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SUSTAINABILITY LEADERSHIP AND EMPLOYEE SUSTAINABILITY BEHAVIOUR: THE PARALLEL MEDIATING EFFECTS OF SUSTAINABILITY ORIENTATION AND EMPLOYEE ENGAGEMENT

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ABSTRACT

PURPOSE: This paper explores the relationship between sustainability leadership (SL) and employee sustainability behaviour (SB) with parallel mediating effects of sustainability orientation (SO) and employee engagement (EE).

DESIGN/METHODOLOGY/APPROACH: Based on sustaincentrism theory, the model is tested using structural equation modelling and mediation analysis, with a sample of 347 employees from sustainable companies in India.

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FINDINGS: The findings suggest a positive relationship between SL and SB. It forwards the role of EE and SO as parallel mediators in affecting the relationship between SL and SB.

ORIGINALITY/VALUE OF THE PAPER: This is the first study to examine the role of sustainability leadership on sustainability behaviours via sustainability orientation and employee engagement as parallel mediators.

LIMITATIONS OF THE STUDY: The study's limitations include the use of cross-sectional data, which restricts causal inference between SL and SB, and the reliance on self-reported behaviour measures, which may introduce bias.

PRACTICAL IMPLICATIONS: The paper provides practical insights for organisations aiming to achieve sustainability through employee behaviour, addressing both theoretical and practical calls to understand employees' role in corporate sustainability.

KEYWORDS: Corporate Sustainability; Sustainability Leadership; Employee Engagement; Employee Sustainability Behaviour; Sustainability Orientation; Sustaincentrism Theory

INTRODUCTION

Since, the emergence of the concept of sustainable development, many definitions of corporate sustainability have been put forward for the business community (Schaltegger and Wagner, 2011). Corporate sustainability has been defined as "meeting the needs of a firm's direct and indirect stakeholders without compromising its ability to meet the needs of future stakeholders as well" (Dyllick and Hockerts, 2002, p.131). Organisations have been shouldered with the responsibility of driving sustainability. With the United Nations' Agenda 2030, sustainable development is gaining its due importance at the organisational level for strategic management (Grainger-Brown and Malekpour, 2019). Despite growing commitments, companies struggle to integrate sustainability into their strategies (Dhanda and Shrotryia, 2021), and its intertwinement with human resources (HR) practices remains missing (Engert and Baumgartner, 2016). Some researchers propose employees should be placed at the centre for sustainability (Richards, 2022), but their inner dispositions to contribute towards sustainability are unexplored (Järlström et al., 2023). Calls for a human-centred approach to achieving Sustainable Development Goals (SDGs) highlight the need to realign HR with sustainability (Cooke et al., 2023).

Sustainability-driven behaviour is a pre-requisite for corporate sustainability (Guerci *et al.*, 2015). Sustainability is achieved by aligning the day-to-day behaviours of employees with sustainability values. Sustainability orientation, defined as employees internalising sustainability values and practices, is key to fostering these behaviours. Therefore, SO is looked at as an antecedent for driving employee sustainability behaviour. Similarly, engaged employees also promote sustainability through their behaviours, positively impacting organisational well-being (Podgorodnichenko *et al.*, 2020). Thus, EE is looked at as another important driver for ensuring corporate sustainability.

In the pursuit of SDGs, the role of leadership cannot be passed over. Ferdig (2007, p.26) defines sustainability leadership as "an emerging consciousness among people who are choosing to live their lives and lead their organizations in ways that account for their impact on the earth, society, and the health of local and global economies". Leadership not only sets the value system but also engages employees to drive corporate sustainability (Di Fabio and Peiró, 2018). However, despite its growing importance, organisations face a big challenge of "sustainability leadership cavity", and its inter-relationship with other constructs for driving sustainability remain understudied. Therefore, the drive to understand the association between SL, SO, EE and SB intensifies. This study utilises the "sustaincentrism" theory (Valente, 2012) and "moral responsibility theory for corporate sustainability" (Biron, 2010). Sustaincentrism theory emphasises that sustainable business practices will only be undertaken when organisations go through a robust transition in organisational culture, and the "moral responsibility theory" advocates that individual members of the corporations must perceive sustainability as their belief that is shaped by the organisation's culture, values and practices. This study seeks to understand the relationship between SL and SB through the mediating effects of EE and SO

