

ISAR 37

Agenda item 3: Practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the SDGs: Review of case studies

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OBJECTIVE

Elaborate on the progress on the implementation of core indicators for entity reporting on the contribution towards the attainment of the SDGs (today and tomorrow):

- ✓ Discuss recent developments with a focus on convergence of initiatives
- ✓ Review of new case studies
- ✓ Identify good practices and challenges (including via ISAR Honors initiative that will take place at 3.45 pm today and will continue at 4.20 pm on the Webex platform)
- ✓ Agree on the way forward

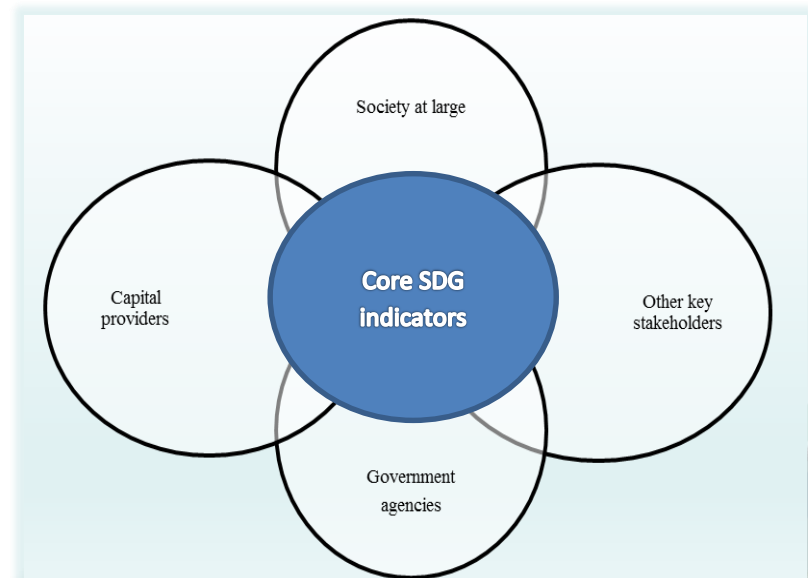
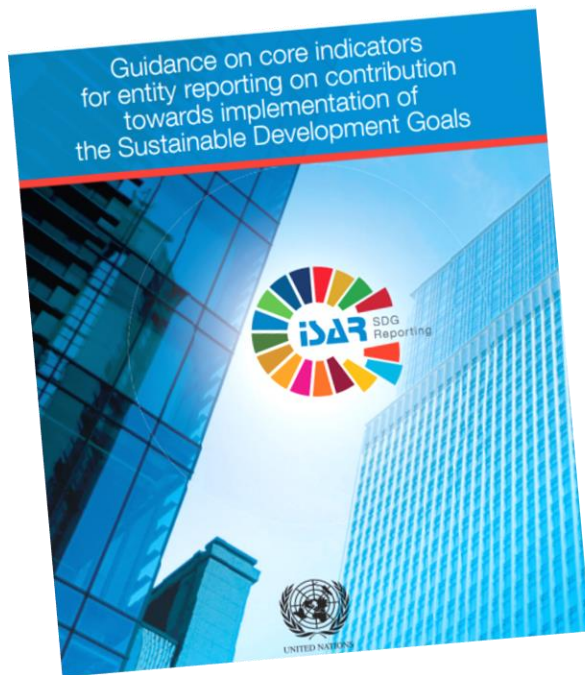
BACKGROUND

- In 2016 UNCTAD at its quadrennial conference in Nairobi launched initiative on developing a common set of core universal indicators for entity sustainability/SDG reporting to facilitate harmonization and comparability of such reporting based on convergence of reporting frameworks and practices
- Consequently since then ISAR has been addressing this issue in a number of consultative group meetings, several ISAR sessions and other activities



Guidance on Core Indicators (GCI)

- The Core indicators are at the intersection of micro- and macro-level trends and needs
- Consistent with the SDGs monitoring framework and aligned with countries needs on monitoring the attainment of the SDG agenda
- Selected on criteria to be measurable, consistent, comparable
- Cover key areas common to all businesses, such as rational use of natural and material resources (water, energy, land, clean area, waste), social issues, such as workers health and safety, access to training, gender equality, good governance such as anti corruption practices, and economic contribution.





