



SUSTAINABLE
FINANCE HUB



SDG
FINANCE
ACADEMY



UN
DP

SDG-Smart Impact Measurement and Management

Thailand Securities Exchange and Commission

27th and 28th of October 2022



Introduction to IMM

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Business and Sustainability



Shareholder Capitalism

Enterprises are **exclusively focused on enhancing shareholder value**, serving the interests of shareholders.



Stakeholder Capitalism

Enterprises are **focused on long-term value creation**, serving the interests of all stakeholders.

Business Roundtable released a new **Statement on the Purpose of a Corporation** signed by **200 CEOs**, including Amazon, Apple, Blackrock, BP, Chevron, Dow, Goldman Sachs, JP Morgan Chase, Pfizer, and Walmart, **committed to lead their companies for the benefit of all stakeholders** – customers, employees, suppliers, communities and shareholders.

Terms Explained: Sustainability



Business and Sustainability



Why should we care about sustainability?



The Ecological Footprint is a metric that compares the resource demand of individuals, governments and companies with the biological regeneration capacity of the Earth.



Globally, we are consuming ecological resources as if we had **1.8** Earth planets available, per year.²



If the global population was to consume ecological resources as Thailand, we would need **1.5** Earth planets available, per year.²

²Earth Overshoot Day. "How Many Earths Do We Need?". <https://www.overshootday.org/how-many-earths-or-countries-do-we-need/>

What is sustainable development?



“To satisfy the needs of present generations without prejudice to the satisfaction of the needs of future generations, but also recognizing that to do so there are limits of the planet that must be respected.”¹

- Living within the limits; not absolute limits, but limitations imposed by the resources of the environment and the ability of the biosphere to absorb the effects of human activity.
- Social welfare measured as the resolved basic needs of all inhabitants, in an adequate and equitable manner.

¹Report of the World Commission (Brundtland Commission) on Environment and Development. "Our common future" United Nations -1987

2030 Agenda



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



05
DIMENSIONS

17
GOALS

169
TARGETS

231
INDICATORS

“

The next 10 years will be critical for action. Those organizations that show **leadership on the SDGs** will be the most likely to **win the support of their stakeholders**, including investors, regulators, consumers, collaborators and society at large.

”

Source: Price Waterhouse Coopers (2019), "Creating a strategy for a better world", <https://www.pwc.com/gx/en/sustainability/SDG/sdg-2019.pdf>

UNITED NATIONS DEVELOPMENT PROGRAMME

2030 Agenda



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



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INDICATORS

Achieving the **SDGs** will generate at least **\$12 trillion** in opportunities.

- Reducing risks
- Securing license to operate
- Regaining confidence
- Strengthening value chains
- Valuing brands
- Retaining talent

Source: Better Business, Better World, 2016

2030 Agenda



Benefit stakeholders and contribute to SDG solutions

- Develop new products, services and solutions that benefit stakeholders, with a specific focus on unserved and/or underserved markets that would lead to new customers and market opportunities and accelerate innovation.

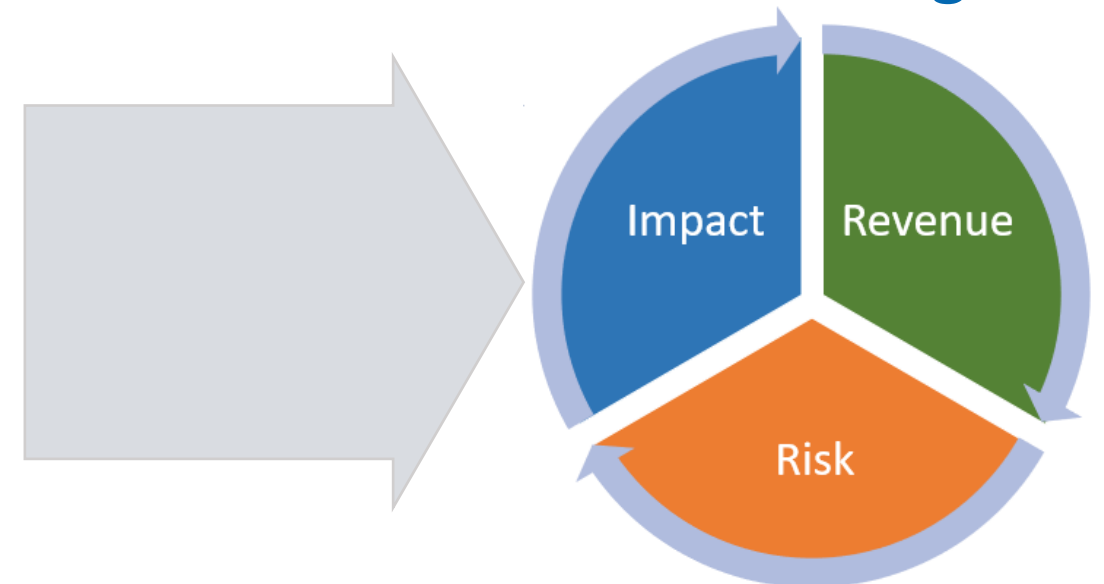
Operate responsibly and sustainably

- Avoid or significantly reduce negative impacts that business and investment activities may have on people and planet

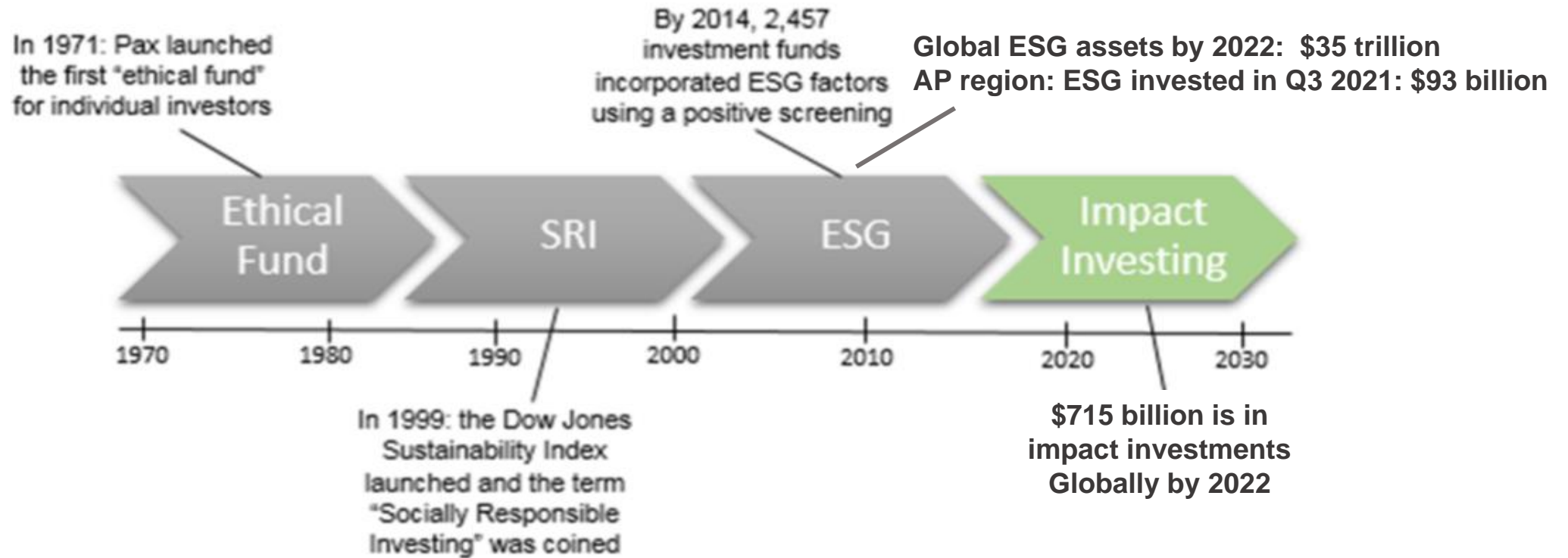
■ 73% of impact investors use SDGs as the main reference for *Impact Management and Measurement* resources.



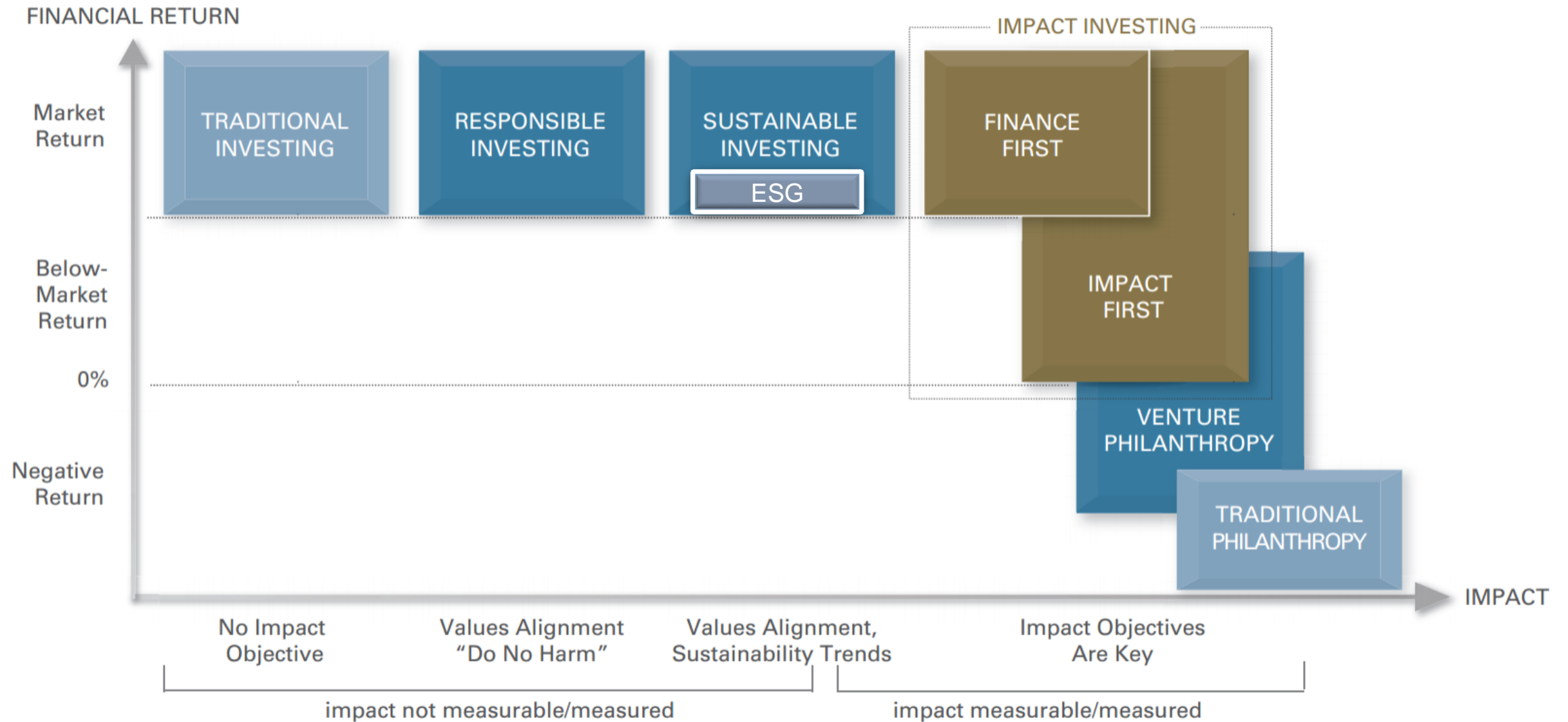
SDGs
as substantial component for
Business Decision Making



Impact in the private sector



Terms Explained



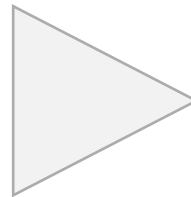
STRATEGIES to integrate SDGs in Businesses

from Shareholder Value to Stakeholder Value

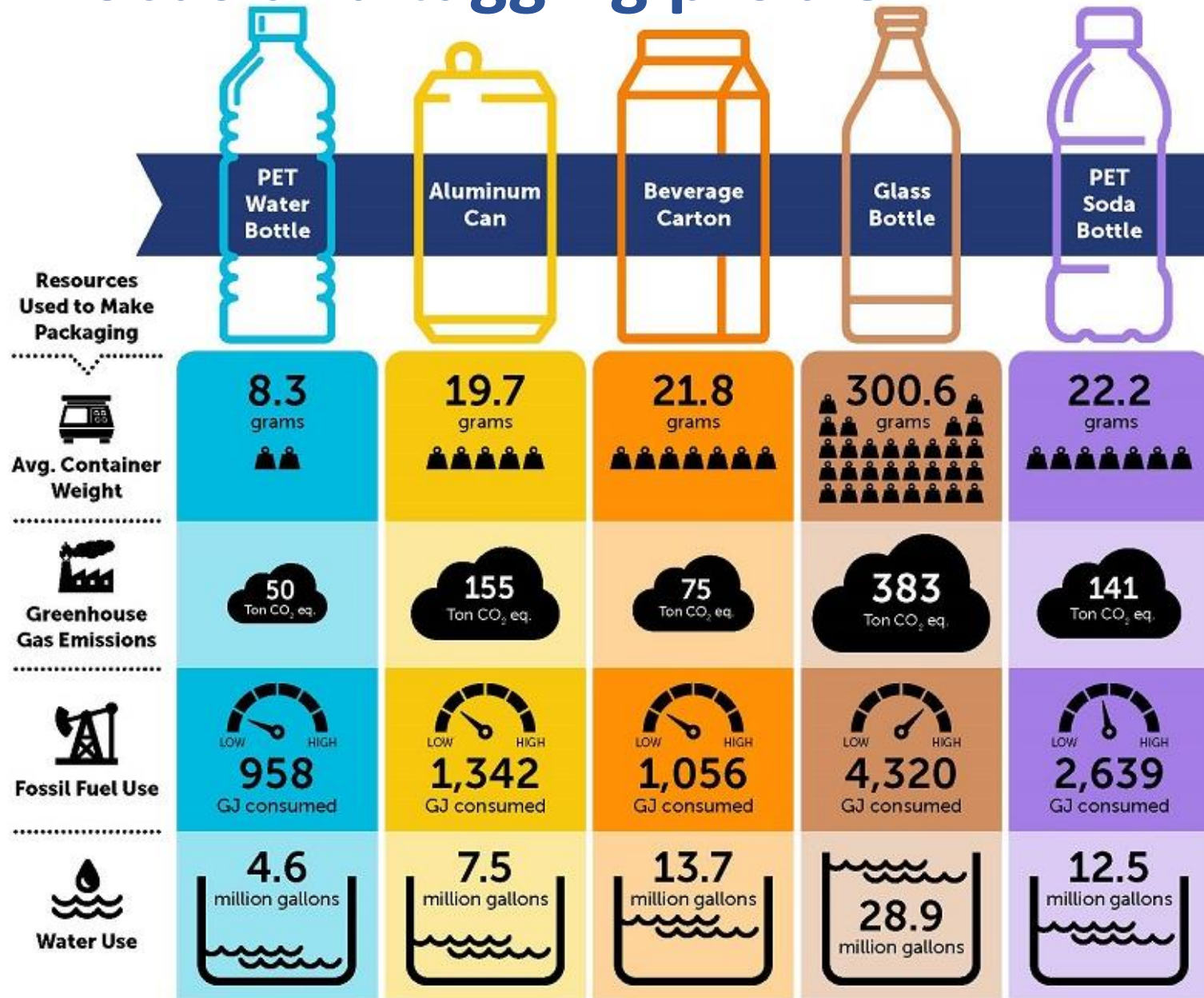
from Compliance to Value Alignment to Impact Objective

from Avoid Harm to Benefit Stakeholders to Contribute to Solutions

from CSR to ESG to SDGs



Need for IMM: Narrow focus and tagging problem



Show of Hands



According to Morgan Stanley's Sustainable Investment Institute...

- a) Almost 100% of millennials are interested in investing in companies that pursue a positive social and/or environmental impact.
- b) Almost 50% of millennials are interested in investing in companies that pursue a positive social and/or environmental impact.
- c) Almost 30% of millennials are interested in investing in companies that pursue a positive social and/or environmental impact.

Environmental, Social, Governance



Environmental, Social, and Governance (ESG) are the three pillars to measure the sustainability or ethical impact of an enterprise.



Environmental

How does the enterprise interact with the environment?

- Greenhouse gas emissions
- Resource use (energy, water, land)
- Waste management
- Animal welfare
- Supply chain management



Social

How does the enterprise engage with the community?

- Human rights
- Health and safety
- Commitment to community and customers
- Workforce learning & development, diversity, benefits and conditions



Governance

How does the enterprise manage itself?

- Board structure and functions
- Compensation policies
- Shareholder rights
- Bribery and corruption

ESG is a
**risk-management
approach** focused on
enterprise/portfolio
value.

³ Gregory, N. and Hornberger, K. (2020), "The difference between ESG and impact investing and why it matters", IFC, <https://ifc-org.medium.com/the-difference-between-esg-and-impact-investing-and-why-it-matters-8bf459b3ccb6>

⁴ Boffo, R. and Patalano, R. (2020), "ESG Investing: Practices, Progress and Challenges", OECD Paris, www.oecd.org/finance/ESG-Investing-Practices-Progress-and-Challenges.pdf

Why is ESG is not enough?



In 2020, **90%** of S&P 500 companies published corporate ESG reports.

- Differentiating competitive advantage.
- Improved long-term financial performance.

Yet, **ESG is not enough.**

- What investment strategies and management assets can be considered sustainable investments?
- How are these creating long-term value to society?

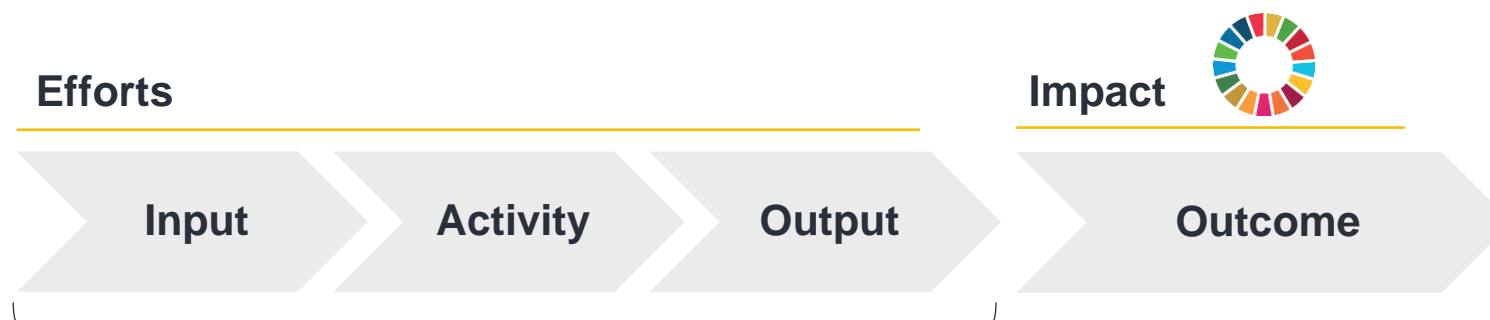
The **credibility of impact** claims is in question.

- There is a greater **need for transparency and accountability** on governments budget allocation, private investments, and companies' social and environmental impact.

Source: "Putting the "S" in ESG: Measuring Human Rights Performance for Investors, NYU Stern, March 2017

Moving from ESG to Impact

ESG data typically measures **‘efforts’**, based on evidence that those efforts are likely to create positive impact or mitigate negative impact over time. This is a **practical and essential** part of overall impact management. It is the floor or the “on-ramp”.



ESG metrics usually refer to efforts, not impact:

According to an NYU study, 92% of the **‘S’ indicators** in use today measure companies’ efforts, such as:

- Issuing policies or commitments;
- Conducting audits, risk assessments, or training;
- Participating in membership organizations or other collaborations;
- Engaging stakeholders.

‘G’ indicators, by nature, are activities too.