REVIEW OF LITERATURE

Sustainability Leadership

While transformational leadership has been linked to corporate sustainability, SL emerges as a growing form that builds on and extends beyond transformational leadership principles (Hallinger and Suriyankietkaew, 2018). One of the first conceptual definitions of SL was given by Hargreaves and Fink (2004), who defined leadership as the one that meets the needs of the present-day without compromising the ability of future generations to prosper. Ferdig (2007) expanded the definition of sustainable leaders to anyone who drives a sustainable change, regardless of role or position, and can engage others to create a meaningful change. Despite the growing realisation that leadership is one of the most important factors in the implementation of sustainability initiatives, it is forwarded as a weakly developed and marginalised topic (Santana and Lopez-Cabrales, 2019). Azizi (2023) stated that leadership processes in sustainability have been addressed in a fragmented manner in the literature. Leal Filho et al. (2020) advocated for further investigation into the role of leaders in embedding sustainability within organisations. SL is still in its early stages and there are ongoing calls for corporate initiatives focused on sustainability leadership. Such calls reflect a desire for academic research to explore the domain of SL and its inter-relationship with other constructs.



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Pellegrini et al. (2018, p.1222) forwarded SB as "the pro-social and pro-environmental behavior adopted by employees in support of corporate change for sustainability". Kang et al. (2022, p.6) defined employee sustainable behaviours as "the way companies teach employees about sustainability through courses at the social, economic, and environmental level". SB is further conceptualised as in-role behaviour and extra-role behaviour. Despite growing importance, specific employee behaviours have not been linked to corporate sustainability (Wesselink et al., 2017). Corporate sustainability requires the collective and collaborate efforts of employees; however, their behavioural perspective on corporate sustainability has remained under-studied (Paillé et al., 2019). It is also argued that despite its growing importance, limited research has been done on SB (Chua et al., 2024). Limited attention has been paid to the analysis of how organisational-level factors impact and shape SB at the workplace (Carmeli et al., 2017).

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SO reflects the understanding, learning and assimilation of sustainability values, policies and procedures by an organisation's employees. Shou et al. (2019) define SO as a company's enduring dedication to incorporating social and environmental considerations into its decision-making processes. Khizar et al. (2021) found an absence of unified conceptualisation of SO. Few researchers conceptualise it as an organisationallevel construct (Shou et al., 2019), while others forward it at an individual level (Pellegrini et al., 2018). Despite the incorporation of SO within the strategic vision of organisations, extant literature calls for an investigation of its role in various organisational settings (Shou et al., 2019). The top management communicates its sustainability intent and expects processes to percolate. However, despite corporate-level initiation, the operationalisation of SO at the business unit level remains fragmented, necessitating conceptual clarity and further empirical research (Cheng, 2020).

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Employee Engagement (EE)

Employee engagement (EE) has been one of the most important agendas for HR over the last decades (Kwon et al., 2024). This is attributed to the strong relationship of EE to positive outcomes for employees and the organisation (Bailey et al., 2017). Coined by Kahn (1990), EE was defined with three dimensions of psychological meaningfulness, safety and availability at the workplace. Since then, numerous definitions of EE have been forwarded and the literature is filled to the brim showing its inter-relationship with various constructs (Bailey et al., 2017). In the early 2000s, EE emerged as a counterbalance to burnout

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followed by the genesis of the Gallup measuring engagement across the globe. The Utrecht group defined engagement as "a positive, fulfilling, work-related state of mind, that is, characterized by vigor, dedication and absorption" (Schaufeli et al., 2002, p.74). Even though engagement is strongly related to financial and customer metrics of performance, its interlinkage with sustainability needs further exploration (Raza et al., 2021). Researchers tout engaging employees for the attainment of sustainability goals (Podgorodnichenko et al., 2020). However, research in this domain needs investigation to provide empirical evidence.

CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

This study's rationale is based on sustaincentrism theory. Coined by Gladwin *et al.* (1995), sustaincentrism acts as a catalyst in helping the firm to make a transition towards value creation by going through a paradigm shift in its organisational culture. Organisational transformations towards the goal of a sustainable future can be achieved by leadership (Thomas *et al.*, 2020). SL involves bringing people together around a sense of purpose, empowering them, and influencing their behaviours for sustainability. The present study also befits the corollary of moral responsibility theory that postulates sustainability as a moral belief of employees that is shaped by the organisation's culture (Biron, 2010). It is proposed that SL affects SO and EE, which leads to SB. The conceptual model depicted in Figure 1 outlines the inter-relationships among the constructs.

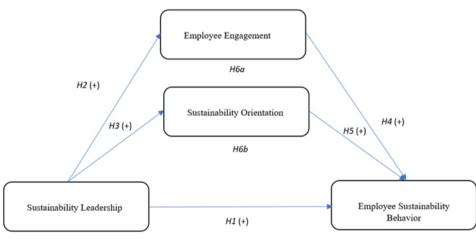


Figure 1 Conceptual model

Source: Constructed by authors

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Sustainability Leadership and Employee Sustainability Behaviour

Past studies have revealed a relationship between leadership and pro-environmental behaviours by employees (Warner-Søderholm *et al.*, 2024). Kantabutra and Ketprapakorn (2020) elucidate corporate sustainability as a leadership approach that makes a company grow profitably while catering to its environmental, social and economic goals. Sustainability leaders promote the adoption of sustainability practices through their people for achieving their SDGs. SL guides and motivates employees to demonstrate SB (Galpin and Lee Whittington, 2012; Di Fabio and Peiró, 2018); It gives a sense of purpose to its employees, reaping multi-fold benefits for the organisation. Therefore, the following hypothesis is suggested:

Hypothesis 1: Employee perception of sustainability leadership is positively related to employee sustainability behaviours.

Sustainability Leadership and Employee Engagement

Employees play a vital role in bringing a change for sustainability in organisations (Podgorodnichenko *et al.*, 2020). A company's reputation for sustainability leadership has an impact on hiring, retaining and engaging employees (Story and Neves, 2015). Studies reveal a positive impact of leadership on the engagement of the employees (Carasco-Saul *et al.*, 2015). Leaders influence employees to ensure their commitment to the firm's strategy and values for sustainability (Galpin and Lee Whittington, 2012). Therefore, the hypothesis proposed is:

Hypothesis 2: Employee perception of sustainability leadership is positively related to employee engagement.

Sustainability Leadership and Sustainability Orientation

Sustainability orientation at the individual level encompasses a sense of moral obligation, psychological traits and attitudes of employees towards sustainability. Wagner (2012) defined it as a person's values being related to sustainability perspectives in an organisation. Employees need to internalise the values and policies related to sustainability to drive changes. Past studies have shown a relationship between leadership and orientation

development towards sustainability (Jahanshahi *et al.*, 2017). Leadership's commitment towards sustainability influences the strategic orientation of employees in an organisation rooted in its culture, values and norms (Tardin *et al.*, 2024). Following this argument, the following hypothesis is proposed:

Hypothesis 3: Employee perception of sustainability leadership is positively related to sustainability orientation of employees.

Employee Engagement and Employee Sustainability Behaviour

Employee engagement is intrinsically linked with employees' task performance and extra-role performance (Bailey *et al.*, 2017). Employees act as an important catalyst for enhanced environmental performance for their organisation by positively engaging with their work (Tian and Robertson, 2019). Engaged employees demonstrate their dedication to eco-initiatives and express concern for sustainable objectives (Raza *et al.*, 2021). EE is seen as a psychological state that facilitates green behaviour by employees. Far less investigated is the SB that encompasses both pro-social and pro-environmental behaviours (Bhattacharya *et al.*, 2023). Therefore, in concurrence with it, the following hypothesis is proposed:

Hypothesis 4: Employee engagement is positively related to employee sustainability behaviour

Sustainability Orientation and Employee Sustainability Behaviour

An organisation's purpose, well understood by employees, is viewed as a pre-requisite for its sustainability endeavours (Gartenberg, 2022). Studies forward that a corporate purpose that enables companies to be sustainable is linked to the sustainability behaviours of its employees (Bhattacharya *et al.*, 2023): the sustainability purpose of organisations must be translated at the employee level (Pellegrini *et al.*, 2018). Employees' perception of an organisation's sustainability vision, purpose and policies affect the employee task-related and sustainability behaviour (Ramus and Steger, 2000) and in this context, the following hypothesis is forwarded:

Hypothesis 5: Sustainability orientation is positively related to employee sustainability behaviour.







