Version 2.5

August 5 2020

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| 0. Indicator information | |
| Concept name | Insert text, lists, tables, and images. |
| 0. Indicator information |  |
| 0.a. Goal | Goal 12: Ensure sustainable consumption and production patterns |
| 0.b. Target | Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle |
| 0.c. Indicator | Indicator 12.6.1 Number of companies publishing sustainability reports |
| 0.d. Series |  |
| 0.e. Metadata update | Last updated: September 2019 |
| 0.f. Related indicators | Related indicators as of February 2020  N/A |
| 0.g. International organisations(s) responsible for global monitoring | Institutional information  Organization(s):  United Nations Conference on Trade and Development (UNCTAD)  UN Environment (United Nations Environment Programme/UNEP) |

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| 1. Data reporter | |
| Concept name | Insert text, lists, tables, and images. |
| 1. Data reporter |  |
| 1.a. Organisation |  |
| 1.b. Contact person(s) |  |
| 1.c. Contact organisation unit |  |
| 1.d. Contact person function |  |
| 1.e. Contact phone |  |
| 1.f. Contact mail |  |
| 1.g. Contact email |  |

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| 2. Definition, concepts, and classifications | |
| Concept name | Insert text, lists, tables, and images. |
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| 2.a. Definition and concepts | Concepts and definitions  Definition:  ***Sustainability Reports:***  For the purposes of this indicator, ‘sustainability reports’ will not be limited to stand-alone sustainability reports produced by companies, but will be considered as ‘reporting sustainability information’ and expanded to other forms of reporting sustainability information, such as publishing sustainability information as part of the company’s annual reports or reporting sustainability information to the national government. This is to ensure that the focus of the indicator is on tracking the publishing of sustainability information, rather than on the practice of publishing stand-alone sustainability reports. It also ensures that the indicator interpretation is aligned with the wording of Target 12.6 which refers to promoting “the integration of sustainability information into the annual reporting cycle of companies”.  Not every report called ‘Sustainability Report’ will be counted towards the indicator. In order to be counted, they will have to comply with a ‘minimum requirement’ in terms of sustainability disclosures reported on (see below).  ***Company:***  While many companies report at the group level, many of their impacts will be local, and some subsidiaries or franchises produce separate sustainability reports. As a practice that should be encouraged, and one that is useful to monitor, is therefore proposed to count both the group and subsidiary/franchise level separately, as separate entities. “Company” can therefore apply to either the parent company, or a franchise or subsidiary, depending on their reporting practices.  Concepts:  It is proposed that, to be counted towards the indicator, companies must publish information that meets a “Minimum requirement” of disclosure. A core set of economic, environmental, social and governance disclosures of sustainability information is therefore identified. In defining these disclosure elements, the custodian agencies attempted to align with the disclosures that appear in existing related reporting frameworks, including the IIRC reporting framework, the Global Reporting Initiative Standard (GRI), the Sustainability Accounting Standards Board (SASB) (see Annex I for a comparison of the various sustainability disclosures contained under each.  It also attempts to align with the UNCTAD Core Indicators for company reporting on the contribution towards the attainment of the Sustainable Development Goals. UNCTAD has prepared Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals (SDGs) to support entities in the provision of information under indicator 12.6.1 and governments in assessing the private sector contribution to the SDGs. The Guidance reflects the Agreed Conclusions of the thirty-fourth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), which in 2017 requested UNCTAD to develop the guiding document. The UNCTAD Guidance includes detailed definitions and data sources for the core indicators in the company accounts to assist the entities in the reporting.  The purpose is not to create a new reporting standard or framework, but to ensure that the minimum requirement for Indicator 12.6.1 is aligned with existing global frameworks currently used by companies, so that they may continue to use these frameworks and be counted towards the indicator.  While establishing a minimum requirement in terms of reporting ensures that only companies disclosing meaningful information on all aspects of sustainability are counted towards the indicator, it could be perceived as giving the message that the minimum suffices and that companies do not need to go beyond it.  Therefore, it is proposed that the methodology include an advanced level, with a further set of disclosure elements which would further provide impetus for examining and reporting on the sustainability practices and impacts of the company. These include: 1) stakeholder engagement, 2) assessing impacts beyond the company boundaries and along the supply chain; 3) supplier and consumer engagement on sustainability issues; 4) procurement and sourcing practices; and 5) environmental performance information in the form of intensity values to be monitored over time, such as consumption of energy, water or materials per unit of production or per unit of profit.  Having different levels will also allow for information to be collected on the degree of reporting of different companies, including whether the same companies produce more ambitious reports, and go further in their sustainability practices with time, such as through supplier engagement. It would allow for companies who are beginning to produce sustainability reports to be counted towards the indicator once they achieve the minimum level, but provide incentive, through their inclusion in the indicator count, for them to work towards more ambitious reporting and demonstrate their progress over time. |
| 2.b. Unit of measure |  |
| 2.c. Classifications |  |

