

Sustainability Reporting: Introducing the Methodology for SDG Indicator 12.6.1

Webinar session hosted by the One Planet network
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Agenda

Welcome and Introduction

Elisa Tonda, Consumption and Production Unit, UNEP

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Jillian Campbell, SDGs Unit, UNEP

3. Content of SDG 12.6.1

Hanna Thorsteinsdottir, Consumption and Production Unit, UNEP

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Richard Rothenberg, Executive Director, Global Ai

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Elena Botvina, Economic Affairs Officer, UNCTAD

6. Question & Answers

Fabienne Pierre, One Planet network Secretariat, UNEP

1. The SDGs Process



Jillian Campbell, SDGs Unit, UNEP

Sustainable Development Goals



- 17 Sustainable Development Goals (SDGs)
- 169 targets
- 244 indicators

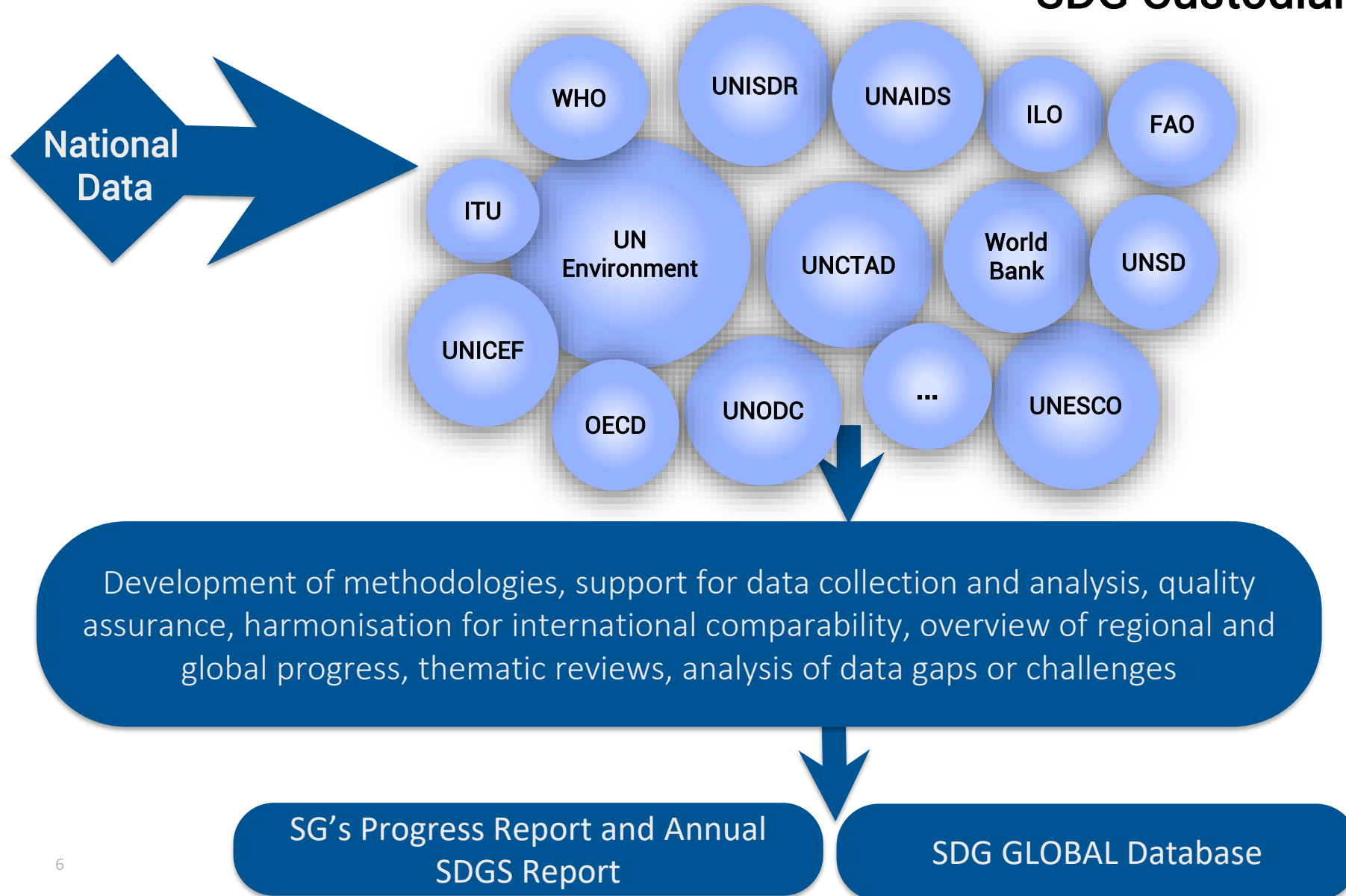
<https://unstats.un.org/sdgs/indicators/indicators-list/>

