SDG Impact
A UNDP flagship to mobilize private capital for the SDGs

November 2021
SDG Impact is a UNDP flagship initiative created to accelerate the mobilization of private capital towards the achievement of the SDGs by 2030.

Vision: A world in which all capital flows advance the Sustainable Development Goals.

The private sector is looking for opportunities to contribute positively, but needs help translating those good intentions into action that results in tangible net positive impact for people and the planet.

Mission: SDG Impact provides investors and businesses the clarity, insights, and tools required to strengthen and authenticate their contribution to achieving the SDGs.

Development, philanthropic, and public sector capital alone is not sufficient to solve the SDGs – private sector capital also needs to be mobilized and capital across the system needs to work together and in different ways to solve our greatest challenges.
SDG Impact helps businesses and investors put sustainability at the core of management decisions and direct capital to where it can make the most difference to people and the planet.

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<td>A means to better decisions that drive investment capital to where it is needed</td>
<td>Producing data and insights needed for increasing financial flows to the SDGs</td>
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Facilitation: investor convenings, policy dialogues
Capacity building: training and education
We are not yet on a sustainable path

We are not on track to achieve the SDGs – at the 2019 rate of progress, it would be 2082 before all SDGs are realized – and that was before COVID-10, which is likely to set progress back by at least another ten years.

Not enough of global finance is reaching the people and countries that need it most…….

Inequality, climate change and other sustainable development issues are increasingly a constraint on economic growth potential

Many business and investment decisions and activities are having negative impacts on society and the environment that could be avoided or significantly reduced – we need a focus on making all business and investment decisions more sustainable

It is unclear how much of business activities and investments labelled as “sustainable” are actually promoting sustainable development and how much is actually “SDG-washing“
The business case for sustainability and the SDGs

Use a common language and shared purpose to:

- Open-up new business and investment opportunities and efficiency gains
- Future proof businesses (resilience)
- Manage risk more effectively
- Enhance reputation
- Attract and retain employees, consumers, B2B customers, and investors
- Strengthen stakeholder relations
- Drive innovation
- Secure social license to operate
- Keep pace with – and anticipate future – policy developments
- Stabilize societies and markets

“Contributing to and achieving the SDGs offer a compelling growth strategy for businesses and for the world economy as a whole.”

“Better Business Better World” report by the Business Commission on Sustainable Development’s (BCSD)
### Investment drivers

- **Because it provides a good fit with investors’ long-term investment approach;**
- **As “universal owners”, a healthy economy, society, environment contributes to financial performance – by enhancing return potential and/or reducing systematic risks;**
- **With significant trends such as population growth, aging populations, climate change, increasing resource scarcity, and rising in-country inequality, a sustainability/impact lens may help to identify and manage emerging risks before costs are internalized.**
- **To identify emerging market trends and socially/environmentally oriented commercial investment opportunities ahead of the curve, and thus capitalize on first-mover advantage.**

#### Client/stakeholder drivers

- **To meet customer expectations and provide customer choice – including attracting and retaining the millennial generation as they become the beneficiaries of significant intergenerational wealth transfer in coming years;**
- **To provide an opportunity to shift the conversation with women about their investments and provide a more meaningful connection with which to increase engagement and participation.**
- **To make a positive contribution to the society their customers will retire into.**

#### Reputational drivers

- **Values driven - desire to make a positive social impact, consistent with, and a demonstration of, the organization’s values.**
- **To protect the organization’s social license to operate/reputation;**
- **To attract, engage and retain high quality staff, including by providing highly valued development opportunities to key personnel.**
Impact Management
Standards, Assurance and Education

A means to better decisions that drive investment capital to where it is needed
The SDG Impact Standards can help businesses and investors make management decisions to optimize interrelated economic, social and environmental impacts

- From an add on to what business gets done to how all business gets done
- From SDG alignment to SDG action
- From reporting to decision making
- From measurement to management
- From operational to strategic
- From financial risk management to sustainability
- From ego-centric organizational/sector view to eco-centric system wide view
SDG Impact Standards and Assurance