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Employee Engagement and Sustainability Orientation as Mediators

Engaged employees demonstrate their commitment to sustainability goals through their actions, benefitting both the organisation and its stakeholders. This dedication often translates into going above and beyond their prescribed roles to contribute to the firm's sustainability objectives. Various leadership styles have been analysed in terms of their impact on engaging employees. Recently, scholars have turned their attention to the role of SL in fostering EE for sustainability. Drawing on sustaincentrism and the moral responsibility theory, it is posited that SL acts as a minimum enabler for driving SB. For employees to effectively contribute to sustainability goals, engaging employees is imperative. They need to be aligned with the organisational strategy, experience a sense of efficacy and be willing to take proactive steps towards sustainability while serving stakeholders. Similarly, leaders pass on a sense of moral obligation for sustainability to employees that translates in the form of their behavioural manifestation (Tardin et al., 2024). Employees internalise the sustainability vision and agenda set by the leadership, which influences their SB. Consequently, this study seeks to explore the mediating role of EE and SO on the relationship between SL and SB and the following hypothesis is proposed.

Hypothesis 6: The relationship between sustainability leadership and employee sustainability behaviour is significantly mediated by (a) employee engagement and (b) sustainability orientation.

METHODOLOGY

Measurement

We adapted standardised scales for the four constructs, namely SL, SB, SO and EE, from the published academic studies measured on a seven-point Likert scale (strongly disagree to strongly agree), as given in Table 1.

Table 1 Scales for the constructs

Construct	Scale	No. of Items
Sustainability leadership	Di Fabio and Peiró (2018)	4
Employee sustainability behaviour	Bettencourt and Brown (1997)	10
Sustainability orientation	Banerjee et al. (2003)	4
Employee engagement	Shrotryia and Dhanda (2020)	16

Source: Constructed by authors

Sample and Data Collection

Through their HR managers, a 34-item questionnaire was administered to employees of 4 sustainable Indian companies having a lifespan of more than 60 years. Out of 475 distributed, 351 responses were received (73% response rate). After removing 4 outliers, 347 valid responses remained.

Reliability and Validity Analysis

The data were analysed using SPSS and AMOS. In the measurement model, the internal consistency, together with construct validity, was carried out for all four latent constructs. The values of Cronbach's alpha score for all the constructs exceeded the minimum recommended value of 0.70. The standardised loading estimates were found to be 0.7 or higher. The composite reliability (CR) values were greater than 0.7, indicating adequate convergence. The values of average variance extracted (AVE) were found in the range of 0.626–0.863, which were greater than 0.5 and found to be acceptable. The AVE values were greater than the Maximum Shared Variance (MSV) value for all the constructs providing evidence for discriminant validity. The results of reliability and validity analysis are given in Table 2.

Table 2 The means, standard deviations, Cronbach's alpha, CR, AVE, MSV, discriminant validity and correlations of the study variables

Variables	М	SD	1	2	3	4	CR	AVE	MSV	Cronbach's Alpha
Sustainability Leadership	5.230	1.388	0.863				0.921	0.745	0.332	0.920
Employee Engagement	5.514	1.072	0.417**	0.929			0.950	0.863	0.284	0.943
Sustainability Orientation	4.907	1.544	0.402**	0.376**	0.791		0.869	0.626	0.307	0.867
Employee Sustainability Behaviour	5.230	1.207	0.510**	0.465**	0.450**	0.882	0.875	0.778	0.332	0.932

Note(s): N=347; **p < 0.01; CR=composite reliability; AVE=average variance extracted; MSV=Maximum Shared variance; italic numbers in parentheses (diagonally) refer to the discriminant validity of the variables