A larger portion of **‘E’ indicators** measure outcomes – but typically not in the context of the other dimensions

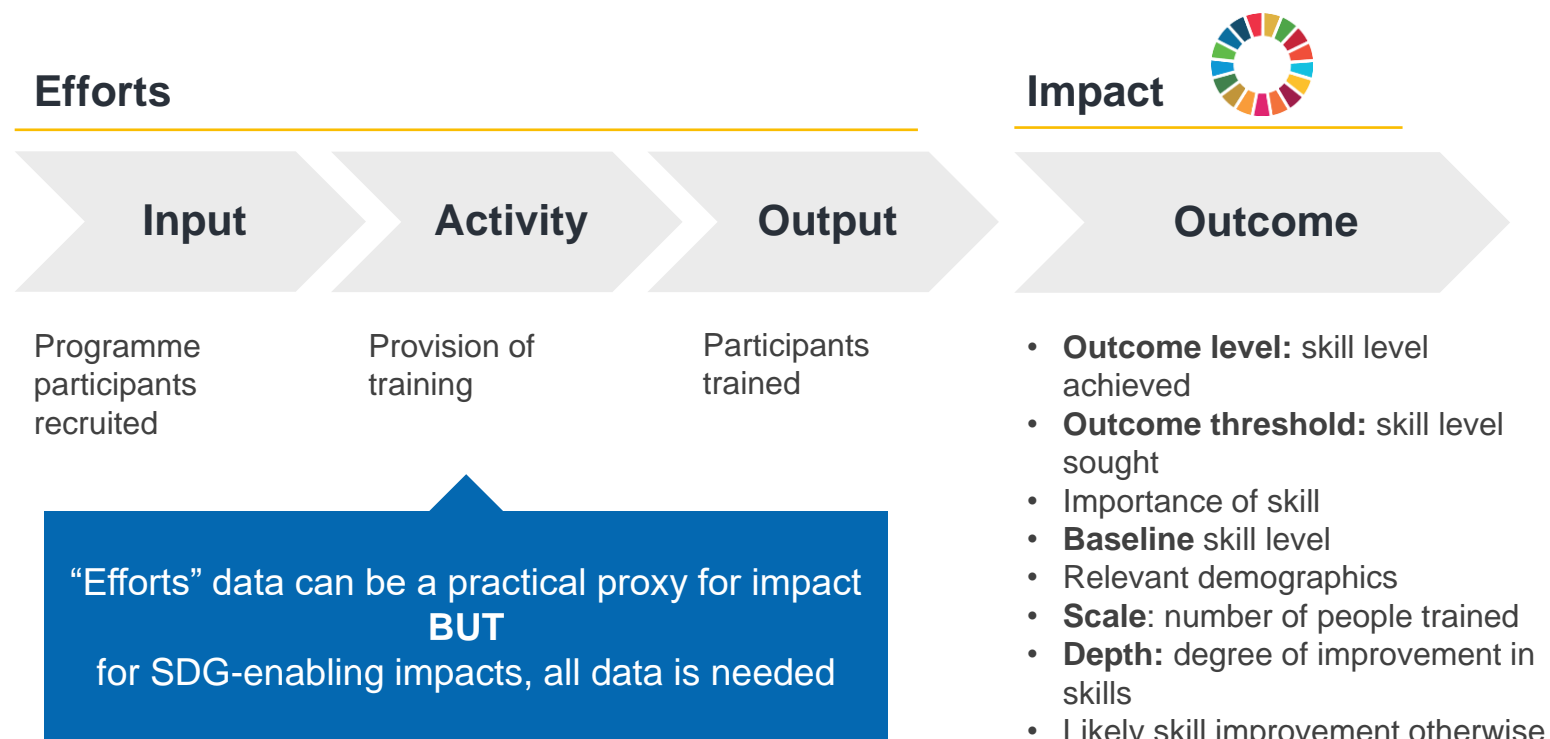
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Moving from ESG to Impact

Impact data, on the other hand, **measures the change in outcome that an effort generates**, in context. This is essential for understanding the level of positive impact that an asset has, and how much it contributes to the SDGs.



Moving from ESG to Impact



Outcome measures and contextual data is needed to know **how much** SDGs are being advanced

Management motivation	Management question	ESG measurement	Outcomes measurement	Impact measurement (Outcomes in context)
<i>"We want to mitigate risk"</i>	Does the business have policies and practices in place to mitigate risks of negative impact?	✓		
<i>"We see a positive relationship between stakeholders' wellbeing and long-term value creation"</i>	Is the business benefitting its stakeholders?		✓	
<i>"We want to use our capabilities to advance the SDGs"</i>	Is the business having a significant positive impact on specific SDG targets?			✓
<i>"We want to reduce costs associated with the social and environmental damage we are causing"</i>	Is the business significantly reducing its negative impacts on the SDGs?			✓

What is Impact?

Go to
www.menti.com

Enter the code
27 12 10 4



Or use QR code

Defining Impact

Impact is **thought** to be...



Defining Impact

Impact is...

Activities



~~Intended~~
Outcomes

- Intended
- Unintended and verified
- Unintended and not verified

Impact Measurement and Management



Impact

Changes experienced by people and planet caused by the private or public sector through its programs, operations, products and services.

Impacts can be

- **Positive / Negative,**
- **Intended / Unintended,**
- **Direct /Indirect,**

and **vary on how much** they contribute to the SDGs.



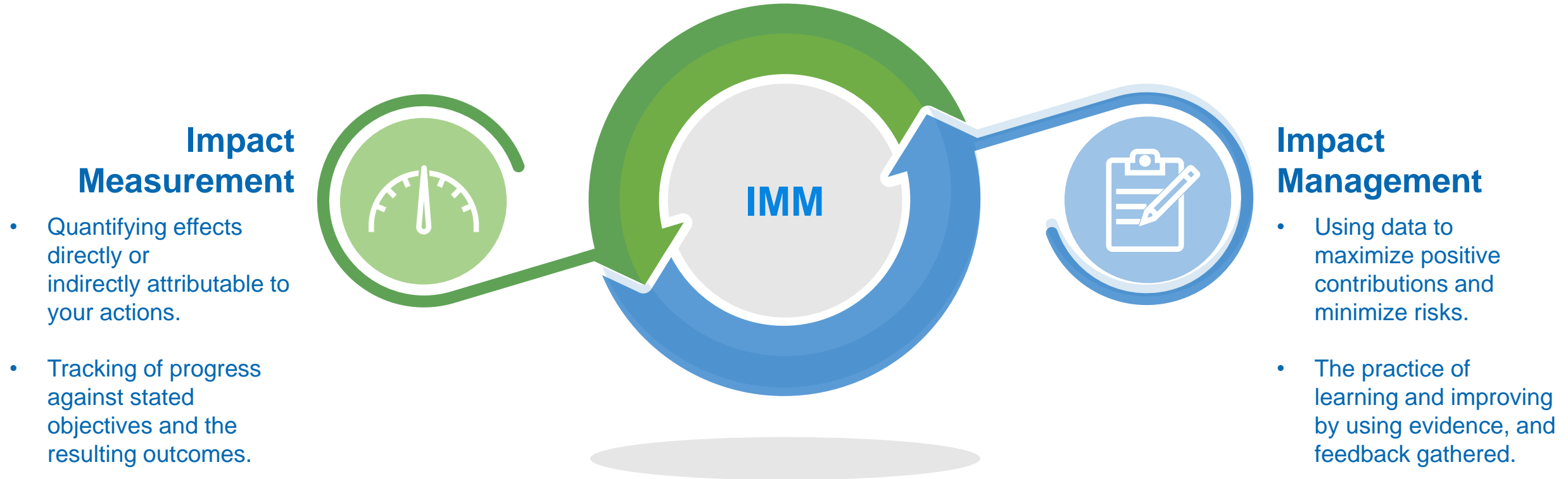
Impact Measurement and Management

A **framework** for deciding and measuring important outcomes:

- Quantity
- Duration
- Causality

What is IMM?

Gathering data to **make better decisions** to enhance **performance and increase impact**



Business and IMM

Global trend driving organizations to **integrate IMM** into their strategies and operations, which will impact their **reputation, competitive advantage, trust, and market presence**.



Regulation and Policy Frameworks

Governments and policy makers are introducing policies that requests enterprises to account for their impact and introduce it into decision-making processes

Increase positive impact and reduce negative impact in society and the environment.



Demand from Investors

Impact measurements becoming the **center of the impact investing industry's attention** (So & Staskevicius, 2015).

Increased interest of investors in **including IMM into investments criteria**.



Customers' and Employees' Engagement

Enterprises' impact on society is **reflected on their choices, trust and loyalty**.

Consumers are **4 to 6 times more likely** to purchase and champion purpose-driven companies.

Why measure Impact?

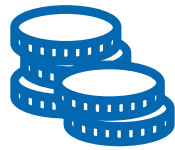
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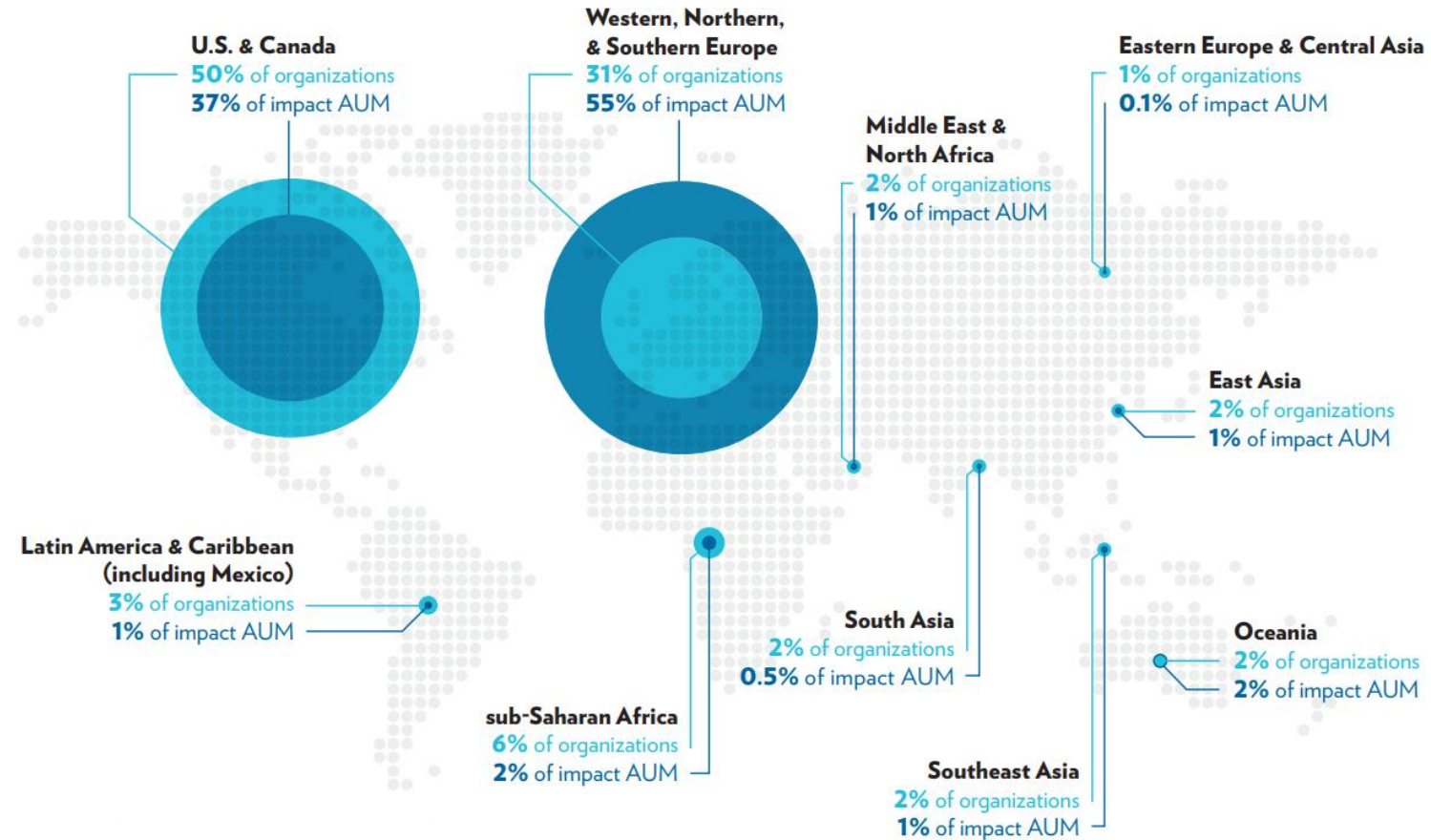
Or use QR code

Business Case for IMM



\$ 1.164 trillion

**Market size of impact
investing in 2022,
up from \$715 billion in 2020**



Benefits for Companies and Investors



Assess **market opportunity & risks**



Design effective **Products & services**



Improve **operational & economic performance**



Improve **customer Engagement**



Strengthen **stakeholder relations**



Build **reputation & brand**



Enhance **communications**



Enhance & scale long-term **impact**



Understand **contributions to SDGs**

Benefits for Companies

Feedback from companies on benefits of IMM

Communication

After doing a first round of impact data collection, one company realised they needed to do much more to **communicate their brand to their potential customers**, as a result they started a marketing campaign and their business increased.

Financial Results

Being able to show social impact to clients increased the chances of getting more orders, or opened up opportunities for grant applications, thus **increasing financial resources**.

Sales

For one financial organization, their **loan portfolio increased** due to customer acquisition which grew as an effect of reaching out to their low-income stakeholders.

Client Engagement

One company was able to analyse impact data to communicate predictable outcomes of the services offered to its clients; this ability to anticipate predictable outcomes became an asset that the company was able to leverage to **gain more clients**.

BoP Benefits

41% of respondents said that they were able to see a **positive impact on their low-income stakeholders** as a result of the data collection and measurement. These companies stated that they saw **impacts on income, satisfaction, education and relationships**, with one company also able to provide metrics which showed a clear positive trend.



Shift from claims to measured impact



72%

of companies
mentioned the SDGs
in the reporting

25%

of companies
included the SDGs
in their published
business strategy

14%

of companies
mentioned specific
SDG targets

1%

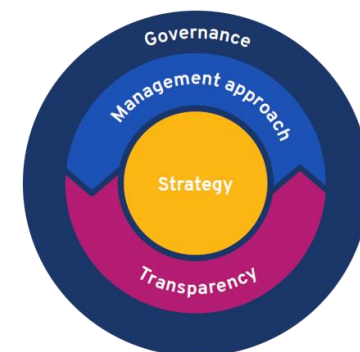
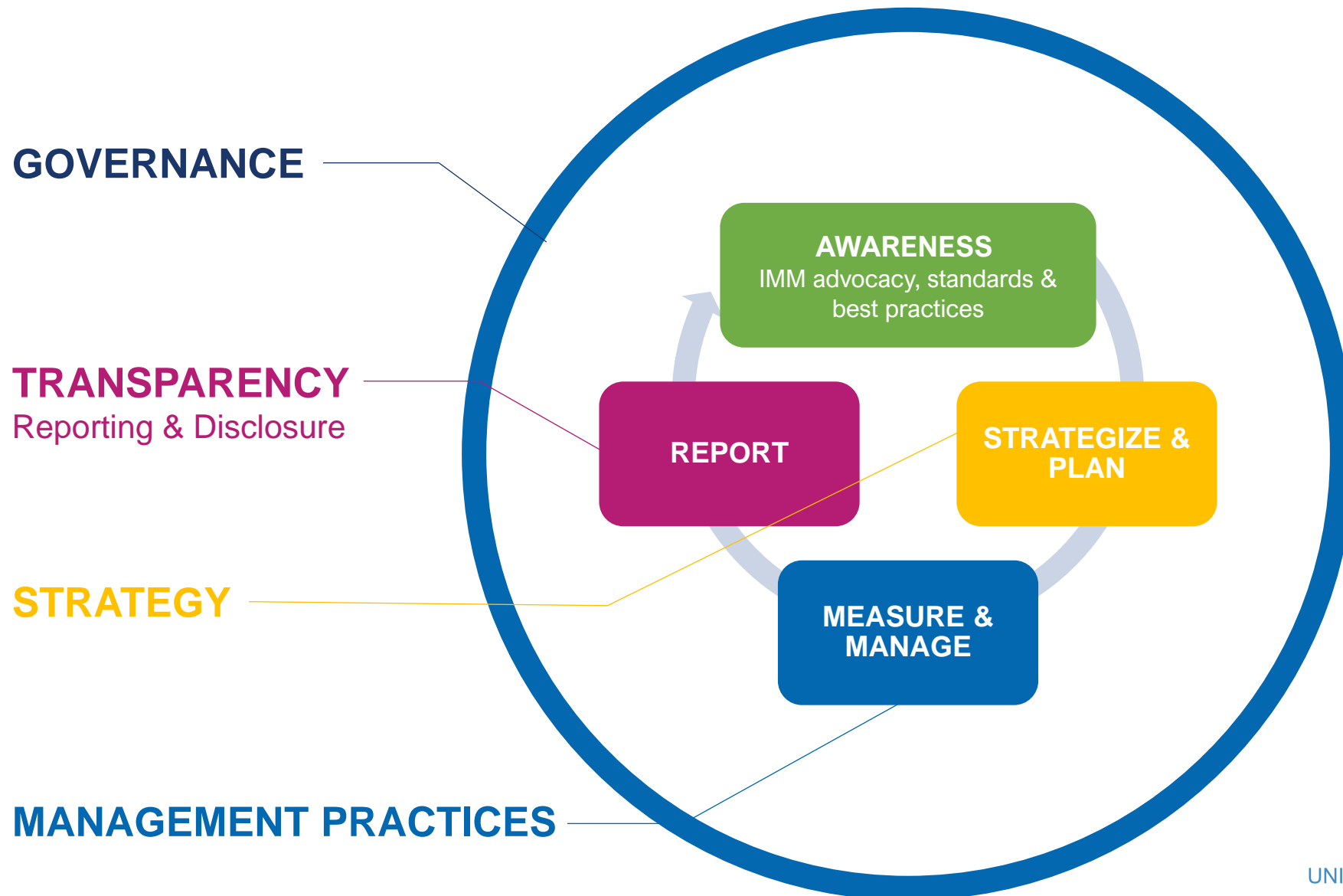
are reporting
quantitative measures
to show their progress



Of those,

39% are setting
qualitative ambitions and
20% are setting
quantitative ambitions.

IMM Journey for Private Sector



ASSURANCE
SDG IMPACT SEAL
Verification Bonds

Case Study: L'OCCITANE



L'OCCITANE is committed to developing and retailing high quality products that are rich in natural and organic ingredients of traceable origins and respect for the environment.

Process: As one of the largest purchasers of shea butter from Burkina Faso, L'OCCITANE has worked with more than 10,000 women through shea producer unions, ensuring fair-trade prices for shea butter and better living standards for women producers.

Impact on Stakeholders

- Increase in producers' women income level and sources of income.
- Increase in producers' women's literacy level.

Impact on Operations

- Strengthening training modules for shea producers.
- Reaching a larger number of women producers located further away from the union centres.
- Improving its strategies for joint programming with the producer unions of the women.



How to start your IMM journey?

Mariana Sarmento

The IMM Process



Stakeholder Engagement



What (and how much) changes for who?
Which change matters the most?

Stakeholder Engagement is about...



Amplifying voices



Listening



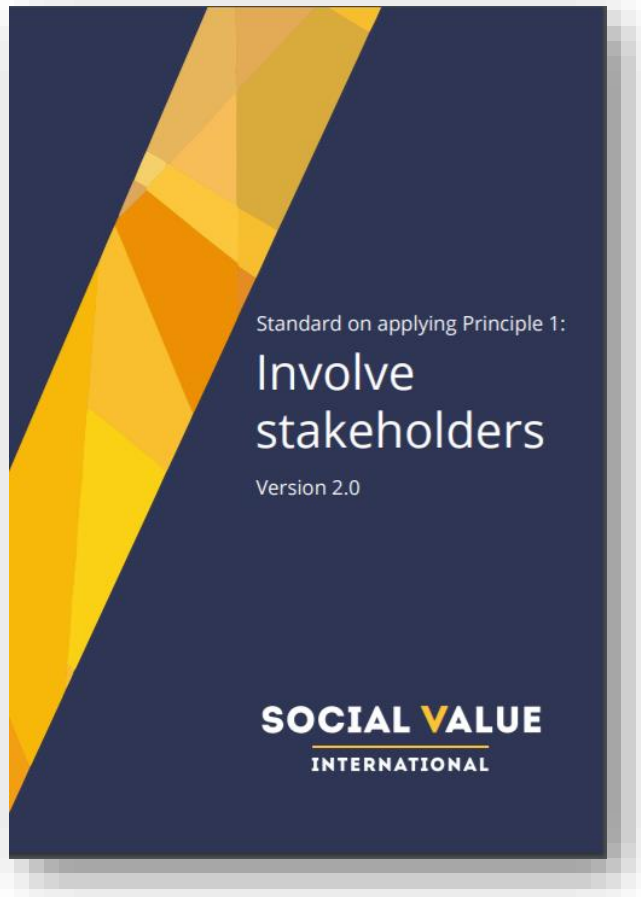
Responding



Accountability

Stakeholder Engagement

SVI Standard requires that an appropriate stakeholder sample is involved in...



- 1) Defining what **outcomes** should be measured.
- 2) Designing the **indicators**.
- 3) Measuring **quantities of change**:
 - Amount of change in the outcome;
 - Threshold for it to be positive;
 - Duration of change.
- 4) Establishing the **relative importance** of changes.
- 5) Calculating **impact**:
 - Levels of Counterfactual;
 - Levels of attribution & potential partners.
- 6) Identifying other **potential stakeholders**.
- 7) Verifying the **results**.

Stakeholder Mapping

Stakeholders are defined as people or organizations that affect or are affected by the activities being analysed.

Types of stakeholders to consider...



Customers



Employees



Investors



Government

How many stakeholders to include?

1

Consider stakeholder differences regarding the impact goal and involve stakeholders accordingly.

Example: age, gender, income

2

Continue collecting data until nothing new is reported – i.e., data saturation.

Reflect on...

Stakeholders are defined as people or organizations that affect or are affected by the activities being analysed.

EXERCISE



List who are your stakeholders



Describe what changes for each stakeholder

Materiality Analysis

A **material item** is what matters to those affected and what influences stakeholders' decisions.

Are **ALL** outcomes important?

1

Relevant to at least one of the following: your policies, your stakeholders, work of peers, societal norms, short term financial impacts

2

Significant means that the real or potential impact of the issue (both positive and negative) has passed a threshold that means it influences decisions and actions

What are the **most material** impacts?