**SDG Impact Standards**
- About the SDG Impact Standards
- SDG Impact Standards Glossary
- The SDG Impact Standards
- SDG Impact Standards Guidance
  - Standards guidance to promote consistent application
  - Reference frameworks & other resources
  - Self assessment tool
- Guidelines for asset owners/allocators (GISD)

**Assurance**
- Assurance Framework
  - Governance
  - Assurer accreditation & training
  - Administration of SDG Impact Seal
- Assurance Protocols
  - Minimum thresholds based on (but lower than) the levels set in the SDG Impact Standards
  - PLUS commitment to continuous improvement and demonstrated progress towards best practice in line with the SDG impact Standards
- Workflow tools
  - Workbook for users and assurers to organize and document work – against evidence requirements & minimum thresholds
- Assurer resources:
  - Template Engagement Letter
  - Template Assurance Opinion and Report
  - Template Management Letter

**Education and Training**
- Impact Measurement and Management for the SDGs (Duke Uni.) – free online Coursera course
- User training on the SDG Impact Standards targeted to different user groups
- Assurer Training
The SDG Impact Standards build on and complement existing work of others

Examples:
- UN Guiding Principles for Business and Human Rights
- Ten Principles of UN Global Compact
- UN Women’s Empowerment Principles
- UN Sustainable Development Goals
- Impact Management Project shared norms
- Capitals Coalition Natural and Social and Human Capital Protocols
- Social Value International - Standards

Examples:
- Operating Principles for Impact Management
- UNEP FI’s Positive Impact Finance and Responsible Banking Principles
- UNGC Principles on Integrated SDG Investments and Finance
- Social Value International – Social Value Principles
- GIIN Core Characteristics of Impact Investors

Examples:
- B Lab SDG Action Manager
- UNEP FI Radar Tool
- OECD Guidelines for Multinational Enterprises
- EU Taxonomy for Sustainable Activities
- UNCTAD
- IRIS+ System
- Global Reporting Initiative

Examples:
- Sustainability reporting
  - Sustainable Development Goal Disclosure Recommendations
- Enterprise value reporting
  - Sustainability Accounting Standards Board
  - Integrated <IR> Reporting Framework
  - Taskforce on Climate-Related Financial Disclosures
  - IFRS
The SDG Impact Standards are an internal decision-making framework to help shift private sector engagement with the SDGs from reporting and alignment to decision-making and action.

The foundation of the SDG Impact Standards is operating sustainably and contributing positively to the SDGs which cannot be achieved without demonstrating respect for planetary boundaries, human rights and other responsible business practices and is realized through effective impact management and decision making.

Good practice and internal decision-making leads to better reporting and disclosure:
- The SDG Impact Standards provide the blue-print for integrating impact management and the SDGs into internal practices and decision-making that will make meeting disclosure and reporting requirements under existing and future frameworks more efficient and effective.
The Standards can help drive change across the whole system leveraging UNDP’s role as a steward and integrator of the SDGs and OECD’s relationships with donor countries

Enterprises, PE Funds, Bond Issuers and Private sector partners
Can use the Standards to:
- Put sustainable development at the heart of business purpose, strategy and decision making
- Better address sustainable development risks and opportunities
- Map and design their internal impact management systems
- Undertake self-assessment and gap analysis
- Work with other actors across the system to collaborate and create blended finance solutions

Investors
Can use the Standards to set investee expectations, frame their investment guidelines, identify questions and/or otherwise manage their internal work.

Analysts and advisors
Can use the Standards to determine, benchmark and compare and/or provide guidance on impact management practices.

Government and policy makers
Can use the Standards to align with the Standards as issuers or originators and through policy and regulations.
OECD, UNDP and Joint SDG Fund collaborate to introduce impact standards in developing countries
Engagement with the SDG Impact Standards can help build the pathway to third party assurance:

Voluntary independent use
- The Standards are designed to be used as a best practice guide
- They can be used as a gap analysis and self-assessment tool
- And a guide to fill gaps and improve practice over time.

