# UNCTAD-ISAR

## Core SDG Indicators for Entity Reporting on Contribution Towards Implementation of Sustainable Development Goals

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# UNCTAD Core SDG Indicators (GCI)

- In 2016, UNCTAD launched its **initiative on selecting a limited number of core SDG indicators** to facilitate companies reporting on their **contribution to the SDG agenda** with a view to improve comparability of sustainability/SDG reporting and its alignment with the SDG macro indicators.

- In 2022, at the ISAR39 UNCTAD has released the revised **version GCI 2.0** (34 indicators).



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNCTAD

Guidance on core indicators
for entity reporting on contribution
towards implementation of
the Sustainable Development Goals

iSAR SDG Reporting
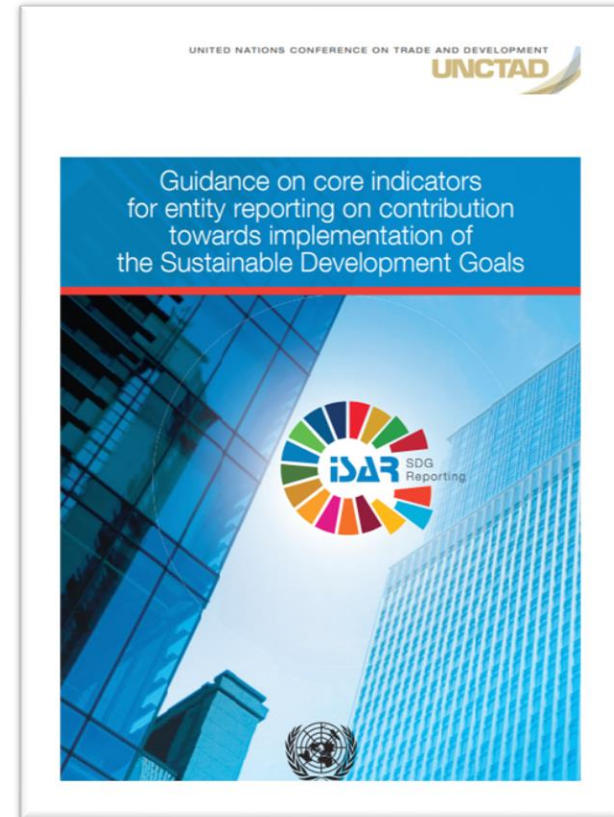
# The objective of the GCI