Source: Constructed by authors

The results of the measurement model provided a good fit for the data (CMIN/DF=1.572, GFI=0.882, CFI=0.962, TLI=0.959, NFI=0.903, RMR=0.092, RMSEA=0.041). For this model, the CMIN/DF value was below the threshold of 3; this shows the model to have a good fit (Kline, 2004). The RMSEA and RMR values were below the threshold limits and they were therefore acceptable (Hair *et al.*, 2013). GFI was above the 0.80 level (Baumgartner and Homburg, 1996). Similarly, other indices were above the acceptable



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limit of 0.90 (Hair *et al.*, 2013). The results confirmed the fitness of the hypothesised model and it was suitable to proceed with the further examination of the model.

RESULTS

Descriptive Analysis

Table 2 provides descriptive statistics, reliability, and validity of the variables. Consistent with our hypotheses, significant correlations are observed among SL, SB, SO and EE.

Examining Table 2, a positive and significant association is evident between SL and SB (r=0.510, p, 0.01). Furthermore, the results indicate positive and significant associations of SL with both EE (r=0.417, p, 0.01) and SO (r=0.402, p, 0.01). Additionally, a positive and significant association is observed between EE and SO (r=0.376, p<0.01), EE and SB (r=0.465, p<0.01), as well as SO and SB (r=0.450, p<0.01), thereby providing support for the hypotheses in the initial phase.

Direct Effects

Data were analysed through the maximum likelihood method of estimation (MLE) using structural equation modelling (SEM) in AMOS. The analysis revealed that all the structural path estimates are significant and in the expected direction. The results in Table 3 show that SL was positively related to SB (β =0.312, t=6.718, p<0.01), thereby supporting the first hypothesis of the study. There was a positive and significant association between SL and EE (β =0.454, t=9.489, p<0.01), thus supporting Hypothesis 2 of the study. A positive and significant association between SL and SO (β =0.515, t=11.175, p<0.01) was found, supporting the third hypothesis. The fourth hypothesis was also supported when a positive association between EE and SB was established (β =0.291, t=7.107, p<0.01). Similarly, a positive and significant association between SO and SB (β =0.345, t=8.125, p<0.01) supported the fifth hypothesis of the study.

Table 3 Standardised Regression Weights, *t*-Values and Hypotheses

Path	Standardised Regression Weights	t Value	Outcome
SL→ SB	0.312	6.718***	H1 Supported
S→EE	0.454	9.489***	H2 Supported
SL→SO	0.515	11.175***	H3 Supported
EE→SB	0.291	7.107***	H4 Supported
SO→SB	0.345	8.125***	H5 Supported

Note(s): ***p<0.001; SL=Sustainability Leadership; SB=Employee Sustainability

Behaviour, EE=Employee Engagement, SO=Sustainability Orientation

Source: Constructed by authors

Mediated Effects

To evaluate Hypotheses 6a and 6b, a parallel mediation model was examined using AMOS: a two-step process was employed to assess the mediating effects. Initially, the conceptual model was evaluated without considering EE and SO as mediators. Subsequently, EE and SO were introduced as mediators in the model. The mediation analysis involved 2,000 bootstraps, and Table 4 presents the outcomes, including the direct effect, indirect effects, confidence level (95%) and *p*-values of the mediating variables.

Table 4 Mediation analysis summary

Relationship	Direct	Indirect	Confidence	Interval	p Value	Outcome	Conclusion
	Effect	Effect	Lower Bound	Upper Bound	Value		
SL→EE→SB	0.280	0.119	0.067	0.182	0.001	H6a Supported	Partial Mediation
SL→SO→SB	(0.001)	0.160	0.100	0.235	0.000	H6b Supported	Partial Mediation

Note(s): *Empirical 95% CI does not overlap with zero; SL=Sustainability Leadership; EE=Employee Engagement; SO=Sustainability Orientation; SB=Employee Sustainability Behaviour

Source: Constructed by authors

The findings demonstrated a significant indirect effect of SL on SB through EE (b=0.119, t=3.966, p=0.001), thus confirming Hypothesis H6a. Examining the mediating role of SO, the results indicated a significant indirect effect of SO on SL on SB through SO (b=0.160, t=4.705, p=0.000), supporting H6b. Additionally, the direct effect of SL on SB remained significant in the presence of the mediators (b=0.280, p=0.001). Consequently, EE and SO were identified as partial mediators in the relationship between SL and SB.