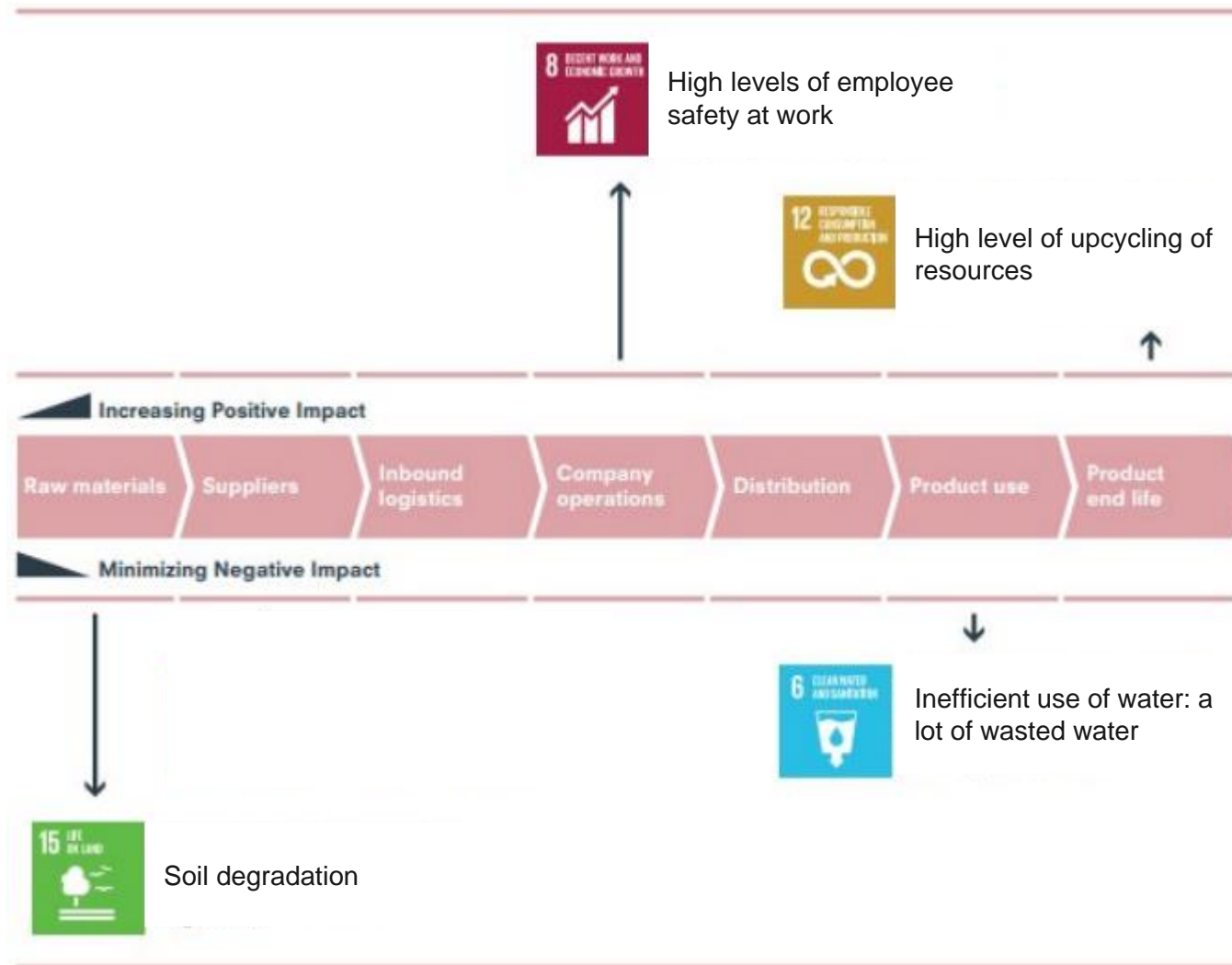
- Do not limit the filter to what is relevant to the business goals. Include what is relevant to stakeholders.
- Evaluate all potential impacts from a stakeholder perspective.
- Consider current positive and negative impacts, as well as potential risks of negative impacts and opportunities for positive impacts.

What are the most 'material' impacts?

What is most relevant from **stakeholders' perspective**?



Materiality Analysis: Example



How to prioritize material impacts?

Where can we focus to have the most material impact?

This can occur by...



Reducing a negative impact.



Achieving **highest** positive impact
(scale/depth/duration).



Principled Prioritization
by incorporating priorities
for all stakeholders.

Prioritization Tips

- Define prioritization criteria.
- Apply criteria to the list of identified material impacts.
- Rank the impacts on which you will focus.

Setting Impact Goals



Important positive long-term outcomes for your stakeholders



Measurable against a recognized benchmark



Mapped to the **Sustainable Development Goals (SDGs)** and linked to SDG targets

Mission-aligned goals =

Action verb + Clear target population + Measurable outcome

Examples:

- “*Improve maternal healthcare of indigenous communities in Bogota, Colombia.*”
- “*Improve water efficiency in smallholder practices in Medenine, Tunisia.*”

It is important to set mission-aligned goals to avoid mission drift!

- Focus on the **what**, not on the how.
- Include **concrete** results.
- Address the **problem** your mission describes
- Involve all your **stakeholders**

Goals vs Targets



End poverty in
all its forms
everywhere

SDG 1 Targets

- 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
- 1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- 1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
- 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- 1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

Understanding SDGs Contributions

To which SDG would you link the following impact goal?

"Ensure that migrant factory workers have access to dignified and affordable housing"



Target 11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums



Exercise: Create an Impact Goal



10 minutes

REMEMBER

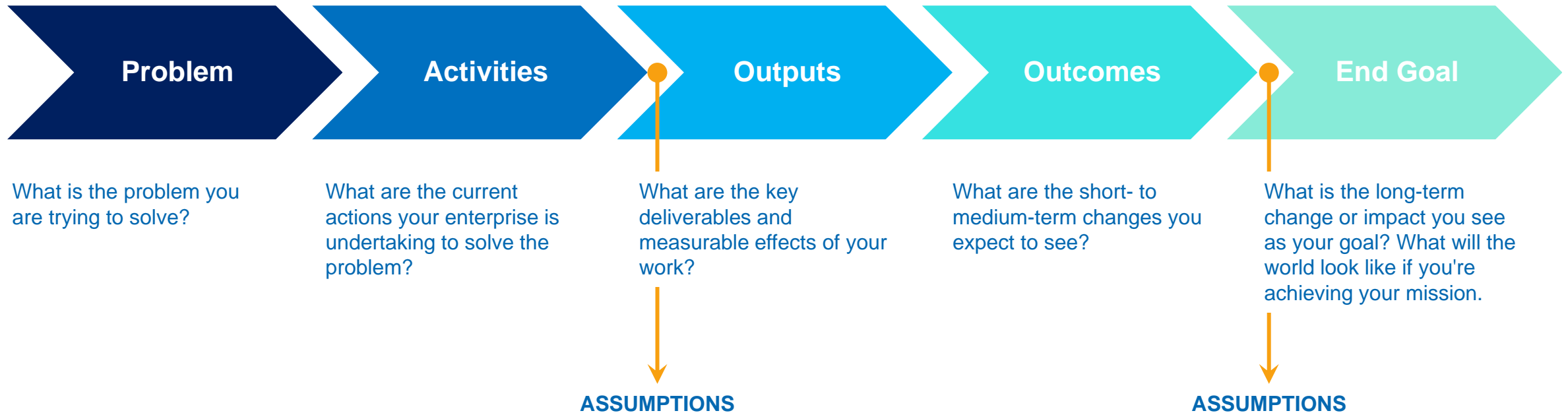
Mission-aligned goals =
Action verb + Clear target population + Measurable outcome

Align the impact goal with your mission!

Link the impact goal to an SDG!

Theory of Change

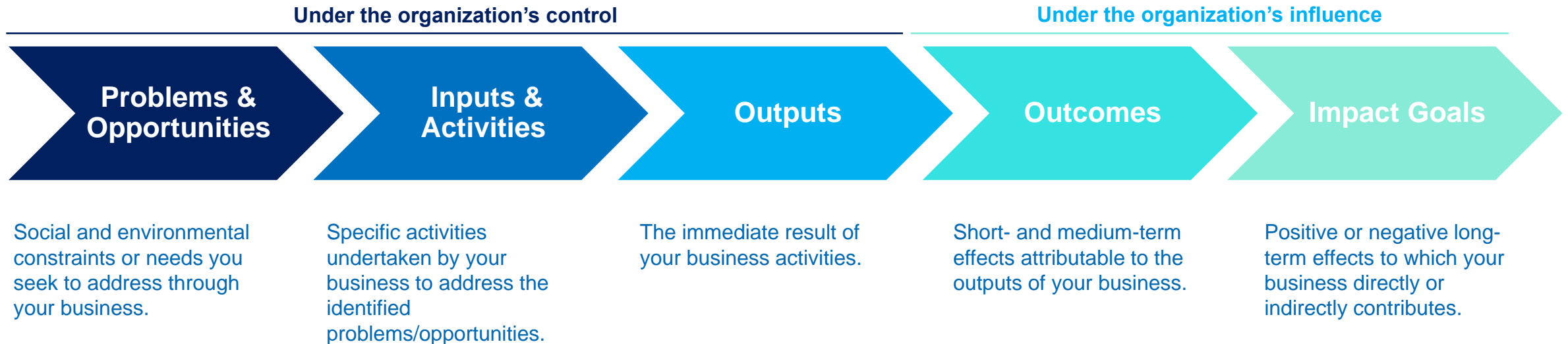
A **theory of change** explains how a given intervention, or set of interventions, is expected to lead to specific development change, drawing on a causal analysis based on available evidence.



Impact Value Chain



An **Impact Value Chain** is a visual map of how your inclusive business goals, strategy, and operations contribute to your business and the Sustainable Development Goals.



Outputs vs Outcomes vs Impact

Input/Activity	Output	Outcome	Impact
Doctor device distribution and training	Doctors trained and empowered to use new medical device	Increased identification of complications and high-risk pregnancies	Reduction on the number of preventable deaths
Introduction of solar panels in company's factories	75% of the energy consumed by company's factories is solar powered	Reduction in CO2 emissions by company	By 2035 company expects to be carbon neutral
Provide access to affordable credit for housing	Low-income customers apply for housing loans	Increased number of low-income customer with access to affordable housing	Improving the resilience of local community

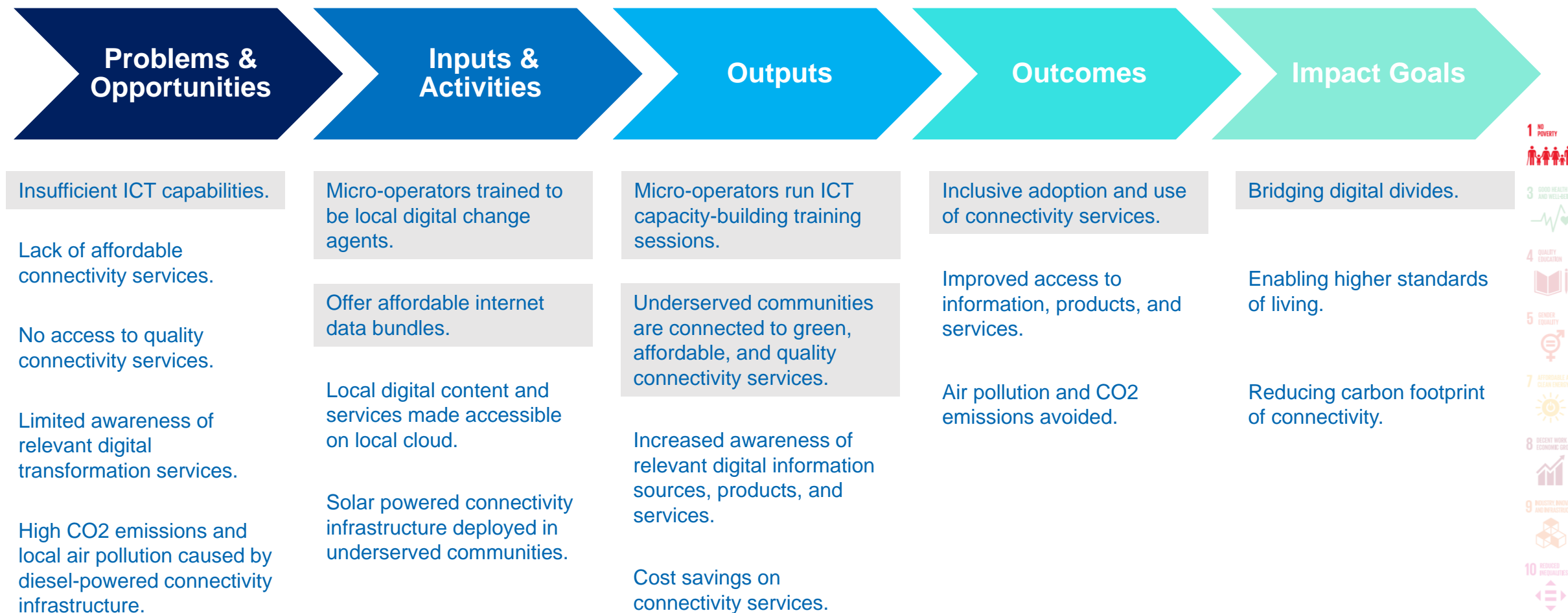


Case Study: BLUETOWN

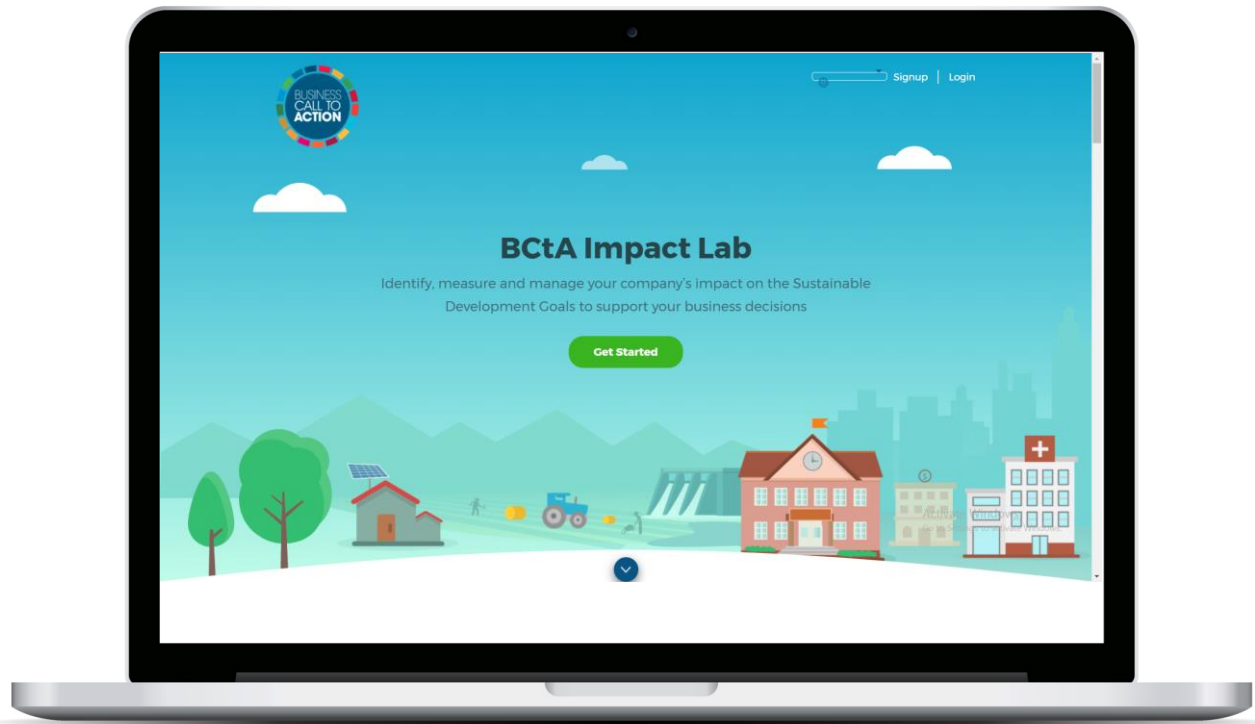


BLUETOWN is a global internet service provider that strives to make connectivity accessible and affordable for everyone by **connecting underserved communities** using solar-powered off-grid Wi-Fi solutions

Case Study: BLUETWON







Go online to
<https://impactlab.businesscalltoaction.org/>

Start Module 1

- 1) Define your impact goals, linking to the **SDGs and SDG targets.**
- 2) Create your **Impact Value Chain.**

Exercise: Create Impact Value Chain



30 minutes

REMEMBER

Problems & Opportunities

Social and environmental constraints or needs you seek to address through your business.

Inputs & Activities

Specific activities undertaken by your business to address problems/opportunities.

Outputs

The immediate result of your business activities.

Outcomes

Short- and medium-term effects attributable to the outputs of your business.

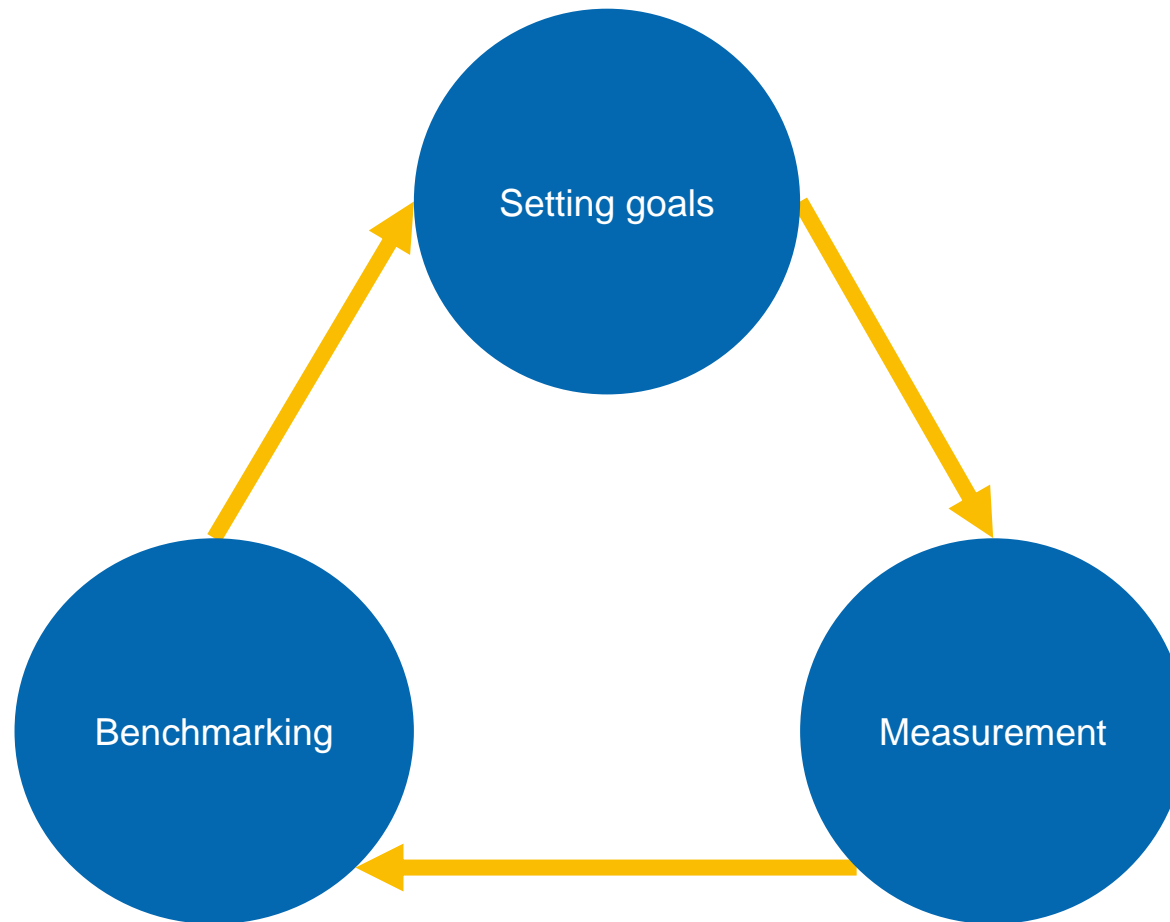
Impact Goals

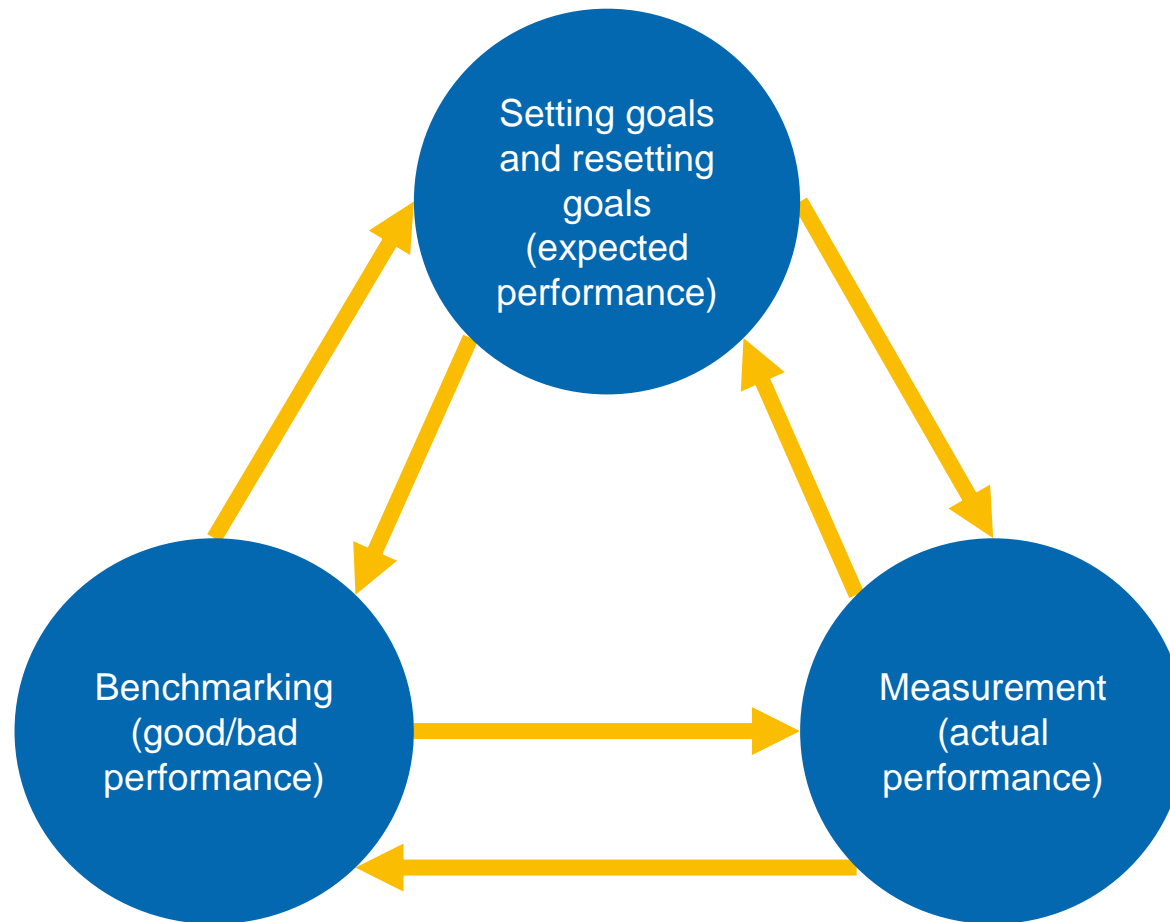
Positive or negative long-term effects to which your business directly or indirectly contributes.



