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**Intergovernmental Working Group of Experts on International  
Standards of Accounting and Reporting  
(ISAR)**

**38<sup>th</sup> SESSION  
9 – 12 November 2021**

Wednesday, 10 November 2021

**Agenda item 3. Review of practical implementation, including  
measurement, of core indicators for entity reporting on the  
contribution towards the attainment of the Sustainable  
Development Goals**

Presented by

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# **Review of practical implementation, including measurement, of core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals**

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*38<sup>th</sup> Session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)*

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# The Core Indicators: An overview

## ▶ Economic area indicators

- ▶ 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

## ▶ Environmental area indicators

- ▶ 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
- ▶ Ozone-depleting substances & chemicals
- ▶ Renewable energy
- ▶ Energy efficiency

## ▶ Social area indicators

- ▶ Proportion of women in managerial positions
- ▶ Average hours of training
- ▶ Expenditure on employee training
- ▶ Employee wages and benefits by type and gender
- ▶ Expenditures on employee health and safety
- ▶ Frequency/incident rates of occupational injuries
- ▶ Percentage of employees covered by collective agreements

## ▶ Institutional area indicators

- ▶ 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 and executive
- ▶ Amount of fines paid or payable due to convictions
- ▶ Average n. of hours of training on anti-corruption issues

# Challenges for **Economic indicators**

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e.g.: A.1.2 Value added

e.g.: A.3.1 Green investment

A.4.1 Percentage of local procurement

# Challenges for **Economic indicators**

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- ▶ **Confidentiality/sensitivity of information**

e.g.: A.1.2 Value added

- ▶ **Lack of data availability/of data collection processes**

e.g.: A.3.1 Green investment

A.4.1 Percentage of local procurement

# Challenges for **Environmental indicators**

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- e.g.: 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

# Challenges for **Environmental indicators**

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## ► **Lack of data availability/of data collection processes**

e.g.: 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

# Challenges for **Environmental indicators**

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- ▶ **Lack of data availability/of data collection processes**
- ▶ **Absence of activities/practices related to indicators**

e.g.: 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



# Challenges for **Social indicators**

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- e.g.:
- C.2.1. Average hours of training per year per employee
  - C.2.2. Expenditure on employee training per year per employee
  - C.2.3. Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender
  - C.3.1. Expenditures on employee health and safety as a proportion of revenue
  - C.4.1. Percentage of employees covered by collective agreements

# Challenges for **Social indicators**

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## ► **Lack of data availability/of data collection processes**

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C.2.2. Expenditure on employee training per year per employee

C.2.3. Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender

C.3.1. Expenditures on employee health and safety as a proportion of revenue

C.4.1. Percentage of employees covered by collective agreements

# Challenges for **Social indicators**

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## ► **Confidentiality/sensitivity of information**

e.g.:

C.2.2. Expenditure on employee training per year per employee

C.3.1. Expenditures on employee health and safety as a proportion of revenue

# Challenges for **Institutional indicators**

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e.g.: D.1.4. Number of meetings of audit committee and attendance rate

e.g.: D.1.5. Compensation: total compensation per board member (both executive and non-executive directors)

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

# Challenges for Institutional indicators

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## ► **Absence of activities/practices related to indicators**

e.g.: D.1.4. Number of meetings of audit committee and attendance rate

e.g.: D.1.5. Compensation: total compensation per board member (both executive and non-executive directors)

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

# Challenges for Institutional indicators

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- ▶ **Absence of activities/practices related to indicators**

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- ▶ **Lack of data availability/of data collection processes**

e.g.: D.1.5. Compensation: total compensation per board member (both executive and non-executive directors)

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

# Lessons learned and reflections

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| Challenges                   | ECONOMIC | ENVIRONMENTAL | SOCIAL | INSTITUTIONAL |
|------------------------------|----------|---------------|--------|---------------|
| Confidentiality              | ✓        |               | ✓      |               |
| Data availability            | ✓        | ✓             | ✓      | ✓             |
| Absence of activity/practice |          | ✓             |        | ✓             |

# Lessons learned and reflections

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- ▶ **Myth #1: SMEs cannot report on sustainability and SDGs**
  - ▶ The findings of all of the case studies conducted to date show that 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 study



# Lessons learned and reflections

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- ▶ **Myth #2: SMEs do not want to report on sustainability and SDGs**
  - ▶ The case studies reveal that companies want to engage in improving data-collecting capacity through the GCI technical guidance and the application of the indicators over several reporting periods, through which better understanding may be gained of how data may be collected from existing accounting records.

# Lessons learned and reflections

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- ▶ **Myth #3: Mandating sustainability reporting will automatically solve all the problems**
  - ▶ The case studies suggest that changing the way both workers and external stakeholders think about sustainability and their social and environmental education is crucial.