Voluntary assurance framework
- An external assurance framework and SDG Impact seal are being developed
- Assurance will be done by third party accredited assurers
- Pilots are set to begin in 2021-22
The upcoming SDG Impact Assurance Framework and SDG Impact Seal recognizes adopters of the SDG Impact Standards who are more likely to be contributing positively to sustainability and the SDGs:

**High quality, independent assurance:**
- Underpins value proposition and **credibility** of SDG Impact Standards
- Underpins **market trust, credibility and confidence**
- Improves **impact integrity** and reduces the potential for impact washing
- Reduces risk of management bias or blind-spots
- Improves **transparency**, quality and **reliability** of information
- Draws attention to shortcomings, and creates impetus to improve
- Allows organizations to offer evidence of how they are integrating sustainability into decision making in line with the Standards and attract impact focused capital.

**SDG Impact's open-source assurance framework** to complement the SDG Impact Standards will:
- Set **minimum thresholds** to encourage organizations onto the assurance journey
- Require **periodic updates** – i.e., not a once-off
- Embed **continuous improvement** into design
- Set assurer **accreditation criteria** and training to build assurance market capacity and capability
- Increase consistency, transparency and reduce risk of fragmentation of proprietary assurance approaches
The path to the SDG Impact Seal: the 3 steps journey to impact

**AUDIENCE**
- Enterprises
- PE/VC Funds
- Bond Issuers
- Asset Owners

**LEARN**
- Webinars
- Master Class
- Training

**ADOPT**
- Self-assessment Baseline
- Self-assessment Progress
- Assurance readiness
- Assurance by a third-party certified assurance provider

**EMBED**
- Embedded
- Assured

**Continuous improvement**
- Behavior change
- Engagement
- Communication

**Support for the change**
- Old way
- New way

**New way**
- Assurance readiness vis-a-vis minimum requirements

Source: Adapted from Bain & Company; “Six Key Change Communications Takeaways from Jessica Snow-Wasserman”

**Old way**
- Time
- Self-assessment Progress
Engagement with the SDG Impact Standards will typically take businesses and investors through the following journey:

**Awareness:**
Understanding SDG Impact Standards and relevance to the organization’s impact thesis and business model.

**Experimentation:**
Learning about how to identify, prioritize and manage impacts and SDGs where the organization can have contributed the most.

**Assurance:**
Third party assurance certification to show that the organization makes decisions embedding impact/sustainability considerations.

**Adoption:**
Integration of SDG standards into ‘business as usual’ practices and operating model.
A new free on-line foundational IMM course developed with Duke University’s Fuqua School of Business launched in Sept 2021 will help organizations adopt the Standards and integrate sustainability into decision-making.

Impact Measurement and Management for the Sustainable Development Goals (SDGs)

Register: https://coursera.org/learn/impact-for-sdgs.
SDG Impact Standards for Private Equity Funds at a glance:
Who can the Private Equity Standards be applied to?

All Private Equity Fund Managers can apply these Standards to one or more of their funds – irrespective of size, geography, or sector.

The Standards can also be applied to private debt and venture capital funds.
| 1. STRATEGY | Embed contributing positively to sustainable development and the SDGs into Fund purpose and investment strategy |
| 2. STRATEGY | Develop impact thesis |
| 3. STRATEGY | Set portfolio level impact goals |
| 4. STRATEGY | Adjust impact thesis, investment strategy and portfolio level impact goals as needed to optimize impact |
| 5. MANAGEMENT APPROACH | Align mechanisms and processes with Fund purpose to deliver on strategy, including impact thesis and portfolio level impact goals |
| 6. MANAGEMENT APPROACH | Develop methodology, processes, and systems to effectively measure, monitor and manage impact, and integrate into decision-making |
| 7. MANAGEMENT APPROACH | Pre-screen, select, and structure investments in line with purpose, investment strategy, impact thesis and portfolio level impact goals |
| 8. MANAGEMENT APPROACH | Monitor and manage the impact performance of each investment and for the Fund overall, acting to optimize and sustain impact, including after exit |
| 9. MANAGEMENT APPROACH | Embed continuous improvement, updating investment and impact management practices as needed, and share lessons with investees and partners |
| 10. TRANSPARENCY | Disclose how contributing positively to sustainable development and the SDGs is integrated into the Fund purpose, impact thesis and investment strategy, and report on performance |
| 11. GOVERNANCE | Integrate oversight of the Fund’s responsible business practices, investment strategy, impact thesis, portfolio wide impact goals and related impact management practices into governance framework |
| 12. GOVERNANCE | Ensure governing body leads by example |
### SDG Impact Standards for Private Equity Funds – Mapping Practice Indicators to Fund’s actions