IMM Indicators

IMM Training Structure





How to measure impact?



To measure an amount of change in an outcome you need to do the following:

1. Select **indicators** and if relevant, sub-indicators and unit of measure
2. Estimate **duration** - how long the change in the outcome lasts for
3. Define a minimum **threshold** for the change to be positive
4. Set **targets** and identify or estimate baselines values

Indicators



How will you know **how much** of the outcome will happen (or has happened)?



An **indicator** is information that allows changes in outcomes to be measured.

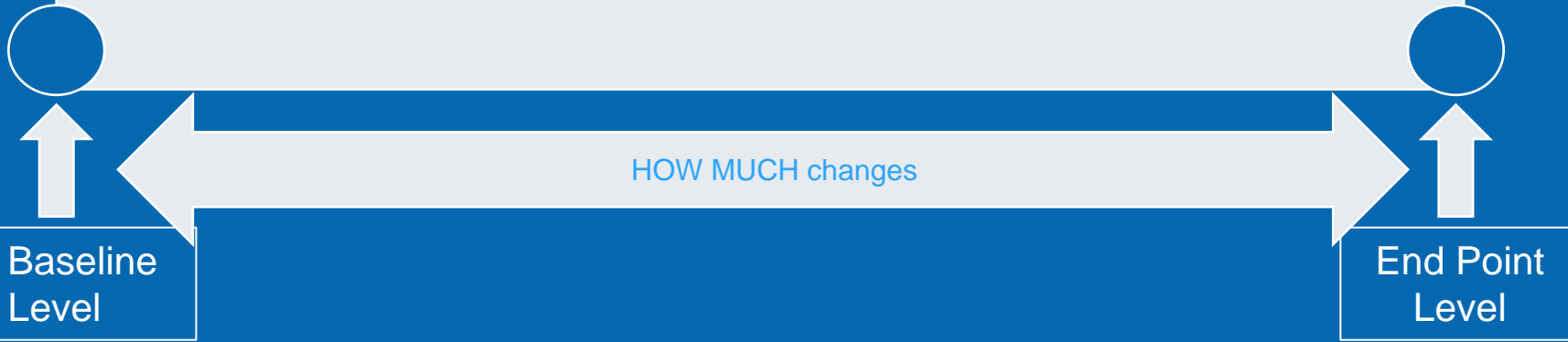
As a result of our operations, a lot of Thai rice farmers have a better livelihood

VS

As a result of our operations, **35,000** Thai rice farmers have experienced **30% increase in their income**

1. Select indicators

An outcome e.g. “Respect in the workplace”



To measure how much change, you will need to select **indicators**.

Other words used:
Metrics, Measures.

Tailored Indicators

- ✓ Specific to the needs of the organization
- ✗ Do not allow for comparisons or benchmarking
- ✓ Helpful when standard indicators are not available

Standard Indicators

- ✓ Aligned to global Standards and best practices
- ✓ Based on sector/ industry data
- ✓ Comparable
- ✓ Definitions and calculations defined

Resources



JOINT IMPACT INDICATORS



Tailored Indicators: SMART

S

Specific

Describe with precision what needs to be measured. It is clear and unambiguous.

M

Measurable

Means that regardless of who uses the indicator it would be measured in the same way.

A

Attainable

Means that collecting the data should be straightforward and cost-effective and goals achievable

R

Relevant

Requires that the indicator be closely linked to the relevant outcome.

T

Time Based

Means that there should be a timeframe linked to the indicator (such as the frequency with which it is collected or measured).

Indicator Components



Sub-indicators

Gender

- Female
- Male

Area

- Urban
- Rural

Age

- Children
- Adult
- Senior



Unit of Measure

- Number
- Percentage
- Kilograms
- Hectares

2. Estimate duration



It is important to know how long a changes in an outcome lasts for.

If it only lasts for a very short time after the activity stops then actions should be taken to try and make it last longer.

3. Define a minimum thresholds

An example: Businesses need to have a threshold for performance on reducing carbon:

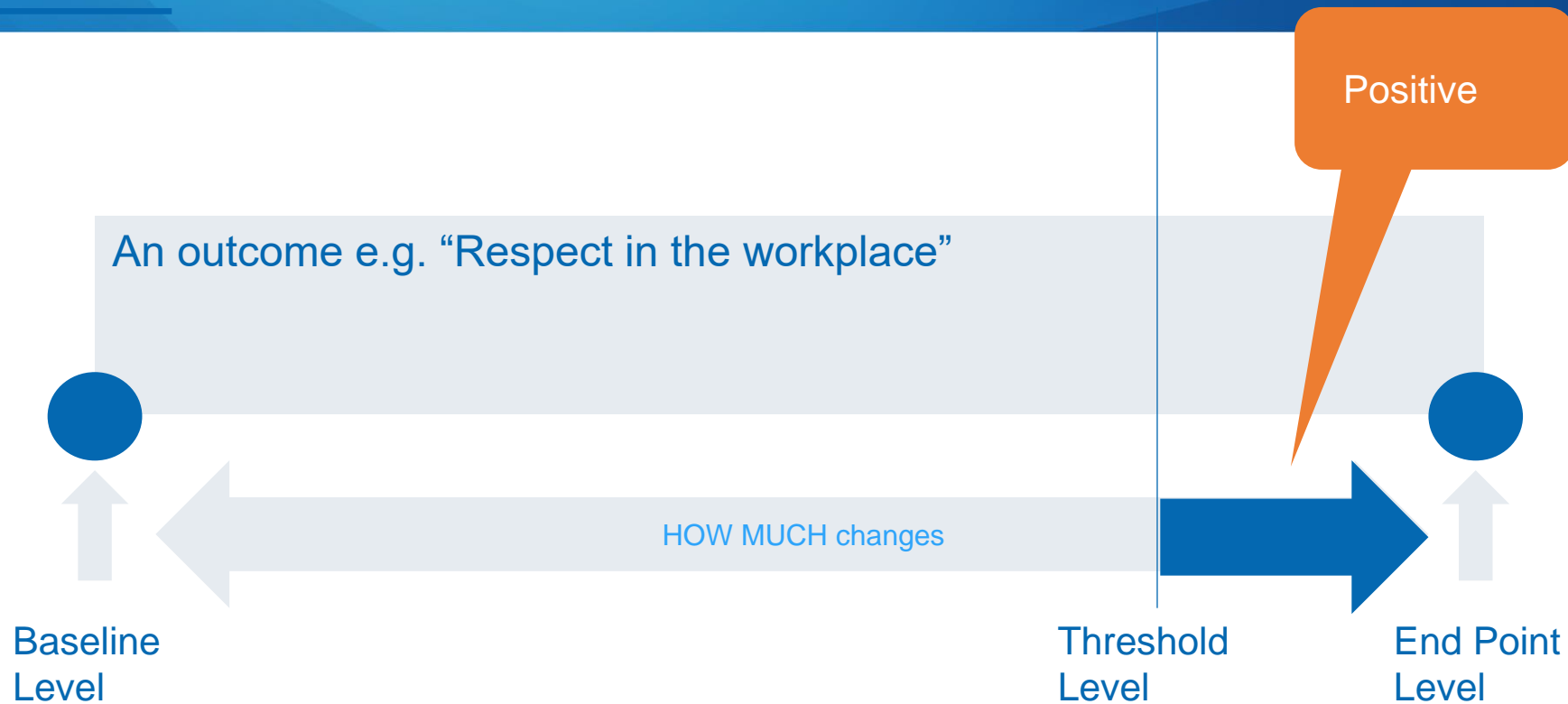
- Reducing carbon
- Reducing carbon from 100 tons to 95 tons

Share of carbon reduction to meet SDG target is 20 tons



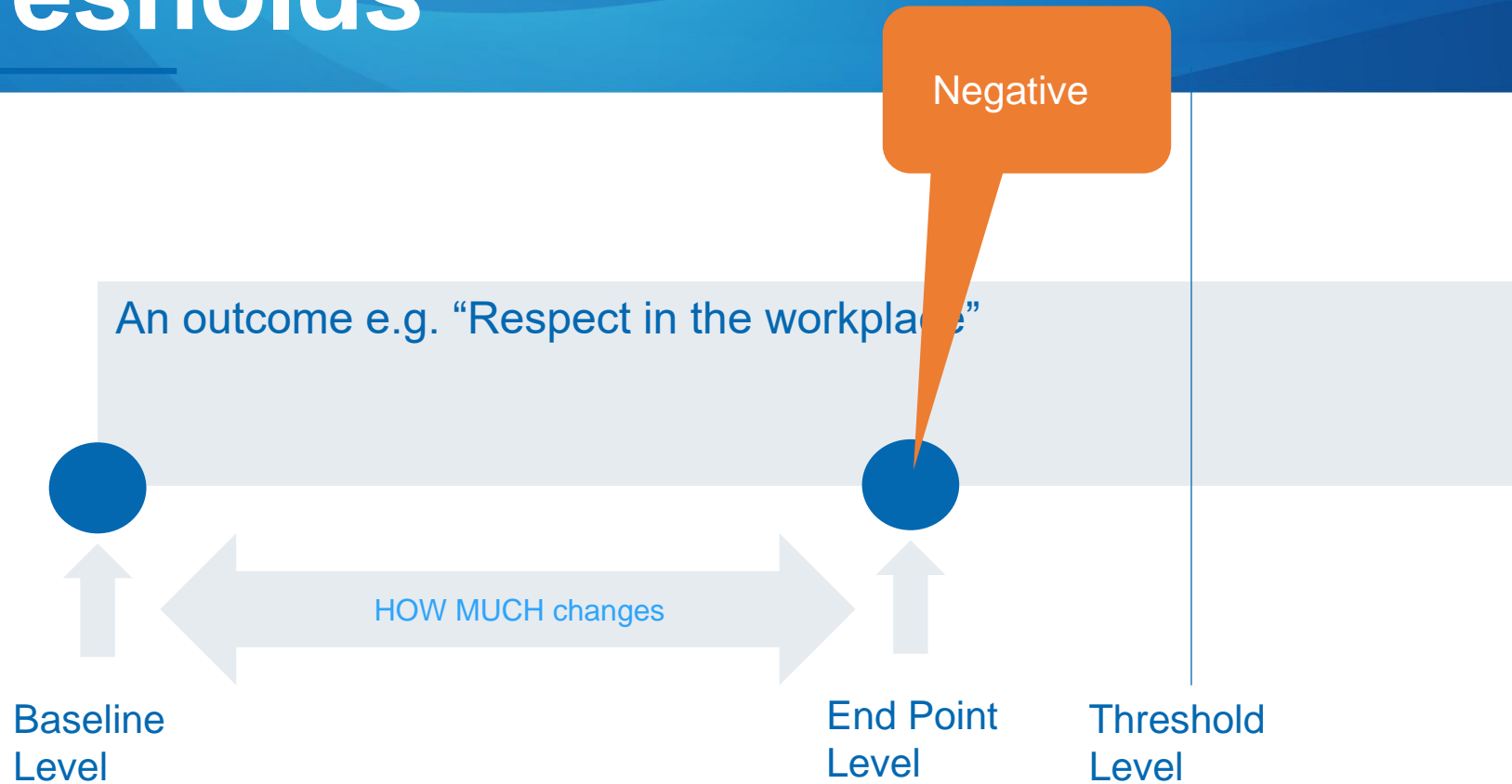
Unless the reduction in carbon is above 20 tons, the organisation is not making a positive contribution.

Thresholds – when is it positive?



Thresholds are necessary to determine whether the change is positive!

Thresholds



Thresholds are necessary to determine whether the change is positive!

4. Set targets

The Standards encourage organizations to set “ambitious targets”

A process for ambitious targets requires:

- Considering the 5 Impact dimensions
- Establishing a baseline
- Estimating thresholds
- Setting targets within the longer-term strategy for the business
- Recognizing the need for targets to be above thresholds for each impact
- Comparing with peers and competitors
- Agreement and sharing of targets with relevant stakeholders

4. Set targets



Baseline Value

The value of your indicator as of this moment.

Example:
Our current women-to-men employee ratio is 37%.



Target Value

The value of your indicator you are working to achieve.

Example:
Our goal is to have a women-to-men employee ratio of 57%.

Examples of Indicators by Sector



Employment

- Number of clients employed in the job market within 6 months
- Percentage of people reporting to learn hard skills
- Percentage of staff reporting job security



Energy

- Amount of money spent by the client on sources of energy
- Amount of potential energy generation over the lifetime of product
- Amount of non-renewable energy generated and sold to offtaker(s).



Housing

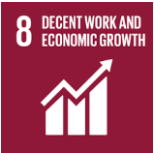
- Percentage of tenants involuntarily removed from the housing unit
- Number of housing units constructed by the organization
- Percentage of housing units projected to be constructed or preserved as a result of expenditures made by the organization that will be considered to be affordable housing.



Biodiversity

- Area of land on which native species of trees were planted by the organization
- Length of freshwater streams under ecological restoration management on protected land
- Area of land under ecological restoration management during the reporting period

Examples of Indicators by SDG



Decent Work

- Number of full-time employees that departed the organization.
- Number of low-income people employed.



Clean Energy

- Number of individuals with access to renewable energy



Sustainable Cities

- Number of unique households in peri-urban areas that were clients of the organization
- Amount of money spent by the client on housing costs



Life Below Water

- Length of marine or freshwater coastline on protected land
- Change in numbers of a specific species



Life on Land

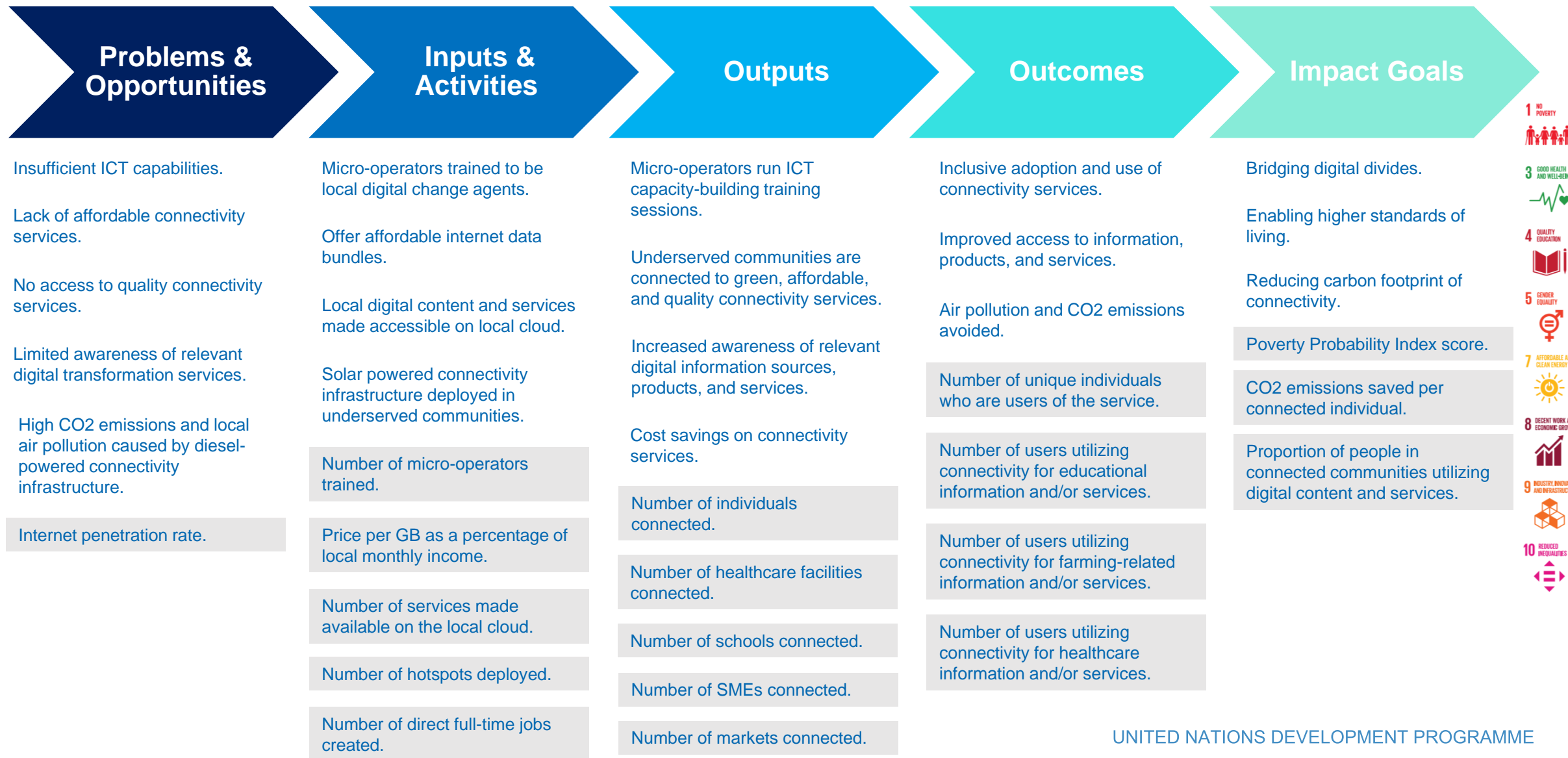
- Area of land directly controlled by the organization and under sustainable cultivation
- Amount of pesticides used on land area

Case Study: BLUETOWN



BLUETOWN is a global internet service provider that strives to make connectivity accessible and affordable for everyone by **connecting underserved communities** using solar-powered off-grid Wi-Fi solutions

Case Study: BLUETWON



Exercise: Write an Indicator



10 minutes

REMEMBER

Reflect on your organizations' **outputs and outcome**

Look for **sub-indicators** (gender, age, area, etc.)

Define a **unit of measure** (number, percentage, hectares, kilograms)

Establish a **threshold** for a positive change



Data Collection Process

Before you start your data collection...



Set the purpose
of collecting
data

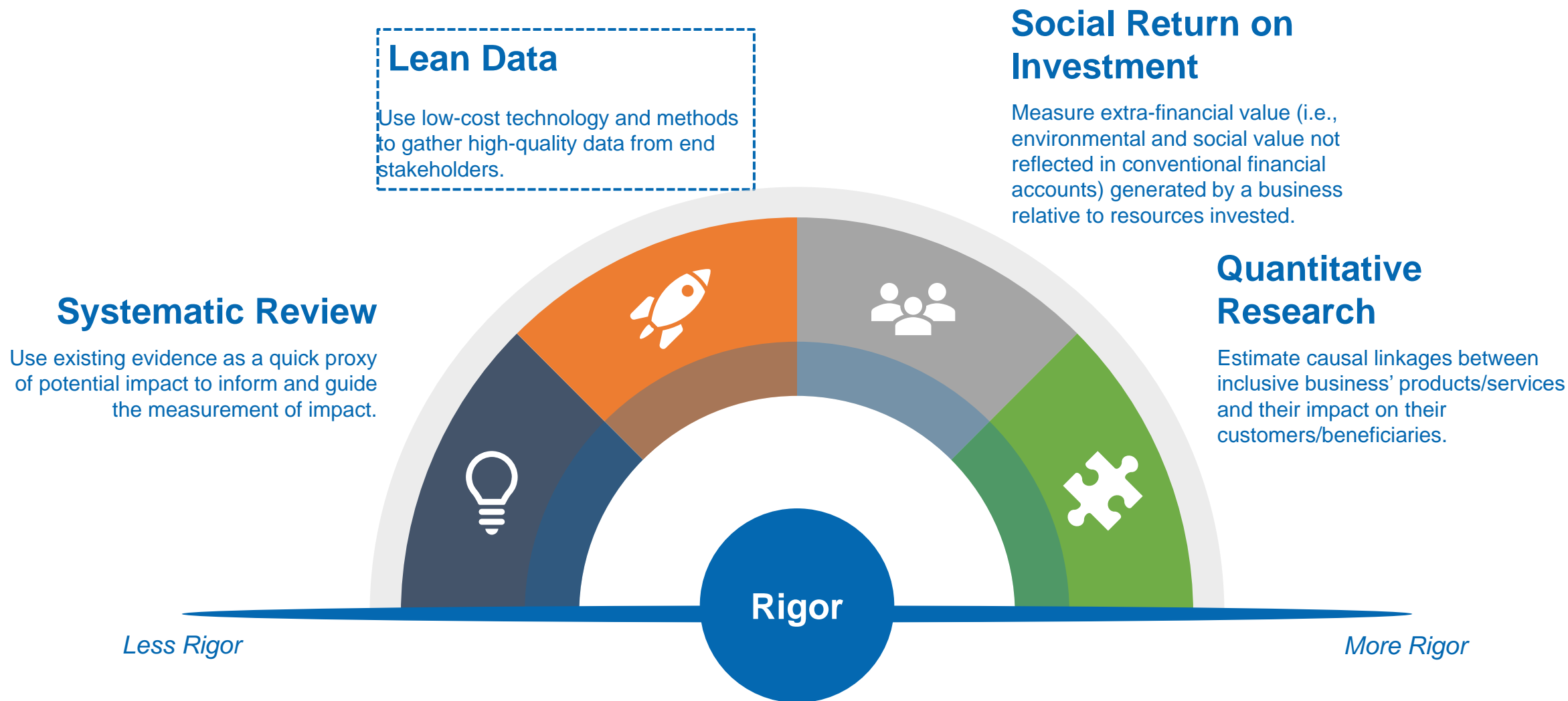
(Data for
Decision
Making
mindset).

