

# Guide for Business Action on Sustainable Development Goals (SDGs)

## Guiding Companies in Impact Assessment, KPI Selection and Goal Setting

The purpose of this document is to consult WBCSD member companies on the draft scope and outline of the Guide for Business Action on SDGs, a joint project between WBCSD, UN Global Compact and the Global Reporting Initiative (GRI).

This project is part of WBCSD's Redefining Value Program and will be managed by Mark Didden.

We ask you to kindly provide written feedback by **Wed, 3 December, 2014**. Page 2 of this document presents some questions to consider when thinking about the guide and articulating your response. In the meantime, please do not hesitate to contact Mark ([didden@wbcsd.org](mailto:didden@wbcsd.org)) with any questions.

In case you have received a similar request from our partner Global Compact, it is sufficient to send one set of feedback to either or both organizations.

## Questions to Consider for Feedback

Your input is our most valuable tool in developing the Guide for Business Action on SDGs. Below are some questions to consider when thinking about the guide's scope and outline in the upcoming pages. Of course we value your responses beyond these suggested questions; so please do not hesitate to articulate your feedback how you see fit.

### Objectives & Challenges

- Will the project address your highest priorities in relation to aligning with the SDGs? What does it not address?
- What do you think will be the biggest challenge in implementing the recommendations this guide?

### Assessment & Indicators

- What do you think of the guide's focus on existing indicators and tools, rather than developing new ones?
- How do you think the guide should strike the balance between broad guidance that is relevant across all SDGs, and specific guidance per SDG?

### Alignment with the SDG

- Besides the guide and the suggested sharing and learning among companies, what other ways can the project support your preparations to align with the SDGs?
- Is it a priority for you to understand what your peers will be doing in terms of aligning with and implementing the SDGs? How do you think the project can help you do that?

## Introduction

The Guide for Business Action on SDGs is a practical document that businesses can use to contribute to the realization of UN Sustainable Development Goals (SDG). It presents companies with an understanding of why it's important to engage with the SDGs and how to do so. It supports them in aligning their business strategies with the SDGs, assessing their current impact, setting forward-looking goals and communicating about this in a credible manner.

The guide is being developed in conjunction by three partner organizations: United Nations Global Compact (UNGC), Global Reporting Initiative (GRI) and World Business Council for Sustainable Development (WBCSD). Though each organization has undertaken a distinct part of the guide, their collaboration is intended to produce a single and seamless guidance document. To this effect, we plan to continually share with one another their findings, progress and thoughts, and well as solicit feedback from each other.

The Guide for Businesses Action on SDGs is expected to be publicly available in 2015, shortly after the release of the final Sustainable Development Goals. The three partners, UNGC, GRI and WBCSD, will start developing the guide based on the goals proposed by the Open Working Group. As the SDGs mature and reach their final stages, the partners will adjust the guide to fully align it with the final Sustainable Development Goals.

The table below presents a summary of the content and coverage of the guide; details on the objectives and scope of each element are presented in three subsections below.

<b>Element</b>	<b>Summary of Content</b>	<b>Led By</b>
1.Guidance on impact assessment	Provide guidance to companies on existing principles and methodologies to assess and communicate their impact/contributions across the SDGs. It will build on existing initiatives, methodologies and standards.	WBCSD
2.Guidance on defining, communicating and implementing corporate sustainability goals	Provides direction on how companies can enhance the quality of their corporate sustainability goals and communicate them as commitments to implement the SDGs in a meaningful and credible manner.	UNGC
3.Commonly used indicators for each of the SDGs and targets	Presents an inventory of indicators that can be used by companies to assess their impact against particular SDGs and their corresponding targets. In the absence of such indicators, new indicators may be developed by GRI following its Due Process Protocol.	GRI

