

SDG Impact Standards for Enterprises

Response to input on the 1st public consultation

Foreword

In this document, we summarise the points you raised on the first public consultation draft of SDG Impact Standards for Enterprises and tell you how we have taken your feedback into account.

We are thankful to those individuals and organizations that took the time for thoughtful reflection and comment on this first public consultation draft of the SDG Impact Standards for Enterprises. We believe this has helped us to significantly improve the second public consultation draft. Thank you.

We would be delighted to receive your further written input on the second public consultation draft that runs from 31st March 2021 until 31st May 2021. We will extend our outreach on this updated version. We hope you will find your key concerns have been addressed and would like to hear of any further concerns.

Your input contributes to the achievement of a key strategic priority of the UNDP – “Align business strategies and operations with the SDGs”.

We will shortly appoint an assurance expert to develop assurance protocols and requirements for Certification and award of the Seal. We have established an Assurance Design and Implementation Working Group to guide this work. Details and updates will be posted on our website.

The UNDP SDG Impact Standards are freely available and can be used as an internal diagnostic tool for enterprises seeking to align their internal processes and practices to better address sustainable development risks and opportunities—and to facilitate their positive impact on the achievement of the SDGs. We encourage organizations to use the Standards when evaluating or designing their own impact-management processes, whilst we continue work on developing guidance for these Standards.

Our goal from the beginning has been to make this a collaborative process. Input is welcome at any time. You can provide it through SDGImpact.standards@undp.org. We are especially curious to learn more from the many organizations who have reviewed the Standards and have begun using them.

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Development of the SDG Impact Standards for Enterprises

The development of the *SDG Impact Standards for Enterprises* sought to facilitate ongoing alignment with other frameworks and tools and demonstrate the added value of using the *SDG Impact Standards for Enterprises* in conjunction with existing and future frameworks and tools.

Standards governance

Steering Committee

The overall development of the SDG Impact Standards has been guided by a Steering Committee whose members are: The SDG Impact Steering Group, chaired by the UNDP Administrator, Achim Steiner. Members include: John Denton (Secretary-General, International Chamber of Commerce), Cheo Hock Kuan (Executive Director & CEO, Temasek Trust), Anna Ryott (Chair of Board, Summa Equity), Amy Jadesimi (CEO, Ladol), Ma Weihua (Chairman, China Alliance of Social Value Investment), Lisa Genasci (Founder and CEO, ADM Capital Foundation (ADMCF)), Daniel Hanna (Global Head of Sustainable Finance, Standard Chartered), Rajiv Lall (Chairman, IDFC First Bank), Ronald Cohen (Philanthropist and Chairman of the Global Steering Group for Impact Investment), Ken Shibusawa (CEO, Shibusawa and Company, Inc.), Gavin Power (Chief of Sustainable Development and International Affairs, PIMCO).

Reference Group

The development of the first public consultation draft of the SDG Impact Standards for Enterprises also benefited greatly from input from a Reference Group: Jeremy Nicholls, Ben Carpenter (Social Value International), Mark Gough (Coalition Capitals), Mario Abela (World Business Council for Sustainable Development), Matthew Guttentag (Aspen Institute), Gerbrand Haverkamp (World Benchmarking Alliance), Dan Osusky (B Corporation), Leticia Emme (the GIIN), Gavin Power (PIMCO), Amy Jadesimi (Ladol), Jerome Lavigne-Delville (UNGC), Howard Li (UNGC), Maxine Wille (Regnan), Denise Hills (Natura), Clara Barby (Impact Management Project), Luciana Trindade de Aguiar (UNDP), Carolien de Bruin (World Economic Forum) and Sara Williams (Stratfordshire Chamber of Commerce).

Consultation process

The consultation process for the SDG Impact Standards for Enterprises was designed to meet the UNDP Principles for social and environmental standards.

The engagement plan for the first consultation elicited feedback from a broad range of Stakeholders, including the business community (both large corporates and SMEs), civil service organizations, standard-setting bodies, market-building initiatives, consultants, assurance providers, investors, industry groups and other United Nations bodies and initiatives.

We ran webinars and group discussions attended by 1,375 people with strong representation from Africa, Asia and Europe. This included two dedicated sessions for the UN family.

In total, 89 responses were received on the consultation questions, often on behalf of more than one individual or entity. Respondents raised issues through written feedback, verbal feedback and an online survey.

Stakeholder coverage for direct feedback includes responses from:

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In total, 89 responses were received on the consultation questions, often on behalf of more than one individual or entity. Respondents raised issues through written feedback, verbal feedback and an online survey.

Stakeholder coverage for direct feedback includes responses from:

- Standard-Setting bodies and market-building initiatives (25%)
- Corporations (20%)
- SMEs (15%)
- Civil Society Organisations (15%)
- Consultants and Assurance Providers (15%)
- Investors (10%)

Further additional input has come from:

- relevant input to the public consultation for SDG Impact Standards for Private Bonds and Private Equity;
- the process of developing standards for private sector partners with OECD;
- lessons from the development of the Sustainable Development Goal Disclosure (SDGD) Recommendations.

In the second consultation we will increase our efforts to get input from enterprises and service providers that work with them in addition to other stakeholders.

Consultation questions

The first public consultation asked:

Do you think the Practice Indicators are complete? If not, what additional areas should be covered?

Do you think there are any Practice Indicators which should be excluded? If so, which ones and why?