Use the right
tools to engage
with
stakeholders

Ask the right
question

Be open-minded
for all types of
feedback

Data Collection Approaches



Lean Data



1

Get Started

Establish what you hope to discover through your Lean Data project.

2

Choose Your Technology

Determine the technology/method to communicate with customers quickly and efficiently.

3

Choose Your Questions & Method

Choose your question sets and devise an execution plan based on our “how to” guides.

4

Take Action Based On Your Data

Use the data to decide on concrete actions and next steps.

LEAN DATA WORKS Choose Your Questions & Method Choose your question sets and devise an execution plan based on our “how to” guides. Get Started Establish what you hope to discover through your Lean 1 Data project. 2 4 Choose Your Technology Determine the technology/method to communicate with customers quickly and efficiently. Take Action Based On Your Data Use the data to decide on concrete actions and next steps

Source: Acumen’s Lean Data Guide

METHODS

- 1. Stakeholder feedback**
- 2. Desk Research**
- 3. Market research**
- 4. Evidence-based research**
- 5. Randomized control trials (RCTs)**
- 6. Quasi-experimental methods**

Organizing Data



Stakeholders

Who will you be collecting the data from?

- Employees
- Customers
- Suppliers
- Partners



Data Collection Method

Primary: data collected by your company (ex: field study).

Secondary: data collected by other sources that are relevant to your study (ex: national census).

Administrative: data that already exists within your organization that needs to be organized for your study.



Data Sources

- Survey
- National statistics
- Company records
- Published reports
- Interviews

Benchmarks

Benchmarks are a tool for assessing and comparing performance on the SDGs. Several organizations globally are working on benchmarks today:



Sectors and themes:

Gender

Food and agriculture

Climate and energy

Human Rights

ESG

Data Collection Platforms

Examples

Pros

 **Google Forms**

- Free Service
- Unlimited Questions
- Generates graphics based on your data

 **SurveyMonkey**

- User-friendly service
- Guides you during survey design process
- Survey templates

 **KoBoToolbox**

- Offline data collection
- Back-end can be linked to your CRM tool
- Free for UN organizations

Cons

- Depends on internet connection to collect answers

- Free version only allows for a maximum of 10 questions and 100 respondents

- Less user-friendly

Case Study: BLUETOWN



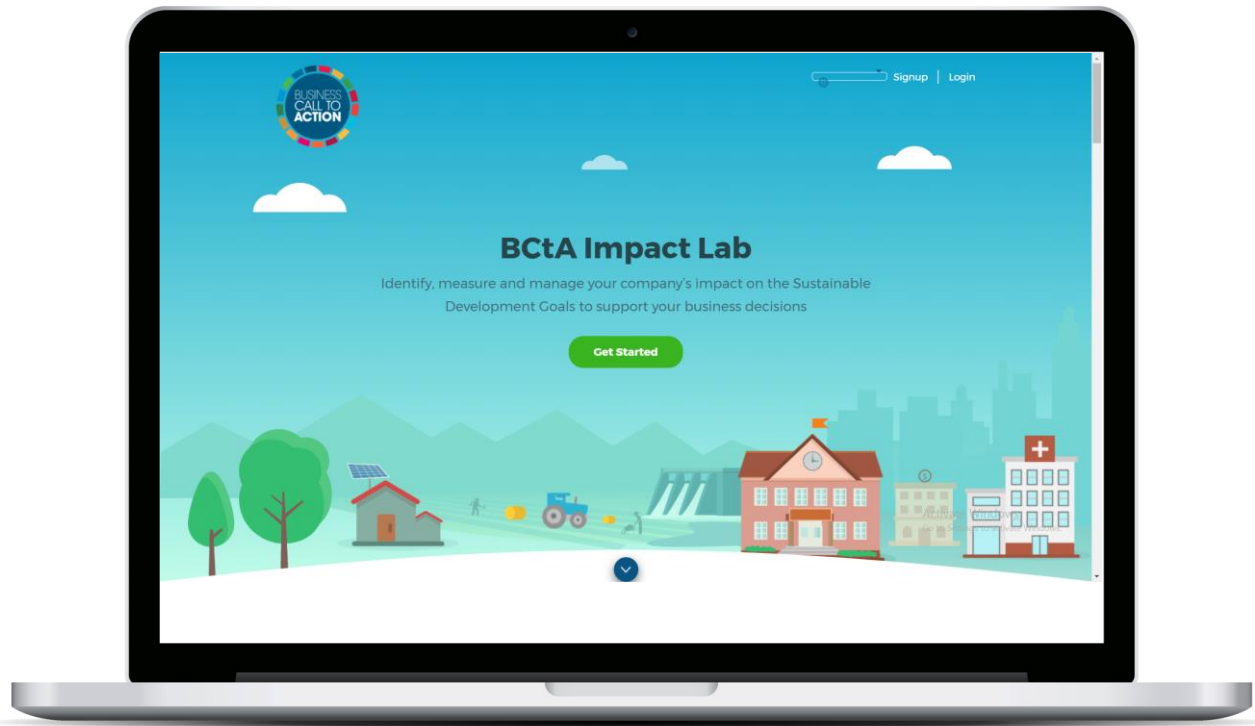
BLUETOWN is a global internet service provider that strives to make connectivity accessible and affordable for everyone by **connecting underserved communities** using solar-powered off-grid Wi-Fi solutions

Data Collection Plan



Indicator	Unit of measurement	Baseline and year	Target and year	Stakeholder	Data Source	Data Collection Method

Exercise: Impact Lab



Go online to

<https://impactlab.businesscalltoaction.org/>

Start Module 2

- 1) Identify **at least one indicator** per outcome.
- 2) Create your **data collection plan**



Impact Management Projet

Impact Measurement and Management

IMPACT MANAGEMENT PROJECT



Impact dimension

□ What

○ Who

≡ How Much

+ Contribution

△ Risk

Impact questions each dimension seeks to answer

- What outcome is occurring in the period?
- Is the outcome positive or negative?
- How important is the outcome to the people (or planet) experiencing them?





- Who experiences the outcome?
- How underserved are the affected stakeholders in relation to the outcome?

- How much of the outcome is occurring - across scale, depth and duration?

- Would this change likely have happened anyway?







- What is the risk to people and planet that impact does not occur as expected?

Five Impact Dimensions

Impact dimension	Impact questions each dimension seeks to answer
 What	<ul style="list-style-type: none">•What outcome is occurring in the period?•Is the outcome positive or negative?•How important is the outcome to the people (or planet) experiencing them?
 Who	<ul style="list-style-type: none">•Who experiences the outcome?•How underserved are the affected stakeholders in relation to the outcome?
 How Much	<ul style="list-style-type: none">•How much of the outcome is occurring - across scale, depth and duration?
 Contribution	<ul style="list-style-type: none">•Would this change likely have happened anyway?
 Risk	<ul style="list-style-type: none">•What is the risk to people and planet that impact does not occur as expected?

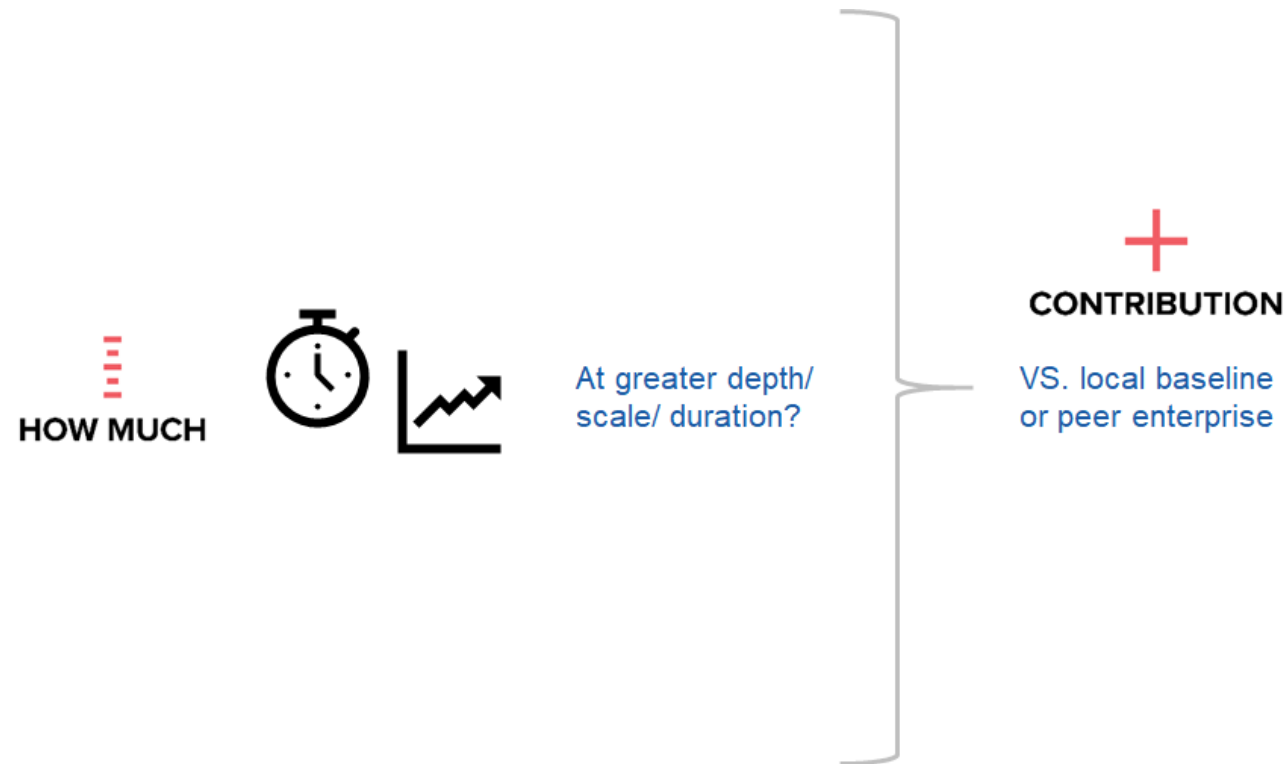
Five Impact Dimensions

3 dimensions relate to the experience of people and planet

	WHAT		WHO		HOW MUCH
	Outcome?	Important?	Demographic?	Underserved?	Depth/ scale/ duration?
1	Good nutrition e.g. daily calorie intake		 Children in conflict-zones	Yes, currently malnourished	<ul style="list-style-type: none"> • High degree of change • delivered for many • outcome is enduring
2	Quality employment e.g. wage level		 Employees in Ghana	Yes, employment standards are low	<ul style="list-style-type: none"> • Small degree of change • delivered for few • outcome is enduring
3	Reduced CO2 emissions e.g. net CO2		 The planet	Yes, in need of reduced emissions	<ul style="list-style-type: none"> • Small degree of change • outcome is enduring

Five Impact Dimensions

Dimension #4 tells us whether this experience
is better than what likely would have happened anyway





Five Impact Dimensions




Dimension #5 details the 9 types of risks

Impact Risk		Definition	
1	Evidence risk	→	The probability that insufficient high-quality data exists to know what impact is occurring
2	External risk	→	The probability that external factors disrupt our ability to deliver the impact
3	Stakeholder participation risk	→	The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account
4	Drop-off risk	→	The probability that positive impact does not endure and/or that negative impact is no longer mitigated
5	Efficiency risk	→	The probability that the impact could have been achieved with fewer resources or at a lower cost
6	Execution risk	→	The probability that the activities are not delivered as planned and do not result in the desired outcomes
7	Alignment risk	→	The probability that impact is not locked into the enterprise model
8	Endurance risk	→	The probability that the required activities are not delivered for a long enough period
9	Unexpected impact risk	→	The probability that significant unexpected positive and/ or negative impact is experienced by people and the planet

15 Impact Data Categories

Enterprises and investors can assess their impact performance by assessing and reporting 15 categories of data

Impact dimension	Impact data category
 What	1. Outcome level in period
	2. Outcome threshold
	3. Importance of outcome to stakeholder
	4. SDG or other global goal
 Who	5. Stakeholder
	6. Geographical boundary
	7. Outcome level at baseline
	8. Stakeholder characteristics

Impact dimension	Impact data category
 How Much	9. Scale
	10. Depth
	11. Duration
 Contribution	12. Depth counterfactual
	13. Duration counterfactual
 Risk	14. Risk type
	15. Risk level

Using self-reported data for impact measurement

Simple, repeatable customer and employee surveys that facilitate the easy collection of impact data across all data categories for each dimension of impact.

Lessons learned

1. Surveys are essential for gathering data on the “**What**” dimension
2. Easy to implement and generic survey is a great way to begin impact management
3. “**How Much**” and “**Contribution**” dimensions of impact require other impact measurement approaches

IMPACT
MANAGEMENT
PROJECT



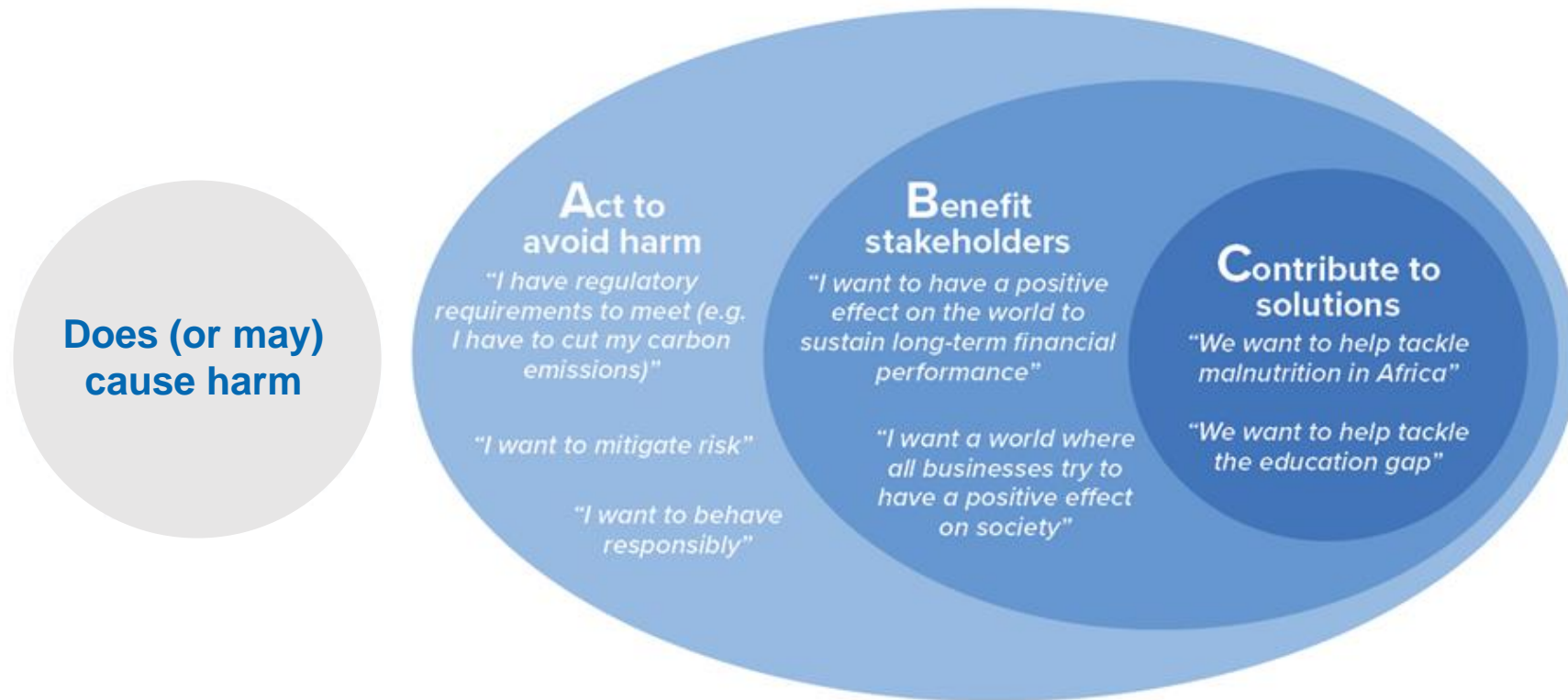
OMIDYAR NETWORK

60__decibels



SOCIAL VALUE

Impact Classification: A, B, C



Case Study: BLUETOWN



BLUETOWN is a global internet service provider that strives to make connectivity accessible and affordable for everyone by **connecting underserved communities** using solar-powered off-grid Wi-Fi solutions

Impact Classification: A, B, C



Act to avoid harm

- IKEA has reinforced its goal to use only cotton produced entirely in line with the Better Cotton Initiative (BCI).
- IKEA's goal is to ensure that consumers opt for cotton products that are more sustainably farmed than conventional cotton using less water and fewer chemicals and pesticides.



Benefit stakeholders

- Garment manufacturer DBL Group is providing over 30,000 of its employees with access to affordably-priced basic household food and health items through its Bandhan Fair Price Shops.



Contribute to solutions

- BLUETOWN is a global internet service provider that makes connectivity accessible and affordable for everyone by connecting underserved communities using solar-powered off-grid Wi-Fi solutions.



IMM Reporting

Current corporate reporting landscape



Global Investors for
Sustainable Development
Alliance



Double materiality
multi-stakeholder
reporting



MOU

Financial materiality
enterprise value
reporting



TCFD



EU Non
Financial
Reporting
Directive



2024

Reporting



Rules of Thumb

- 1) Balanced
- 2) Inclusive Perspectives
- 3) Do not over-claim
- 4) Combine with more data sources
- 5) Comparable
- 6) Integrated with strategy

Tips

Ensure your report is **fit for purpose** – who is it for?

Create **different reports** for **different purposes**.

Reports should include:

- Organizational model, stakeholders, activities;
- Impact Value Chain;
- Measurement methodology;
- Quantitative and qualitative data;
- Stories and quotes from the “ground”.

Directions in corporate reporting



FROM:

- Fragmented
- Voluntary, unregulated
- Not assured
- Focus on climate related and carbon reductions
- Superficial reporting against 17 SDGs
- Less scrutiny, accountability

TO:

- More coordinated; consolidation
- Mandated, regulated
- Assured (limited to reasonable)
- Broader focus, starting with nature/biodiversity
- Reporting against underlying SDG targets
- More scrutiny, accountability

GISD Recommendations on SDG-Related Disclosure



Governance	Strategy	Risk Management	Metrics and Targets
Disclose the company's governance around SDG-related risks and opportunities	Disclose how the company embeds sustainable development and the SDGs in its strategy and purpose	Disclose how the company identifies, assesses and manages sustainable development-related risks	Disclose the metrics and targets used to assess the company's alignment with sustainable development
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
a) Describe the board's oversight of SDG-related risks and opportunities	a) Describe the company approach to link long-term value creation with positively contributing to the SDGs	a) Describe the company's processes for identifying and assessing SDG-related risks and for engaging stakeholders to understand matters important to them	a) Report on a core list of sector-agnostic (and primarily operational) SDG-related metrics (e.g. WEF-IBC/ISAR core indicators)
b) Describe the management's role in assessing and managing SDG-related risks and opportunities	b) Describe how the company embed the economic, social and environmental pillars of sustainable development in its business practices and policies	b) Describe the management's processes for managing SDG-related risks	b) Report on selected sector-specific impact metrics that provide info on the company's contribution the SDGs (e.g., see GISD work on these metrics)
c) Describe the accountability and incentive mechanisms put in place to deliver on the SDG-related element of its strategy	c) Describe the company strategy to address negative impacts on the SDGs from its operation and activities	c) Describe how processes for identifying, assessing, and managing SDG-related risks are integrated in the company's overall risk management	c) Disclose measurable and time-bound targets for SDG-related metrics (i.e., forward looking information)

¹ The term SDGs is used here to convey the full spectrum of sustainable development topics, regardless of the specific time boundaries of the SDG framework (2030 Agenda for Sustainable Development).

² The SDG Impact Standards for Enterprises, developed by UNDP, are aligned with the GISD recommendations and can provide guidance to companies willing to adopt these recommendations. There are also other existing resources and tools that can be used to implement this framework.

Increased visibility, scrutiny and reporting risk



“German police raid DWS and Deutsche Bank over greenwashing allegations

Asset manager accused of misleading investors about ESG factors in its financial products”

Financial Times May 30th, 2022

“German police raided the offices of DWS and its majority owner Deutsche Bank on Tuesday morning as part of a probe into allegations of greenwashing at the asset manager.