## Proposed Outline

1. Introduction
  - a. Business case for why the SDGs are important to companies.
  - b. The role of business in implementing.
  - c. The case for impact assessment and goal setting.
  - d. Introduction to the guide and how to use it. This section will make the case for focusing on the guide as a 'standard' for communicating on current and future contribution to SDGs.
2. Taking action in support of the SDGs.
  - a. Simple step-by-step model for how companies can take action on the SDGs, based on a modification of the steps (commit, assess, define, implement, measure, communicate) outlined by the GC Management model
  - b. How impact assessment and goal setting fit within the broader model/approach
3. Guide to impact assessment
  - a. Business value on assessing impacts of SDGs (e.g. to show alignment of business with the global agenda and business' contribution thereto)
  - b. Existing methodologies, initiatives and standards that assess impact and in turn guide companies to set suitable goals
  - c. Key steps and factors to consider in choosing the right Key Performance Indicators to assess impact, and in turn set suitable goals
  - d. Key steps and factors to consider in communicating impact to stakeholders such as investors, customers and employees
  - e. Explanation of how to apply existing steps and methodologies to assess and communicate impact across SDGs, including best practices
  - f. An example demonstrated by a fictional company
4. Guidance on goal setting: defining, implementing and communicating goals
  - a. Discussion of criteria for leadership goal setting for each of the SDGs
  - b. Best practices and relevant considerations such as the difference between goals and commitments, timeline, organizational issues, materiality, nuances in targets (such as absolute vs. relative, outcome vs. process, soft vs. hard), and alignment with SDGs
  - c. Guidance on implementation of sustainability goals, including discussion of internal accountability, incorporation of goal setting into strategic planning and performance review, and periodic review of the goals
  - d. Guidance on establishing and improving communications about goals and targets, both to stakeholders and internally within the company
5. Communicating
  - a. Specific guidance on relevant and 'trusted' communication regarding the SDGs
  - b. Using the outcomes from impact assessment and goal setting to inform corporate communication on the company's role in the SDGs
  - c. Integrating the focus on SDGs into sustainability and integrated reports
6. An inventory of existing business indicators, including commonly used ones, that are aligned with the SDGs.

## Detailed Scope

### Element 1 (of 3): Guidance on the Principles, led by WBCSD

#### Summary

This section supports businesses in assessing and communicating to key stakeholders in a credible manner their impacts across the individual SDGs.

#### Objective

The objective is to guide businesses in assessing and communicating their positive and negative impacts across the SDGs, by:

1. Introducing the terminology and basic theory used in the impact assessment and communication space for a business audience;
2. Building on, harmonizing with and consolidating where applicable, relevant existing initiatives, methodologies and standards;
3. Applying the impact assessment and communication theory to the SDGs.

#### Scope

1. The impact analysis will be on a company level, across the entire value chain, rather than a company's specific product or select parts of the supply chain.
2. Both past and potential future impacts, whichever is most applicable for the individual impact;
3. Impacts covered across individual SDGs, as adopted by UN member states, which will be adjusted if needed as the work in the Open Working Group (OWG) progresses (Section 2, led by GRI, will discuss how companies should select and use KPIs from the guide's inventory);
4. Materiality will be featured an essential component for selecting and prioritizing the SDGs upon which impact will be assessed and reported. This approach treats a company's core competency as the backbone of its impact.
5. Assessment of those impacts on SDGs, including:
  - Baseline establishment
  - Scoping and boundaries
  - Materiality assessment
  - Stakeholder engagement
  - Data collection
  - Assurance
  - Communication (including in Annual/Sustainability Reports, presentations, websites and other communication media)
  - Valuation (time permitting)
6. Explore how to align with GRI G4 and the IIRC Framework (disclosure requirements)

#### Proposed structure

1. Introduction to the section
2. Business value on assessing impacts of SDGs (e.g. to show alignment of business with the global agenda and business' contribution thereto)
3. Key steps and methodologies in assessing and communicating impacts
  - a. Key steps and factors to consider in assessing impact
  - b. Key steps and factors to consider in communicating impact to stakeholders such as investors, customers and employees communication

- c. Overview of main global existing methodologies, initiatives and standards (building on existing mappings, e.g. WBCSD’s Eco4Biz, W4Biz and Measuring socio-economic impact guide for business), both on assessment and/or communication as well as impact specific (list not exhaustive):
  - i. GRI G4
  - ii. IIRC Framework
  - iii. The Guide to Corporate Ecosystem Valuation (CEV) and the Ecosystem Services Review (ESR)
  - iv. Measuring Impact Framework
  - v. WBCSD/WRI GHG Protocol
  - vi. ISO standards
  - vii. Poverty footprint (UNGC/Oxfam)
  - viii. Others
- 4. Applying the above to the SDGs
  - a. Explanation of how to apply existing steps and methodologies to assess and communicate impact across SDGs
  - b. Application of the assessment and communication steps for a fictional company to the SDGs to demonstrate the process
- 5. Future work
  - a. Best practices
  - b. Sector specific guidance

## Element 2 (of 3): Goal Setting, led by UN Global Compact

### Summary

This section provides direction to companies on how to define, communicate and implement ambitious corporate sustainability goals/commitments and align them with SDGs. It inspires companies to be ambitious and meticulous in their goal setting. The desired result is for businesses to be farther reaching in the quality and scale of their corporate sustainability goals, as well as in their contribution to the SDGs. Lastly, this section of the guide supports companies in communicating about their sustainability goals in a meaningful and credible manner.

