

UNCTAD-ISAR

Core SDG indicators on enterprise reporting: measuring private sector's contribution to the SDG agenda

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Background



Target 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

SDG 12.6.1: Methodological Development

Target 12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Indicator 12.6.1 Number of companies publishing sustainability reports.

- The development of these indicators takes place under the umbrella of the Inter-agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs), which currently classifies indicator 12.6.1 as a **Tier II indicator**.
- The Indicator is under the custodianship of two UN agencies: **UN Environment and UNCTAD**; and as part of this responsibility they are **tasked with leading the methodological development of the indicator**, as well as overseeing the data collection and reporting process on 12.6.1 up to 2030.

12.6.1 Metadata Guidance Progress

- Since 2016, the two agencies have jointly **conducted research** and built consensus to enable a reclassification of indicator 12.6.1 to a higher tier and facilitate its practical application by member States.
- Subsequently, a **dedicated task force** was created by the two agencies with a view to gathering inputs from a wide range of stakeholders.
- At the current stage both agencies are working on **finalisation of the metadata guidance** and plan to launch pilot testing of the proposed methodology.



Guidance on Core Indicators

- To facilitate companies reporting on their contribution to the SDG agenda UNCTAD launched in 2016 its work on baseline core SDG indicators with a view to improve comparability of sustainability/SDG reporting and its alignment with the SDG macro indicators.
- It resulted in developing Guidance on core SDG indicators as request of the ISAR group of UNCTAD - a standing intergovernmental working group of experts dealing with enterprise accounting and reporting, as a focal agency on these issues in the UN system.
- In this regard, the Guidance is also intended to serve as a tool to assist governments to assess the private sector contribution to the SDG implementation and to enable them to report on SDG 12.6. and indicator 12.6.1;
- Provides practical information on how these core indicators could be measured in a consistent manner, be useful for key users, including national statistical agencies responsible for data collection on the private sector contribution to the SDGs.



Selection of relevant core SDG indicators for companies

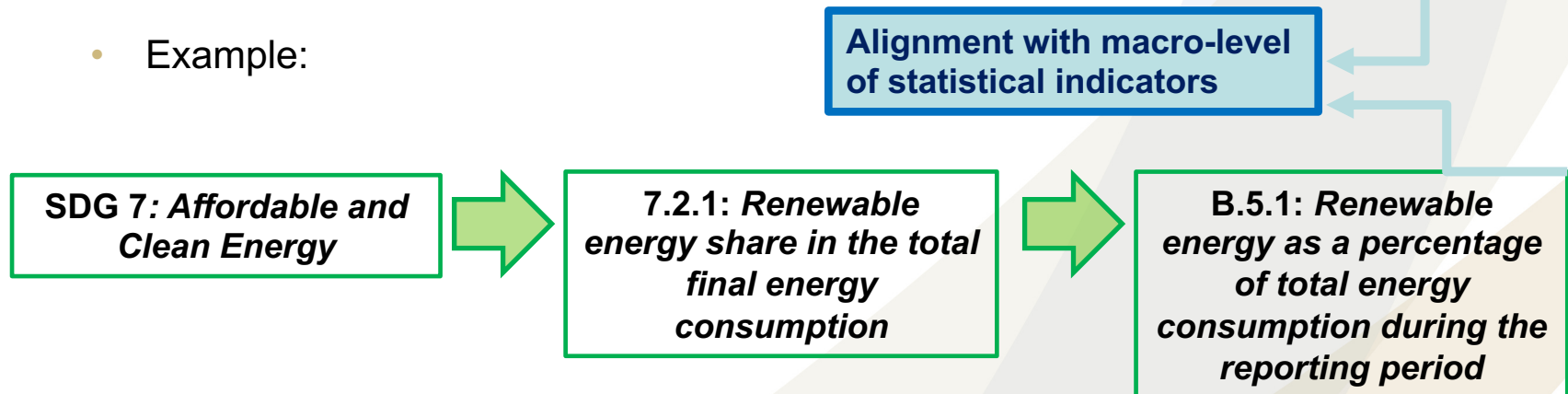


UNCTAD Approach: From SDGs to Core Indicators for Companies

- Logical framework:



