



Business Leadership Forum
Corporate reporting as a driver to
achieving the Sustainable
Development Goals

Summary Paper 2: Unlocking
Corporate Sustainability Information
to Track Progress on the SDGs at
the National Level

Introduction

From the inception of the Sustainable Development Goals (SDGs), GRI has championed the participation of the private sector in measuring corporate performance on the SDGs and worked together with partners to shape corporate SDG reporting. Building on many years of work in this field, we learned that in order to meaningfully contribute to the 2030 Agenda for Sustainable Development, it is necessary to address key challenges with respect to disclosing business contribution to the SDGs.

Proactive communication on the issues that matter most – to both the organization and stakeholders – is crucial. Not only does corporate SDG reporting provide the necessary information to assess corporate sustainability performance and impact, but it also allows businesses and stakeholders to make decisions that directly contribute to the SDGs. However, more clarity on different stakeholders' information expectations is needed in order to disclose SDGs-related information in a strategic and relevant manner for maximum impact.

In March 2021, GRI launched the Business Leadership Forum on Corporate Reporting as a Driver to Achieving the SDGs - a two-year program that convenes sustainability reporting practitioners, key stakeholder groups and data users together to raise the bar for corporate SDG reporting and drive action on the SDGs.

Each session held as part of the program will result in a publication of the summary papers, which will feature key takeaways and insights gained from the discussion. This summary paper focuses on how the private and public sectors, including national governments and multilateral organizations, can unlock and leverage corporate sustainability reporting to track progress and drive action on the SDGs at the national level.

The following summary paper gives a snapshot of how these key stakeholder groups currently see and experience SDG reporting and outlines their vision for the future. It also highlights sustainability reporting aspects that businesses could improve, and the challenges they are faced with within the SDG reporting ecosystem.

The papers will be made freely available for the whole community of sustainability advocates. By doing so, GRI hopes to inspire sustainability reporting practitioners to advance their reporting practices and accelerate progress on the SDGs.

State of play: How corporate reporting can support progress on the SDGs

Representatives from national governments and multilateral organizations discussed how they engage with businesses to assess and track the private sector's contribution to the SDGs. They also discussed their process for monitoring business progress on the SDGs, including how the information is collected and aggregated for assessment at both national and global level.

Voluntary National Reviews: reporting and monitoring progress on the SDGs at a national and global level

Voluntary National Reviews (VNRs) are used by nations to measure and evaluate progress made towards the implementation of the 2030 Agenda for Sustainable Development and its seventeen Sustainable Development Goals.

These national reviews are voluntary, state-led, and serve as the basis for regular reviews by the UN High-level Political Forum (HLPF) on Sustainable Development. They provide a wealth of information and data that governments, development partners and stakeholders use to identify challenges and areas where urgent action is needed to achieve the SDGs.

The VNRs aim to facilitate the sharing of experiences, including successes, challenges and lessons learned, with a view of accelerating the implementation of the 2030 Agenda. The VNRs also seek to strengthen policies as well as mobilize multi-stakeholder support and partnerships for the implementation of the SDGs.

National governments have established data collection systems, innovative tools and partnerships to aggregate and report on business contribution to the SDGs, which can help inform the national review process.

Monitoring global sustainability reporting: tracking progress in the private sector

While the private sector has undoubtedly a critical role to play in delivering on the SDGs, the Target 12.6 (*Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle*) – and specifically the Indicator 12.6.1 - are the only ones that monitor the practices of the private sector. The United Nations Environment Programme (UNEP), together with the United Nations Conference on Trade and Development (UNCTAD), is a custodian agency for the SDG indicator 12.6.1: *Number of companies publishing sustainability reports*, and it aims to provide country and global level aggregates of the number of companies publishing sustainability reports.

Together with other partners and stakeholders, UNEP has developed a methodology to evaluate and track the number of sustainability reports worldwide, with minimum reporting requirements established. Currently, they are in a process of using these criteria to evaluate the aggregate number of corporate sustainability reports from public sources.

UNEP aims to analyze related statistics on a global and country level, by country size and industry sector. They then provide country level information to national governments for the VNRs and the Global SDG Database - a UN data repository compiled to report progress on the SDGs.