<table>
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<th>STRATEGY</th>
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<tr>
<td>Mapped to Practice Indicators</td>
<td>Determine how Fund will contribute positively to sustainable development and the SDGs, engaging with the sustainable development context to understand what’s important and embedding respect for human rights, planetary boundaries, and other responsible business practices in approach (1.1.1)</td>
<td>Develop impact thesis, demonstrating compatibility with investment strategy and magnitude of expected impact commensurate with Fund size (1.1.2, 1.1.3, 1.1.5) Promote alignment of interests among partners, investees, and Stakeholders (1.1.4)</td>
<td>Set ambitious portfolio level impact goals in line with impact thesis and including cross-cutting goals and goals to prevent and/or reduce all material negative outcomes (1.2.1, 1.2.2, 1.2.4) Determine resources that will be allocated towards achieving impact goals (1.1.6)</td>
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<tr>
<td>Fund actions</td>
<td>MANAGEMENT APPROACH</td>
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<tr>
<td>5. Align mechanisms and processes with Fund purpose to deliver on strategy, including impact thesis and portfolio level impact goals</td>
<td>6. Develop methodology, processes, and systems to effectively measure, monitor and manage impact, and integrate into decision-making</td>
<td>7. Pre-screen, select, and structure investments in line with purpose, investment strategy, impact thesis and portfolio level impact goals</td>
<td>8. Monitor and manage the impact performance of each investment and for the Fund overall, acting to optimize and sustain impact, including after exit</td>
</tr>
<tr>
<td>Mapped to Practice Indicators</td>
<td>Embed respect for human rights, planetary boundaries, and other responsible business practices in Fund policies and procedures (2.1.1, 2.1.3, 2.1.4)</td>
<td>Develop and implement pre-screening criteria in line with purpose, impact thesis and impact goals (2.2.1)</td>
<td>Pre-screen potential investments in line with impact strategy and impact goals (2.2.2, 2.2.3)</td>
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<td>Allocate resources, align incentives and integrate accountability in line with Fund purpose, impact thesis and investment strategy (2.1.2)</td>
<td>Develop and implement impact assessment criteria in line with purpose, impact thesis and impact goals (2.3.2)</td>
<td>Develop and implement an effective impact monitoring system (2.5.1)</td>
<td>Conduct ex-ante impact assessments, developing investment level impact theses, selecting metrics, determining investor contribution, valuing impacts using a consistent measure (wellbeing) and making choices between options to optimize expected impact (2.3.1, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10)</td>
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<td>Structure investments, engaging collaboratively, agreeing and documenting terms (2.4.1, 2.4.2, 2.4.3, 2.4.4)</td>
<td>Capture results and lessons learned so that impact information is connected to investment decision-making and ongoing impact management activities (2.3.10)</td>
<td>Proactively manage exits (2.6.1, 2.6.2, 2.6.3)</td>
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**SDG Impact Standards for Private Equity Funds – Mapping Practice Indicators to Fund’s actions (cont.)**

