

# SDG Impact Standards

## Mapping Document

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Mapping UNGC's CFO Principles on Integrated SDG Investments and Finance to UNDP's SDG Impact Standards for Enterprises and SDG Impact Standards for Bonds

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## About UNDP

The United Nations Development Programme (UNDP) is the UN's global development network. It advocates for change and connects countries to knowledge, experience and resources to help people build a better life. UNDP aims to see our world radically changed for good and is the integrator of the United Nations Sustainable Development Goals (SDGs). UNDP is active in 176 countries and territories, working with governments and people on their own solutions to global and national development challenges and supporting country-level programs to achieve the SDGs.

## About SDG Impact

SDG Impact is a global UNDP initiative, catalyzing investment to achieve the SDGs by 2030:

- **SDG Impact Management:** *Providing a means to better decisions that drive investment capital to where it is needed*, comprising SDG Impact Standards, an SDG Impact Seal and impact management education.
- **SDG Impact Intelligence:** *Producing data and insights needed for increasing financial flows to the SDGs*, offering SDG investor maps of investable business models via a searchable desktop platform.
- **SDG Impact Facilitation:** *Fostering matchmaking and collaboration to realize SDG investment opportunities*, focusing on investor and policy dialogue drawing on the UN presence in over 170 countries, deep sustainable development expertise and relationships with governments and other influencers.

## About the CFO Principles on Integrated SDG Investments and Finance

As the stewards of trillions of dollars in corporate finance, Chief Financial Officers (CFOs) have a critical role to play in ensuring that companies' financial strategies are aligned to the SDGs. The UN Global Compact (UNGC) convened a taskforce of CFOs to, among other things, provide recommendations to unlock private capital and create a market to mainstream SDG investments.

The [CFO Principles](#) supplement the UNGC's Ten Principles to support companies in the transition to sustainable development and to leverage corporate finance and investments toward the realization of the SDGs. The principles seek to guide companies in aligning their sustainability commitments with credible corporate finance strategies to create real-world impact on the SDGs. The Principles focus on four areas: SDG impact thesis and measurement, integrated SDG strategies and investments, integrated corporate SDG Finance and integrated SDG communication and reporting.

## About the SDG Impact Standards for Enterprises and SDG Impact Standards for Bonds

The *SDG Impact Standards for Enterprises* and the *SDG Impact Standards for Bonds* (the Standards) are detailed practice guidance for enterprises and issuers who want to make a positive contribution to sustainable development and achieving the SDGs. The Standards promote an approach which is increasingly purposeful by linking sustainable development and achieving the SDGs to core strategy, practice and decision making. They provide a blueprint for a decision making and impact management system, which enables enterprises and issuers to better facilitate contributing positively to sustainable development and achieving the SDGs. They provide a critical

missing link – the management framework that connects high level principles of practice with the relevant tools, taxonomies, and reporting frameworks.

## About this mapping document

UNGC and UNDP have committed to a decade of action to achieve the SDGs by 2030. Both agencies are collaborating with public and private sector actors to embed sustainability and impact into public policy, corporate governance, finance and investment practice, as follows:

- UNDP, driving SDG Impact Standards and SDG Investor Maps to inform decisions and catalyze targeted investment to achieve the SDGs;
- UNGC, driving engagement with corporates and the CFO network to drive business innovation and best practices for SDG-aligned corporate finance and investment.

The UNGC and UNDP's SDG Impact team have worked closely together on the development of the CFO Principles and the SDG Impact Standards. UNGC participated as a member of the SDG Impact Enterprise Standards Reference Group; members of the SDG Impact team have engaged in conversations and feedback with UNGC about the CFO Principles; the first public consultation draft for SDG Bonds benefited from engagement with the UNGC team, and reflected (and referenced) UNGC's work and publications on SDG-linked bonds.

