Wednesday, 4 November 2020

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

Presented by

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Family Business for Sustainable Development

Creating a Shared Prosperity for All

Caroline Seow
UNCTAD ISAR 37th Session, 4th November 2020
Polaris – Maximising Positive Social, Environment & Economic Impact

Why
Family businesses are uniquely positioned to lead change

What
Purpose-driven companies deliver positive performance

How
Take the PIA – Polaris Impact Assessment

Represent 2/3 of all companies
Employ 60% of global workforce
Contribute over 70% of global GDP

Increase revenue by up to 20%
Reduce cost of debt by at least 40%
Increase company valuation by 40% - 80%
Decrease staff turnover by up to 50%

Family Business Network – over 4,000 business families across 65 countries
Family Business for Sustainable Development

- Family Business Pledge 2020
- **Sustainability Indicators for Family Businesses (SIFB)**
  - **UNCTAD GCI**
  - **Polaris Indicators for Family Business**
    adapted from the PIA & relevant frameworks
- Capacity-Development Programmes

“Family businesses have distinctive governance & ownership structures and dynamics that impact performance. The **Sustainability Indicators for Family Businesses** aims to recognise the unique attributes of family business models and incorporate metrics that guide, advance sustainability practices and facilitate contributions to the SDGs.”
Does your business produce a public-facing annual report detailing its sustainability performance? And what does that include?

- Quantifiable Results – 8%
- 3rd Party Validation – 14%
- No Annual Report – 59%

Source: B Analytics Platform, 2020
## Methodology

### History

<table>
<thead>
<tr>
<th>History</th>
<th>Family Business</th>
<th>Employee Size</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4 est 1916</td>
<td>Royal Van Wijhe Verf, <em>The Netherlands</em></td>
<td>206 – 22% women</td>
<td>Paints &amp; Coating Solutions</td>
</tr>
<tr>
<td>G3 est 1926</td>
<td>Forbes Marshall, <em>India</em></td>
<td>2000 – 13% women</td>
<td>Steam Engineering &amp; Control Instrumentation Solutions</td>
</tr>
<tr>
<td>G2 est 1987</td>
<td>Sun Tekstil, <em>Turkey</em></td>
<td>1852 – 51% women</td>
<td>Textiles – Knitted &amp; woven Fabrics</td>
</tr>
</tbody>
</table>

### Outline of Study
- Core Values & Motivations
- ESG Policies & Practices
- Reporting Frameworks
- Deming’s PDCA

### Ethical Considerations
Findings – Reporting Experience

Number of indicators reported on.

<table>
<thead>
<tr>
<th></th>
<th>Van Wijhe Verf</th>
<th>Forbes Marshall</th>
<th>Sun Tekstil</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Economic</strong></td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>B. Environmental</strong></td>
<td>9</td>
<td>8*</td>
<td>10</td>
</tr>
<tr>
<td><strong>C. Social</strong></td>
<td>6</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td><strong>D. Institutional</strong></td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td><strong>Indicators Reported</strong></td>
<td><strong>26</strong></td>
<td><strong>25</strong></td>
<td><strong>29</strong></td>
</tr>
</tbody>
</table>

1. Reasons for non-disclosure
   - No legislative requirement
   - Perception of Irrelevance e.g. D1.4
   - Risk & Confidentiality e.g. A.1.3
   - Do not capture

2. Challenges of Reporting
   - Technical considerations
   - Incompatible formats e.g. B.5.2
   - Incomplete data

*Forbes Marshall has recently put in place measures to capture Greenhouse Gas Emissions Scope 1 & 2, and in 2021 will report on the two additional environmental indicators.*
Other Findings from the Cases – Gaps, Opportunities & Impacts –

- Alignment of Values and Practices
- Insights Gained
- Materiality of Indicators
- Identifying SDGs aligned to Business Success

- Policy, Practices & Measurement e.g. Ethical Supply Chains
- Transparency versus Privacy
- Resources Required
- Impacts on the Wider Community

Family Business as a Force for Good
Recommendations

1. On-line Platform
2. Capacity Development
3. Integrate the SIFB Indicators
4. Review & Address Concerns
5. Ensure the SIFB is fit for Purpose
6. “Transparency as a Competitive Advantage”
7. Communicate the Purpose & Rationale for Reporting

“…..experience of the pilot cases highlight both technical & cultural challenges and provide valuable feedback to inform recommendations to enable reporting, further transparency and increase family businesses contributions to the SDGs.”
7. Communicate the Purpose & Rationale for Reporting

Creating a Shared Prosperity for All