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

ISAR 36th agreed conclusions on Agenda item 3

- ...*Guidance on Core Indicators for Entity Reporting on Contribution towards Implementation of the Sustainable Development Goals* as a useful toolkit for organizations to provide comparable baseline data on their contribution to the implementation of the Sustainable Development Goals, and as a means to facilitate the comparability of companies' reporting on sustainability issues in alignment with the 2030 Agenda for Sustainable Development...;
-Requests the UNCTAD secretariat to conduct further case studies... to facilitate wider use, raising awareness and dissemination of the Guidance, as well as training and capacity-building, including in cooperation with relevant training institutions...;

Case Studies

- Objective of case studies: examine the relevance and applicability of the GCI and to validate suggested approach and accounting data availability.
- 20+ case studies conducted since 2019
 - In different geographical areas: countries with various levels of economic development
 - In a great range of industries
 - With companies of different sizes including SMEs
 - Including in cooperation with the Family Business Network (FBN)

Companies participating at case studies

Represented industries:

oil and gas

commodity paper
products

chemical
manufacturing

hospitality

academia

conglomerate

garment

apparel retailer

agriculture

energy

cutting tools

engineering

healthcare

Cosmetics

paints and coating
solutions

mining and
metallurgical

telecommunication

textiles

Companies participating at case studies

Represented countries:



- An overview of the implementation of the Guidance in several companies was conducted in Egypt and USA
- Several more case studies are in progress

Most companies were able to provide data on most of the core indicators

- There was no single indicator that was not reported on by all companies participating in the pilot tests
- There is no systemic consistency among companies regarding the problems in reporting on other core indicators
- Companies already using frameworks for sustainability reporting faced fewer challenges in reporting on the core indicators

Key issues in reporting on core indicators

Share of difficult to report or not reported indicators by area

D.1.4. Number of meetings of audit committee and attendance rate

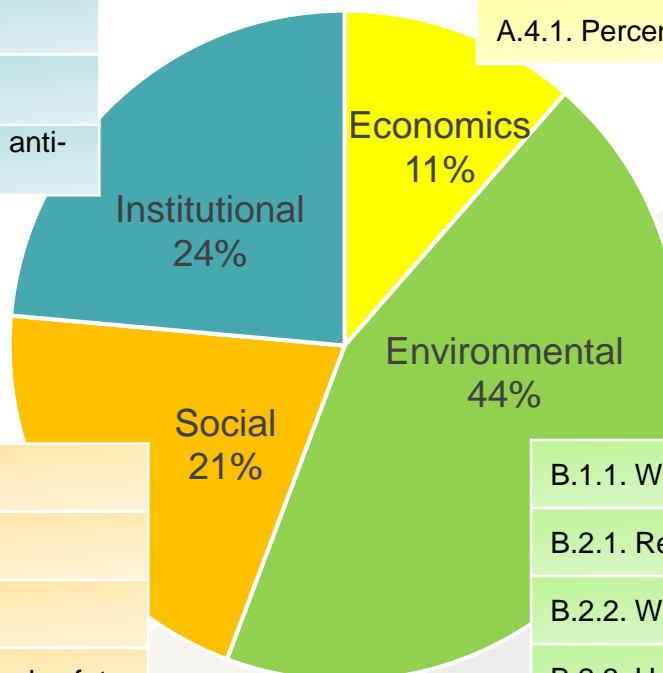
D.1.5. Total compensation per board member

D.2.1. Amount of fines paid or payable due to settlements

D.2.2. Average number of hours of training on anti-corruption issues, per year per employee