One of the significant benefits of collecting and aggregating this information is that it gives governments an overview of sustainability reporting in their jurisdictions and helps them engage with businesses on their ESG and sustainability reporting.

Country-level examples: reporting on business contribution to the SDGs through the Voluntary National Reviews

Representatives from national government agencies also discussed their country-level programs to measure and monitor progress on the SDGs, and to report on business contribution to the SDGs through the Voluntary National Reviews (VNRs).

Measuring and monitoring impact on the SDGs with the SDG Corporate Tracker: Colombia, a country-level example

The SDG Corporate Tracker is a multistakeholder initiative, led by the Colombian national government in partnership with GRI, UNDP Colombia and UNDP Business Call to Action (BCtA). This initiative has also been replicated in other countries, such as Indonesia and Peru.

The SDG Corporate Tracker is an online tool that allows the private sector to report their contributions to the SDGs at the country level, within the context of VNRs. Businesses submit anonymous responses to questions that aim to measure business contributions to the 17 SDGs through 75 selected goals. The questions are based on the GRI Standards, streamlining process for existing GRI reporters.

Since the process is anonymous, it helps companies to feel more comfortable when sharing the information, and allows for data to be consolidated and reported on at a country level for the VNRs.

The SDG Corporate Tracker allows the national governments to measure the private sector's contribution to the SDGs at the country level by generating an aggregated analysis of contributions by economic sector, company size and region of the country.

In Colombia, over 400 companies have registered the SDG Corporate Tracker, of which 235 have reported their contributions in 2018, while 172 have done so in 2019. Out of the total number of companies, 141 have reported during both years. Many users are small and medium enterprises (SMEs) that never reported on their impacts before. The SDG Corporate Tracker has advanced corporate reporting and action on the SDGs, improving operations and data handling to achieve scalability.

The information collected through the SDG Corporate Tracker has contributed to Colombia's VNRs. It also helps steer policy discussion and decision-making processes in relation to the private sector's role in delivering the SDGs, supporting best practice and improvement of related business practices. Overall, the tool has helped to elevate the level of discussion about the business contribution to the SDGs in Colombia.

Lessons learned from the SDG Corporate Tracker

The initial implementation of the SDG Corporate Tracker has demonstrated that there is a need for both government and the private sector to play a leading role in engaging and contributing to such tools. It has also shown that careful planning and development are needed for such initiatives to have full impact.

One of the existing challenges lies in encouraging national governments and the private sector to take ownership of these tools. Another challenge is in generating value for all users of the platform, and in making it scalable and accessible to other key actors, especially smaller companies.

Improving the relevance of corporate SDG reporting

Representatives from government agencies, multilateral organizations and businesses discussed key challenges to the relevance of SDG reporting at both national and international level, as well as how businesses can improve their efforts to report meaningful information to help achieve the SDGs.

These discussions produced a wide variety of insights and recommendations for improving business-level reporting on the SDGs, including suggestions about how businesses can clearly and effectively demonstrate impact and report their contributions to the SDGs.

Aligning existing reporting and practices

Multilateral organizations and government agencies increasingly realize the value of sustainability and reporting to achieve their SDG strategies. However, they still find it challenging to aggregate and compare data, highlighting that more standardization of reporting is needed.

In order to improve the quality and comparability of reported information, policy actors can facilitate alignment and reinforce effective and existing practices by relying on internally recognized reporting frameworks and standards, such as the GRI Standards.

The increased utilization of standardized digital reporting tools like the SDG Corporate Tracker or a global reporting database, as well as increased data mining of existing reports, can contribute to improved data aggregation and comparability. Still, national governments look forward to further guidance on best practice in gathering and aggregating relevant information.

Overall, the private sector requires more guidance from national governments on which SDGs and indicators to target, and what KPIs to report when measuring their impacts in the countries where they operate. Engaging in multistakeholder dialogues at the country level can facilitate a better understanding of government's expectations, challenges and priorities for the national SDG agenda.

Corporate reporting on the SDGs is a complex and evolving challenge, which requires collaboration and leadership to make disclosed information more comparable and useful to achieve the SDGs.