- Example:

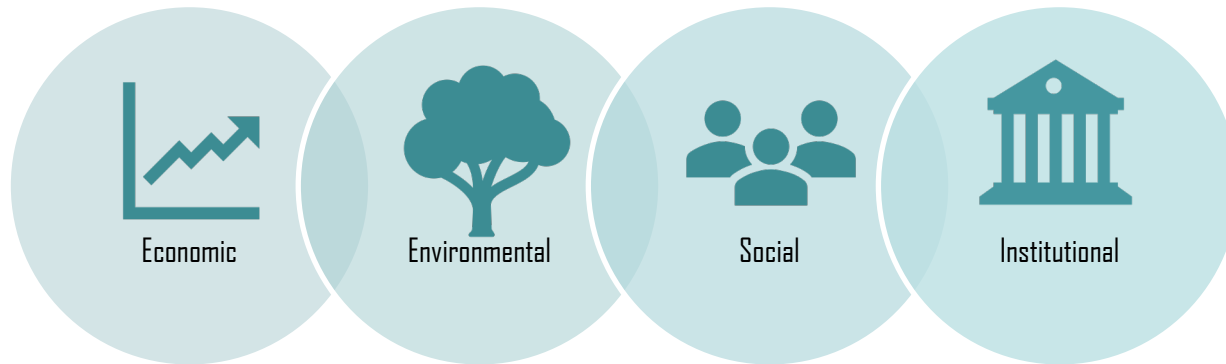


UNCTAD/ISAR proposal of core indicators

- Limited number of core SDG indicators for enterprise reporting as a baseline to facilitate implementation
- Based on the integration of the SDGs into business models and strategies
- In alignment with the SDG relevant macro indicators
- No restriction to core indicators, but rather an encouragement for enhanced reporting to provide a broader and coherent view of company performance on the SDG/sustainability issues



Four areas



Limited number of core SDG indicators have been identified, based on key reporting principles, selection criteria, main reporting frameworks and companies reporting practices.



Economic area

- Revenue
- Value added (gross value added, GVA)
- Net value added (NVA)
- Taxes and other payments to the Government
- Green investment
- Community investment
- Total expenditures on research and development
- Percentage of local procurement

Social area

- Proportion of women in managerial positions
- Average hours of training per year per employee
- Expenditure on employee training per year/employee
- Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender
- Expenditures on employee health and safety as a proportion of revenue
- Frequency/incident rates of occupational injuries
- Percentage of employees covered by collective agreements

GCI core indicators

Environmental area

- Water recycling and reuse
- Water use efficiency
- Water stress
- Reduction of waste generation
- Waste reused, re-manufactured and recycled
- Hazardous waste
- Greenhouse gas emissions scope 1
- Greenhouse gas emissions scope 2
- Renewable energy etc.

Institutional area

- N. of board meetings and attendance rate
- N. and percentage of female board members
- Board members by age range
- N. of meetings of audit committee and attendance rate
- Total compensation per board member
- Amount of fines paid or payable due to settlements
- Average n. of hours of training on anti-corruption issues, per year per employee

Table of selected core SDG indicators (1)