A.3.1 Green investment

A.4.1. Percentage of local procurement



C.2.1. Average hours of training per year

C.2.2. Expenditure on employee training

C.2.3. Employee wages and benefit

C.3.1. Expenditures on employee health and safety

C.4.1. % of employees covered by collective agreements

B.1.1. Water recycling and reuse

B.2.1. Reduction of waste generation

B.2.2. Waste reused, re-manufactured and recycled

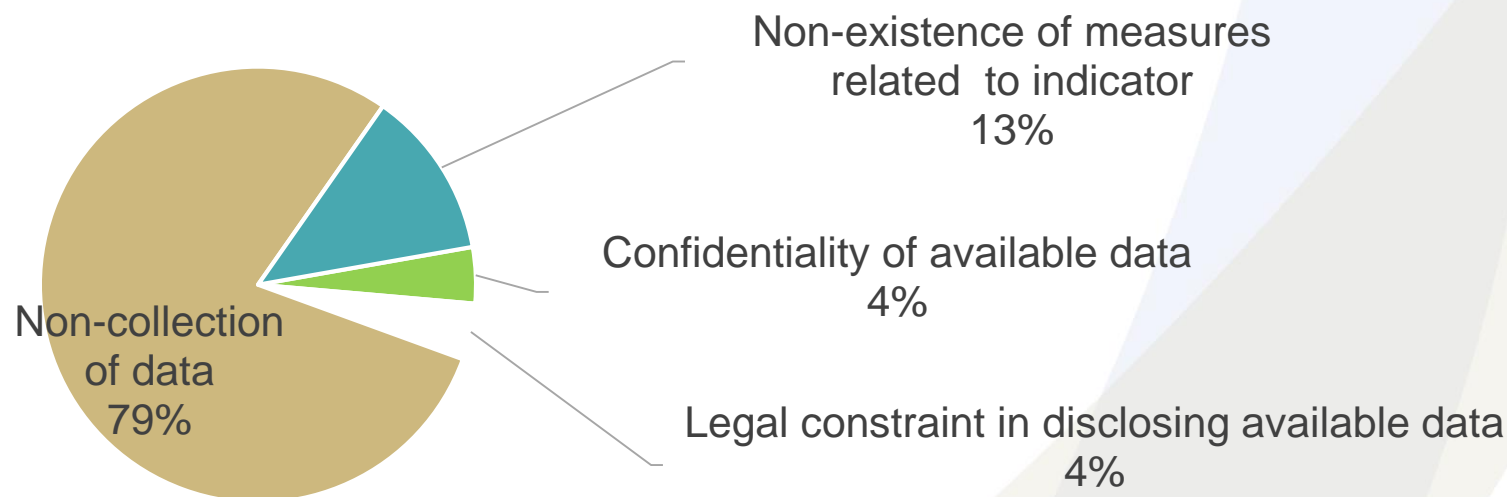
B.2.3. Hazardous waste

B.4.1. Ozone-depleting substances and chemicals

B.5.1. Renewable energy

Most challenging core indicators are indicated in boxes

Reasons for non-disclosure



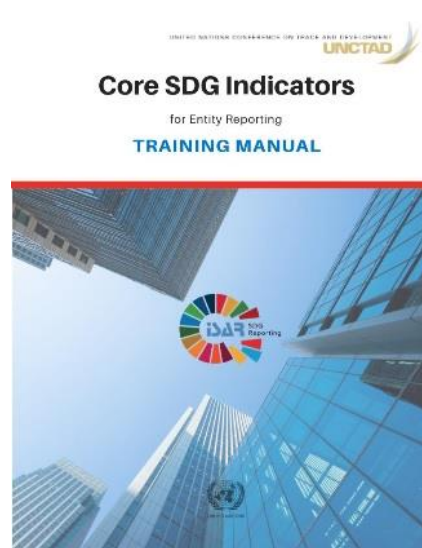
- Several cases studies raised issues relating to
 - Lack of regulation requiring environmental, social and governance/SDG reporting
 - Lack of coordination among different authorities in charge, including coordination between accounting standards and requirements in the area of environmental, social and governance and SDG reporting
 - Existence of several entities in charge of different type of companies

Training Manual



Case Studies

- GCI as good start towards producing comparable data
- Capacity-building required



Solution

- ✓ Technical guidance to improve data availability
- ✓ 4 chapters with a list of selected references
- ✓ Available in English and Spanish