✓ **to provide practical information** on how these indicators could be measured in a consistent manner and in alignment with countries' needs on monitoring the attainment of the SDG agenda.
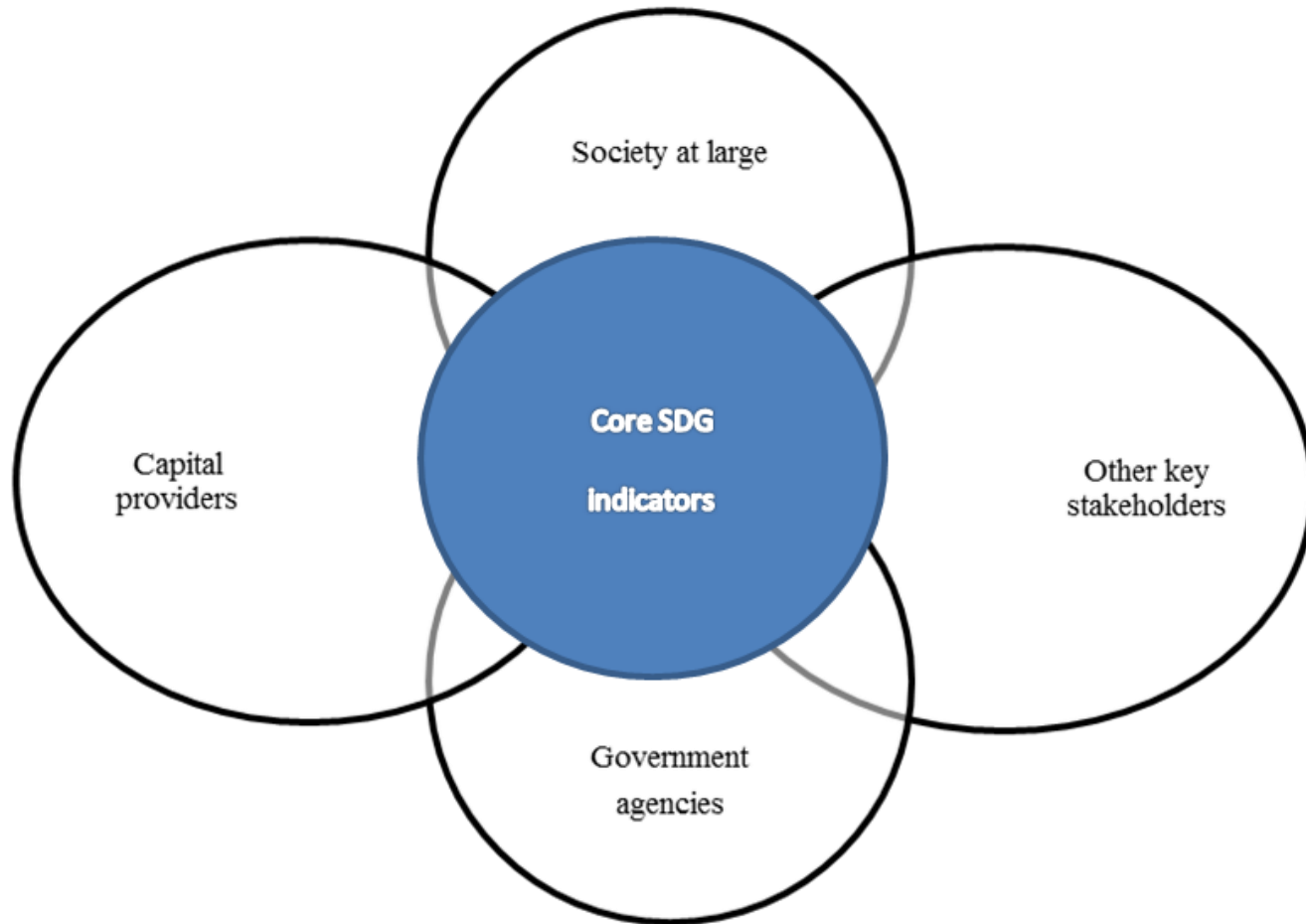
✓ **to assist governments** to assess the private sector contribution to the SDG implementation and to enable them to report on SDG indicator 12.6.1.

✓ **to assist entities** to provide baseline data on sustainability issues in a consistent and comparable manner that would meet common needs of many different stakeholders of the SDG agenda
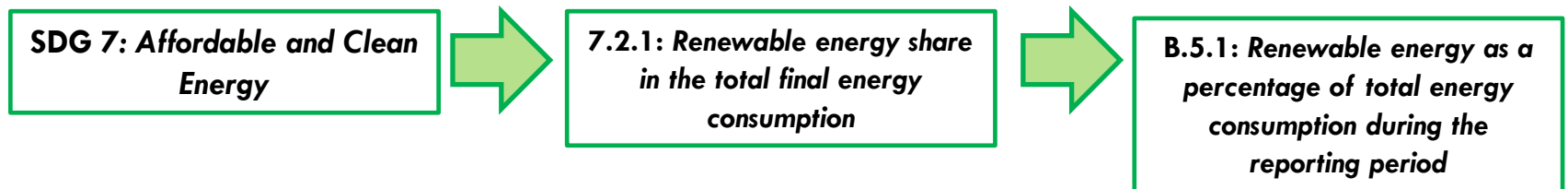
# Key users of the core SDG indicators by entities