DISCUSSION AND IMPLICATIONS

This study builds on sustaincentrism theory, emphasising organisational transformation for sustainability through sustainability leadership. It shifts the focus from top managers to employees, asserting that a sustainability vision and associated values must flow from leadership to employees, the active drivers of sustainability. The study examines the inter-relationships among SL, SB, EE and SO and explores the mediating roles of EE and SO on SL and SB. Empirical support shows SL positively impacts SB (H1),



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EE (H2), and SO (H3), corroborating propositions made in the existing literature (Tardin *et al.*, 2024; Podgorodnichenko *et al.*, 2020). Positive relationships were also found between EE and SB (H4) and SO and SB (H5). Past studies linked EE with green behaviours focusing on environmental sustainability; this study takes an holistic view, including both pro-social and pro-environmental behaviours. Lately, corporate purpose, well-understood by employees, is seen as a requisite for SB. This study provides empirical support that SO of employees affects their SB. The study further reveals a mediating role of EE in the relationship between SL and SB (H6a), highlighting the need for EE interventions to be employed by the organisation for driving sustainability. SO is also found to be a mediator in the relationship between SL and SB (H6b), highlighting the need for effective communication of sustainability vision, values, policies and strategies from the leadership to employees, enabling them to internalise and act on these principles of sustainability.

The study intends several theoretical implications that add to the scholarship in the following ways. First, the study enriches the sustaincentrism theory that emphasises sustainability as a way of life for organisations and enables the network of actors to comply with the sustainability agenda by exploring the inter-relationship between SL and SB. Second, the study forwards corporate sustainability through the lens of employees, who are the active translators of sustainable endeavours in an organisation. Third, the study extends the emerging literature on SO and underscores the vital and previously unexamined role of SO on SB in organisations. The concept of corporate purpose for sustainability and its subsequent internalisation by employees has recently captured organisations' imagination; scholarship on SO is lacking (Bhattacharya et al., 2023). Fourth, the study also adds to the literature on EE by exploring its relationship with SB that has been persistently called for in both scholarship and practice. Fifth, it also shows that SL alone may not be enough to drive the sustainability behaviour of employees, as it works in conjunction with EE and SO to do so. The study further reiterates the importance of realigning human resources in the light of SDGs and explores their behavioural dispositions towards sustainability.

For managers, the study suggests shifting responsibility for sustainability from leadership to employees. Managers should prioritise communicating the organisation's sustainability vision and values from top leadership to employees. Enhancing employees' SO through education and training is crucial, as is actively engaging them in sustainability initiatives. Effective EE interventions should be implemented to influence SB by involving employees in decision-making processes, encouraging their participation in sustainability projects, and recognising and rewarding their contributions to sustainability efforts. Overall, the study highlights that SL alone is insufficient to drive SB; it must work in conjunction with EE and SO to foster a sustainable organisational culture.

LIMITATIONS AND SCOPE OF **FUTURE RESEARCH**

Despite efforts to mitigate limitations, this study has some constraints. The use of cross-sectional data limits causal inference between SL and SB; future research could address this with longitudinal data. Self-reported behaviour measures may introduce bias, suggesting a need for objective measures in future studies. Control variables were not tested due to confidentiality norms, an area for future exploration. Additionally, future research should investigate discrepancies between leadership initiatives and employee perceptions, as well as how these disparities may impact employee behaviour regarding sustainability. Future research should explore the mediating role of potential factors such as employees' psychological capital and organisational commitment on the relationship between SL and SB.

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12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14. LIFE WATER











1 NO POVERTY



2 ZERO HIIMGER



3 GOOD HEALTH
AND WELL-BEING



4 QUALITY



GENDER



6 CLEAN WATER AND SANITATIO



7 CLEAN ENERGY



B DECENT WORK AND



INDUSTRY, INNOVATION



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11 SUSTAINABLE CITIE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE WATER



15 LIFE ON LAND



PEACE, JUSTICE AND STRONG INSTITUTIONS