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| 3. Data source type and data collection method | |
| Concept name |  |
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| 3.a. Data sources | Data sources  Description:   1. Existing global and national repositories of sustainability reports (see tentative list in Annex II) 2. Data provided by national governments |
| 3.b. Data collection method | Collection process:  The custodian agencies propose to establish a global platform or database which would:   * Collate and analyse sustainability reports through advanced analytics to determine coherence with the minimum requirement and advanced level * Provide country specific information * Aggregate data at sub-regional, regional and global levels (avoiding double-counting of the same companies) * Disaggregate data (company size, per industry)   The Custodian Agencies will mine existing global and national-level report aggregators, to analyse the reports included in their databases. A preliminary list of repositories is included in Annex II.  Provision will also be made for manual submission by individual report generators. This is particularly important for small companies whose reports may not be included in the global databases.  Advanced analytics will scan the report content and determine their compliance with the minimum standard or advanced level. They will also assign each company to a country according to the criteria listed above, to determine the number of companies per country publishing sustainability information.  This information will be communicated to each government individually, for their validation. They will also have the opportunity to seek clarification, contest the information, or provide complementary data to the custodian agencies for inclusion in the indicator count.  The platform will also automate the aggregation of data to obtain a global figure as well as data per UN sub-region and region for inclusion in the Global SDGs Database, and as a basis for the analysis of progress carried out annually for the United Nations Sustainable Development Goals Report and Secretary General’s Report on Progress towards the Sustainable Development Goals.  The platform will be online and open access. It will include filters so that governments or other stakeholders will eb able to filter the information themselves, per country, sector, company size or disclosure element, to obtain the desired information.   * While the platform will provide data for each country, this will be sent to each government for review and verification. Each government will be able to propose amendments to the data should they have further information to complement that provided by the database. * While common definitions of company size, industries (defined below), etc. are required to be used by the custodian agencies for analysis and aggregation at regional and global levels and reporting to the SDGs Report, national governments may choose to use different definitions for their own analysis and reporting, such as for their Voluntary National Reviews (VNRs). Filters will be included on the online platform for the database which will allow governments and other users to filter information according to their own national definitions. |
| 3.c. Data collection calendar | Calendar  Data collection:   1. First data collection: Expected in early 2020 for 2019 company reports 2. Annually thereafter |
| 3.d. Data release calendar | Data release:   1. First reporting cycle: 2020 2. Annually thereafter |
| 3.e. Data providers | Data providers  See list of repositories and databases in Annex II, plus governments that have complementary information. |
| 3.f. Data compilers | Data compilers  UN Environment (United Nations Environment Programme) and United Nations Conference on Trade and Development (UNCTAD) |
| 3.g. Institutional mandate |  |