# UNCTAD's approach

- Logical framework:

| 17 Sustainable Development Goals | → | Framework of SDG targets and indicators | → | Enterprise indicators |
|---|---|---|---|---|

- Example:

| SDG 7: Affordable and Clean Energy | → | 7.2.1: Renewable energy share in the total final energy consumption | → | B.5.1: Renewable energy as a percentage of total energy consumption during the reporting period |
|---|---|---|---|---|

ISAR SDG Reporting

# Underlying principles on core SDG indicators selection and reporting

**2.1 Key methodological points**

**2.2. Selection criteria**

**2.3 Reporting principles**

**2.4 Underlying accounting data**

The core SDG indicators have been identified, based on key reporting principles, selection criteria, main reporting frameworks and companies reporting practices.

# Key methodological points

- **Simplicity:** user-friendly tool for preparers of information

- **Baseline approach:** selected core indicators are common to any business

- **Emphasis on quantitative indicators:** although importance of narrative disclosures is also acknowledged

- **Alignment between the micro- and macro-level indicators:** each entity reporting indicator (micro level) refers to the most relevant SDG indicator (macro level)

# Selection criteria

- Based on **existing key initiatives** or reporting frameworks and/or should be found in corporate reports;

- **Universality** (applicable to all reporting entities);

- **Comparability** across industries and regions;

- Ability to address issues over which an entity has control and for which it gathers data (**incremental approach**);

- Ability to facilitate **convergence of financial and non-financial reporting** principles and data;

- Capability of **consistent measurement**; and

- Suitability for **consolidated reporting and legal entity reporting.**

# Reporting Principle



- **Universality vs Materiality**: in the SDG context materiality has a new broader dimension.

- **Clarity of reporting boundaries:** important to disclose basis of determining boundaries to address consistency with international financial reporting standards.

- **Consistency in measurement methodology and data comparability**: to drive comparability across entities, time and geography.

- **Reporting period**: reference to the same reporting period both in financial and non-financial reporting.

# GCI Practical Implementation: 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
  - In **different geographical areas:** countries with various levels of economic development
  - In a great **range of industries**
  - With companies of different sizes **including SMEs**

- Key finding: **most of the core indicators could be reported.**

# Companies participating at case studies

**Represented countries:**

| | | | |
|---|---|---|---|
| Colombia | Guatemala | Denmark | Russia |
| Ukraine | South Africa | Egypt | Poland |
| Italy | Kenya | China | Saudi Arabia |
| USA | Tanzania | India | Netherlands |
| | Turkey | | |

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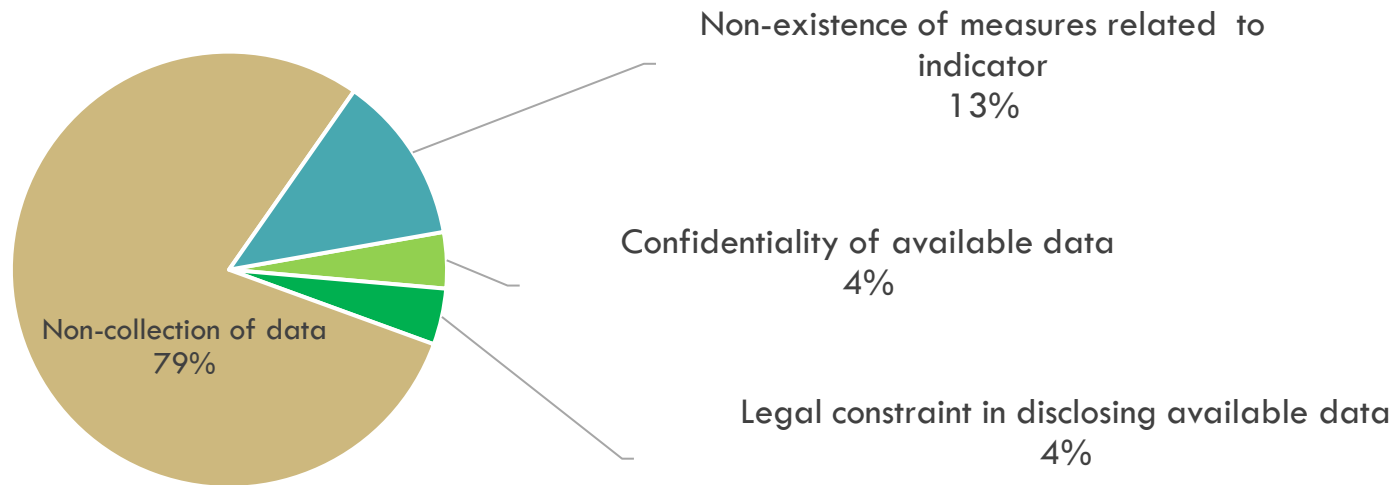- Several more case studies are in progress