The CFO Principles were a core design aspect for the Standards for Enterprises and Standards for Bonds. The Standards have been developed to support the application of the Principles by providing specific practice guidance around how organizations can build systems to measure and manage impact and improve decision making. The SDG Impact Standards provide the building blocks for an internal impact management system that align to the CFO Principles and other impact related initiatives.

This document maps the specific guidance under the four principles within the CFO Principles against the practice indicators within the SDG Impact Standards for Enterprises and the SDG Impact Standards for Bonds, illustrating how the application of the Standards can support the adherence to the Principles.

Notes: The SDG Impact Standards for Enterprises relate to organizations with a high degree of strategic integration with sustainable development and the SDGs (i.e. sustainable development and contributing towards achieving the SDGs are embedded in organizational purpose, strategy, business models and approach to long term value creation for the organization and Stakeholders).

The SDG Impact Standards for Bonds relate to a broader range of issuer types (e.g. sovereign, corporate, SPV issuers). With respect to corporate issuers, it accommodates organizations with a lower degree of strategic integration with sustainable development and the SDGs than is required for application of the SDG Impact Standards for Enterprises, for instance, the corporate issuer's sustainability strategy may be limited in scope, and may relate to the financing of specific assets or activities. The SDG Impact Standards for Bonds can be applied to bonds, loans and other debt obligations. The mapping assumes the Issuer is the end-user of the proceeds – i.e. the proceeds are not being used to on-lend to other entities (this means the mapping excludes Standards 2.2 and 2.3).

## Mapping UNGC's CFO Principles on Integrated SDG Investments and Finance to the SDG Impact Standard practice indicators

Note: Guidance notes provide additional guidance in relation to the practice indicators	
CFO Principles on Integrated SDG Investments and Finance	SDG Impact Standards for Enterprises and the SDG Impact Standards for Bonds
<b>1. SDG Impact Thesis and Measurement</b>	<b>Practice Indicators</b>
<ul style="list-style-type: none"> <li>Business should develop a specific SDG impact thesis, which maximises their unique capabilities and assets, promotes the most effective private-sector solutions to sustainable development and is updated or expanded over time;</li> </ul>	<p><b>Enterprise practice indicators:</b> 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.5, 1.1.6, 1.3.1, 1.3.2, 1.3.3</p> <p><b>Bonds practice indicators:</b> 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.2.1, 1.2.2, 1.3.1, 1.3.2, 1.3.3</p>
<ul style="list-style-type: none"> <li>Identify and mitigate significant negative impacts on relevant SDGs, based on an analysis of the corporate portfolio and the supply chain and benchmarked against impacts generally associated with comparable assets, activities or operating contexts;</li> </ul>	<p><b>Enterprise practice indicator:</b> 1.2.6</p> <p><b>Bonds practice indicator:</b> 1.1.4.5</p>
<ul style="list-style-type: none"> <li>Align impact thesis with countries' own needs and priorities for SDG investments (climate and SDG gap analyses and investment plans), and where relevant, focus on priority sectors in less developed markets, considering the unique characteristics of each market, and respecting a common but differentiated approach to the sustainability transition;</li> </ul>	<p><b>Enterprise practice indicators:</b> 1.1.1, 1.1.2, 1.1.3</p> <p><b>Bonds practice indicators:</b> 1.1.1, 1.1.3, 1.1.4.2</p> <p>The Standards relate contribution/performance against thresholds, including reductions in negative contributions which accommodates transition strategies</p>
<ul style="list-style-type: none"> <li>Set goals, targets, and indicators that promote and credibly measure the company's contribution to relevant SDGs and its mitigation of significant negative impacts, using consistent and comparable metrics that are based on the official SDG targets and indicators;</li> </ul>	<p><b>Enterprise practice indicators:</b> 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.7, 1.2.8, 1.2.9, 1.3.1, 1.3.2, 1.3.3, 2.2.2, 2.2.3, 2.2.4, 2.2.7</p> <p><b>Bonds practice indicators:</b> 1.1.4, 1.2.1.5, 2.4.2, 2.4.3, 2.4.4, 2.4.7</p>
<b>2. Integrated SDG Strategy and Investments</b>	<b>Practice Indicators</b>
<ul style="list-style-type: none"> <li>Business should translate their SDG impact thesis into strategic objectives and initiatives that build upon the existing corporate strategy and business model;</li> </ul>	<p><b>Enterprise practice indicators:</b> 1.1.2, 1.1.3, 1.1.4, 1.1.5, 1.1.6</p> <p><b>Bonds practice indicators:</b> 1.1.2, 1.1.3, 1.1.4, 1.2.1</p>