Approximately 50 officers arrived at the DWS premises and Deutsche Bank’s twin towers in downtown Frankfurt mid-morning and held meetings with staff until lunchtime, according to people with knowledge of the operation. Neither company was given advance notice of the raid, which involved the public prosecutors from Frankfurt, federal police and officials from the German financial regulator, BaFin.

BaFin launched an investigation into DWS following a similar probe by the US Securities and Exchange Commission, which was prompted by allegations from former DWS executive Desiree Fixler. Fixler said the company had made misleading statements in its 2020 annual report over claims that more than half the group’s \$900bn assets were invested using environmental, social and governance criteria.”

SDG-Cited in Companies' Reporting



#	SDG Description	Rank
8	SDG8 – Decent Work and Economic Growth	1
13	SDG13 – Climate Action	2
12	SDG12 – Responsible Consumption and Production	3
3	SDG3 – Good Health and Well-Being	4
9	SDG9 – Industry, Innovation and Infrastructure	5
7	SDG7 – Affordable and Clean Energy	6
4	SDG4 – Quality Education	7
5	SDG5 – Gender Equality	8
11	SDG11 – Sustainable Cities and Communities	9

Fleshing Out the Impact Dimension: A Set of Questions and a Toolbox of Frameworks



1. What is considered 'relevant' to sustainability?
2. What guides our actions?
3. How to integrate impact in decision making?
4. How to operationalize sustainability (metrics)?
5. How to report on sustainability?
6. How to compare sustainability information?

Post-Module Assessment

Go to
www.menti.com

Enter the code
5318 6131



Or use QR code



What guides our actions?

Example: PRI



SDG Impact



What guides our actions?

How to integrate sustainability in decision making?

How to operationalize sustainability (metrics)?

How to report on sustainability?

How to compare sustainability information?

Sustainability in relation to

Sustainability outcomes

Financial returns

	<p>Principles for Responsible Investment Signatories' commitment</p> <p>“As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).</p> <p>Develop by investors for investors</p> <p>We commit to the following:</p> <ul style="list-style-type: none"> • Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes. • Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices. • Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest. • Principle 4: We will promote acceptance and implementation of the Principles within the investment industry. • Principle 5: We will work together to enhance our effectiveness in implementing the Principles. • Principle 6: We will each report on our activities and progress towards implementing the Principles.
	

Principles of practice

Management/decision-making standards & frameworks

Metrics & taxonomies

Reporting

Benchmarking data, index & rating providers

What guides our actions? UNGPs, GIIN



SDG Impact



What guides our actions?

How to integrate sustainability in decision making?

How to operationalize sustainability (metrics)?

How to report on sustainability?

How to compare sustainability information?

Sustainability in relation to

Sustainability outcomes
Financial returns



The **United Nations Guiding Principles on Business and Human Rights** (UNGPs) is an instrument consisting of 31 principles implementing the United Nations' (UN) "Protect, Respect and Remedy" framework on the issue of human rights and transnational corporations and other business enterprises.

Three pillars outlining how states and businesses should implement the framework:

- The state duty to protect human rights
- The corporate responsibility to respect human rights
- Access to remedy for victims of business-related abuses

GIIN principles

- Intentionality
- Use Evidence and Impact Data in Investment Design
- Manage Impact Performance
- Contribute to the Growth of the Impact Investing Industry

Principles of practice

Management/decision-making standards & frameworks

Metrics & taxonomies

Reporting

Benchmarking data, index & rating providers

UNITED NATIONS DEVELOPMENT PROGRAMME

How to integrate sustain-ability in decision making? Ex: ISO 9001:2015



SDG Impact



Sustainability in relation to

Sustainability outcomes
Financial returns

What guides our actions?

How to integrate sustain-ability in decision making?

How to operationalize sustainability (metrics)?

How to report on sustainability?

How to compare sustainability information?

		ISO 9001:2015 ESG refers to the three main subject areas of sustainable development for measuring the risks and opportunities on business performance. Each of these factors covers issues including but not limited to: <ul style="list-style-type: none"> 1) Environmental factors include gas emissions, pollution, natural resource consumption, waste management and associated opportunities to reduce environmental impact. 2) Social factors including a wide range of issues related to stakeholders, such as health and safety for employees, human rights, community development, and labour standards. 3) Governance is the system of internal policies, procedures and controls that makes up the management structure of a company. Factors include director remuneration, regulatory compliance, conflicts of interest, risk management and transparency. 4) Product responsibility is the subject area concerning customers, including quality, health and safety, and environmental responsibilities for products and services, as well as ethical marketing. ESG integration refers to the incorporation of ESG subject areas, aspects and key performance indicators into the corporate strategy and processes of the organization. This requires the integration of different management systems (ISO 9001, ISO 14001, OHSAS 18001 and other standards) into a single responsible management system.		
	 ESG risk integration			

Principles of practice

Management/decision-making standards & frameworks

Metrics & taxonomies

Reporting

Benchmarking data, index & rating providers

How to integrate sustainability in decision making? Ex. SDG Impact Practice Standards



SDG Impact



What guides our actions?

How to integrate sustainability in decision making?

How to operationalize sustainability (metrics)?

How to report on sustainability?

How to compare sustainability information?

Sustainability in relation to

Sustainability outcomes

Financial returns

		SDG IMPACT Practice Standards Strategy <ul style="list-style-type: none"> Embedding sustainability and contributing positively to the SDGs in purpose and strategy is important because it drives attention, focus and resources to what matters most and where the Enterprise can have the most significant impact on important outcomes – including by reducing negative ones. Management approach <ul style="list-style-type: none"> Integrating responsible business practices and impact management into organizational systems and decision making helps Enterprises generate options and make more informed choices between options to optimize their contribution towards sustainable development and the SDGs. Operating responsibly and sustainably and contributing to the SDGs is not an add on to what business gets done, it's how all business gets done.
		Transparency <ul style="list-style-type: none"> Being transparent is an important element of being accountable to Stakeholders – all interested parties including those affected or potentially affected in future by the Enterprise's decisions and activities. It also helps Stakeholders make more informed decisions, for instance about whether they want to work with or for the Enterprise, invest in or lend to the Enterprise, or buy or use the Enterprise's products and services. Governance <ul style="list-style-type: none"> Governance is an essential element of embedding responsible business and impact management practices into organizational decision-making. The Enterprise's informal and formal governance mechanisms define expectations of behavior, how decisions are made and how the Enterprise holds itself and others accountable for their decisions and actions in accordance with its values, principles, and policies.

Principles of practice

Management/decision-making standards & frameworks

Metrics & taxonomies

Reporting

Benchmarking data, index & rating providers

How to operationalize sustainability (metrics)?

Ex. SASB



SDG Impact



Sustainability in relation to

Sustainability outcomes
Financial returns

What guides our actions?

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How to report on sustainability?

How to compare sustainability information?

SASB – Industry-specific Approach

Example: AIRLINES INDUSTRY

FINANCIALLY MATERIAL METRICS ENVIRONMENT

- Greenhouse Gas Emissions
- Gross global Scope 1 emissions
- Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets
- (1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable



HUMAN CAPITAL

- Labor Practices
- Percentage of active workforce covered under collective bargaining agreements
- (1) Number of work stoppages and (2) total days idle

LEADERSHIP & GOVERNANCE

- Competitive Behavior
- Total amount of monetary losses as a result of legal proceedings associated with
- anticompetitive behavior regulations
- Accident & Safety Management
- Description of implementation and outcomes of a Safety Management System
- Number of aviation accidents
- Number of governmental enforcement actions of aviation safety regulations

Principles of practice

Management/decision-making standards & frameworks

Metrics & taxonomies

Reporting

Benchmarking data, index & rating providers

How to operationalize sustainability (metrics)?

Ex. GRI, HIPSO



SDG Impact



Sustainability in relation to

Sustainability outcomes
Financial returns

What guides our actions?

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Principles of practice

Management/decision-making standards & frameworks

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How to operationalize sustainability (metrics)?

Ex. GRI, HIPSO



SDG Impact



Sustainability in relation to

Financial returns Sustainability outcomes

What guides our actions?

How to integrate sustainability in decision making?

How to operationalize sustainability (metrics)?

How to report on sustainability?

How to compare sustainability information?

		GISD Global Investors for Sustainable Development Alliance 	HIPSO The Harmonized Indicators for Private Sector Operations (HIPSO) represent the collective agreement of 27 DFIs originated in 2008 to standardize indicators and relieve clients from the unintended burden deriving from the DFIs' different reporting requirements, including similar indicators (with different definitions) meant to capture the same data.	

Principles of practice

Management/decision-making standards & frameworks

Metrics & taxonomies

Reporting

Benchmarking data, index & rating providers

How to report on sustainability?



SDG Impact



Sustainability in relation to

Sustainability outcomes
Financial returns

What guides our actions?

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ability in decision making?

How to operationalize
sustainability (metrics)?

How to report on
sustainability?

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sustainability information?

Principles of
practice

Management/decision-
making standards &
frameworks

Metrics &
taxonomies

Reporting

Benchmarking data,
index & rating providers

How to operationalize sustainability (metrics)? Ex. GRI



SDG Impact



GRI - The global standards for sustainability reporting

The GRI Standards enable any organization – large or small, private or public – to understand and report on their impacts on the economy, environment and people in a **comparable and credible way**, thereby increasing transparency on their contribution to sustainable development. In addition to reporting companies, the Standards are highly relevant to many stakeholders - including investors, policymakers, capital markets, and civil society.

GRI- How to report on sustainability?



GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

GRI 3: Material Topics 2021

Reporting in accordance with the GRI Standards

- Requirement 1: Apply the reporting principles
- Requirement 2: Report the disclosures in GRI 2: General Disclosures 2021
- Requirement 3: Determine material topics
- Requirement 4: Report the disclosures in GRI 3: Material Topics 2021
- Requirement 5: Report disclosures from the GRI Topic Standards for each material topic
- Requirement 6: Provide reasons for omission for disclosures and requirements that the organization cannot comply with
- Requirement 7: Publish a GRI content index
- Requirement 8: Provide a statement of use
- Requirement 9: Notify GRI

GRI- How to report on sustainability?



GRI 1: Foundation 2021

GRI 2: General Disclosures 2021

GRI 3: Material Topics 2021

GRI 2 General Disclosures

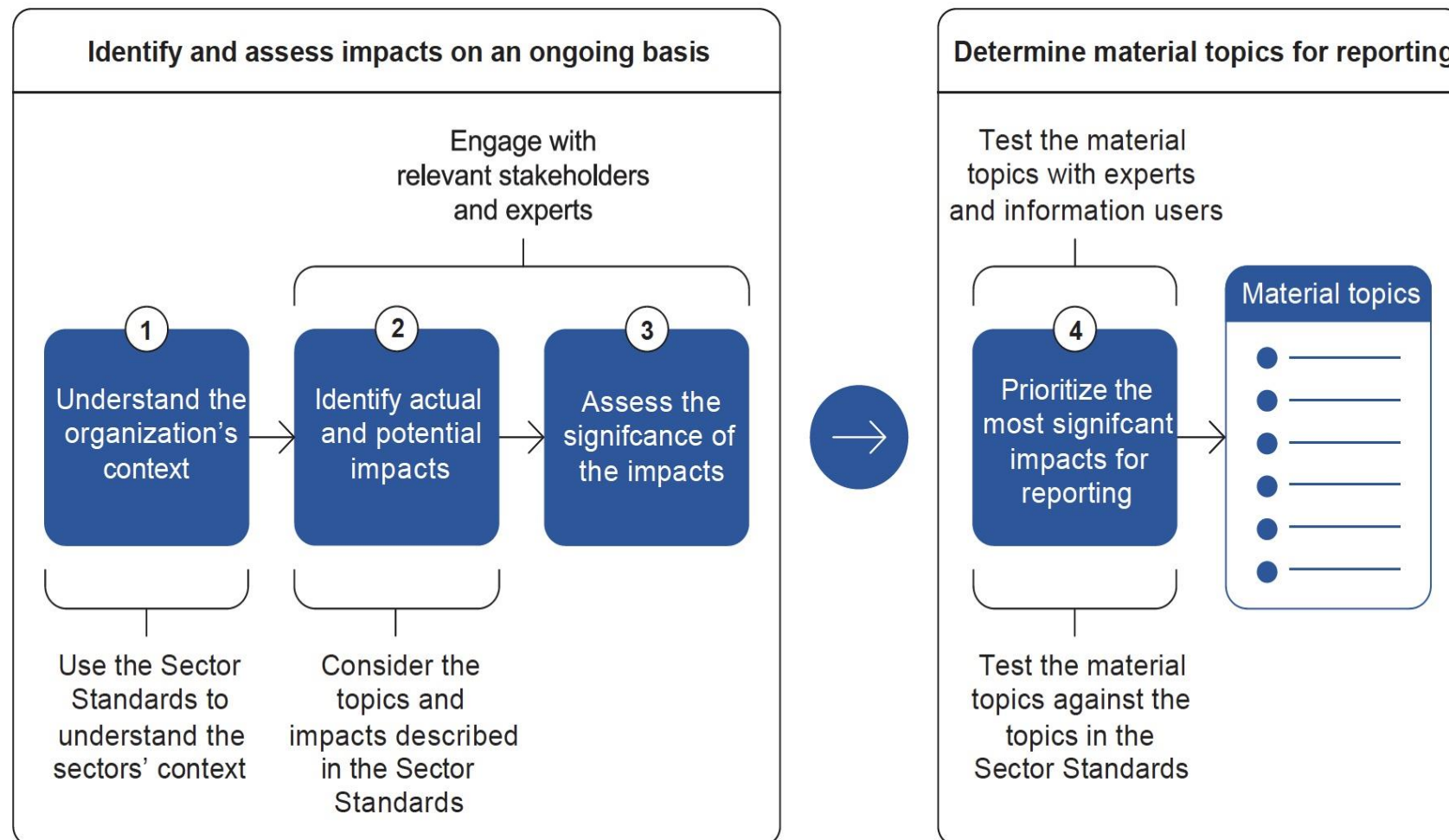
- Section 1 contains five disclosures, which provide information about the organization, its sustainability reporting practices, and the entities included in its sustainability reporting.
- Section 2 contains three disclosures, which provide information about the organization's activities, employees, and other workers.
- Section 3 contains thirteen disclosures, which provide information about the organization's governance structure, composition, roles, and remuneration.
- Section 4 contains seven disclosures, which provide information about the organization's sustainable development strategy and its policies and practices for responsible business conduct.
- Section 5 contains two disclosures, which provide information about the organization's stakeholder engagement practices and how it engages in collective bargaining with employees

GRI- How to report on sustainability?

**GRI 1: Foundation
2021**

**GRI 2: General
Disclosures 2021**

**GRI 3: Material
Topics 2021**



GRI 3: Material Topics - List



GRI 201 Economic Performance 2016.pdf

GRI 202 Market Presence 2016.pdf

GRI 203 Indirect Economic Impacts 2016.pdf

GRI 204 Procurement Practices 2016.pdf

GRI 205 Anti-corruption 2016.pdf

GRI 206 Anti-competitive Behavior 2016.pdf

GRI 207 Tax 2019.pdf

GRI 301 Materials 2016.pdf

GRI 302 Energy 2016.pdf

GRI 303 Water and Effluents 2018.pdf

GRI 304 Biodiversity 2016.pdf

GRI 305 Emissions 2016.pdf

GRI 306 Waste 2020.pdf

GRI 308 Supplier Environmental Assessment 2016.pdf

GRI 401 Employment 2016.pdf

GRI 402 LaborManagement Relations 2016.pdf

GRI 403 Occupational Health and Safety 2018.pdf

GRI 404 Training and Education 2016.pdf

GRI 405 Diversity and Equal Opportunity 2016.pdf

GRI 406 Non-discrimination 2016.pdf

GRI 407 Freedom of Association and Collective Bargaining 2016.pdf

GRI 408 Child Labor 2016.pdf

GRI 409 Forced or Compulsory Labor 2016.pdf

GRI 410 Security Practices 2016.pdf

GRI 411 Rights of Indigenous Peoples 2016.pdf

GRI 413 Local Communities 2016.pdf

GRI 414 Supplier Social Assessment 2016.pdf

GRI 415 Public Policy 2016.pdf

GRI 416 Customer Health and Safety 2016.pdf

GRI 417 Marketing and Labeling 2016.pdf

GRI 418 Customer Privacy 2016.pdf



SDG Impact Standards

Overview of existing standards, reporting practices, and tools

Fabienne Michaux



Setting the standard for a better world

A bold, actionable plan for aligning and leveraging
private sector activity and investment for the SDGs
and a more sustainable and inclusive future for all



Vision



Our vision is for a world where sustainability and the SDGs are at the heart of private sector value creation – no longer an add on to what business gets done but how all business is done.

Good for people and the planet.
Good for business.





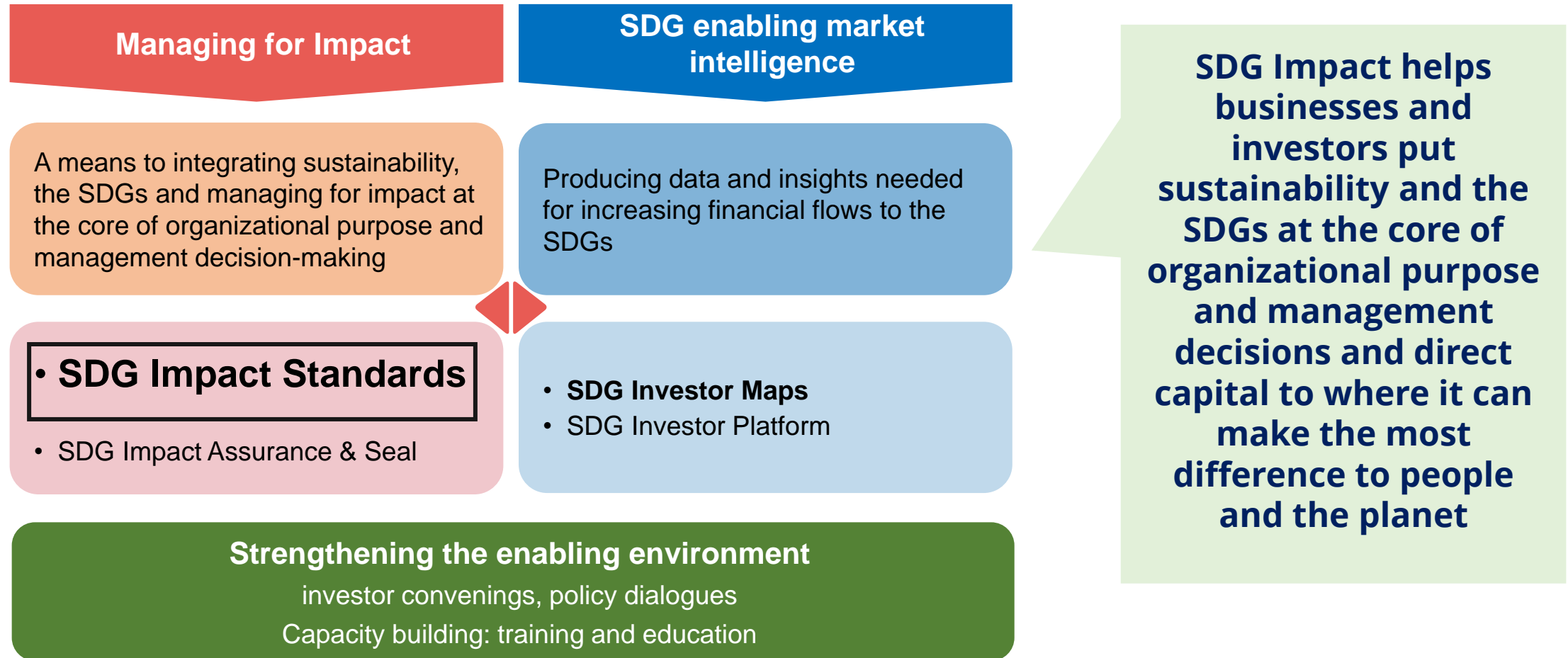
Our mission

To help organizations manage and invest for impact by providing businesses and investors with the what they need to:

- **realise their sustainability commitments and aspirations** and
- **Operate sustainably and contribute to achievement of the SDGs at the rate required** to achieve the global goals.



UNDP SDG Impact and its key pillars



Why sustainability and the SDGs matter and why now



We are not on a sustainable path and we are a long way from achieving the SDGs

According to the latest IPCC report, risks are now cascading, compounding and aggregating and responses need to be equal in measure

The triple threats of climate change, the pandemic and war in Ukraine are showing us how interconnected all our futures are and how dependent we are on the ecosystems in which we live, work, produce and sell

As we reach the boundaries of our social and planetary systems we are managing increasingly complex, severe, frequent crises

This is not a coincidence



The business case for sustainability and the SDGs



- Fostering **innovation**
- Driving **competitive advantage** through **stakeholder engagement**
- Improving **risk management**
- Improving **financial performance**
- Building **customer loyalty**
- Attracting and engaging **employees**

Sustainability is becoming a **major business disruptor** and **competitive differentiator** – creating both **risks and opportunities**.



Source: The Comprehensive Business Case for Sustainability, Harvard Business Review (2016)

Disconnect between growth in commitments, intentions, labelled products and progress towards sustainability and achievement of the SDGs



Growth in SDG commitments, sustainable finance, ESG and impact investing



Progress towards sustainability and the SDGs





“Businesses are, overall, on course to entrench, rather than end, the social inequalities that pose a global systemic risk and their inability to put people at the heart of their thinking also undermines efforts to address the risks of climate change and biodiversity loss.”