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

## Applicability of core indicators



reported 49%

partially reported 21%

not reported 30%

Data from Case studies held in South Africa
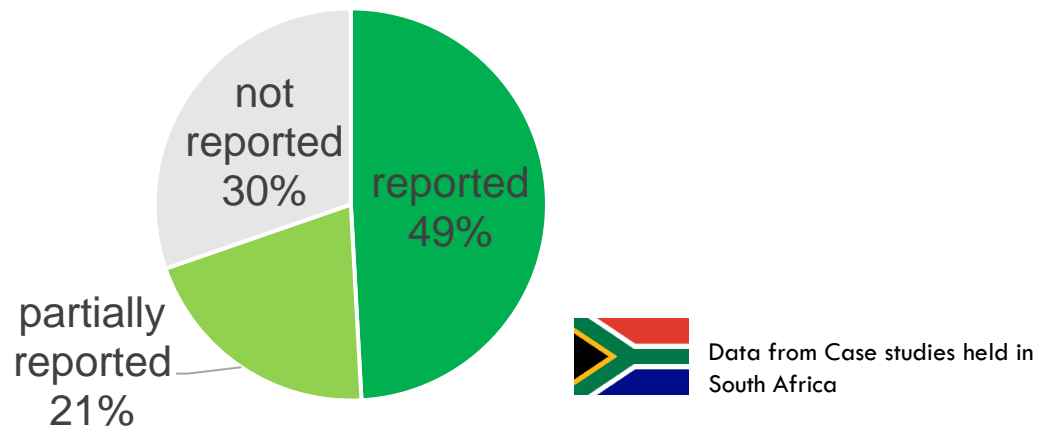
- ➢ Most companies were **able to provide data on most core indicators**

- ➢ There was **no single indicator that was not reported on by all companies** participating in the pilot tests

- ➢ Companies already using **frameworks for sustainability** reporting faced fewer challenges in reporting on the core indicators

# Reasons for non-disclosure

Non-existence of measures related to indicator
13%

Confidentiality of available data
4%

Non-collection of data
79%

Legal constraint in disclosing available data
4%

- 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**

# SMEs

Applicability of core indicators
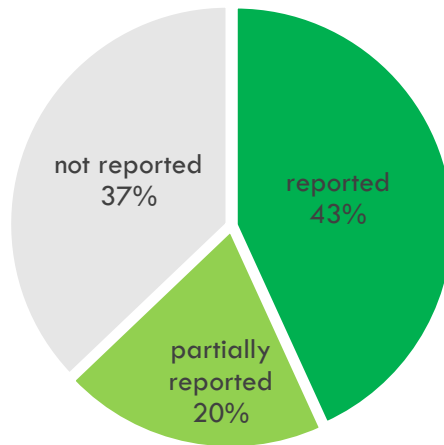


Share of difficult to report or not reported indicators by area
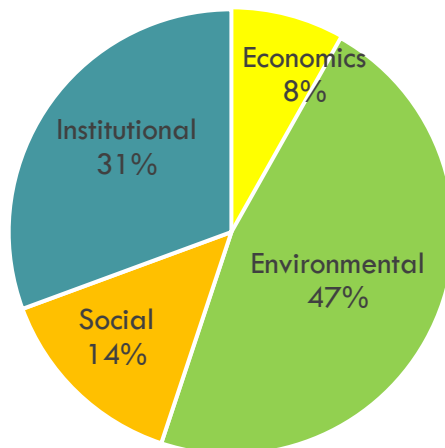


