



GOVERNANCE & ACCOUNTABILITY INSTITUTE'S

TO THE POINT!™



Timely Insights & Perspectives on Corporate Sustainability, Responsibility & Citizenship

Introductory Series | Summer 2017 | Issue 1.2

Governance & Accountability Institute shares timely news, insights and perspectives with corporate managers in key topic areas: *corporate citizenship; corporate responsibility; corporate sustainability; community affairs; sustainable investing.*

To the Point! is a fee-based educational resource for corporate executives and managers distributed each month with periodic brief updates for critical items.

More to come...

- 1.1 Financial Stability Board Task Force on Climate Disclosure
- 1.2 **SDGs in Focus**
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Published by Governance & Accountability Institute, Inc.

New York, New York

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Linking Business Reporting to the Sustainable Development Goals/SDGs:

Draft Copy of "An Analysis Of The Goals And Targets" Published by GRI, UNGC and PwC is Available For Your Review

Publicly-traded and privately-owned companies play a key role in collaborating with stakeholders and adopting strategies, aligning SD Goals & Targets with corporate mission, developing strategies, taking action, and reporting on progress. Tools being developed by GRI and UNGC and other organizations are available to company managers to assist them in dealing with SDGs.

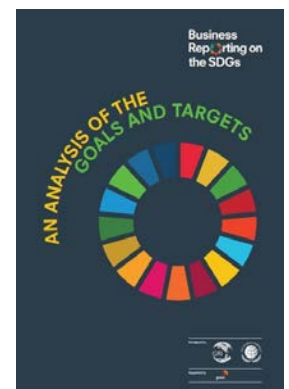
- **How is your company affected by the SDGs?**
- **How many goals have you adopted?**

The Global Reporting Initiative (GRI) and the UN Global Compact (UNGC) in collaboration with the Big 4 accounting firm PwC looked at "...the ambitious and necessary agenda the world has set for achieving a better future for all, laying out a path through 2030..."

The collaborators examined the important role that business plays in implementing *the agenda* over the next 13 years, which has as its foundation the role of the Sustainable Development Goals (SDGs).

The important elements of the agenda are presented to all stakeholders in the form of the 17 SDGs and their 169 targets -- designed to present a "coherent holistic framework for addressing the world's major sustainability challenges and their interconnections," so say UNGC and GRI authors of the draft analysis.

"Interconnections" are key: the thought here is that potentially *all* of the Goals and many of the Targets *are* relevant to the global business sector, and in many cases existing reporting frameworks can be used to help companies disclose their strategies, and performance.





In our monitoring at G&A, on a practical basis, we see companies selecting one or several Goals that they feel are material to their business and beginning to communicate publicly on their strategies, actions, performance and achievements on these goals/targets.

We also see companies examining their current strategies and directing stakeholders to the places where they can find information that easily and currently aligns with the SDGs (such as in their GRI G4 and now Standards reports). We are still in the early stages of the corporate embrace of SDGs across the spectrum of the U.S. corporate community for mid- and small- and micro-cap entities.

In our monitoring of corporate sustainability reporting we closely track and database the Goals & Targets embraced by companies and we are building this information into our ongoing research.

Of course, within the SDG multi-stakeholder "official" community, there is a stated, *absolute reliance* on the global business community to help governments, NGOs, investors and other stakeholders through leadership in "business-led solutions and actions" in all the world's economies.

The 17 SDGs and their 169 targets were not plucked out of air; these were arrived at in a long and comprehensive process involving many stakeholders including business, and the Goals connect in many ways with established efforts that the corporate sector is involved in.



Some examples explored in the analysis are the interconnections of the indicators of the GRI framework (now in fourth generation, G4, and moving to the important status of global Standards in 2018) and the 10 Principles of the UNGC that companies have adopted and embraced.