SDG indicator framework

- **SDG Goals and Targets were set by Member States** with the adoption of the 2030 Agenda for Sustainable Development (2015).
 - The General Assembly tasked the **UN Statistical Commission** with developing a monitoring framework.
 - **Inter-Agency and Expert Group on the SDG Indicators (IAEG-SDG)**, 30 member state members, established to develop the indicator framework.
 - IAEG-SDG agreed on a **framework of 244 indicators** and designated **UN agencies as custodians** of the various indicators. (adopted by UN General Assembly in 2017).
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Reporting on the SDGs

SDG Custodian Agencies



The role of the Custodian Agencies

- IAEG-SDG designated a **custodian agency for each indicator**, responsible for:
 - Developing methodology
 - Designing a data collection and reporting system for the indicator (national data or international sources)
 - Supporting improved capacity for data use and analysis
 - Regional and Global aggregation and harmonization of data
 - Reporting the data to the Global SDGs Database
 - Analysis of trends at regional and global levels for Annual SG's Report, SDGs Progress Report and thematic reviews
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2. SDG 12.6.1 Development



Jillian Campbell, SDGs Unit, UNEP

Indicator 12.6.1

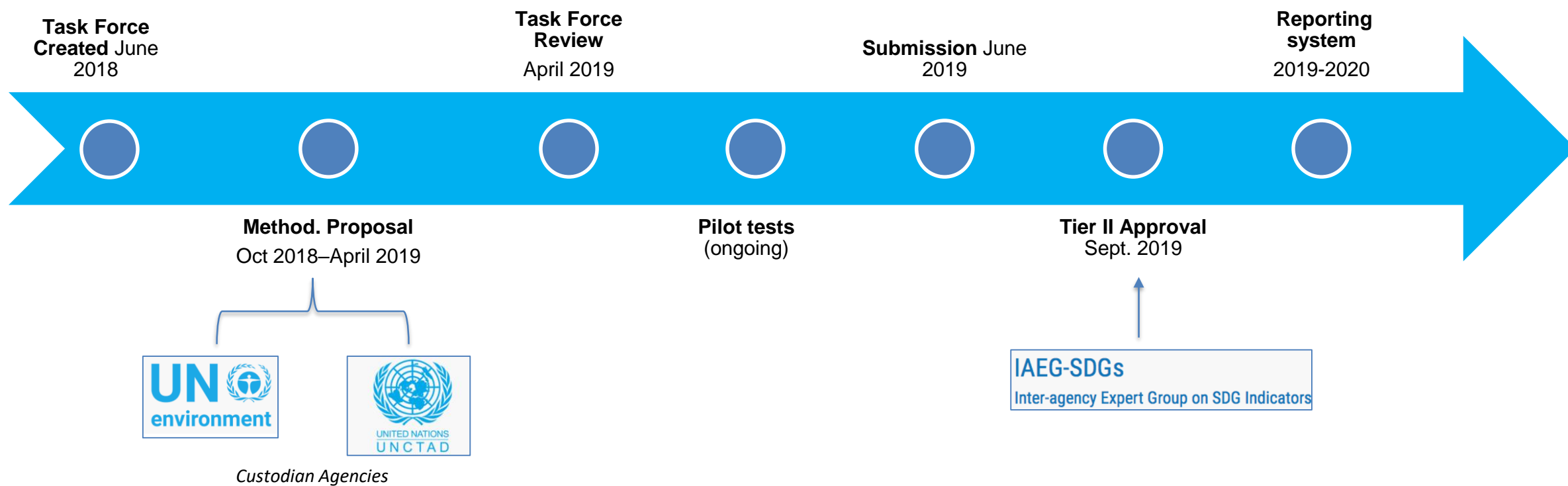


Target 12.6: Encourage companies to adopt sustainable practices and sustainability reporting

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Indicator 12.6.1 Number of companies publishing sustainability reports

Methodology Development Milestones



3. Content of methodology 12.6.1



*Hanna Thorsteinsdottir, Consumption and
Production Unit, UNEP*

Definition and approach

- 'Sustainability Report' can refer to a stand-alone sustainability report or **sustainability information** integrated in annual or integrated reports.
 - Not every document entitled 'sustainability report' will be eligible.
 - Custodians propose "**minimum requirement**"
 - Promote **ambitious sustainability reporting**
 - Alignment with **existing global reporting frameworks**
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Disclosures for “Minimum requirement”



Institutional and governance:

- Materiality assessment
- Sustainability strategy /principles
- Management approach to address material topics
- Governance structure
- Key impacts, risks, opportunities
- Anti-fraud/corruption, anti-competitive behaviour

Economic:

- Direct measure of economic performance
- Indirect measure of economic performance

Disclosures for “Minimum requirement”

A background image showing a group of people in a field, possibly engaged in an outdoor activity or sports. The image is slightly blurred and has a soft, warm tone.

