, resilient, and efficient place for us to coexist in.

VI. CONCLUSION

This paper emphasizes the synergies between the SDGs and business ethics. Through the paradigm shift in global thinking following the creation of the SDGs, new opportunities have arisen that should be harnessed by the corporations to maximize the value that they can be derived from this contemporary school of thought. Employing the Wedding Cake Framework will foster a corporate strategy that will ultimately prove to create a more resilient business. This paper is intended for business leaders to use in their internal evaluations for how to restructure and reframe their organizations in the wake of crisis caused by the COVID-19 pandemic. By utilizing a framework that contemplates the interrelated nature of our global challenges, our global society will not only be better equipped to rebuild from global crises, but will make a world that is more resilient, equitable, and sustainable when it returns in full force.

APPENDIX

Figure 1



SOURCE: Johan Rockström & Pavan Sukhdev, *The SDGs Wedding Cake*, STOCKHOLM RESILIENCE CTR. (June 14, 2016).