### Objectives

1. To scale up the practice of goal setting to companies not yet using these internally (to establish focus and ambition and as the basis for performance review and bonus pay) or externally (to communicate to stakeholders about commitment for future impact);
2. To increase the “technical” quality of corporate goal-setting, improving specificity and comparability across companies and sustainability themes;
3. To increase the ambition of corporate sustainability goal-setting and thus raise the investments of companies in improving their contribution to sustainable development;
4. To encourage and support companies in aligning their goal-setting with the goals and targets of the SDGs defined by governments;
5. Increase transparency and accountability around corporate commitments to the SDGs, most importantly through by establishing the expectation that updates on progress on realizing all sustainability goals communicated externally will be integrated into annual sustainability and integrated reports

## Scope

1. Guidance on defining meaningful and relevant sustainability goals will include best practices as well as relevant considerations related to the following key themes:
  - a) Difference between goals and commitments (definitions)
  - b) Absolute vs. relative targets
  - c) Outcome vs. process targets
  - d) Soft vs. Hard targets
  - e) Time horizon
  - f) Organization issues
  - g) Assuring alignment with SDGs (and public policy priorities more generally)
  - h) Materiality and value drivers
  - i) Organizational issues (top-down, bottom-up, etc)
2. Discussion of criteria for leadership goal setting for each of the SDGs
3. Guidance on implementation of sustainability goals
  - a) Allocating responsibilities for implementation and creating internal accountability;
  - b) Integrating goal setting into performance reviews and remuneration criteria;
  - c) What about integrating goal setting in strategic planning of companies;
  - d) Setting mechanisms in place to review goals periodically and revise if needed.
4. Guidance / defining expectations for communications / transparency related to goal-setting
  - a) Guidance on how to improve/establish communications around public commitments, most importantly externally aligned with the SDGs and towards the UN;
  - b) Defining expectations for annual communications to stakeholders around public commitments about goals and targets;
  - c) Defining expectations for annual communications internally within the company about goals and targets.

## Element 3 (of 3): Mapping of Indicators and Gap Analysis, led by GRI

### Summary

This part of the guide presents companies with an inventory of commonly used indicators for the SDGs and related targets that are business relevant. The inventory offers the opportunity to conduct gap analysis, as well as identify SDGs and related targets that are not covered by existing indicators. In such cases, GRI may develop indicators to fill the gaps following its Due Process Protocol (this includes multi-stakeholder Working Groups and global public consultations).

### Objectives

1. Enable companies to assess their contribution across to the full spectrum of business relevant SDGs
2. Guide companies in communicating the assessed impact to their stakeholders in a meaningful way
3. Present companies with an inventory of existing indicators, including commonly used ones, to show the nuances of how impact is assessed and communicated

### Scope

1. Selecting SDGs and targets against which to map reporting standards: the mapping will initially be done against the Outcome Document of the Open Working Group on Sustainable Development Goals dated 19 July 2014. Once the final set of Sustainable Development Goals is adopted by governments in

September 2015, the mapping will be adjusted accordingly, so that the final guide is aligned with the final set of goals. Though the Outcome Document includes 17 goals and 169 specific targets, including 62 targets on means of implementation, the mapping will include only select goals and targets based on their relevance to private sector action. This is done in recognition of the different roles and responsibilities of governments, the private sector and other actors with regards to the implementation of the SDGs.

The following criteria will be used to select those SDGs and related targets which are relevant for the business sector:

- A) Do businesses have a direct material impact or an indirect influence/impact on the successful achievement of the goal?
- B) Is business action/contribution essential for achieving the goal in question?

The process that GRI will take is as follows:

- **Gap analysis:** After the mapping between the SDGs and related targets and the selected indicators sets is finalized, a gap analysis will be made. The result of this gap analysis will be a list of SDGs and related targets for which there are no existing indicators available.
  - **Consultation:** This list will be subject to the broader consultation undertaken within this project, initially with a select group of businesses from within GRI's, WBCSD and UNGC's networks and later in a broad open consultation with all interested stakeholders... , who will be asked to identify those SDGs and related targets in the gap analysis that are relevant for businesses based in the criteria A) and B) above. Participants will be invited to provide references to external sources which provide evidence of the business relevance for a given SDG and target (optional). This engagement will bring credibility and legitimacy to the final selection of business relevant SDGs and targets.
2. Selecting the indicator sets against which to map SDGs: a limited number of indicator sets will be selected against which to map the SDGs and related targets as per the criteria set out in these terms of reference. The indicators to analyze may be quantitative or qualitative, outcome-oriented or process-oriented.