- SMEs provide **high disclosures** in the **economic** area

- **Good disclosure** in **social** area

- The most **challenging** areas are the **institutional** and **environmental** areas.

- In many instances, the company is already providing **qualitative information** and is **planning to provide quantitative** disclosures in line with the guidance on core indicators

# Case studies Outcome

**Challenges identified include the need for:**

- **Consistent measurement** and **comparability** of reported indicators.

- Further **coordination and cooperation** at the national level of key stakeholders in the public and private sectors.

- Further efforts on building national **institutional and regulatory mechanisms** on SDG reporting.

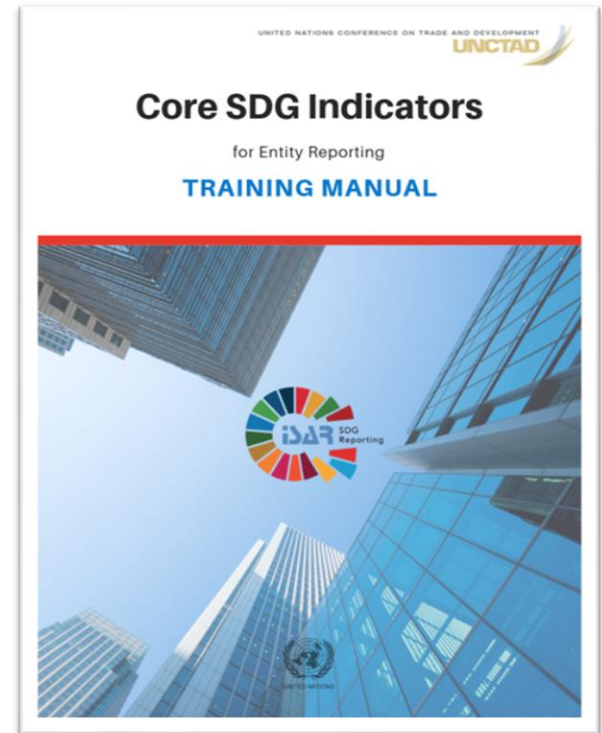- **Capacity-building** at all levels to facilitate progress.

