

# ISAR 34

## **Item 3: Enhancing comparability of sustainability reporting: Selection of core indicators for company reporting on the contribution towards the attainment of the Sustainable Development Goals**

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## SDG AND ENTERPRISE REPORTING

- **Enterprise reporting** plays a critical role in the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs).
- Reporting **can enrich and enhance the SDG monitoring** mechanisms by providing governments, enterprises, society and other stakeholders **with means to assess the economic, environmental, social and governance impact of companies on sustainable development.**
- Conversely, the SDGs provide a framework to **harmonize enterprise reporting on sustainability**, and to ensure that such reporting be **relevant and useful** to all stakeholders.

UNCTAD-ISAR, as the **focal point** for matters of accounting and reporting at the United Nations, has a **leadership role** in harnessing the **synergies of the SDGs and enterprise reporting.**

## CORE INDICATORS ON SDG REPORTING

- ISAR held a High-Level Policy Dialogue on Sustainability Reporting within UNCTAD XIV and World Investment Forum 2016 on 21 July in Nairobi, Kenya where UNCTAD launched its ***initiative on selecting a limited number of core indicators responsive to the SDG agenda and in alignment with the SDG monitoring framework and its indicators.***
- UNCTAD joined forces with UN Environment to evaluate the existing reporting frameworks, establish key principles for SDGs reporting, and suggest the selection of core SDG reporting indicators.
- ISAR convened a Consultative Group comprised of key leading international experts in the area of corporate reporting to discuss this topic. The most recent meeting was held on 3-4 April 2017.
- An Issues note has been prepared to facilitate further discussions on this agenda item at the 34th session of ISAR.

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## KEY RECENT INITIATIVES

- G20 Task Force on Climate-related Financial Disclosures: Final Recommendations Report
- European Commission guidelines on non-financial reporting, in support of EU Directive 2014/95/EU



Trend towards comparability across companies, consistency between financial and non-financial information, and usefulness of indicators for report users

- Global Reporting Initiative - UN Global Compact: the Action Platform for Business Reporting on the SDGs
  - UNCTAD is a member of the multi-stakeholder advisory committee



## CRITERIA FOR SELECTION OF INDICATORS

- Indicators should:
  - be relevant to at least one Sustainable Development Goal monitoring indicator
  - be based on existing key initiatives or reporting frameworks and/or should be found in corporate reports
  - be universal (applicable to all reporting enterprises)
  - facilitate comparability across industries
  - address issues over which a company has control and for which it gathers data (incremental approach)
  - facilitate convergence of financial and non-financial reporting principles and data
  - be capable of consistent measurement
  - be suitable for consolidated reporting and legal entity reporting

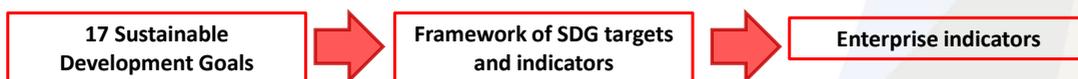
ISAR 34

## ENTERPRISE REPORTING AND THE SDGs



## FROM SDGs TO CORE INDICATORS

- Logical framework:



- Example:



## ISSUES FOR DISCUSSION - CORE INDICATORS

- Do the selected indicators in the economic, environmental, social and institutional areas form a universal core set of indicators that is appropriate for enhancing the role of reporting in the attainment of the Sustainable Development Goals?
- Does the suggested list of indicators meet the objective of data consistency and comparability?
- Are suggested indicators suitable for consolidated reporting and a legal entity's reporting?
- How to ensure consistent measurement of the indicators, particularly those considered in the International Financial Reporting Standards?
- How to facilitate alignment with statistic methodology where appropriate?

# METADATA GUIDANCE ON 12.6.1



**Goal:12**  
**Target number: 12.6**  
**Indicator Number and Name: 12.6.1**  
*Number of companies publishing sustainability reports*



## METADATA GUIDANCE ON 12.6.1

- UNCTAD and UN Environment, as co-custodians of the Metadata Guidance for 12.6.1, are working in order to provide the following information:
  - Definition of sustainability reporting
  - Method of computation of the indicator (including key criteria)
  - Rationale and interpretation
  - Sources and data collection
  - Disaggregation requirements
  - Global monitoring
- The Draft Guidance offers suggesting on these points, and constitutes a starting point for discussion with our stakeholders.

ISAR 34

## ISSUES FOR DISCUSSION - METADATA GUIDANCE

- Is the definition of sustainability reporting acceptable?
- Should there be any additional requirements to be met for data to be computed as sustainability reporting?
- Should reference be made to minimum core indicators to facilitate comparability and quality of sustainability reporting by companies?
- What issues should be addressed in developing national and global data collection systems on sustainability reporting?
- What reliable sources can be used to collect data on companies' sustainability performance and impacts?



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## Company practices on the SDG reporting

**SAR 34** This panel will continue deliberations on sustainability and SDG reporting, focusing on the experience of enterprises:

- What challenges do companies experience in preparing such reports, and how they can be addressed?
- What impact do these reports have on companies' performance and relationships with their stakeholders?
- Should small and medium-sized enterprises be affected by SDG reporting requirements?
- What are the main lessons learned so far by users and preparers of sustainability information that could help improve the quality and comparability of such information?

## GENERAL ISSUES FOR DISCUSSION

- What areas present the biggest challenges for reporting on the Sustainable Development Goals at this stage? What best practices can be considered to address these challenges?
- Sustainable Development Goal 12.6 states that companies should be encouraged to integrate sustainability information into their reporting cycle. How could this be facilitated, and should additional indicators be developed to measure progress in this area?
- What could be the next steps in developing guidance on implementation of core indicators that can be useful to policymakers, especially in developing countries and countries with economies in transition?
- How can global forums such as the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting further contribute to consensus-building on these core indicators, and more generally to enhancing the role of corporate reporting in the Sustainable Development Goals monitoring mechanism?

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