We see many more companies each year embracing the GRI for sustainability reporting and signing on to the UN Global Compact. Companies are linking the UNGC Principles with the GRI Indicators in their report's content index to make the process of reporting to both more efficient and effective. This type of linkage between disclosures can help fight something known to many business leaders as "Survey Fatigue" or "Reporting Fatigue" by allowing the report to respond to many different stakeholders looking to navigate the report using the various frameworks / standards.

GRI and UNGC proactively encourage global business leaders to embrace the SDGs, align their strategies and actions to the Goals and specific Targets, and broaden disclosure on all of this.

Business leaders are responding: GRI and UNGC (which has 9,000 signatories now) say more than 70% of businesses are planning *how* they will engage with the SDGs -- and investors are exploring how to direct capital to companies that lead the way.



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There is a challenge that the business community faces: there is no separate, prescribed, uniform method for companies to measure and regularly report on their adoption of and progress on the embrace of SDGs.

And here we come to important information for preparers of corporate sustainability, responsibility, citizenship reports – the efforts of GRI and UNGC to assist you in meeting this challenge.

TOOLS & RESOURCES FOR THE CORPORATE MANAGER

The two organizations have developed tools for you – such as The SDG Compass, The Analysis of the Goals and Targets, and the upcoming *Practical Guide to Prioritizing, Measuring Progress and Taking Action*.

The theme and positioning of these important tools are: *Corporate Reporting on the SDGs really matters, and where we stand today is important to consider for plans to move forward.*

- The new 184-page Analysis outlines the real and potential business impacts on SDG targets – and details actions that companies like yours can take to help the global society achieve the goals.
- The Analysis points to existing performance indicators (of many types, including GRI, CDP, and UNGC-related) that can be used for corporate disclosure and reporting.
- There are brief narratives provided that outline the Targets in the draft -- and the impact business can have, with possible actions for companies to take;
- Links to government indicators are explained (especially important for global companies operating in various nations and regions).

Some of the corporate sector's focus on the Sustainable Development Goals to date aligns well with the *corporate mission, strategy, lines of business, product/service stewardship, innovation*, the Analysis authors note.

Not usually included, says GRI and UNGC, is a narrative on *philanthropy* (often we see this reported in the CSR bucket), *lobbying* and *community engagement*).

Circulation of the earlier draft version of the Analysis resulted in "tremendous input" to GRI, Pietro Bertazzi explained to us recently.



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He is Deputy Director, Policies & Global Affairs for the GRI in Amsterdam and was a principal architect of the Compass, and the new Analysis and related publications.

The Analysis final draft is currently available for review, is being updated now and the final along with the *Practical Guide* will be officially launched in mid-September in New York City as the UN General Assembly meetings are held.

Later in the year, we will also see a *Handbook* for companies with content that addresses a variety of issues for companies -- with a focus on the 169 underlying targets of the 17 goals.

The SDG Compass was developed earlier in response to corporate requests for guidance from GRI for reporting on the SDGs as they were officially launched, Pietro Bertazzi informed us. This was an important first step that GRI, UNGC, and PwC have built on to develop the new Analysis and related materials for the corporate sector (and other stakeholders).

There are always emerging issues to be considered by such institutions as GRI and UNGC, and these have to be responded to in some way. Examples include modern slavery, aspects of human rights and conflict minerals. We can expect that GRI, UNGC, and other multilateral organizations will be more rapidly considering these going forward in the context of their missions and work.

PRACTICAL ADVICE ON GOALS/TARGETS FROM GRI & UNGC

In the draft analysis (now available) that will be finalized in September, the authors will explain the importance of the interconnectivity of the SDGs and the holistic nature of GRI and UNGC reporting by companies. Some examples for you:

SDG Goal #1 is *"End Poverty in All Forms Everywhere."*

Target 1.1

By 2030, eradicate poverty for all people everywhere, currently measured as people living on less than US\$1.25 per day.

In the Analysis, the suggestion is that companies can use their considerable influence – such as buying power – to make sure the company's contractors, sub-contractors and other players in the value chain are paid / and pay – living wages as the minimum. Having rigorous, enforced corporate supplier codes can help to address this.