<https://isar.unctad.org/training-materials/>

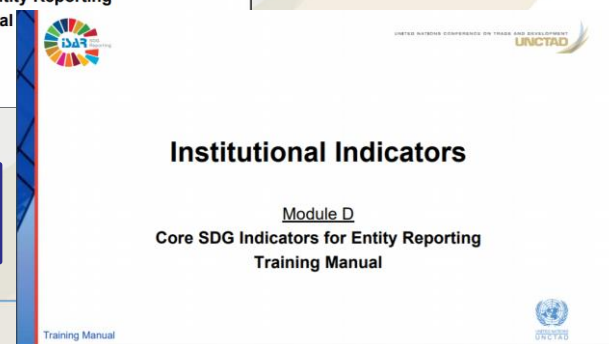
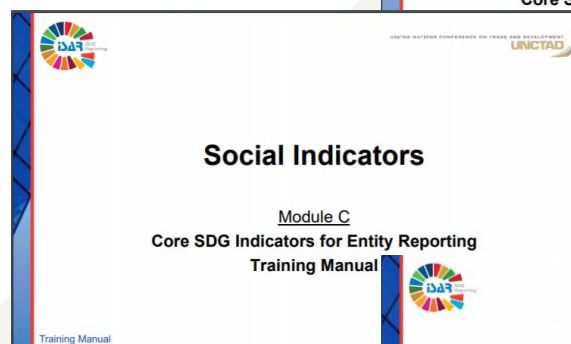
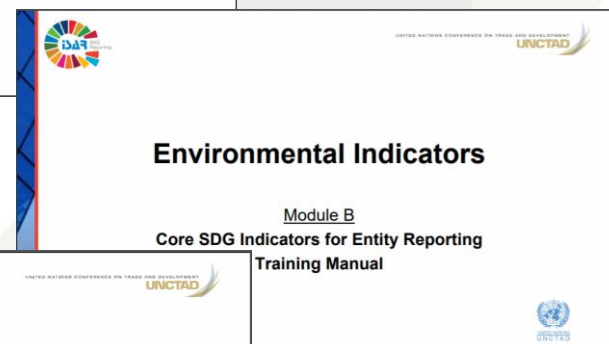
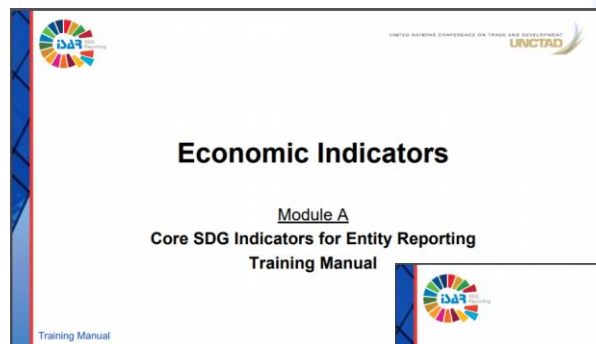
Manual

- ✓ Definition
- ✓ Measurement methodology
- ✓ Potential sources of information
- ✓ Examples
- ✓ Self-assessment questions with solutions.

Training Slides and E-learning prepared

To facilitate the technical capacity building and enhance implementation of the core indicators through increased accessibility, UNCTAD has prepared training slides of the manual