Approaching challenges from different angles

While the SDGs call for worldwide action by all stakeholders, including businesses, the goals and targets were primarily designed for government agencies. However, companies need to apply the SDGs to their business and assess the relevance of their SDGs targets. There is a lack of common language, methods and understanding between the public and private sector, which makes collaboration on the SDG reporting challenging.

This calls for a need to develop a common language and a shared purpose for reporting on the SDGs impacts without imposing any burden on reporting practitioners. Examples such as the success of the SDG Corporate Tracker Colombia, where common frameworks and standards were agreed on by both sides with significant progress in data collection around the SDGs, indicate a potential way forward.

Importantly, businesses are also encouraged to explore links between their corporate SDG priorities in countries where they operate and provide governments with data that demonstrates how they are contributing to solutions to the governments' development challenges.

One size does not fit all

Examples provided by business participants from around the world make it clear that interaction and guidance on the SDG reporting from governments varies significantly and depends on the local and regional factors.

Success is dependent on situationally specific contexts, which means that what works for one government may not work for another. Thus, reporting and data collection processes are not one size fits all, and national governments should explore what procedures and policies work best in their individual cases.

Governments and businesses should continue to innovate ways to collect and report high-quality, comparable information for their unique situations.

SDG reporting is an iterative process

Some large multinational organizations shared that their SDG reporting journey has been an evolving and iterative process. For instance, they may have started with prioritizing the SDGs at the goal level and associated KPIs, but with further review found that these KPIs were not fit for the purpose of driving actual change, and have subsequently reassessed their SDGs targets, and worked to align KPIs with those of relevant targets and indicators, which has been more useful.

Other companies discussed creating annual scorecards, which provide a picture of how they are performing against KPI targets linked to the SDGs. This allows them to assess whether they have prioritized actions to meet these goals, and encourages continual progress and reassessment of goals and actions over time.

Reporting measurable impact

Participants also discussed how businesses can move from just focusing on reporting their SDG commitments and ambitions to focusing on measurable impact on the SDGs.

Many businesses struggle with measuring actual impact at the local and global level. While in some cases businesses can use the same indicators used by governments to measure progress on the SDGs, in other cases businesses have to adapt country-level indicators, so that they can measure, monitor, and make progress on goals and targets that are closely related to their business.

Business Reporting on the SDGs: An Analysis of the Goals and Targets

Developed by GRI and the UN Global Compact, with the support of PwC and the Swedish International Development Cooperation Agency (Sida), constitutes a first step towards a uniform mechanism for businesses to report on their contributions and impact on the SDGs in an effective and comparable way. The publication provides a list of existing and established disclosures, based on globally accepted frameworks and standards, that businesses can use to measure and therefore report on at the target level. The Analysis of Goals and Targets can be seen as an inventory of qualitative and quantitative disclosures on the SDGs at the level of 169 targets.

When deciding what to report, less can be more

Business participants talked about an existing desire and a need to focus the SDG impact and reporting where it is most relevant. Government agencies agreed that it is indeed beneficial to concentrate on a small number of targets and indicators related to the businesses' most significant impacts, rather than trying to broadly report on all SDGs.

With an honest and thorough internal assessment of where impacts occur and what can be measured, businesses can focus on specific issues, set performance goals and report on progress against them in order to show how they are contributing to delivering the SDGs.

Gathering digital data can make reporting easier for SMEs

Online digital data collection platforms, such as the SDG Corporate Tracker, can simplify the data collection process for small and medium sized enterprises, and increase their participation in data collection on the SDGs and related impacts at a national level.

Driving business action on the SDGs

Representatives from national governments and multilateral organizations discussed suggestions for businesses and governments to accelerate action on the SDGs and achieve transformative impact at a country level.

Enable dialogue and collaboration to maximize impact on the Global Goals

The first step to establishing a successful program for assessing and monitoring the private sector's contribution to the SDGs and maximize impact is dialogue and alignment.

When the private sector's contribution is reflected in national measurement systems, governments, businesses and other stakeholders have a more complete picture of the SDGs implementation at national and global levels. These insights provide vital input to inform what actions need to be taken, and by whom, in order to reach national SDG targets.