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<thead>
<tr>
<th>Fund actions</th>
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<th>GOVERNANCE</th>
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<tr>
<td>9. Embed continuous improvement, updating investment and impact management practices as needed, and share lessons with investees and partners</td>
<td>10. Disclose how contributing positively to sustainable development and the SDGs is integrated into the Fund purpose, impact thesis, and investment strategy, and report on performance</td>
<td>11. Integrate oversight of the Fund’s responsible business practices, investment strategy, impact thesis, portfolio wide impact goals and related impact management practices into governance framework</td>
<td>12. Ensure governing body leads by example</td>
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<tr>
<td>Mapped to Practice Indicators</td>
<td>Refine impact management practices over time based on impact results, lessons learned and changes in the sustainable development context, and share lessons with investees and partners (2.3.10, 2.5.8, 2.6.3)</td>
<td>Disclose relevant information about the Fund and Fund Manager, including how contributing positively to sustainable development and the SDGs is integrated into Fund purpose, impact thesis, investment strategy and impact goals (3.1, 3.4) Report at least annually on the performance of the Fund, communicating its impacts consistently using the SDGs and ABC Impact Classifications and in context (3.2, 3.3)</td>
<td>Governing body has oversight of the Fund’s responsible business practices, investment strategy, impact thesis, portfolio wide impact goals and related impact management practices (4.1) The Fund’s parent and/or holding company has policies, practices and performance relating to governance and responsible business practices, consistent with the requirements set out in these Standards (4.3)</td>
<td>Governing body includes sustainable development competencies and diversity in its composition, operates transparently and recognizes the importance of acting on behalf of impacted stakeholders (4.2, 1.2.3) Governing body holds management accountable for responsible business practices, impact management practices and impact performance (4.2)</td>
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Thank you

Website: sdgimpact.undp.org
Twitter: @sdgimpact
APPENDIX:
SDG Impact Standards for Enterprises and Bond Issuers at a glance:
Who can the Enterprise Standards be applied to?

All Enterprises committed to operating sustainably and contributing positively to sustainable development and the SDGs – regardless of size, geography, or sector, including:

- publicly listed Enterprises
- public interest, and private entities (both for-profit and not-for-profit),
- non-governmental organizations (NGOs),
- small and medium Enterprises (SMEs); and
- state-owned and other public sector entities.

**Micro and small Enterprises**

Implementing these Standards in micro and small Enterprises can be relatively straightforward and does not need to be expensive.

Micro and small Enterprises tend to be less complex, more flexible, have less degrees of separation between those making the decisions and those affected by the decisions, and already have close connections with their Stakeholders and the communities they operate within.

A training guide for micro and small Enterprises will be made available.
SDG Impact Standards for Enterprises – Enterprise actions

1. STRATEGY
Commit to operating responsibly and sustainably, contributing positively to the SDGs and optimizing impact

2. STRATEGY
Understand what's important to Stakeholders and achievement of the SDGs, and where the Enterprise is making impacts to determine where material impact can be made in the future

3. STRATEGY
Embed impact into purpose and strategy

4. STRATEGY
Set impact goals in line with now integrated purpose and strategy

5. STRATEGY
Adjust strategy and impact goals as needed to optimize impact

6. MANAGEMENT APPROACH
Align organizational culture, structure, capabilities, systems, and incentives with purpose and strategy

7. MANAGEMENT APPROACH
Develop methodology, processes, and systems to effectively measure impacts, and integrate into business decision-making

8. MANAGEMENT APPROACH
Assess, compare and monitor material impacts over time, with external benchmarks and between stakeholder groups and subgroups, generate options for increasing impact and make choices between options

9. MANAGEMENT APPROACH
Embed continuous improvement, updating impact management practices as needed

10. TRANSPARENCY
Disclose how responsible business practices, sustainability and contributing positively to the SDGs are integrated into decision-making and report on performance

11. GOVERNANCE
Integrate responsible business and impact management practices into governance framework

12. GOVERNANCE
Ensure governing body leads by example
### SDG Impact Standards for Enterprises – Mapping Practice Indicators to Enterprise actions