E-learning materials in development



<https://isar.unctad.org/training-materials/>

CONVERGENCE EFFORTS

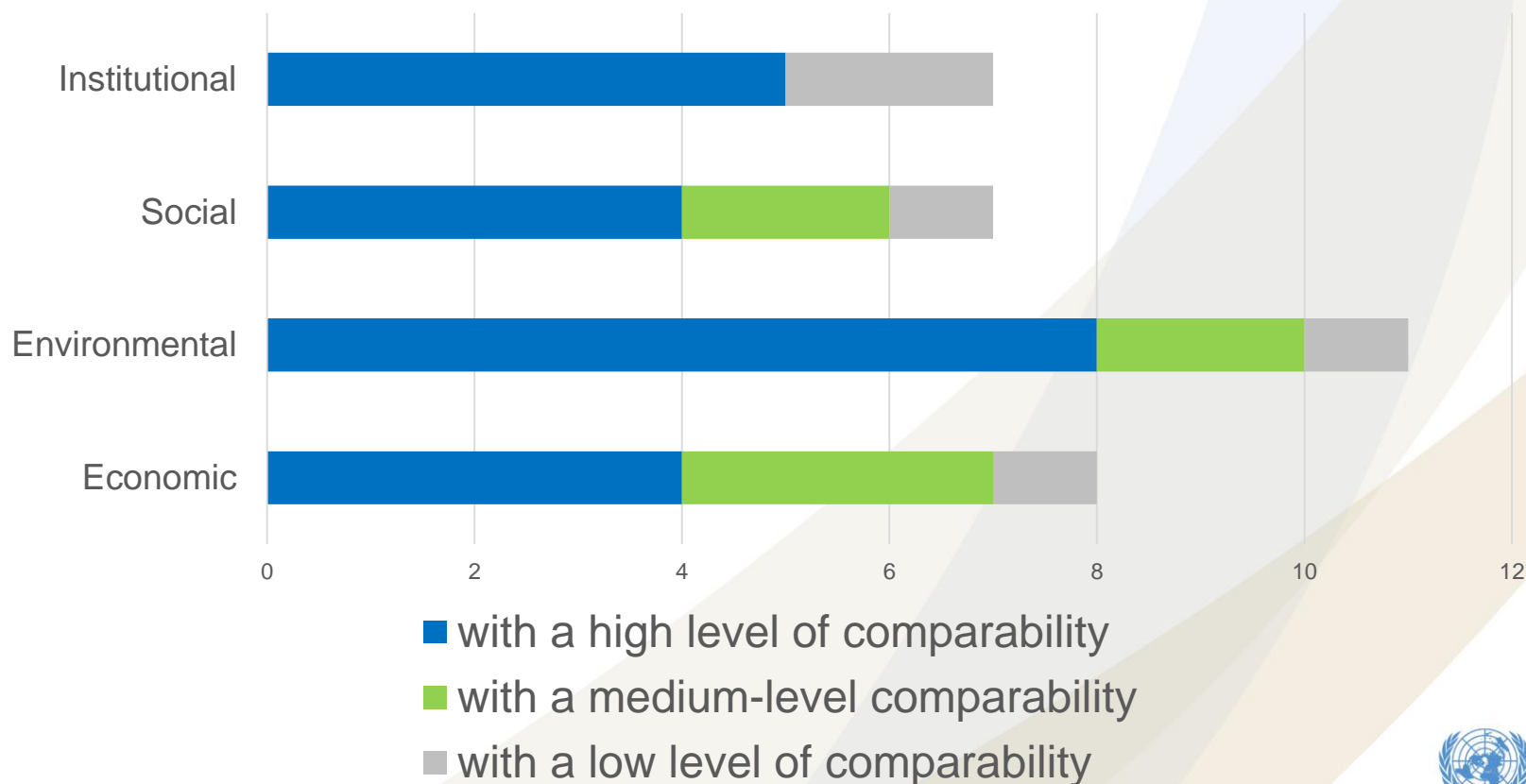
- *Requests* UNCTAD secretariat, in coordination with other agencies of the United Nations addressing issues of measuring the private sector contribution to the implementation of 2030 Agenda for Sustainable Development, to convene a meeting with a view to facilitate standartization of companies reporting on their contribution to the implementation of Sustainable Development Goals...

COOPERATION WITH UN AGENCIES

- *UN DESA*: within the framework of its GISD initiative. The GISD in October agreed to engage with WEF IBC and UNCTAD ISAR on their respective lists of core industry-agnostic sustainability metrics and call on them to cooperate towards further convergence and complementarity. Consider actions to promote reporting on core industry-agnostic metrics based on those initiatives to demonstrate both enterprise value creation and wider impact.
- *Global Compact* - towards better alignment of the GCI with the currently progressing COPs revisions.
- *UN Statistics* - as a member of the Task Force on Wellbeing and Sustainability, towards the use of the GCI for business statistics and data collection to assess the private sector contribution to the SDG implementation.
- *UNRISD* - to align the GCI with the UNRISD contextual indicators on sustainable development.