A.	Economic area	Indicators	Measurement	Relevant SDG indicator
A.1.	Revenue and/or (net) value added	A.1.1. Revenue	IFRS 15	8.2.1
		A.1.2. Value added	Revenue minus costs of bought-in materials, goods and services (Gross Value Added, GVA)	8.2.1; 9. b. 9.4.1
		A.1.3. Net value added	Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (Net Value Added, NVA)	8.2.1; 9.4.1
A.2.	Payments to the Government	A.2.1. Taxes and other payments to the Government	Total amount of taxes paid and payable (encompassing not only income taxes, but also other levies and taxes, such as property taxes or value added taxes) plus related penalties paid, plus all royalties, license fees, and other payments to Government for a given period	17.1.2
A.3.	New investment/expenditures	A.3 A.3.1 Green investment	Total amount of expenditures for those investments whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation to the environment in absolute amount and in % terms	7.b.1
		A.3.2. Community investment	Total amount of charitable/voluntary donations and investments of funds (both capital expenditure and operating ones) in the broader community where the target beneficiaries are external to the enterprise incurred in the reporting period in absolute amount and in % terms	17.17.1
		A.3.3. Total expenditures on research and development	Total amount of expenditures on research and development (R&D) by the reporting entity during the reporting period in absolute amount and in % terms	9.5.1.
A.4.	Local supplier/purchasing programmes	A.4.1. Percentage of local procurement	Proportion of procurement spending of a reporting entity at local suppliers (based on invoices or commitments made during the reporting period) in % terms and in absolute amount	9.3.1.
B	Environmental area			
B.1.	Sustainable use of water	B.1.1. Water recycling and reuse	Total volume of water recycled and/or reused by a reporting entity during the reporting period in absolute amount and in % terms	6.3.1.
		B.1.2. Water use efficiency	Water use per net value added in the reporting period as well as change of water use per net value added between two reporting periods (where water use is defined as water withdrawal plus total water received from third party) in % terms, in terms of change and in absolute amount	6.4.1.
		B.1.3. Water stress	Water withdrawn with a breakdown by sources (surface, ground, rainwater, waste water) and with reference to water-stressed or water-scarce areas (expressed as a percentage of total withdrawals) in absolute amount and in % terms	6.4.2.
B.2.	Waste management	B. 2.1. Reduction of waste generation	Change in the entity's waste generation per net value added in % terms, in terms of change and in absolute amount	12.5.
		B.2.2. Waste reused, re-manufactured and recycled	Total amount of waste reused, re-manufactured and recycled in absolute amount, in % terms and in terms of change	12.5.1.
		B.2.3. Hazardous waste	Total amount of hazardous waste, in absolute terms, as well as proportion of hazardous waste treated, given total waste reported by the reporting entity (in absolute amount, in % terms and in terms of change)	12.4.2.
B.3.	Greenhouse gas emissions	B.3.1. Greenhouse gas emissions (scope 1)	Scope 1 contribution in absolute amount, in % terms and in terms of change	9.4.1.
		B.3.2. Greenhouse gas emissions (scopes 2)	Scope 2 contribution in absolute amount, in % terms and in terms of change	9.4.1.
B.4.	Ozone-depleting substances and chemicals	B.4.1. Ozone-depleting substances and chemicals	Total amount of ozone-depleting substances (ODS) (bulk chemicals/substances existing either as a pure substance or as a mixture) per net value added.	12.4.2.
B.5.	Energy consumption	B.5.1. Renewable energy	Renewable energy consumption as percentage of total energy consumption in the reporting period	7.2.1.
		B.5.2. Energy efficiency	Energy consumption per net value added	7.3.1.

Table of selected core SDG indicators (2)