Dan Neale, Social Transformation Lead at World Benchmarking Association,
In response to findings from its SDG2000 index launched in January 2022

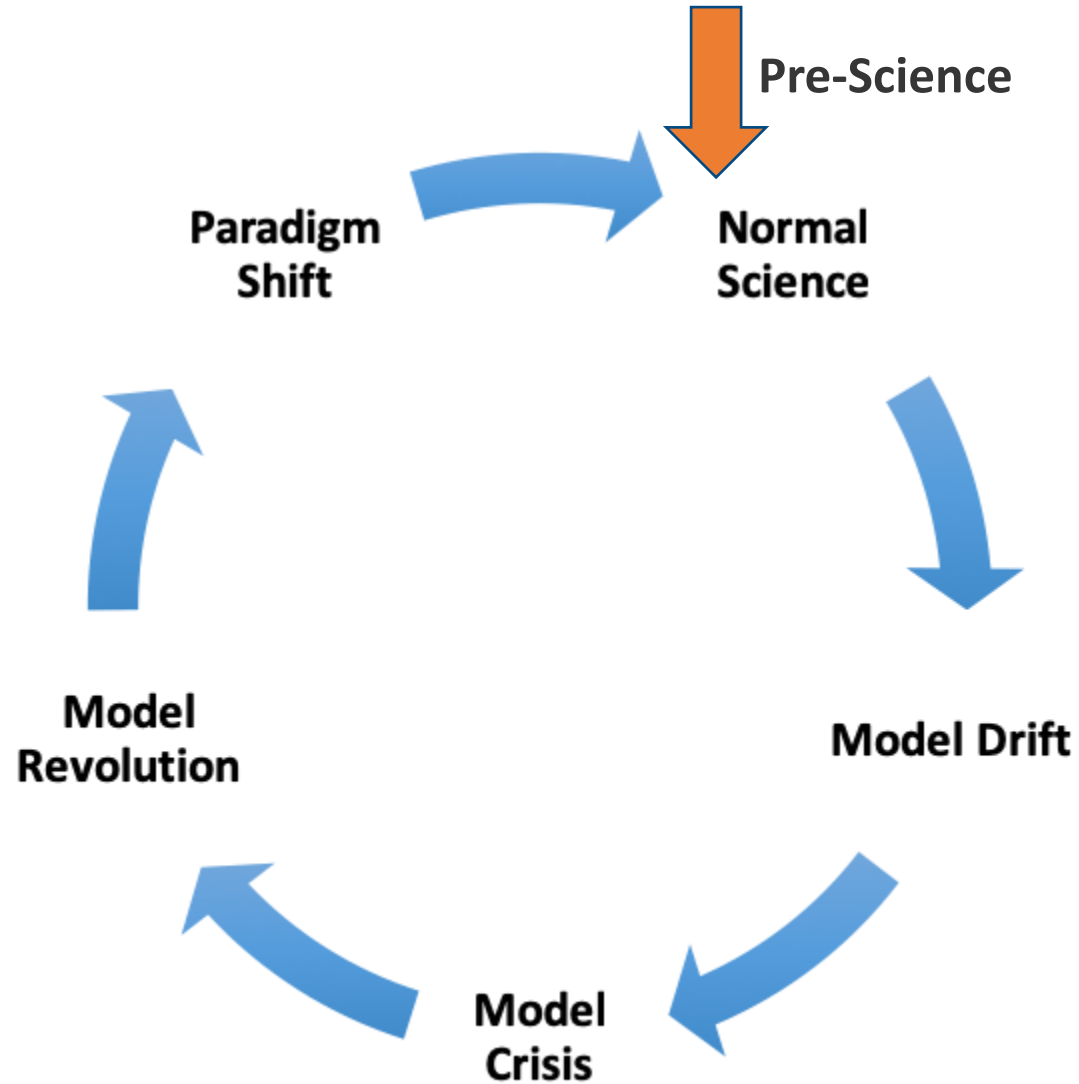
Shortcomings in current approaches



- **Not complete** or comprehensive (focused on positive intended outcomes and external reporting)
- **Don't focus on the outcomes that matter most** for sustainable development and to the stakeholders experiencing the impacts (typically focused on what will impact financial performance)
- **Transactional focus** means capital is often allocated to companies that are having and expect to continue having net negative impact on people and planet
- **Often a niche activity** – an add on to what gets done, not how everything gets done
- **Focus on reporting and aligning current activities with the SDGs** in a superficial way, rather than on making decisions that create better outcomes for people and planet in future
- **Don't measure performance or measure the wrong things** – don't use measurement to make better decisions
- **Don't fully take into account the interdependencies** between the SDGs and between dependencies (how ESG factors impact the company or investment) and impacts (how companies and investments impact on people and planet)
- **Don't set ambitious goals** that contribute at the rate of change required to meet desirable sustainable development outcomes (thresholds) in a timely way
- **Limited involvement of affected stakeholders** in decision-making and integration of appropriate accountability mechanisms
- **Confusion and conflation** of ESG/financial risk integration with sustainability/impact

The Kuhn Cycle

Thomas Kuhn, The Structure of Scientific Revolutions (1962)



Pre-Science: current paradigm of thinking and model incapable of solving the problem

Normal Science: Model explains and works for most of field as we know and see it. Problems can be solved, but as enquiry deepens, questions emerge that current thinking paradigm and model cannot answer.

Model Drift: Model grows weaker as anomalies appear – e.g. negative externalities, system disconnects, natural boundaries of the system are breached

Model Crisis: Current model is no longer capable of solving the field's current questions and challenges. Model is substituted with irrational decision making, guesswork and intuition, multiple alternative theories/possibilities emerge

Model Revolution: New model of understanding emerges, and competes with old model (change resistance)

Paradigm Shift: New ways of thought replace old paradigm and old model transitions to new

Current paradigm



WHAT WE SEE

Symptoms and behaviours

WHAT WE DON'T SEE

Structures and systems

Paradigms of thought

Source

Accelerating pace of change & technology; increased complexity; negative externalities (poverty, inequality, climate change, pollution, social isolation & mental health, social unrest); population growth; lack of trust in institutions; shifting social license to operate; institutions not meeting community standards & expectations, changing relationship between business & society

Disconnect between: financial & real economy, growth imperative & finite ecological resources, institutional leadership & people, technology & societal needs, GDP & wellbeing; Reaching or exceeding natural planetary & societal boundaries

From State-centric (hierarchy & control) -> free market (laissez-faire markets & competition) -> social market (conflicting networks & negotiation) -> co-creative (seeing & acting from the whole)

Traditional -> Ego-system -> Stakeholder -> Eco-system awareness

Adapted from Scharmer, O, & Kaufer, K. Leading from the Emerging Future: From Ego-System to Eco-System Economies, (2013)

The Challenge-Response Model of Economic Evolution

	Primary societal challenge	Response: coordination mechanism	Primary sector/ players	Primary source of power	Dominant ideology	Primary state of consciousness
Society 1.0: State -driven, Mercantilism, Socialism	Stability	Commanding: hierarchy	State/government	Coercive (sticks)	Mercantilism; socialism (state- centric thought)	Traditional awareness
Society 2.0: Free-Market Driven, Laissez-Faire	Growth	Competing: markets	Capital/business; state/government	Remunerative (carrots)	Neoliberal and neoclassic (market- centric thought)	Ego-system awareness
Society 3.0: Stakeholder -Driven, Social-Market Economy	Negative domestic externalities	Negotiating: stakeholder dialogue	Civil society/NGOs; capital/business; state/government	Normative (values)	Social democratic or progressive thought	Stakeholder awareness
Society 4.0: Eco-System Driven, Co-Creative Economy	Global disruptive externalities, resilience	Presencing: awareness-based collective action (ABC)	Cross-sector co- creation; civil society/NGOs; capital/business; state/government	Awareness: actions that arise from seeing the emerging whole	Eco-system-centric thought	Eco-system awareness

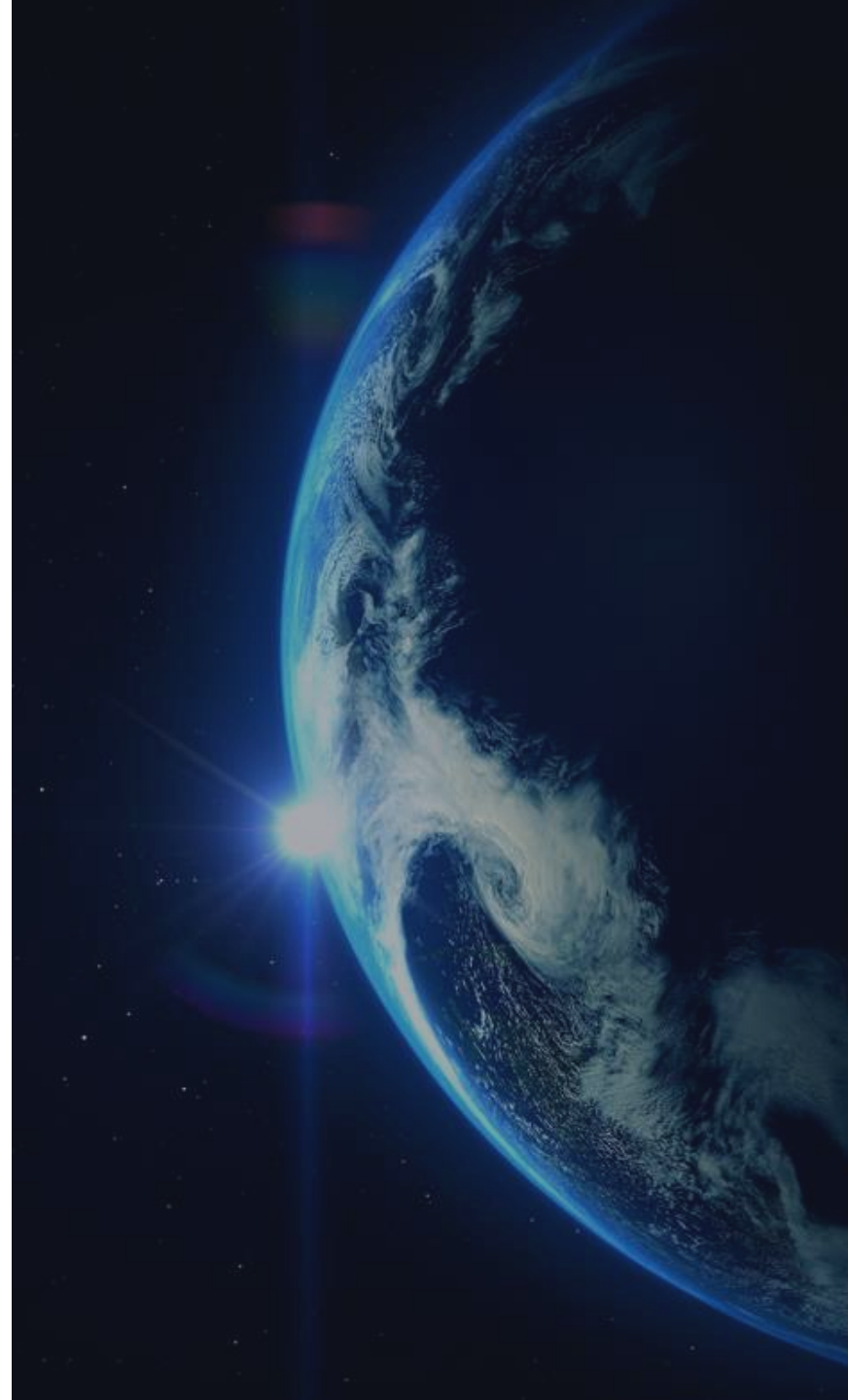


From Scharmer, O, & Kaufer, K. Leading from the Emerging Future: From Ego-System to Eco-System Economies, (2013)

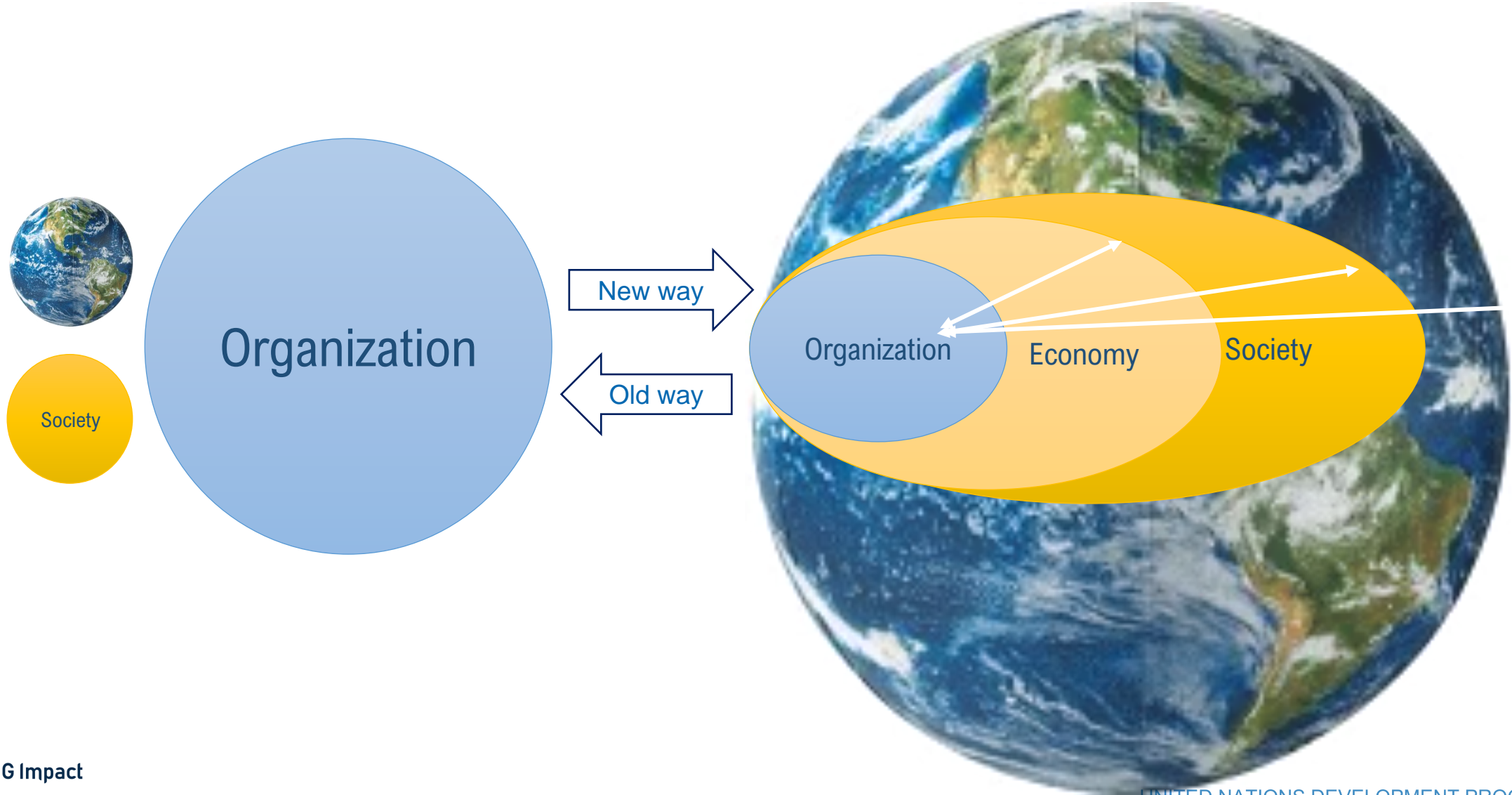


The solution

SDG Impact is tackling the **root cause of this problem** to drive change at the **systems level** and **transform** the way we do business and invest.



Need for a change in perspective





To achieve the SDGs and to put the world on a more sustainable and equitable path, we need a transformational shift in mindset and management decision-making.



A new normal

Putting sustainability, the SDGs and managing for impact at the core of organizational purpose and management decision-making

- From an add on to what business gets done to how all business gets done
- From SDG alignment to SDG action
- From reporting and compliance to decision making
- From measurement to managing for impact
- From operational to strategic
- From financial risk management to value creation and innovation



Managing for Impact



Shift in business and investment **purpose** to place sustainability at its core:

- Purpose centered on contributing positively towards a more sustainable and inclusive future for all, underpinning resilient and prosperous business performance for the long-term.
- Explicit recognition that enterprise value increasingly relies upon the ongoing viability of our ecological and social systems.
- Using sustainability as the filter for how all business gets done, not as an add on to what business gets done.

Sustainability, the SDGs and managing for impact at the core of **organizational internal management systems and decision-making** – throughout **strategy, management approach, governance and disclosure practices**.

How can enterprises make a positive contribution to sustainability?



OPERATE RESPONSIBLY AND SUSTAINABLY

- **Avoid or significantly reduce all material negative impacts** that business and investment activities may have on people and planet

BENEFIT STAKEHOLDERS AND CONTRIBUTE TO SDG SOLUTIONS:

- **Develop new products, services and solutions** that benefit stakeholders, with a specific focus on unserved and/or underserved markets that would lead to new customers and market opportunities and accelerate innovation.



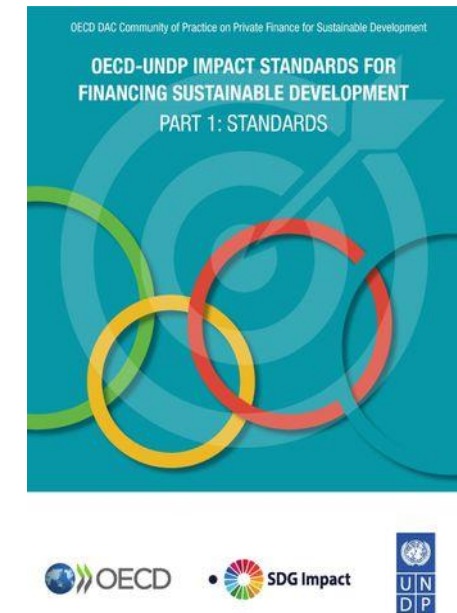
The SDG Impact Standards

SDG Impact Standards: Are we optimizing our impacts and long-term organizational performance?



4 sets of SDG Impact Standards that:

- create a shared language and approach to sustainability and managing for impact
- serve as an organizing framework to complement and strengthen existing initiatives
- Fill gaps that are undermining progress towards sustainability and achievement of the SDGs



Developed as a public good, the SDG Impact Standards provides a unified management approach to the advancement of sustainability and the SDGs amongst businesses, investors and policy makers

An over-arching internal decision-making framework to help businesses and investors be sustainable, resilient and prosperous for the long-term



The Foundation of the SDG Impact Standards is operating sustainably and contributing positively to sustainable development and the SDGs

- which cannot be achieved without demonstrating **respect for planetary boundaries, human rights and other responsible business practices**
- and is realized through effective **impact management and decision making**

Good practice and internal decision-making will lead to better reporting and disclosure

- The SDG Impact Standards provide the blue-print for integrating impact management and the SDGs into internal practices and decision-making that will make meeting disclosure and reporting requirements under existing and future frameworks more efficient and effective.