And prices paid to the company's suppliers should be "fair." No slave labor / forced labor/bondage labor should be tolerated in the company operations and throughout the company's supply chain.

The Analysis notes that companies can "ensure that fair and affordable access to their goods and services are available to poor and low-income communities. "Buyers" in these communities can be made part of the company's production value chain so that they can afford to buy the goods of the company.



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That was the breakthrough principle advanced by company founder Henry Ford in early 1900s: *pay your workers enough so they can buy the car they produce.* Dramatic and brilliant!

The Fair Payment of Taxes Debate

This one will strike a chord in the USA: the question of taxes paid by the corporate community is being vigorously debated: Companies, GRI and UNGC suggest, should “ensure they are paying appropriate taxes” to the states/countries in which they operate; this, in turn, will support government-funded poverty-focused services (such as education, healthcare, infrastructure).

Here is where things get practical for managers involved in corporate reporting. There are commonly used reporting indicators, and UN Conventions and agreements that can be linked to the reporting on each of the Goals and Targets – in this example of SDG 1.1, the **ILO C131** and **C105**. The UNGC-Oxfam Poverty Footprint **PF-1.6** is related. GRI Standard **202-1** is related (“Earnings, Wages and Benefits”).

These are a very tiny example of the work that has been done in preparing the Analysis for companies which is 184 pages long detailing these links.

Again, to stress - the interconnection concept is important for you to consider.

Climate Change, for example, is related to hunger and food security and to nutrition and sustainable agriculture. These are addressed in SDG 2, with its various Targets (an example is 2.1 – by 2030, end hunger...)

GRI Standard **411-1** includes the Rights of Indigenous Peoples -- think about where global Big Ag agriculture interests may operate, such as in the Palm Oil industry, or Extractive Sector companies and their operations in remote locations, such as the Amazon Basin.

More Interconnectedness

SDG #5 addresses: *Achieve Gender Equality and Empower All Women and Girls ...*

This is about the remuneration of men and women, and the ratio) and is addressed by GRI Standard **405-2** (for corporate reporting on this issue).

Other frameworks of interest in the Analysis include references to:

- The CEO Water Mandate’s Corporate Water Disclosure Guidelines;
- CDP’s 2017 Water Responses; Climate Change Responses; Forests; Supply Chains;
- Aichi Biodiversity Targets;
- IUCN Red List (biodiversity);
- World Bank WDI Guidelines;
- Yale University Environmental Performance Index;
- The Women’s Empower Principles;
- UNCTAD Core SDGs Reporting Indicators;
- A wide range of Conventions, International Agreements.



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It's important to keep in mind **SDG 17** – The Role of the Business Community in Strengthening the means of implementation and revitalize the Global Partnership for Sustainable Development.

The Analysis text concludes with **Goal 17/Target 19** (saying in part).

Goal 17/Target 19

Business could commit to publicly disclosing corporate sustainability data and to increasing accountability, transparency and data quality.

The SDG Compass and the new Analysis are excellent resources for managers as they work with their internal SMEs and content owners in developing their approach to the SDGs for the company's disclosure and formal reporting activities (including GRI report preparation and also for answering third party queries).

The new Analysis is a useful resource for information you can use in making the strategy setting, target setting, reporting and SDG related disclosure activities with the executive team and in the board room.

The G&A Institute team has worked with third party organizations in developing the SDGs and tools and resources for leveraging the Goals and Targets by companies of all sizes. Contact us to discuss how we can help your company as you embrace the SDGs and develop strategies, actions, and programs around these, and report on your progress.

The final draft of "An Analysis of The Goals and Targets" is available online at:

https://www.globalreporting.org/SiteCollectionDocuments/2017/GRI_UNGC_Final-Draft_An-Analysis-of-the-Goals-and-Targets_July2017.pdf

The SDG Compass is available for you at: www.sdgcompass.org



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