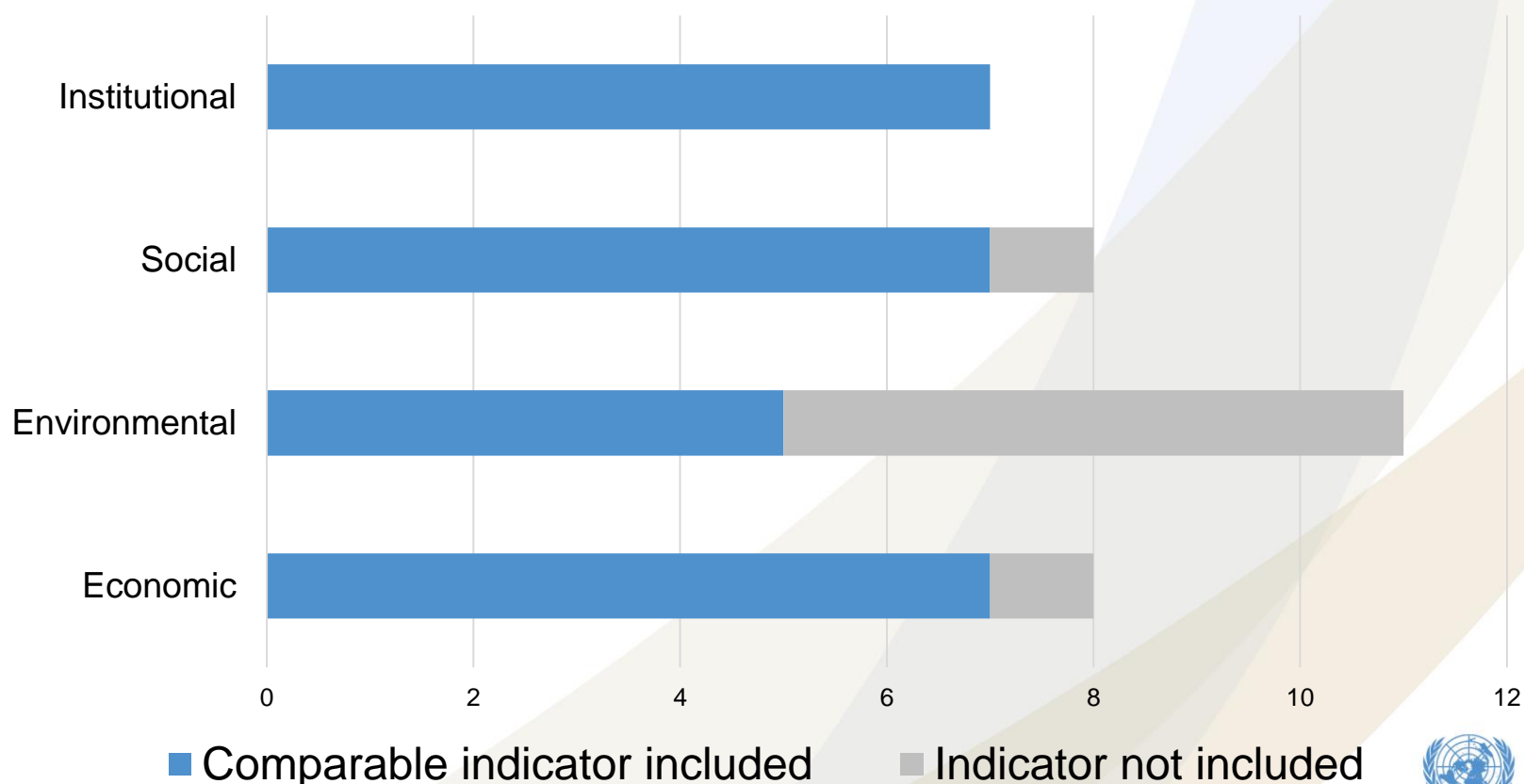
Convergence of different frameworks through the GCI: case of the GRI

Number of UNCTAD core indicators matching the Global Reporting Initiative standards



Convergence of different frameworks through the GCI: case of WEF metrics

Number of UNCTAD core indicators matching the WEF metrics



Key issues to address

- How convergence in sustainability and SDG reporting can be accelerated and achieved?
- Can the GCI play a role to facilitate convergence as a tool for a baseline reporting by companies on a set of indicators that are common and universal across industries, and aligned with the Sustainable Development Goals? What evidence GCI case studies has provided in this regard?
- What are the most pressing capacity-building needs in sustainability and SDG reporting by companies? What is the most efficient way and good practices to address such capacity-building needs?
- How can global forums such as the Intergovernmental Working Group of Experts further contribute to enhancing the role of entity reporting in assessing the contribution of the private sector to achieving the Sustainable Development Goals?

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