# Training manual

**For further details please consult Training Manual**: more technical guidance on improved the data availability.
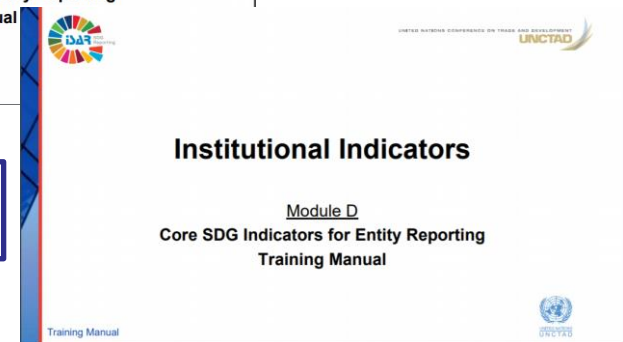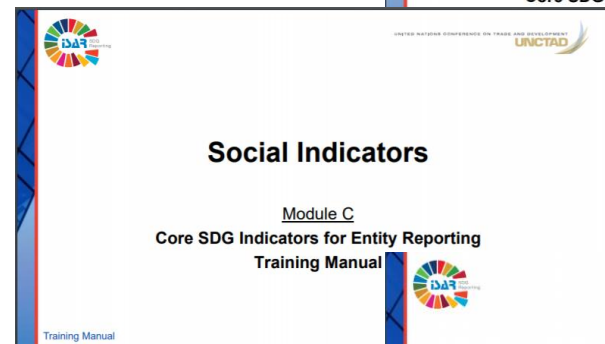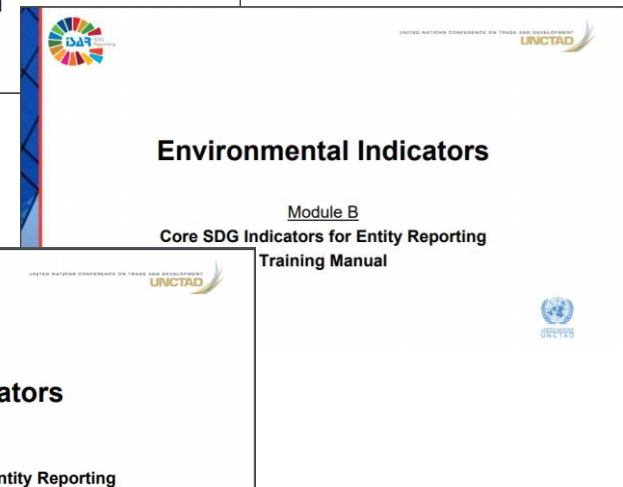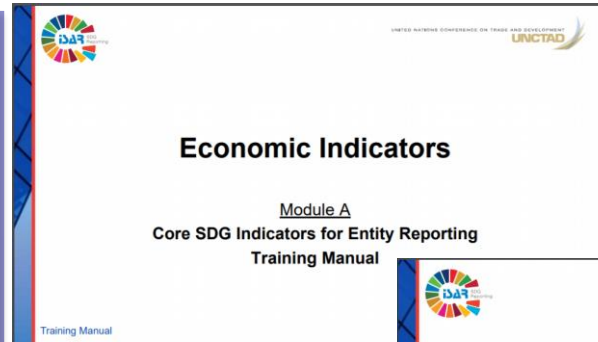
The manual includes:

- ✓ Definition

- ✓ Measurement methodology (with illustrative, numerical examples)

- ✓ Potential sources of information

- ✓ Examples of how these indicators have been already incorporated in the reporting practices of companies around the world

- ✓ 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
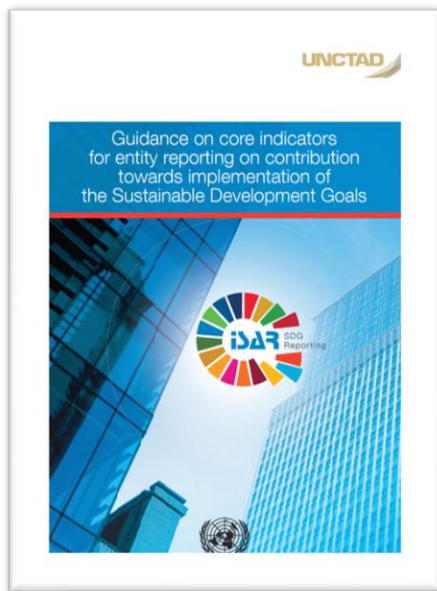
E-learning materials have been launched at ISAR38