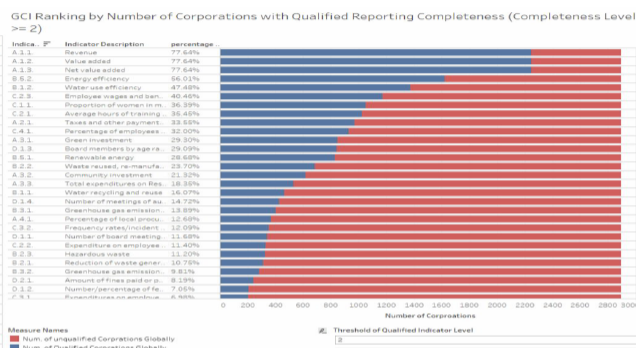
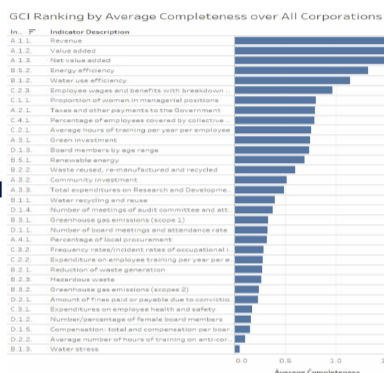
C	Social area			
C.1.	Gender equality	C.1.1. Proportion of women in managerial positions	Number of women in managerial positions to total number of employees (in terms of headcount or FTE)	5.5.2.
C.2.	Human capital	C.2.1. Average hours of training per year per employee	Average number of hours of training per employee per year (as total hours of training per year divided by total employees) possibly broken down by employee category	4.3.1.
		C.2.2. Expenditure on employee training per year per employee	Direct and indirect costs of training (including costs such as trainers' fees, training facilities, training equipment, related travel costs etc.) per employee per year possibly broken down by employee category	4.3.1.
		C.2.3. Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender	Total costs of employee workforce (wages and benefits) divided by the total revenue in that reporting period.	8.5.1; 10.4.1
C.3.	Employee health and safety	C.3.1. Expenditures on employee health and safety as a proportion of revenue	Total expenses for occupational safety and health-related insurance programmes, for health care activities financed directly by the company, and all expenses sustained for working environment issues related to occupational safety and health incurred during a reporting period; divided by the total revenue in that same period.	3.8.; 8.8
		C.3.2. Frequency/incident rates of occupational injuries	Frequency rates: number of new injury cases divided by total number of hours worked by workers in the reporting period; incident rates: total number of lost days expressed in terms of number of hours divided by total number of hours worked by workers in the reporting period	8.8.1.
C.4.	Coverage by collective agreements	C.4.1. Percentage of employees covered by collective agreements	Number of employees covered by collective agreements to total employees (in terms of headcount or FTE)	8.8.2.
D	Institutional area	I.		
D.1.	Corporate governance disclosures	D.1.1. Number of board meetings and attendance rate	Number of board meetings during the reporting period and number of Board members who participate at each Board meeting during the reporting period divided by the total number of directors sitting on the Board multiplied by the number of Board meetings during the reporting period	16.6.
		D.1.2. Number and percentage of female board members	Female board members to total board members	5.5.2.
		D.1.3. Board members by age range	Number of Board members by age range (e.g., under 30 years old, between 30 and 50, over 50)	16.7.1.
		D.1.4. Number of meetings of audit committee and attendance rate	Number of board meetings during the reporting period and number of Audit committee members who participate at each Audit committee meeting during the reporting period divided by the total number of members sitting on the Audit committee multiplied by the number of Audit committee meetings during the reporting period	16.6.
		D.1.5. Compensation: total compensation per board member (both executive and non-executive directors)	Total annual compensation (including base salary and variable compensation) for each executive and non-executive director	16.6.
D.2.	Anti-corruption practices	D.2.1. Amount of fines paid or payable due to settlements	Total monetary value of paid and payable corruption-related fines imposed by regulators and courts in the reporting period	16.5.2.
		D.2.2. Average number of hours of training on anti-corruption issues, per year per employee	Average number of hours of training in anti-corruption issues per employee per year (as total hours of training in anti-corruption issues per year divided by total employees)	16.5.2.

Reporting on GCI: Analysis by Global Data Company (1)



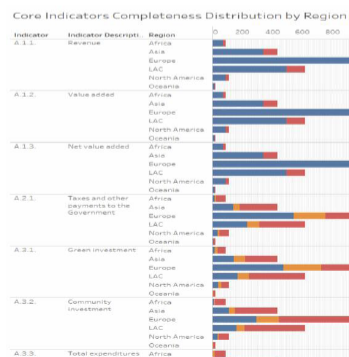
GCI Reporting Completeness by Indicator

GCI Rankings based on the average reporting completeness level across all corporations



Global Core Indicators Rankings by percentage of corporations with custom qualified reporting completeness level

Frequency Chart of number of companies at each reporting completeness level across the region



Pie Chart of percentage of each reporting completeness level across all the corporations in the sector



Current mandate: Agreed Conclusions of the ISAR 35th session in 2018

- Requested the UNCTAD secretariat to **advance its work on core SDG indicators for enterprise reporting** in alignment with the SDG monitoring framework, including by **pilot-testing the core indicators at the country level** and by **supporting member States through capacity-building initiatives in this area**
- Encouraged the UNCTAD secretariat to continue its work in **developing metadata guidance for indicator 12.6.1** of the Sustainable Development Goals “number of companies publishing sustainability reports”, in coordination with the United Nations Environment Programme, and to **submit a proposal for indicator reclassification** to the Inter-Agency and Expert Group on Sustainable Development Goal Indicators

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