Do you think the Practice Indicators are appropriately positioned within each Standard i.e. strategy, management approach, governance and transparency? Please identify any that you think should be moved, and why.

In your view, what factors will influence adoption of the SDG Impact Standards for Enterprises?

In your view, which practice indicators are most critical to increasing Enterprises' contributions to sustainable development and achieving the SDGs?

In your view, which practice indicators will likely be the most challenging for Enterprises to integrate into their practices, and why?

Do you have any other general comments about the SDG Impact Standards for Enterprises?

Do you have comments on any specific Practice Indicators?

Summary of key changes

The introduction clarifies the purpose and focus of the Standards.

The Standards have been re-organized and streamlined.

The number of components and practice indicators has been reduced.

The language has been simplified and definitions clarified (see updated glossary).

The relationship between human rights and sustainable development has been highlighted in the introduction and glossary.

Clarified the role of the UN Guiding Principles for Business and Human Rights (UNGPs) and importance of operating within planetary boundaries. Enhanced explanation in the introduction on the relationship between human rights, sustainable development and the SDGs.

We have not segmented practice indicators as mandatory or non-mandatory. The Standards provide a system for fully integrating impact management and contributing positively to sustainable development and the SDGs into internal decision-making practices. Progress towards specific practice indicators and continuous improvement of impact management practices will be dealt with in the assurance protocols.

Several comments related more specifically to the assurance framework and guidance document that will support the Standards. We have made note of these and will address them as the assurance framework and guidance are developed.

A separate guidance document will be produced for MSMEs to deal with issues regarding accessibility of the Standards to smaller enterprises.

Made clear that expectations around corporate governance, respect for human rights in line with the UNGPs, planetary boundaries and responsible business practices flow through to the Enterprise's parent and/or holding company.

Summary of the consultation feedback and how we have responded

This section summarises the responses to each consultation question and how we have responded.

Do you think the Practice Indicators are complete? If not, what additional areas should be covered?

Responses overall agreed that the Practice Indicators were complete. There were several suggestions for additional indicators although few that were raised by more than one respondent. There was concern about the cost of collecting data for SMEs.

How we have responded

All input has been carefully considered. Careful consideration will be given to the costs for MSMEs in the development of assurance protocols and specific guidance for MSMEs will be developed.

Do you think there are any Practice Indicators which should be excluded? If so, which ones and why?

Several respondents said that all the Practice Indicators were important. There were very few specific suggestions for exclusion but some general comments expressing concern about the number of indicators.

How we have responded

The number of practice indicators have been reduced.

Do you think the Practice Indicators are appropriately positioned within each Standard i.e. strategy, management approach, governance and transparency? Please identify any that you think should be moved, and why.

There were very few suggestions and no suggestions that were made by multiple respondents.

How we have responded

All suggestions have been considered.

Some themes are explored throughout the four Standards. We do not see this as duplication, but rather reinforcement through different stages of internal decision-making processes to embed practice.

Section 1.2.8 was moved from Strategy to Governance.

Section 1.3 incorporated into section 1.1.

In your view, what are the benefits of the SDG Impact Standards for Enterprises?

Multiple respondents noted that the Standards connect practice to reporting i.e. helps develop practice and an actionable plan (so that reporting can be improved). Others noted that the Standards:

- bring together and link existing methodologies;
- reinforce the importance of considering impact on sustainable development;
- help companies to develop their impact strategy;
- will drive comparability of impact information

How we have responded

Thank you for this feedback. It will help us to increase uptake of the Standards.

The importance of, and relationship between human rights and sustainable development has been emphasized in the introduction and the glossary.

The guidance will make clearer the linkages between the Standards and existing methodologies and tools.

In your view, what factors will influence adoption of the SDG Impact Standards for Enterprises?

Some respondents noted that the Practice Indicators could be further streamlined.

Other factors mentioned by multiple respondents that were thought to have an influence on adoption are:

- A fuller explanation of the benefits of adopting the Standards.
- Links to standards/tools for measuring impact.
- Explaining how the Standards fit with other frameworks and standards.
- Endorsement by national governments.
- Investor demand.
- Early large supporters working with their supply chain on adoption.
- Guidance with examples.
- The association of the Standards with the UNDP.

How we have responded

Where relevant these matters will be dealt with through general guidance and specific guidance

for MSMEs.

We take note of the valuable suggestions re key stakeholders to encourage take up and will include them in engagement plans.

In your view, which practice indicators are most critical to increasing Enterprises' contributions to sustainable development and achieving the SDGs?

Several practice indicators were considered critical, particularly all of those concerned with Strategy, Transparency and Governance:

How we have responded

Thank you for identifying critical practice indicators.

In your view, which practice indicators will likely be the most challenging for Enterprises to integrate into their practices, and why?

There was concern by some respondents that the practice indicators were lengthy and difficult to navigate.

How we have responded

The language has been simplified and definitions clarified (see updated glossary).

The number of practice indicators has been reduced.

Do you have any other general comments about the SDG Impact Standards for Enterprises?

There were very few responses to this question, and they related to matters to be covered in the guidance.

How we have responded

Guidance is currently being developed.

Do you have comments on any specific Practice Indicators?

Many individual practice indicators were discussed by respondents and helpful suggestions made for simplifying the wording or otherwise amending.

How we have responded

These comments were particularly helpful in refining individual Practice Indicators.

The language has been simplified and definitions clarified (see updated glossary).

The number of practice indicators has been reduced.

