USING CORPORATE REPORTING TO STRENGTHEN SUSTAINABLE DEVELOPMENT GOALS

RECOMMENDATIONS FOR NATIONAL POLICY MAKERS

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INTRODUCTION

With a decade remaining for the implementation of the Sustainable Development Goals (SDGs), it is clear that we need to see stronger commitments from both the public and private sector. The Voluntary National Reviews (VNR) process by governments provides the perfect platform to use collaboration and alignment to maximize impact. This document offers policy recommendations on integrating business impact in the VNRs and engaging with the private sector through existing reporting practices.

To make an accurate assessment of SDGs progress, capturing the contribution and impact of the private sector is crucial. Beyond understanding progress, these insights provide a vital input to inform what actions are needed and can be taken, and by whom, in order to reach the national targets.

Governments are increasingly realizing the value of corporate social responsibility and sustainability reporting to achieving their SDG strategies, and the number of VNR reports taking this approach increased from 11 in 2016 to 27 in 2018. The next step is unlocking the potential of the corporate SDGs-related data disclosed through reporting. To make such data available, governments need to encourage companies to disclose sustainability information, as called for in SDG target 12.6, and use the information to assess business contributions and impacts on sustainable development and the SDGs. Only then will business contribution be reflected in the measurement systems, leading to a more complete picture of the reality of implementation at national and global levels.

GRI strongly believes that the private sector is key to the realization and implementation of the SDGs, and that transparency is the enabler for private and public sector actors to work together. Therefore, GRI continues to work in collaboration with strategic partners to highlight and increase the importance of corporate sustainability reporting for the SDGs.
Using corporate reporting to strengthen Sustainable Development Goals

RECOMMENDATIONS FOR POLICY MAKERS

1. Engage the private sector at every step of SDGs implementation. When developing and monitoring the national SDG plan, it is crucial to engage with all stakeholders including the private sector. By including business in these discussions at every stage, policy actors will facilitate alignment of priorities and understand what specific contributions major industries can make at national level.

2. Enforce and facilitate transparency and the disclosure of sustainability contributions to the SDGs by the private sector. Policy actors can support transparency and reporting practices by different means, such as adopting regulatory mandatory reporting requirements and providing guidelines. Member States should report against the relevant specific SDG target 12.6 in their VNR.

3. Align with existing sustainability reporting and practices used by the private sector. By understanding the state of reporting practices at national level, policy actors can facilitate alignment and reinforce effective existing practices. Relying on internationally recognized reporting frameworks and indicators, such as the GRI Standards, is necessary to enable a common language for engaging the private sector.

4. Develop a measurement and monitoring tool to track private sector contribution to the SDGs. As is the case in the public sector, keeping track of contribution by private companies is essential to ensure progress and implementation of the Goals. The data businesses disclose through their sustainability reporting practices constitutes a good source of information at the national level, which can help policy actors understand the contribution to specific sustainability areas within industries and sectors.

5. Enable dialogue between investors, business and policy actors to maximize positive impact on the Goals. Based on the information collected and objectives set, through collaboration different actors at the national level can reinforce their respective positive contributions. Establishing regular dialogue enables and increases collaboration.
Reporting on the 244 indicators of the SDGs has been challenging for Member States, which has led countries to report on a limited number of indicators, focused on those most relevant for their national context or those with available data. SDG indicator 12.6.1, related to the practice of corporate sustainability reporting, remains challenging for countries as most do not collect this type of data. In 2019, only nine countries provided this information (Algeria, Chile, Republic of Congo, Israel, Mauritius, Mongolia, New Zealand, Philippines, Turkey).

Regardless of that challenge, there are many other ways Member States have engaged with the private sector for the SDGs. For example, in the third run of VNRs, six countries included a specific section on the private sector (Ecuador, Greece, Lebanon, UAE, Hungary and Uruguay). Countries are increasingly recognizing the significant role of businesses to help meet the goals and targets. There has been an encouraging trend over the years, with a steady proportion of countries consulting the private sector in reviewing the national strategy and progress on the SDGs.

- In 2016, the Philippines included the private sector in the development of national indicators and plans, involving them in the evaluation, implementation and collection of data. Uganda added a chapter on the private sector. Turkey, meanwhile, had planned to involve the private sector to develop a data collection system for monitoring and reviewing progress.

- In 2017, Bangladesh developed an SDGs tracker inviting all stakeholders, including businesses, to contribute. Denmark took the multi-stakeholder approach one step further by including a chapter of the report written by businesses themselves. Other countries, such as Brazil and Luxembourg, developed national platforms to exchange information and knowledge, as well as drafting an inventory of actions carried out. Slovenia also addressed the role of Small and Medium-sized Enterprises (SMEs), identified as a main driver for the SDGs.

- In 2018, Colombia reported on business contribution to the Goals by providing aggregated business data for five SDGs. They have now planned to develop an SDG Corporate Tracker in 2020, following up on the success of engagement at a national level. Australia presented many examples of sustainable business conduct, strategy and reporting on SDGs. Armenia set up a national SDG statistical platform that included business data. Ecuador provided examples of business sustainability practices. Mexico, the Netherlands and Norway created a peer learning group focused on business contribution to the SDGs. EU countries mentioned the EU NFR Directive implementation for corporate reporting. Slovakia had an online platform for sustainable business with tools and guidance. UAE implemented a pilot project with the private sector to collect SDGs data. Uruguay provided a thorough report on SDG 12.6. Hungary stated the need to have a process to measure the real impact of business on the SDGs. Spain perceived sustainability reporting as a tool for sustainable transformation for business.
In 2019, Iceland recognized the key role of disclosing sustainability data and benchmarking companies, with a SDGs governmental working group engaged with the national center for CSR to engage business on the SDGs. Mongolia recognized the need to encourage sustainability reporting by companies based on global principles and good national practices. In addition, Mongolia’s report included mentions to improve public access to environmental management plans for all organizations with annual reporting on their implementation; introduce reporting standards for the government; and develop indicators for reporting data in consultation with the business sector and trade associations. New Zealand had a national environmental reporting program in place to enhance transparency. Turkey conducted sectoral sustainability research covering reporting and goal 12.6, which concluded more effort needs directed towards implementing corporate reporting practices. Azerbaijan recognized that non-financial reporting is one of the most effective tools for private companies to communicate their commitment to the SDGs and report progress. The Philippines Securities and Exchange Commission issued sustainability reporting guidelines for listed companies, which provided a framework for reporting on SDGs corporate contributions.

To access the Voluntary National Reviews, click here.
CONCLUSIONS

By assessing the private sector’s impact on the SDGs and collaborating with business, policy makers can enhance the implementation of the 2030 Agenda. The VNR process provides an important starting point to enable effective engagements and collaboration.

GRI encourages governments to look beyond simply the wording of SDG target 12.6 and understand what value and benefit the practice of corporate sustainability reporting provides to the SDGs at the national level. By implementing reporting regulations and encouraging businesses to disclose their sustainable impacts, policy actors can access valuable data that can influence policy making and improving the assessment and implementation of the Goals in their countries.

Understanding the private sector impact on sustainability inevitably enables Member States to improve how they engage with business at a national level and enable a dialogue on the private sector’s contribution to the SDGs.

For more information on GRI’s work on the SDGs:
Action Platform Reporting on the SDGs
SDG Target 12.6 – Live Tracker
GRI and Enel partnership on Driving Corporate Action Towards Accomplishing the SDGs publication.pdf.
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