Governments need data from businesses to have a better understanding of the private sector's contributions and impacts on the SDGs and to better inform their decisions. Businesses also need to understand, measure and report on how they are contributing to global and local sustainability issues, and how they are helping to solve them. By disclosing both positive and negative impacts on the SDGs, and by showing business contribution through balanced sustainability reporting, both private and public sectors can have a clear vision of what contributions companies and industries can make at the country level.

Work and learn together to drive change

The SDGs provide a global framework for action and shared purpose that brings partners together to contribute to sustainable development, presenting an opportunity for businesses. The VNRs process by governments is an important platform for collaboration and alignment to maximize impact.

Tracking progress is key to achieving the SDGs, and transparency enables the private and public sector to work together to meet these goals. However, measuring the contributions and impact of the private sector is a complex issue, and it needs a system's approach to solve it. As we have explored, governments and businesses can work together to unlock and leverage corporate sustainability data to get a comprehensive overview of the progress made in achieving the SDGs.

Governments must work to develop data collection and monitoring tools, including digital tools, data mining and machine learning. Making reporting more relevant and consistent will make it more efficient and comparable for everyone, from large multinational organizations to small and medium sized enterprises.

Businesses should look to VNRs for opportunities to develop new solutions and business models, and to report on their contributions to sustainable development.

Assessing business contribution to the SDGs at the country level

1. Download the most recent VNR from the country of your interest: <https://sustainabledevelopment.un.org/vnrs/>
2. Familiarize yourself with the country's progress on the implementation of the 2030 Agenda: which SDG challenges does your country face and what are the national priorities?
3. Look into how your organization can take action to address those
4. Identify your organization's negative impacts: has your organization identified material issues that correspond to the SDG challenges and priorities of your country review?
5. Identify your organization's positive impacts and analyze your organization's skills and capabilities: can your organization provide products, services or investments that contribute towards achieving the SDGs? How is and/or can your organization have a positive impact by leveraging these to address the SDG challenges and priorities at the country level?

Focus on where business can make an impact

When reporting on its contributions to the SDGs, businesses should start with an honest internal assessment of their impact and what they will measure to assess it.

Rather than simply tagging SDGs to existing ESG reporting, a company should fully understand what its impacts are, and where they are occurring, including the cause and effect it generates through operations and in its value chains. Companies should also be honest about the severity of their impacts.

When a company establishes where it can make impacts, it can start creating those impacts by managing, measuring and reporting on them, as well as iterating on its process to manage them.

Related resources and tools

- *GRI, Using corporate reporting to strengthen Sustainable Development Goals, Recommendations for national policy makers.*
- *BCtA's Impact Lab*, an online tool for organizations to measure and manage their SDG impact.
- *GRI & UN Global Compact, An Analysis of the Goals and Targets.*
- *SDG Corporate Tracker, Colombia.*

Conclusion and next steps

This summary paper has presented an overview of the current landscape of corporate reporting on the SDGs at both national and global level, providing a governmental and multilateral organizations perspective on what is working and how it can be improved. It has also provided perspective on how corporate reporting can translate to meaningful action on the SDGs.

This discussion showed reporting practitioners what is being done with the data produced by the private sector, and how it is integrated into the public policy discussion in many regions. The dialogue has highlighted areas of synergy, opportunities for action and alignment, and future challenges to improve reporting and achieve the SDGs.

Biggest challenges in SDG reporting

- Tracking progress is key to achieving the SDGs, but collecting, aggregating, analyzing and comparing data at the national and global level remains a challenge;
- The private sector plays a critical role in delivering on the SDGs but capturing its contribution and impact remains a complex issue;
- Standardized reporting on the SDGs is needed to increase comparability and for governmental agencies to aggregate and compare data;
- Establishing a common language and purpose for reporting on the SDGs impact is needed, without imposing any burden on reporting practitioners;
- More efforts from the public and private sector are needed to unlock corporate SDG information to measure and track progress on the SDGs implementation at the country and global level;
- Different measurement tools and data collection processes are necessary for successful SDG reporting and monitoring in different regions, depending on local and regional factors. One size does not fit all;
- Corporate reporting must elevate and shift from a focus on intent to a focus on monitorable impact on the SDGs, centering on the most material impacts and contributions to sustainable development;
- Disclosing both positive and negative impacts on the SDGs is needed to understand the specific contributions businesses and industries can make at the country level.