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| 4. Other methodological considerations | |
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| 4.a. Rationale | Rationale:  While the private sector has a critical role to play in the attainment of the SDGs, Target 12.6 and Indicator 12.6.1 are the only ones specifically monitoring the practices of private sector entities. While Indicator 12.6.1 counts the number of companies producing “sustainability reports”, the custodian agencies consider the indicator an important opportunity not only to monitor and promote the growth in sustainability reporting globally, but also to monitor and promote high quality reporting, promote the integration of sustainability information into the annual reporting cycle of companies, and promote sustainability practices by companies (as mentioned in the Target under which the indicator falls). Attempts have therefore been made to integrate all of these aspects into the methodology, to the extent possible.  Given the above, the custodian agencies propose an approach whereby:   * Rather than simply counting the number of companies publishing stand-alone sustainability reports, the indicator methodology will focus on the sustainability information published by a company, whether in the form of a stand-alone sustainability report, or integrated within other company reports, such as the annual report. Therefore, in this respect, for the purposes of this indicator, ‘sustainability report’ can refer to a stand-alone sustainability report, or sustainability information reported under other formats, such as integrated into the company’s annual report. * Not every document entitled ‘sustainability report’ will be counted towards the indicator, given that the quality of these reports varies greatly, and that many may not contain meaningful information on all aspects of sustainability (governance, economic, social and environmental). * A minimum requirement is therefore proposed, whereby for a company to be counted towards the indicator, it must have published information on a set of key disclosure elements covering the company’s governance practices as well as economic, social and environment impacts. This will ensure that companies who produce sustainability reports that are weak in terms of their disclosure will not be counted and should promote more rigorous reporting. |
| 4.b. Comment and limitations | Comments and limitations:  N/A |
| 4.c. Method of computation | Methodology  Computation method:  Companies will be counted towards the indicator if they publish sustainability information covering the following sustainability disclosures:  **Minimum Requirement:**  **Institutional and governance:**   * Materiality assessment\* * Sustainability strategy and/or principles related to sustainability * Management approach to address materiality topics * Governance structure, including for economic, environmental and social issues * Key impacts, risks, opportunities * Anti-fraud, anti-corruption and anti-competitive behaviour practices   **Economic:**   * Direct measure of economic performance (revenue, net profit, value added, payouts to shareholders) * Indirect measure of economic performance (community investment, investment in infrastructure or other significant local economic impact)   **Environmental:**   * Energy consumption and energy efficiency * Water consumption, wastewater generation, integrated water resource management practices, or water recycling/re-use and efficiency * Greenhouse gas emissions * Other emissions and effluents, including Ozone-depleting substances, Nitrogen Oxides (NOX), Sulphur Oxides (SOX), and chemicals * Waste generation, including hazardous wastes * Waste minimisation and recycling practices * Use and/or production of hazardous chemicals and substances   **Social:**   * Occupational health and safety * Total number of employees, by contract type and gender * Employee training * Unfair and illegal labour practices and other human rights considerations * Diversity, equal opportunity and discrimination in governance bodies and among employees * Worker rights and collective agreements   The methodology will make allowance for application of the **‘comply or explain’ principle for the minimum standard**, which allows reporting entities to highlight why certain disclosures are not relevant for their specific company and make it more accessible to small companies. However, this would not apply to issues that have been identified as material to the company, on which they are expected to report.  Advanced level requirement:  As for minimum requirement, with the following additional disclosures and/or indicators:  **Institutional and governance:**   * Details of supply chain * Details of stakeholder engagement surrounding sustainability performance * Details of remuneration   **Economic**   * Sustainable public procurement policies and practices * Percentage or proportion of local suppliers/procurement * Charitable donations   **Environmental**   * Supplier environmental assessment * Material consumption, sourcing of materials and reclaimed or recycled materials used * Energy intensity and renewable energy sources * Water intensity and Integrated water resource management * GHG intensity * Waste intensity * Biodiversity impacts * Supplier and consumer/customer engagement on environmental issues   **Social**   * Supplier social assessment * Local community impacts * Supplier and consumer engagement on sustainability issues |
| 4.d. Validation |  |
| 4.e. Adjustments |  |
| 4.f. Treatment of missing values (i) at country level and (ii) at regional level | Treatment of missing values:  The analytics will be carried out in all official UN languages and a variety of other languages, but not all national languages will be covered. Therefore there could be some reports that cannot be captured for this reason. |
| 4.g. Regional aggregations | Regional aggregates:  The data will be aggregated at the sub-regional, regional and global levels. In doing so, double-counting will be avoided, so a company may appear under several countries, but will only be counted once at regional and global levels |
| 4.h. Methods and guidance available to countries for the compilation of the data at the national level |  |
| 4.i. Quality management |  |
| 4.j. Quality assurance |  |
| 4.k. Quality assessment |  |