<ul style="list-style-type: none"> <li>• Determine specific resources, investments (R&amp;D, capex, M&amp;A, FDI) and funding needs to implement the SDG impact thesis and integrated strategy and analyze the financial risk-return profile (IRR) of SDG investments;</li> </ul>	<p><b>Enterprise practice indicators:</b> 1.1.4, 1.1.5, 1.1.6, 2.1.4.2</p> <p><b>Bonds practice indicators:</b> 1.1.2, 2.1.4</p>
<ul style="list-style-type: none"> <li>• Adopt investment criteria and decision-making processes based on SDG impact alongside financial risk and return investment criteria;</li> </ul>	<p><b>Enterprise practice indicators:</b> 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6, 2.1.7, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.5, 2.2.6, 2.2.7, 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5</p> <p><b>Bonds practice indicators:</b> 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6, 2.1.7, 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.5.1, 2.5.2, 2.5.3, 2.5.4, 2.5.5, 2.5.6, 2.5.7</p>
<ul style="list-style-type: none"> <li>• Leverage and strengthen corporate governance mechanisms to incentivize and monitor the implementation of the integrated SDG strategy and investments (board oversight, internal controls and audit, executive remuneration and disclosure).</li> </ul>	<p><b>Enterprise practice indicators:</b> 4.1, 4.2, 2.1.4.3, 2.1.4.5, 2.1.5, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7</p> <p><b>Bonds practice indicators:</b> 4.1, 4.2, 4.3, 2.1.1, 2.1.4.3, 2.1.4.5, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6</p>
<p><b>3. Integrated Corporate SDG Finance</b></p>	<p><b>Practice Indicators</b></p>
<ul style="list-style-type: none"> <li>• Business should develop a comprehensive corporate SDG finance approach to support their contribution to the SDGs and raise SDG-linked finance commensurate with the nature of SDG investments and the degree of their strategic integration;</li> </ul>	<p>The SDG Impact Standards for Enterprises and Bonds facilitate development and execution of these corporate SDG finance approaches, accommodating organisations at different stages in terms of strategic integration, including those currently pursuing transition strategies (by measuring contribution against SDG and/or other sustainable thresholds, including reducing negative contributions) and those actively contributing to solutions in relation to the SDGs. The Enterprise Standards apply to the general obligations of organizations, while the Bond Standards apply to specific debt obligations (including bonds and loan obligations).</p>
<ul style="list-style-type: none"> <li>• Leverage the full range of financial instruments for SDG-linked finance, including debt (loans and bonds) an equity, whether privately placed or publicly traded, and ranging from short- to long-term maturities;</li> </ul>	<p>As above.</p>