<table>
<thead>
<tr>
<th>Enterprise actions</th>
<th>Mapped to Practice Indicators</th>
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<tr>
<td>1. Commit to operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact</td>
<td>Decide that operating responsibly and sustainably, and contributing positively to the SDGs is central to business purpose (1.1.1)</td>
</tr>
</tbody>
</table>
| 2. Understand what’s important to Stakeholders and achievement of the SDGs, and where the Enterprise is making impacts to determine where material impact can be made in the future | Increase understanding of sustainable development context including about the global, national, and local SDG priorities and gaps and interdependency across the SDGs (1.1.4, 1.1.2)  
  Identify and engage with Stakeholders to understand what matters to them (1.1.5)  
  Map current and future potential impacts on different Stakeholders (including under-represented Stakeholder segments) through the value chain, and determine what impacts are material based on what is important to them (1.1.6) |
| 3. Embed impact into purpose and strategy | Develop an impact thesis to translate sustainability and contributing positively to the SDGs into actionable steps and into business strategy (1.1.1)  
  Embed respect for human rights, planetary boundaries, and other responsible business practices in approach (1.1.3)  
  Assess business models and partnership approaches (1.1.7)  
  Integrate strategy and impact goals into business plan, and allocate adequate budget & resources to achieve strategic plan and impact goals (1.1.10) |
| 4. Set impact goals in line with now integrated purpose and strategy | Set ambitious and measurable goals for all material impacts (including negative ones) and cross cutting issues in context of baselines, thresholds and rate of change required to achieve the goal in a timely way (1.2.1, 1.2.2, 1.2.3, 1.2.5)  
  Specify goals according to SDG outcomes areas & ABC impact classifications (1.2.4)  
  Assess the risk (including to Stakeholders) that impacts may not occur as expected (1.1.8, 1.1.9) |
### SDG Impact Standards for Enterprises – Mapping Practice Indicators to Enterprise actions (continued)

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<tr>
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<tr>
<td>5. Adjust strategy and impact goals as needed to optimize impact</td>
<td>6. Align organizational culture, structure, capabilities, systems, and incentives with purpose and strategy</td>
<td>7. Develop methodology, processes, and systems to effectively measure impacts, and integrate into business decision-making</td>
<td>8. Assess, compare, and monitor material impacts over time, with external benchmarks and between stakeholder groups and subgroups, generate options for increasing impact and make choices between options</td>
</tr>
<tr>
<td><strong>Mapped to Practice Indicators</strong></td>
<td><strong>Review and adjust strategy &amp; impact goals as internal &amp; external contexts change &amp; as information on actual impact becomes evident</strong> (1.1.11)</td>
<td>Embed respect for human rights, planetary boundaries, and other responsible business practices in policies and procedures (2.1.1, 2.1.2)</td>
<td>Develop approach to identify decision-useful metrics and collect, verify, manage, and use impact data appropriately (2.1.6, 2.3.2)</td>
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<td>Develop outside-in ways of working, involving Stakeholders in decision-making, engaging with government bodies, and collaborating with peers and potential partners on collective solutions (2.1.3, 2.1.4)</td>
<td>Develop methodology for assessing, monitoring, and managing impacts (2.2.1, 2.2.2, 2.2.3, 2.3.1, 2.3.3, 2.3.4)</td>
<td>Determine how much information is needed to make a decision (2.2.4)</td>
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<td>Develop capacity, integrate accountability, and align incentives with purpose and strategy (2.1.5)</td>
<td>Determine when independent impact evaluations will be required to manage impact risk (2.2.6)</td>
<td>Capture results and lessons learned so that impact information is connected to business decision-making and ongoing impact management activities and continuous improvement (2.2.7, 2.3.5)</td>
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<td>Analyze deviations from expected outcomes and respond accordingly (2.3.3)</td>
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<td></td>
<td>Assess and compare material impacts based on methodology established in 7 (2.1.6, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.6)</td>
<td>Make choices between options to optimize impact and positive contribution to the SDGs (2.2.5)</td>
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<td>Monitor actual impact performance against expected impact and as against baselines, counterfactuals, and thresholds and act to optimize impact and contribution to the SDGs (2.3.1, 2.3.2, 2.3.4)</td>
<td>Analyze deviations from expected outcomes and respond accordingly (2.3.3)</td>
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<tr>
<td>Enterprise actions</td>
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<tr>
<td>9. Embed continuous improvement, updating impact management practices as needed</td>
<td>Refine impact management practices over time based on impact results, lessons learned and changes in the sustainable development context (2.1.7, 2.3.5)</td>
<td>10. Disclose how responsible business practices, sustainability and contributing positively to the SDGs are integrated into decision-making and report on performance</td>
<td>Governing body has oversight of the Enterprise's integration of sustainability and contributing positively to the SDGs into its purpose, strategy, risk management and decision-making practices and its responsible business and impact management practices and performance (4.1)</td>
</tr>
<tr>
<td>10. Disclose how responsible business practices, sustainability and contributing positively to the SDGs are integrated into decision-making and report on performance</td>
<td>Disclose/report in line with the Sustainable Development Goal Disclosure (SDGD) Recommendations, Stakeholder needs, and relevant laws and regulations (3.1, 3.3, 3.5)</td>
<td>Governing body has oversight of the Enterprise's integration of sustainability and contributing positively to the SDGs into its purpose, strategy, risk management and decision-making practices and its responsible business and impact management practices and performance (4.1)</td>
<td>The Enterprise's parent and/or holding company has policies, practices and performance relating to governance and responsible business and impact management practices (in line with the Enterprise's values, purpose, and policies) and performance (4.2)</td>
</tr>
<tr>
<td>11. Integrate responsible business and impact management practices into governance framework</td>
<td>Communicate impact performance consistently and in context (3.2)</td>
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<tr>
<td>12. Ensure governing body leads by example</td>
<td>Disclose policies concerning human rights and other responsible business practices (3.4)</td>
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<td></td>
<td>Have impact/ sustainability reports assured and implement recommendations (3.6)</td>
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Who can the Bond Issuer Standards be applied to?