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| 5. Data availability and disaggregation | |
| Concept name | Insert text, lists, tables, and images. |
| 5. Data availability and disaggregation | Data availability  Description:  Data will be made available for all member states that have companies publishing sustainability information, as defined by the indicator.  Time series:  The reporting on this indicator will be annual, given that most companies publish sustainability information on an annual basis.  Disaggregation:  The platform will generate the following information for each country, then aggregate per sub-region, region and globally (avoiding double-counting of companies during the aggregation):  **1. Total number of companies publishing reports that:**   * Meet the minimum requirements * Meet the advanced level requirement   **2. Inclusion of a company under a specific country**  It is proposed that:   * Multi-national companies are included in the country in which they are listed, or in the country where the head office is found. * When a multinational company produces specific separate reports, with disaggregated information per country, for the different countries they operate in, these would be counted separately under the indicator count for each country.   **3. Data disaggregated per company size**  Company sizes are currently defined differently in different jurisdictions. For Indicator 12.6.1, a simple split of ‘large’ and ‘small’ could be proposed, with large being more than 250 employees, and small and medium being less than 250 employees. This is in line with the Global Reporting Initiative (GRI), UN Global Compact definitions, and is the most frequent definition at the national level in terms of employee number. No minimum turnover requirement is prescribed due to the wide variation in turnover of companies of this size between countries.  This is the definition of a company size that will be used by the custodian agencies for aggregation and comparability of data and analysis of trends at sub-regional, regional and global levels. However, definitions of company size used by national governments when carrying out their own analysis and presenting their Voluntary National Reviews could be different, in line with their national definitions.  **4. Data disaggregated per sector**  We propose to use the International Standard Industrial Classification of All Economic Activities (ISIC) (first level classification) to provide information on the number of companies publishing sustainability reports per industry.  A. Agriculture, forestry and fishing  B. Mining and quarrying  C. Manufacturing  D. Electricity, gas, steam and air conditioning supply  E. Water supply; sewerage, waste management and remediation activities  F. Construction  G. Wholesale and retail trade; repair of motor vehicles and motorcycles  H. Transportation and storage  I. Accommodation and food service activities  J. Information and communication  K. Financial and insurance activities  L. Real estate activities  M. Professional, scientific and technical activities  N. Administrative and support service activities  O. Public administration and defense; compulsory social security  P. Education  Q. Human health and social work activities  R. Arts, entertainment and recreation  S. Other service activities  T. Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use  U. Activities of extraterritorial organizations and bodies  **5. Proportion of reports that have undergone verification/assurance of complete report**  Complete list of accepted assurance standards and tools to be defined. |

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| 6. Comparability/deviation from international standards | |
| Concept name | Insert text, lists, tables, and images. |
| 6. Comparability/deviation from international standards | Sources of discrepancies:  N/A |

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| 7. References and Documentation | |
| Concept name | Insert text, lists, tables, and images. |
| 7. References and Documentation | References  References:  N/A  **Annex I: Comparison of related reporting frameworks used to define minimum requirement**  **Annex II: Global and national repositories to mine for global 12.6.1 database**  *[WB Note: The Annexes are two tables that seem to be too complex to be inserted directly for formatting in machine-readable form and computer assisted translation (@20 pages). Requests custodian agencies to provide a link to the annex on their respective websites, provide the annex in another format, or consider alternative solution to be determined.]* |