<ul style="list-style-type: none"> <li>• Structure financial instruments based on the nature of SDG-aligned investments and the degree of their strategic integration, starting with specific-purpose instruments for isolated assets and activities and generally accepted impact theses *(e.g. EU Taxonomy), and evolving towards general-purpose and performance-based instruments for more integrated SDG strategies and investments;</li> </ul>	<p>As above.</p>
<ul style="list-style-type: none"> <li>• Maximize the credibility of SDG-linked financial products through a combination of contractual mechanisms (use of proceeds, covenants, pricing) and corporate governance oversight (board of directors, internal controls, accounting, audit and verification, and reporting);</li> </ul>	<p><b>Enterprise practice indicators:</b> 4.1, 4.2, 2.1.4.3, 2.1.4.5, 2.1.5, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 1.1.5, 1.1.6, 1.2.8, 1.2.9, 1.3.1, 1.3.2, 1.3.3, 2.1.5, 2.2.6, 2.2.7, 2.3.5, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7</p> <p><b>Bonds practice indicators:</b> 4.1, 4.2, 4.3, 1.2.2, 1.1.4.7, 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5.4, 2.1.6.4, 2.4.6, 2.4.7, 2.5.4, 2.5.5, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6</p>
<ul style="list-style-type: none"> <li>• Leverage blended finance from governments, development finance institutions, philanthropic foundations and impact investors to de-risk or subsidize corporate investments for technologies, sectors or geographies that are critical for the SDGs but currently underfunded.</li> </ul>	<p>In a general sense, the Standards enable and facilitate these conversations by creating a shared language and approach to understanding, valuing, managing and communicating impact. Pursuing blended finance opportunities is not specifically contemplated in current drafts of the Standards. Will be incorporated in next round.</p>
<p><b>4. Integrated SDG Communication and Reporting</b></p>	<p><b>Practice Indicators</b></p>
<ul style="list-style-type: none"> <li>• Business should engage in proactive investor communications about their SDG impact thesis, strategy, and investments, including through investor calls and engagement, annual financial disclosures, and integrated financial and sustainability reports;</li> </ul>	<p><b>Enterprise practice indicators:</b> 1.1.1.1, 1.3.3, 2.1.3, 3.1, 3.2, 3.3, 3.4, 3.6, 4.1.2</p> <p><b>Bonds practice indicators:</b> 1.1.3.1, 1.3.3, 2.1.3, 2.1.6.3, 2.1.7, 3.1, 3.2, 3.3, 3.4, 3.5</p> <p>The Standards apply a broader scope to involving Stakeholders – i.e. including, but not limited to investors.</p>
<ul style="list-style-type: none"> <li>• Enhance integrated reporting practices with key elements of SDG-aligned investments and finance, including impact measurement and valuation, alignment of investments with strategy, and accounting and monitoring performance;</li> </ul>	<p><b>Enterprise practice indicators:</b> 3.1, 3.2, 3.3, 3.4, 3.6, 3.7, 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5</p> <p><b>Bonds practice indicators:</b> 3.1, 3.2, 3.4, 3.5, 3.6, 2.5.1, 2.5.2, 2.5.3, 2.5.4, 2.5.5</p>

<ul style="list-style-type: none"> <li>• Work with rating agencies, external auditors, and second-party opinion providers to ensure the relevance and accuracy of publicly disclosed information and data related to SDG impact, SDG-aligned investments, and SDG-linked finance;</li> </ul>	<p>The Standards focus on internal impact management and decision making which will deliver reliable and consistent inputs to support better quality and more consistent and comparable disclosures and reporting that in turn will enable and facilitate rating agencies, external auditors, and second-party opinion providers.</p>
<ul style="list-style-type: none"> <li>• Work with peer companies and standard setters to harmonize practices and maximize the utility of integrated reporting, by promoting simplification, readability and a balance between innovation and comparability.</li> </ul>	<p><b>Enterprise practice indicators:</b> 3.1, 3.2, 3.3, 3.4, 3.6, 3.7</p> <p><b>Bonds practice indicators:</b> 3.1, 3.2, 3.4, 3.5, 3.6</p> <p>The Standards focus on internal impact management and decision making, however call for consistency and context in external disclosures and reporting to promote accountability and help users of reports make more informed decisions. Adoption of these Standards will contribute towards harmonizing of practices and production of reliable and consistent inputs to support better quality and more consistent and comparable reporting.</p>

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