Environmental:

- Energy consumption and energy efficiency
- Water consumption
- Greenhouse gas emissions
- Other emissions and effluents
- Waste generation, incl. hazardous wastes
- Waste minimisation and recycling practices
- Use/prod. of haz. chemicals/substances

Social:

- Occupational health and safety
- Number of employees (contract type/gender)
- Employee training
- Unfair/illegal labour practices and other human rights considerations
- Diversity, equal opp. and discrimination
- Worker rights and collective agreements

"Advanced level" approach

A further set of disclosure elements providing impetus for examining and reporting on the sustainability practices and impacts of the company:

1. **Stakeholder engagement**
 2. Assessing **impacts beyond the company boundaries** such as along the supply chain
 3. **Supplier and consumer engagement** on sustainability issues
 4. **Sustainable procurement and sourcing**
 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
- ❖ Will allow tracking of progress of companies moving from 'minimum' to 'advanced'
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4. Data Collection Mechanism



*Richard Rothenberg,
Executive Director, Global Ai*

Data Collection Mechanism

The custodian agencies propose two streams of data collection:

➤ ***Global data collection & screening mechanism***

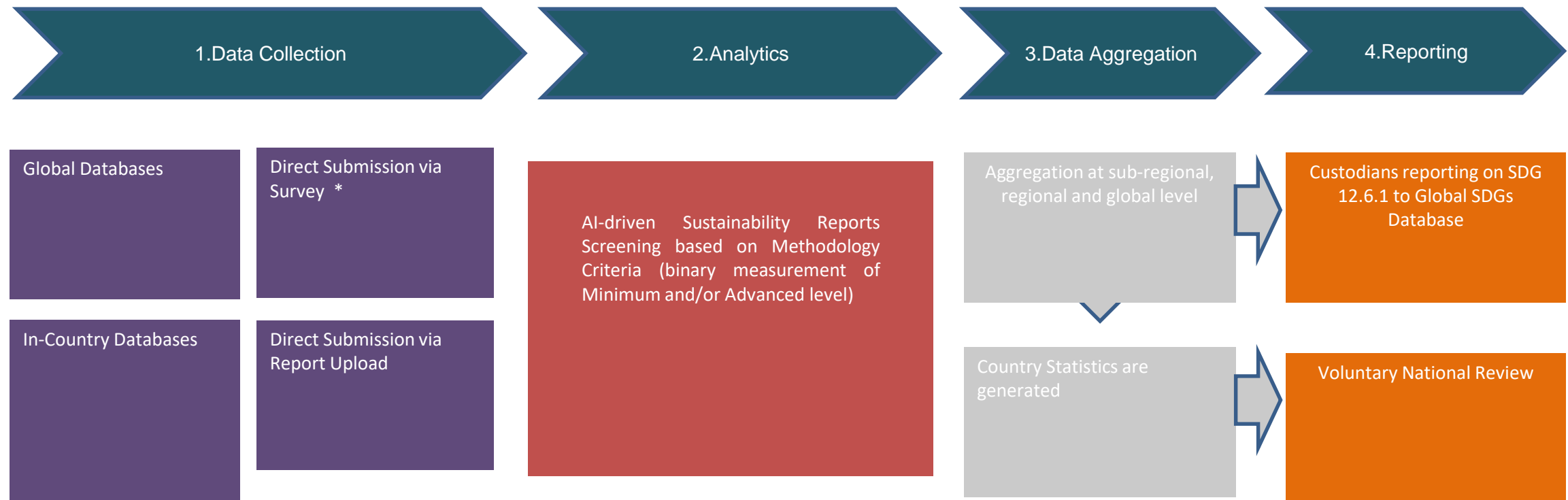
The data collection mechanism would run a series of analytics to assess the coverage of core disclosures and thus adherence to a minimum and advanced requirements for a sustainability report within the context of Indicator 12.6.1.

➤ ***Direct submission via automated survey mechanism***

This country-driven approach suggests that national data will be collected from enterprise reports directly, especially in cases of the SMEs that allows small companies to use direct submission, ensuring alignment between SDG macro (national level) and micro- indicators (company level).

Mechanism for data collection on Indicator 12.6.1

DIAGRAM OF DATA COLLECTION, ANALYSIS AND REPORTING ON SDG INDICATOR 12.6.1



Direct Submission via Survey on Indicator 12.6.1

Direct Submission via Survey *

The algorithm or the Host Country sends a registration web link to a pre-defined list of registered companies defined by each Country.



After registration, the algorithm sends an email or web link with a survey that contains both the minimum and advanced level requirement questions.