The criteria listed in the table below will be used to select the indicator sets. Criteria marked with (\*) should be assessed on a case-by-case basis. When several indicator sets meet all the criteria, those with the highest number of users will be prioritized.

<b>Organizational Background</b>
The issuing organization provides publicly-available information about the development process of the reporting standard
The indicator set was developed using a collaborative, representative, robust, and transparent process; or developed in an inter-governmental setting
The issuing organization is non-profit
<b>Content</b>
The indicator set offers indicators across all pillars of sustainable development. Issue-specific indicator sets may be selected when relevant for addressing a particular sustainable development goal or target*
<b>Applicability</b>

The indicator set is generally applicable or country/region-specific, when relevant for addressing a particular sustainable development goal or target*
The indicator set is applicable to all organizations or sector-specific, when relevant for addressing a particular sustainable development goal or target*
<b>Accessibility</b>
The indicator set is available in English
The indicator set is available for free
<b>Validity</b>
The indicator set is current and in use

Based on this analysis, the indicator sets that offer indicators that fall in those criteria and which will be analyzed in Phase 1 are the following.

- GRI G4 Sustainability Reporting Guidelines and G4 Sector Disclosures across 10 sectors
- CDP 2014 climate change, water and forests questions

3. Presentation of contents: While the mapping will be done at the target level to ensure that all topics contained within a given SDG are considered during the mapping and the gap analysis, it is acknowledged that not all users of the guide will need this level of detail. On the other hand, those charged with preparing detailed public disclosure within companies will greatly benefit of a mapping undertaken at the target level with useful clarification comments for each of some of the indicators (including links to the original source of the indicator).

To that end, the guide will offer a high-level mapping at the SDG level, whilst a detailed mapping at the SDG and target level will be offered as an additional and separate resource for those who may find it useful.

## Proposed Timeline (draft)

Phase	Action	Details	Target Completion Date
Scope and outline	Draft Outline and Scope	Draft an outline of the report as well as scope of activities performed by UNGC, GRI and WBCSD	7-Nov, 2014
	Consultation #1: scope and outline	Each organization runs a consultation with its constituency on the scoping document and full outline . Each organization shares with the other two the feedback received. This consultative process should be transparent and collaborative.	28-Nov, 2014
	Revise Outline and Scope	Revise scoping document and outline by integrating the feedback received.	5-Dec, 2014
1st DRAFT / Consultation #2	Map and develop content for each other's sections	Each organization provides content and perspectives related to the other two's work to make sure that we are exhaustive on what's already existing. This step is designed for the three organizations to collaborate on the content, rather than simply providing a reactive perspective.	15-Nov, 2014
	Draft individual sections of the report	Develop the narrative in parallel with finalizing the outline.	20-Dec, 2014
	Provide peer feedback	Each organization provides insight and feedback on the others' input/element	11-Jan, 2015
	1st Draft ready	Milestone	18-Jan, 2015
	Davos	Co-host an event on the Business Action on Sustainable Development Goals (SDGs) at Davos in January 2015. The leaders of each organization – Michael Meehan (GRI), Georg Kell (UNGC) and Peter Bakker (WBCSD) will be at Davos 2015 and they propose to jointly host the event with a corporate partner.	25-Jan, 2015
	Consultation #2: 1st draft	Each organization runs a consultation with its constituency on the full draft (with all three elements), and shares feedback with the other organizations.	15-Feb, 2015
	Revise draft based on company feedback	Incorporate feedback into the documents	1-Mar, 2015
Final Draft / Consultation #3	Combine drafts and write introduction	Produce a single cohesive document; identify and address gaps in the document. Write an introduction.	15-Mar, 2015
	Provide and incorporate peer feedback	Ongoing review of introduction and full cohesive document	1-Apr, 2015

Phase	Action	Details	Target Completion Date
	2nd draft ready for open consultation	Milestone	1-Apr, 2015
	Consultation #3: Open consultation on full deliverable	Open consultation	15-May, 2015
	Revise draft based on feedback	Each company integrates the companies's feedback into the draft of individual elements	15-Jun, 2015
Align and launch	Alignment w final SDGs	Revise the document to align with the SDGs. Should this be after the SDGs are released?	TBD
	Final Publication	Milestone	TBD