The SDG Impact Standards: build on and complement existing leading initiatives



SDG Impact

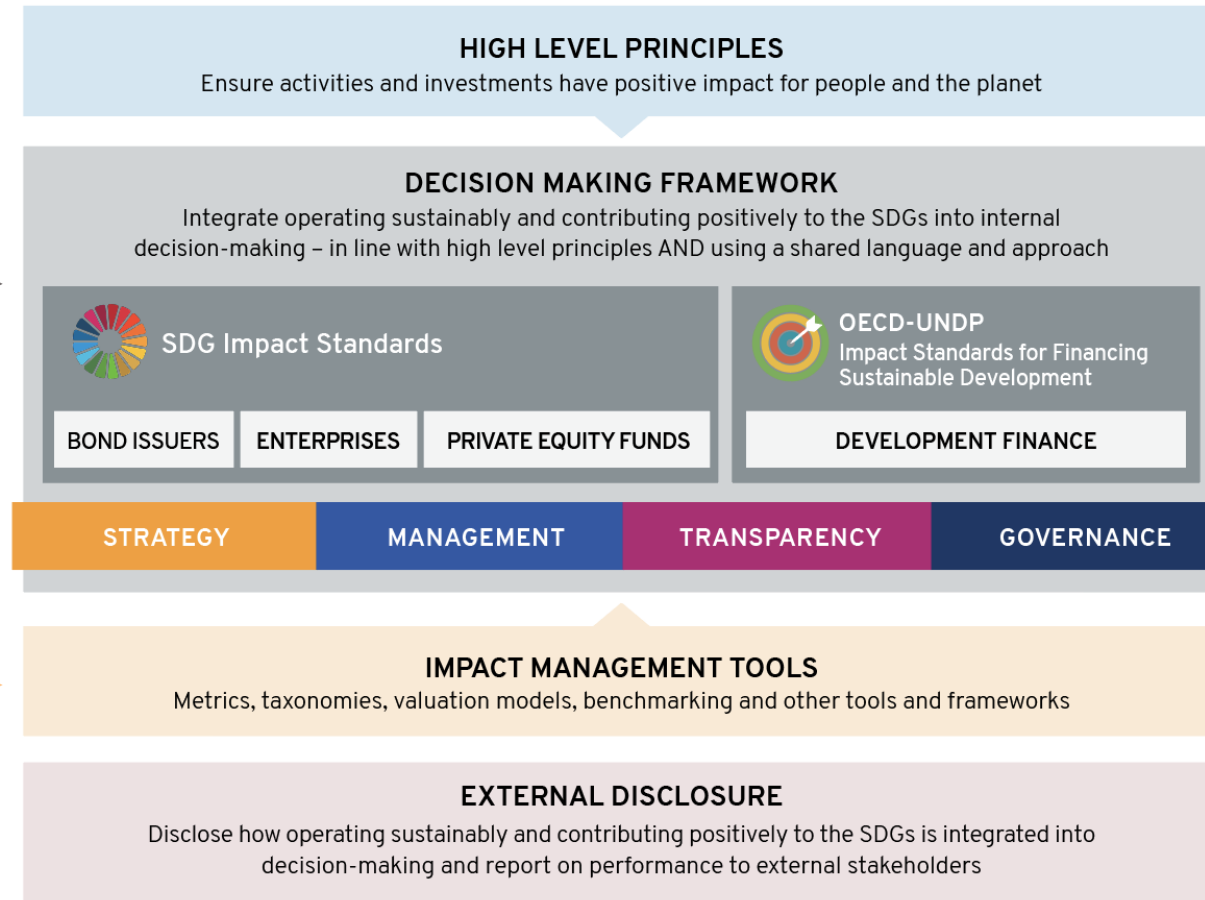


Examples:

- UN Guiding Principles for Business and Human Rights
- Ten Principles of UN Global Compact
- UN Women's Empowerment Principles
- UN Sustainable Development Goals
- Impact Management Project shared norms
- Capitals Coalition Natural and Social and Human Capital Protocols
- Social Value International - Standards

Examples:

- B Lab SDG Action Manager
- UNEP FI Radar Tool
- OECD Guidelines for Multinational Enterprises
- EU Taxonomy for Sustainable Activities
- UNCTAD
- IRIS+ System
- Global Reporting Initiative



Examples:

- Operating Principles for Impact Management
- UNEP FI's Positive Impact Finance and Responsible Banking Principles
- UNGC Principles on Integrated SDG Investments and Finance
- Social Value International – Social Value Principles
- GIIN Core Characteristics of Impact Investors

Examples:

- [Sustainability reporting](#)
- Sustainable Development Goal Disclosure Recommendations
- Global Reporting Initiative
- [Enterprise value reporting](#)
- Sustainability Accounting Standards Board
- Integrated <IR> Reporting Framework
- Taskforce on Climate-Related Financial Disclosures

Source: UNDP & OECD

The SDG Impact Standards for Enterprises

A hands-on approach to get started

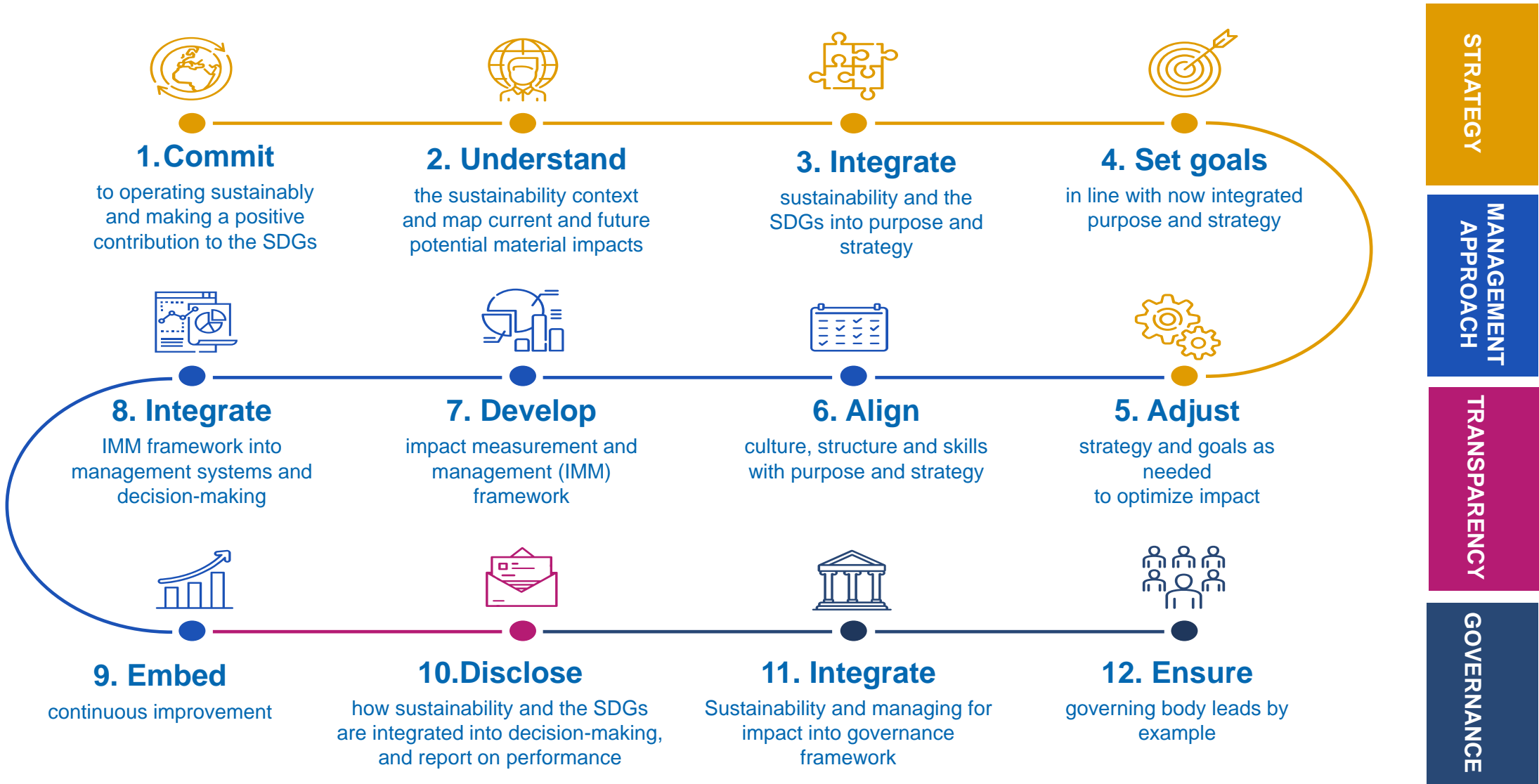


SDG IMPACT STANDARDS Enterprises

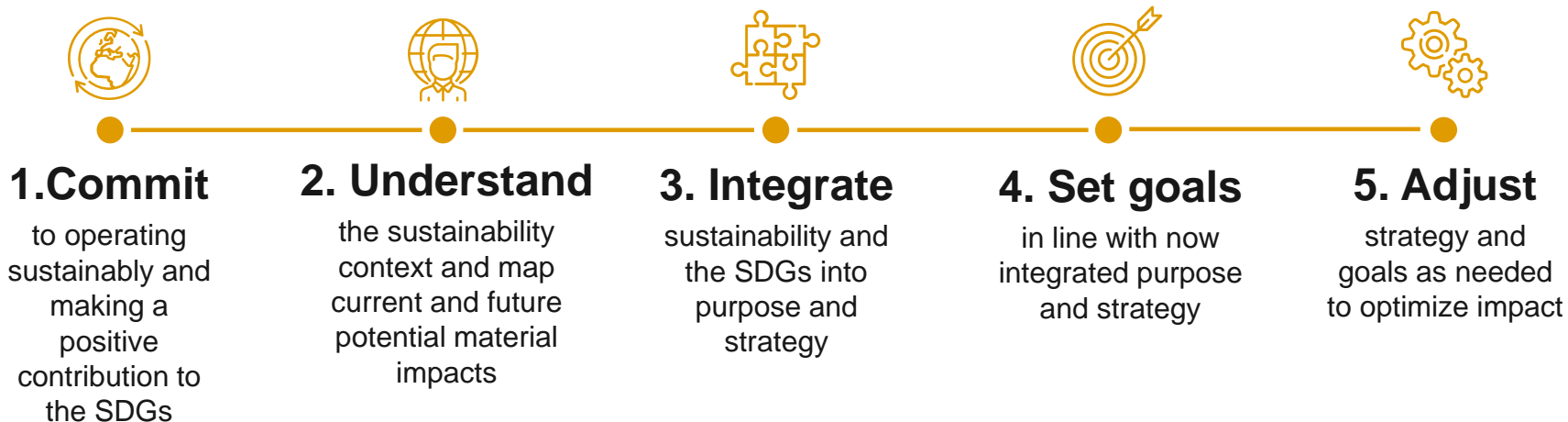
Integrating impact management into Enterprises' decision-making to optimize their contribution to sustainable development and the SDGs

Version 1.0
July 2021

The 12 SDG Impact Enterprise Actions

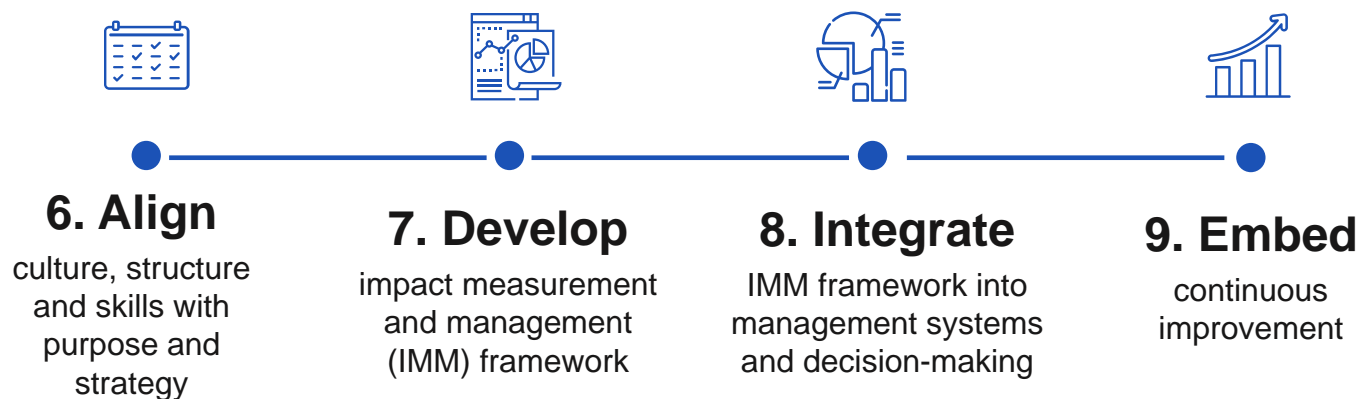


STRATEGY



Embedding sustainability and contributing positively to the SDGs in purpose and strategy is important because it **drives attention, focus and resources to what matters most and where the organization can have the most significant impact on important outcomes – including by reducing negative ones.** It recognizes that organizations' prospects for **future prosperity increasingly depend on the health of the planet and the wellbeing of humanity.** Operating responsibly and sustainably and contributing to the SDGs is **not an add on to what business gets done – it's how all business gets done.**

MANAGEMENT APPROACH



Integrating responsible business practices and impact management into organizational systems and decision making is about **setting the right conditions to maximize chances of achieving the organizational goals of operating sustainably and contributing positively to the SDGs and increasing the probability of success over time.** It helps organizations **generate options** and **make more informed choices** between those options to **optimize their contribution towards sustainable development and the SDGs.**



TRANSPARENCY



10.Disclose

how sustainability and the
SDGs are integrated into
decision-making, and report
on performance

Being transparent is an important element of **being accountable to Stakeholders** – all interested parties including those affected or potentially affected in future by the organization's decisions and activities. It also **helps Stakeholders make more informed decisions**, for instance about whether they want to work with or for the organization, invest in or lend to the organization, or buy or use the organization's products and services. **To be effective, transparency needs to be useful and accessible to all Stakeholders.**

GOVERNANCE



11. Integrate
sustainability, the
SDGs, and managing
for impact into
governance
framework



12. Ensure
governing body
leads by
example

Governance is an essential element of embedding responsible business and impact management practices into organizational decision-making. The organization's informal and formal governance mechanisms **define expectations of behavior, how decisions are made and how the organization holds itself and others accountable for their decisions and actions in accordance with its values, principles, and policies.**

How to use the SDG Impact Standards



- Perform a self assessment and gap analysis against the standards
- Prioritise actions and develop an action plan
- Fill gaps and strengthen management practice and decision-making over time
- Work towards independent assurance and the SDG Impact Seal

Resources:

- SDG Impact Standards Glossary
- SDG Impact Standards 12 enterprise actions
- SDG Impact Standards Self Assessment Tool for enterprises
- SDG Impact Standards Guidance documents for enterprises
- [UNDP/DUKE on-line coursera course on IMM for the SDGs](#)
- Examples and case studies will progressively be added





The SDG Impact Self-Assessment tool helps you prioritize actions and prepare for assurance

For each of the 12 actions....

What is your organization doing?

What could make it better?

What is missing?

ENTERPRISE ACTION			What is your current approach for this Action? Please respond to the question(s) in Column D, informed by practice indicator detail in Column E	What is missing? Gap Analysis between current approach and SDG Impact Standards	What can be done to improve practice? Possible actions to close the gap
QUESTION(S) Please check these questions and complete cells in green (From the mapping of the practice indicators to the 12 Enterprise Actions)			ENTERPRISE ACTION PRACTICE INDICATORS (you may need to scroll down within the cell to see all related practice indicators)		
STRATEGY					
The Enterprise embeds contributing positively to sustainable development and the SDGs into its purpose and strategy, and sets ambitious impact goals					
1	Commit to operating sustainably and making a positive contribution to the SDGs	Has the organization decided that operating responsibly and sustainably, and contributing positively to the SDGs is central to business purpose? (1.1.1)	(1.1.1) How does the Enterprise link its approach to creating long-term value for the Enterprise with contributing positively to sustainable development and the SDGs?		
2	Understand the sustainability context and map current and future potential material impacts	How does the Enterprise identify its material current and potential future impacts on different Stakeholders through the value chain? (1.1.6) How is the Enterprise using information on the sustainability context including about global, national, and local SDG priorities and gaps and interdependency across the SDGs to identify and define its material current and potential future impacts? (1.1.4, 1.1.2) How does the Enterprise identify and engage with Stakeholders to understand what matters to them? (1.1.5)	(1.1.6) Does the Enterprise implement a formal approach to determine the materiality of sustainable development issues based on what outcomes matter for sustainable development and to Stakeholders, and then make decisions based on where the Enterprise can make (or is making) the most significant (positive and negative) impacts? (1.1.4) How does the Enterprise use available evidence and relevant social and scientific data from reputable agencies such as government, scientific, community and civil society organizations to better understand the sustainable development context(s) it is operating in? (1.1.2) How does the Enterprise consider the interdependency of sustainable development issues and the SDGs in its approach? (1.1.5) Does the Enterprise have a formal engagement plan to effectively identify and engage Stakeholders (including prioritizing underrepresented Stakeholders and including governments to understand the national sustainable development (SDG) priorities and needs) on an ongoing basis to understand what outcomes matter to them?		
3	Integrate sustainability and the SDGs into purpose and strategy	How has the Enterprise articulated its impact intentions and translated them into its organizational purpose and business strategy? (1.1.1) How has the Enterprise embedded respect for human rights, planetary boundaries and other responsible business practices into its purpose and strategy? (1.1.3) How does the Enterprise decide whether adjustments are needed on its business models and partnerships? (1.1.7) How is the Enterprise assessing the risk (including to Stakeholders) that impacts may not occur as expected? (1.1.8, 1.1.9)	(1.1.1) How has the Enterprise translated its impact intentions from Enterprise Action 1 into its organizational purpose and strategy? (1.1.3) How does the Enterprise include respect for human rights in line with the UNGPs, planetary boundaries in line with science-based targets, and other responsible business practices in line with UNGC's Ten Principles and UN Women's Empowerment Principles in its approach? (1.1.7) How does the Enterprise, through its business model(s), partnerships, and collaborations seek and optimize opportunities to contribute positively to sustainable development and the SDGs (at a minimum by reducing negative impacts)? (1.1.8) How does the Enterprise incorporate sustainable development risks and opportunities into its formal risk management approach, including Stakeholder perspectives and their tolerance for unexpected outcomes? (1.1.9) How does the Enterprise use sensitivity and scenario analysis to test the resilience of its strategy?		

SDG Impact Assurance Framework and Seal



Independent assurance



SDG Impact



Standards voluntary independent use

→ The Standards are designed to be used as a best practice guide

→ Self assessment tool can be used to undertake gap analysis

→ And a guide to prioritize actions, fill gaps and improve practice over time

Voluntary assurance framework

→ An external assurance framework and SDG Impact seal are being developed to support adoption of the SDG Impact Standards

→ Assurance will be done by third party accredited assurers

→ Pilots are set to begin in Q1 2023

Assurance framework and SDG Impact Seal based on the SDG Impact Standards



SDG Impact



WHY ASSURANCE MATTERS

High quality, independent assurance:

- Underpins value proposition and **credibility of SDG Impact Standards**
- Underpins **market trust, credibility and confidence**
- Improves **impact integrity** and **reduces the potential for impact washing**
- **Reduces risk** of management bias or blind-spots
- **Improves transparency, quality and reliability** of information
- Draws attention to shortcomings, and **creates impetus to improve**

WHY SDG IMPACT

SDG Impact's **open-source assurance** framework to complement the SDG Impact Standards will:

- Set **minimum thresholds** to encourage organizations onto the assurance journey
- Require **periodic updates** – i.e., not a once-off
- Embed **continuous improvement** into design
- Set assurer **accreditation criteria** and **training to build assurance market capacity and capability**
- **Increase consistency** and **reduces risk of fragmentation of proprietary assurance approaches**



Assurance and SDG Impact Seal

- Assurance framework developed
- Draft minimum evidence requirements developed
- Assurer training currently under development
- Assurance pilot to commence in 2022 to test draft minimum evidence requirements and consistency of application

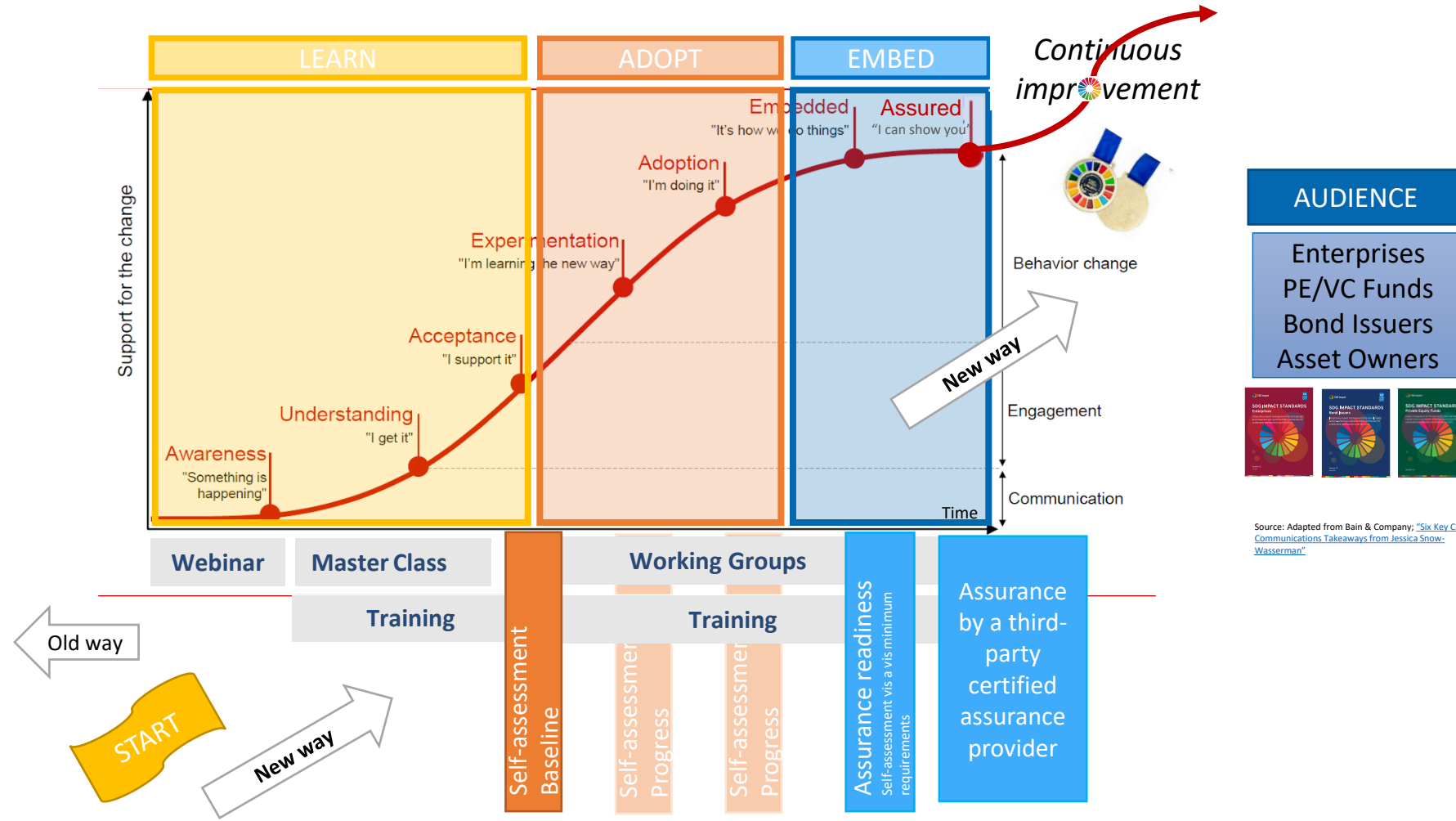


Requirements to get the SDG Impact Seal



- ✓ Satisfy the requirements of the UNDP Policy on Due Diligence and Partnerships with the Private Sector
- ✓ Meet the minimum evidence requirements
 - ✓ Commit and demonstrate continuous improvement

Path from adoption to the SDG Impact Seal





Thank-you!

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