Algorithm collects responses and uses filters to evaluate if the responses have been answered in the correct units and value ranges. Also, values are compared to data screened from sustainability reports when available for data quality control.



Data is used to automatically generate dashboards and other analytics which show data gaps and trends over time. This generates a heatmap which will display a progress matrix of companies in each Country.



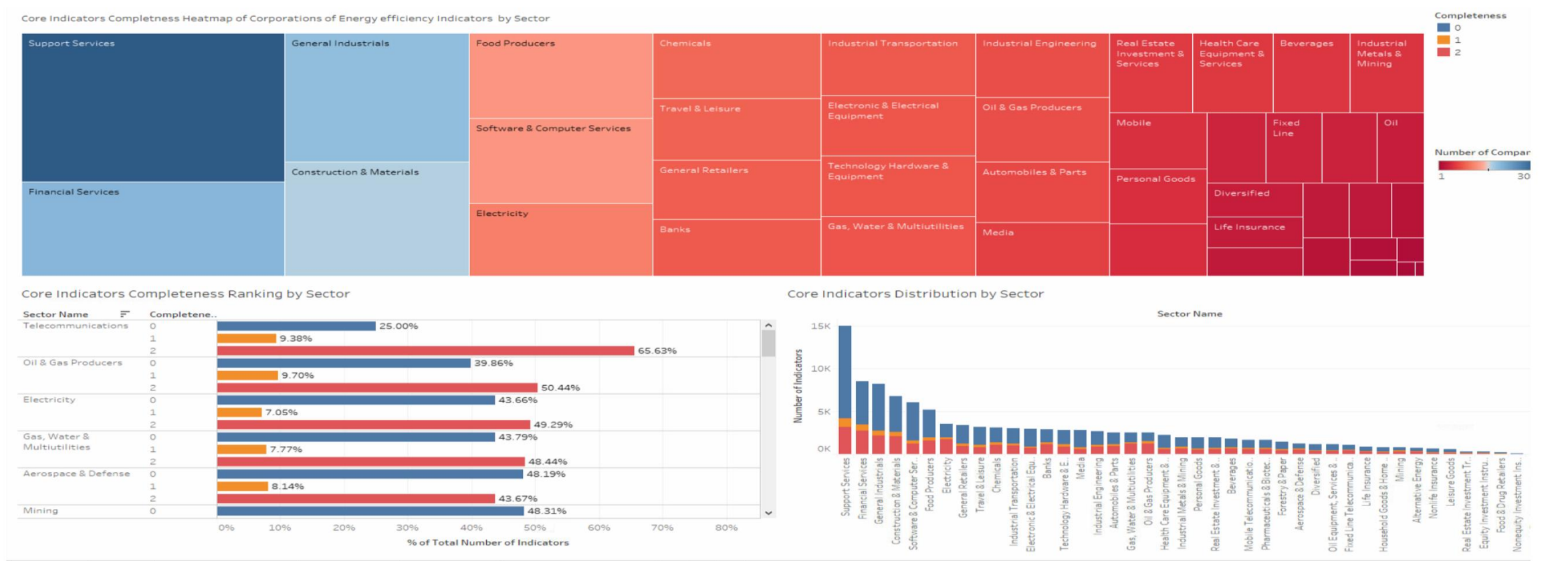
Every time the company provides new data, the algo automatically updates the database based on the company level of disclosure.



Valid Survey responses are added to a central database. The invalid responses and missing values are identified and flagged.

Example of Data-mining Technology: AI-driven GCI Reporting Completeness by Sector

After analyzing the data from thousands of companies using AI-driven tools, the results can be aggregated to identify which Industrial Sectors have the biggest gaps and terms of availability of GCI indicators in their reports, such as in the heatmap shown below resulting from the analysis of thousands of firms in more than 130 Countries.



5. Next steps



*Elena Botvina,
Economic Affairs Officer, UNCTAD*

Next steps

- **Pilot testing** of Global Platform: April-June 2020
 - Candidate countries for initial pilot testing:
 - Guatemala
 - Ukraine
 - South Africa (TBC)
 - Colombia (TBC)
 - Following the testing period the methodology will be gradually implemented in other countries.
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6. Questions and Answers



*Fabienne Pierre, One Planet network
Secretariat, UNEP*

Resources

Methodology for Indicator SDG 12.6.1 (note that the methodology document is undergoing an update, which will be released shortly)

https://environmentlive.unep.org/media/docs/projects/draft_proposal_methodology_12_6_1_may_2019.pdf

Toolkit - Enhancing the Uptake and Impact of Corporate Sustainability Reporting

<https://www.unenvironment.org/enhancing-uptake-and-impact-corporate-sustainability-reporting>

Thank you



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