Actions and next steps

How to drive significant action on the SDGs

- Governments and businesses must enable an open dialogue and collaboration as well as establish a common language and purpose for assessing the private sector's impact and contribution to the SDGs at the country level;
- Tracking progress is key to achieving the SDGs, and transparency enables the private and public sector to work together to meet the Global Goals;
- The Voluntary National Reviews (VNRs) process by governments provides an important platform for collaboration and alignment to maximize impact and drive action on the SDGs;
- Tools and technologies such as digital reporting tools, data mining and machine learning techniques should be developed to improve and streamline monitoring of the SDG reporting;
- Businesses should look to VNRs for opportunities to develop new solutions and business models, and to report on their contributions to sustainable development.

How to raise the quality of your SDG reporting

- Use internationally recognized reporting standards and frameworks, such as the GRI Standards, that can help you measure and report on your business contribution and impacts on the SDGs;
- Run a materiality assessment to identify the issues that are more relevant for your business and focus on what is critical to measure;
- Reporting on the most material impacts and contributions to sustainable development and concentrate on targets and indicators that are related to your most significant impacts – both positive and negative;
- Set goals and targets that are linked to the SDGs, but aligned with your business model and realities, then reassess and iterate on those goals over time;
- Shift and elevate your reporting from a focus on the SDG intent to a focus on measurable impact on the SDGs;
- Provide appropriate levels of aggregated or disaggregated information disclosed, so that stakeholders can understand your impacts at different levels;
- Include the context of data when reporting, so that governments can assess the true magnitude and implications of their impact.

What companies are saying

“As a global company, it is important for Fujitsu to make sure that global and local initiatives are well-aligned in order to generate the greatest impact we can and to deliver quality reporting. Understanding the links between our corporate purpose, “to make the world more sustainable by building trust in society through innovation”, and the SDGs is the first step for each employee in making a commitment to the globally prioritized issues for the company as a whole, while recognizing the needs of each country and region. As an example, Fujitsu is the first IT Services company to partner with the Social Value Portal to provide a consistent method of capturing, reporting and monitoring of social value impacts across its UK Public Sector business. Work is actively progressing to reimagine how Fujitsu can leverage corporate programs to deliver social value at a local level, aligned to our customer’s priorities. Fujitsu is engaged in performing a UK-wide audit of its social value impact for the previous financial year, providing a foundation to build and develop upon.

Mel Melis, Colm McDaid, Makiko Morita and Mizuho Kondo,
Sustainability Unit, Fujitsu

Business Leadership Forum members

Disclaimer

This document does not constitute legal advice – it is a summary paper based on discussions held online for the purpose of informing dialogue and enhancing quality reporting. The summary paper is largely based on discussions held on 9 June 2021 during the second Business Leadership Forum Lab on Corporate Reporting as a Driver to Achieving the Sustainable Development Goals.

The views expressed in this publication reflect those of the guest speakers as well as the event's attendees. Neither GRI nor the Business Leadership Forum members necessarily share the expressed views and interpretations.

Neither GRI nor the Business Leadership Forum members can assume responsibility for any consequences or damages resulting, directly or indirectly, from the use of GRI publications.

Acknowledgements

This summary paper was prepared by GRI. The summary paper includes contributions from the Business Leadership Forum members.

GRI greatly appreciated the input received from the guest speakers as well as the Business Leadership Forum participants.

Core project team

- Camila Corradi Bracco (Program Lead & Author), Sr. Coordinator Content Development & Program Delivery, GRI
- Sarah Kempke, Author & Editor
- Daria Levina, Editor, GRI
- Mariona Isnard, Graphic Designer, GRI

About GRI

Global Reporting Initiative (GRI) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing the global common language to report those impacts. The GRI Standards are developed through a multi-stakeholder process and provided as a free public good.



For more information:
info@globalreporting.org

Barbara Strozzilaan 336
1083 HN Amsterdam
The Netherlands
www.globalreporting.org