**Training Manual**

**Economic Indicators**

Module A
**Core SDG Indicators for Entity Reporting**
**Training Manual**

**Environmental Indicators**

Module B
**Core SDG Indicators for Entity Reporting**
**Training Manual**

**Social Indicators**

Module C
**Core SDG Indicators for Entity Reporting**
**Training Manual**

**Institutional Indicators**

Module D
**Core SDG Indicators for Entity Reporting**
**Training Manual**

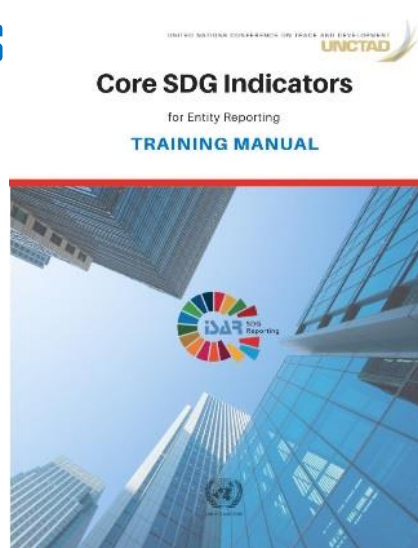# Supporting Materials

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

## GCI & Case Studies

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

## Training Manual

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

## E-learning Materials

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

# SDG 12: Responsible Consumption & Production

- **SDG 12 Sustainable Consumption and Production in its Target 12.6** explicitly encourages companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycles.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

**TARGET 12·6**

ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING

# SDG indicator 12.6.1:
# Number of companies publishing sustainability

- The Indicator **custodians UN Environment and UNCTAD** were tasked to develop the measurement methodology for the indicator.

- The methodology aims at **setting minimum criteria** for a sustainability report to be counted towards the indicator **(aligned with GCI).**

- Different **data collection mechanism** has been developed. In 2021-2022, UNCTAD and UNEP applied the methodology from a sample of around 10.000 companies around the globe to report on the main trends and provide a preliminary disclosure of the indicator



Number of sustainability reports by region
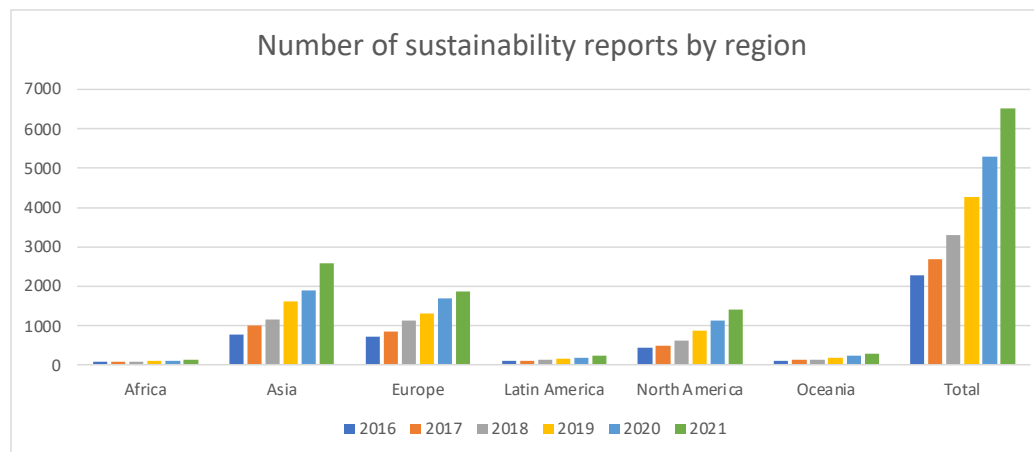
## SDG 12.6.1 Data Collection outcome 2022

- Sustainability reporting **grows incrementally** with the ongoing global **standardization trend** and increasing investors' attention to the ESG disclosures, but at **unequal rates across regions**

- Most companies report on the SDGs, however, only **10% of companies report on all 17 SDGs.** The most commonly addressed are 8: Decent Work and Economic Growth; 12: Responsible Consumption and Production; and 13: Climate Action.

- **Climate and environmental risks are more commonly addressed** than social and governance dimensions. The most disclosed environmental indicators are policies on water and energy efficiency and $CO_2$ emissions (scope 1), while less attention is paid to water recycled and ozone-depleting substances. **In the social dimension,** almost 90% of the reports include policies on diversity and opportunities, health and safety, and human rights, and fewer include employees training hours. **On corporate governance,** all reports cover board diversity, while gender pay gap is often neglected.

Q & A