All Bond Issuers – regardless of size, geography or sector – who want to contribute positively to sustainable development and the SDGs. This includes:

• Sovereigns (and sub-sovereigns such as states, provinces, cities, towns or municipalities),
• supra-nationals and government entities,
• companies,
• financial institutions; and
• special purpose entities backed by activities, assets or projects (e.g., securitizations, infrastructure transactions).

The Standards apply equally to Issuers raising capital for their own use and those raising capital for third party obligors.

The Standards can be applied to Issuers’ other debt obligations, such as loans.
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<th>SDG Impact Standards for Bond Issuers – Issuer actions</th>
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<tbody>
<tr>
<td>1.</td>
<td><strong>STRATEGY</strong> Embed responsible business practices in organization-wide approach and define scope of impact strategy (which the SDG Bond Program relates to)</td>
</tr>
<tr>
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<td>3.</td>
<td><strong>STRATEGY</strong> Develop impact strategy, incorporating operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact into the approach</td>
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<td>4.</td>
<td><strong>STRATEGY</strong> Establish SDG Bond Program and set impact goals in line with impact strategy</td>
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<td><strong>MANAGEMENT APPROACH</strong> Develop methodology, processes, and systems to effectively measure impacts, and integrate into decision-making</td>
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<td>8.</td>
<td><strong>MANAGEMENT APPROACH</strong> Assess, compare and monitor material impacts over time, with external benchmarks and between stakeholder groups and subgroups, generate options for increasing impact and make choices between options</td>
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<td>9.</td>
<td><strong>MANAGEMENT APPROACH</strong> Embed continuous improvement, updating impact management practices as needed</td>
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<td>10.</td>
<td><strong>TRANSPARENCY</strong> Disclose how contributing positively to sustainable development and the SDGs is integrated into impact strategy and SDG Bond Program, and report on performance</td>
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<td>11.</td>
<td><strong>GOVERNANCE</strong> Integrate oversight of the Issuer's responsible business practices and the impact strategy, SDG Bond Program, and related impact management practices into governance framework</td>
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<td><strong>GOVERNANCE</strong> Ensure governing body leads by example</td>
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### SDG Impact Standards for Bond Issuers – Mapping Practice Indicators to Issuer’s actions

<table>
<thead>
<tr>
<th>Issuer actions</th>
<th>Mapped to Practice Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Embed responsible business practices in organization-wide approach and define scope of impact strategy (which the SDG Bond Program relates to)</td>
<td>Embed respect for human rights, planetary boundaries, and other responsible business practices in organization-wide approach (1.1.1) Define scope of impact strategy, and link to organization-wide strategy (1.1.2)</td>
</tr>
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<td>2. Within impact strategy scope, understand what’s important to Stakeholders and achievement of the SDGs, and where impacts are currently being made to determine where material impact can be made in the future</td>
<td>Increase understanding of sustainable development context including about the global, national, and local SDG priorities and gaps and interdependency across the SDGs (1.1.3.4, 1.1.3.1) Identify and engage with Stakeholders to understand what matters to them (1.1.3.3) Map current and future potential impacts on different Stakeholders (including under-represented Stakeholder segments) through the value chain, and determine what impacts are material based on what is important to them (1.1.3.5)</td>
</tr>
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<td>3. Develop impact strategy, incorporating operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact into the approach</td>
<td>Develop impact strategy to translate sustainability and contributing positively to the SDGs into actionable steps (1.1.2) Assess business models and partnership approaches (1.1.3.2) Integrate strategy and impact goals into relevant business plans, and allocate adequate budget &amp; resources to achieve impact strategy and goals (1.1.3.9)</td>
</tr>
<tr>
<td>4. Establish SDG Bond Program and set impact goals in line with the impact strategy</td>
<td>Establish SDG Bond Program (1.2.1) Set ambitious and measurable goals for the SDG Bond Program according to SDG outcome areas and ABC impact classifications for all material impacts (including negative ones) and cross cutting issues in context of baselines, thresholds and rate of change required to achieve the goal in a timely way (1.2.2) Assess risk (including to Stakeholders) that impacts may not occur as expected (1.1.3.6, 1.1.3.7) Set out clear measures within the SDG Bond Program if impact goals are not met (1.2.3)</td>
</tr>
</tbody>
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SDG Impact Standards for Bond Issuers – Mapping Practice Indicators to Issuer’s actions (continued)

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<p>| Mapped to Practice Indicators | Review and adjust impact strategy and impact goals as internal and external contexts change and as information on actual impact becomes evident (1.1.3.8) | Embed respect for human rights, planetary boundaries, and other responsible business practices in organization-wide policies and procedures (2.1.1) Within impact strategy scope, involve Stakeholders in decision-making (2.1.2) Within impact strategy scope, develop capacity, integrate accountability, and align incentives with impact strategy (2.1.3) Where practicable, work proactively with SDG Bond Program arrangers (and potential investors) to set impact expectations and promote alignment (2.1.6) | Develop approach to identify decision-useful metrics and collect, verify, manage, and use impact data appropriately (2.1.4, 2.3.2) Develop methodology for assessing, monitoring, and managing impacts (2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.6, 2.3.1, 2.3.3, 2.3.4) Capture results and lessons learned so that impact information is connected to business decision-making and ongoing impact management activities and continuous improvement (2.2.7, 2.3.5) Where the Issuer is not the end user of the bond proceeds, it originates, monitors, and manages assets in line with the impact strategy (2.2.8) | Assess and compare material impacts based on methodology established in 7 (2.1.4, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.6) Make choices between options to optimize impact and positive contribution to the SDGs (2.2.5) Monitor actual impact performance against expected impact and as against baselines, counterfactuals, and thresholds and act to optimize impact and contribution to the SDGs (2.3.1, 2.3.2, 2.3.4) Analyze deviations from expected outcomes and respond accordingly (2.3.3, 2.3.6, 2.3.7) |</p>
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<td>Mapped to Practice Indicators</td>
<td>Refine impact management practices over time based on impact results, lessons learned and changes in the sustainable development context (2.1.5, 2.3.5)</td>
<td>Disclose relevant information about the Issuer, the impact strategy and the SDG Bond Program (3.1)</td>
<td>Governing body has oversight of the Issuer's responsible business practices, impact strategy and SDG Bond Program, and related impact management practices (4.1)</td>
<td>Governing body includes sustainable development competencies and diversity in its composition, operates transparently and recognizes the importance of acting on behalf of impacted stakeholders (4.2)</td>
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<td>Report at least annually on the performance of the SDG Bond Program, communicating its impacts consistently using the SDGs and ABC Impact Classifications and in context (3.2)</td>
<td>The Issuer's parent and/or holding company has policies, practices and performance relating to governance and responsible business practices, consistent with the requirements set out in these Standards (4.3)</td>
<td>Governing body holds management accountable for its organization-wide responsible business practices and the Issuer's impact strategy and SDG Bond Program, related impact management practices and performance against its impact goals (4.2)</td>
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<td>Has SDG Bond Program impact reports assured and implements recommendations (3.3)</td>
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