



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

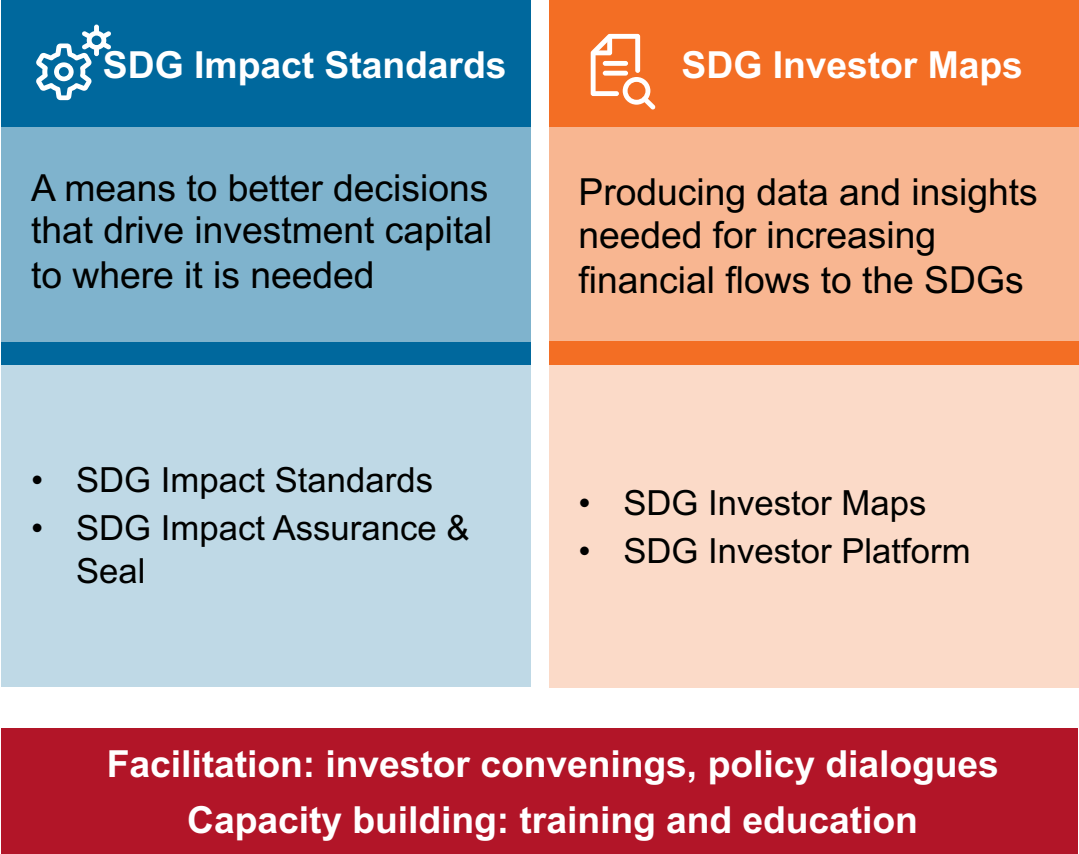
Development, philanthropic, and public sector capital alone is not sufficient to solve the SDGs – private sector capital also needs to be mobilized and capital across the system needs to work together and in different ways to solve our greatest challenges



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



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



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 for institutional investors and asset owners

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

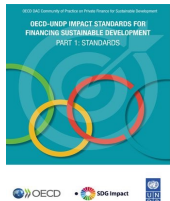
Education and Training



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



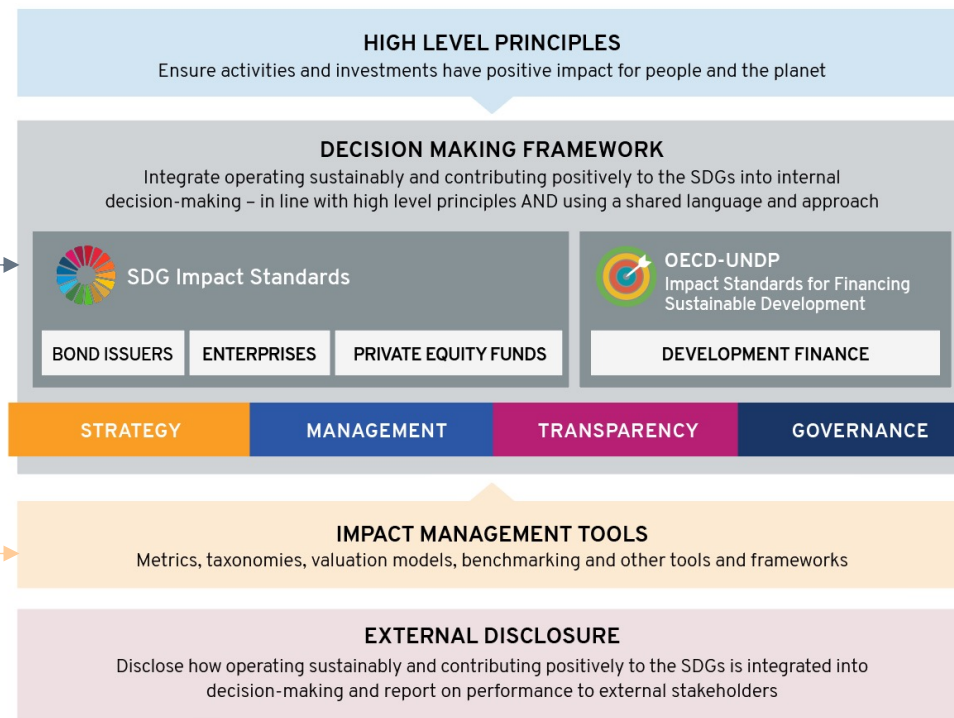
The SDG Impact Standards build on and complement existing work of others

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:

- 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:

- 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:

- Sustainability reporting*
- Sustainable Development Goal Disclosure Recommendations
 - Global Reporting Initiative
- 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.

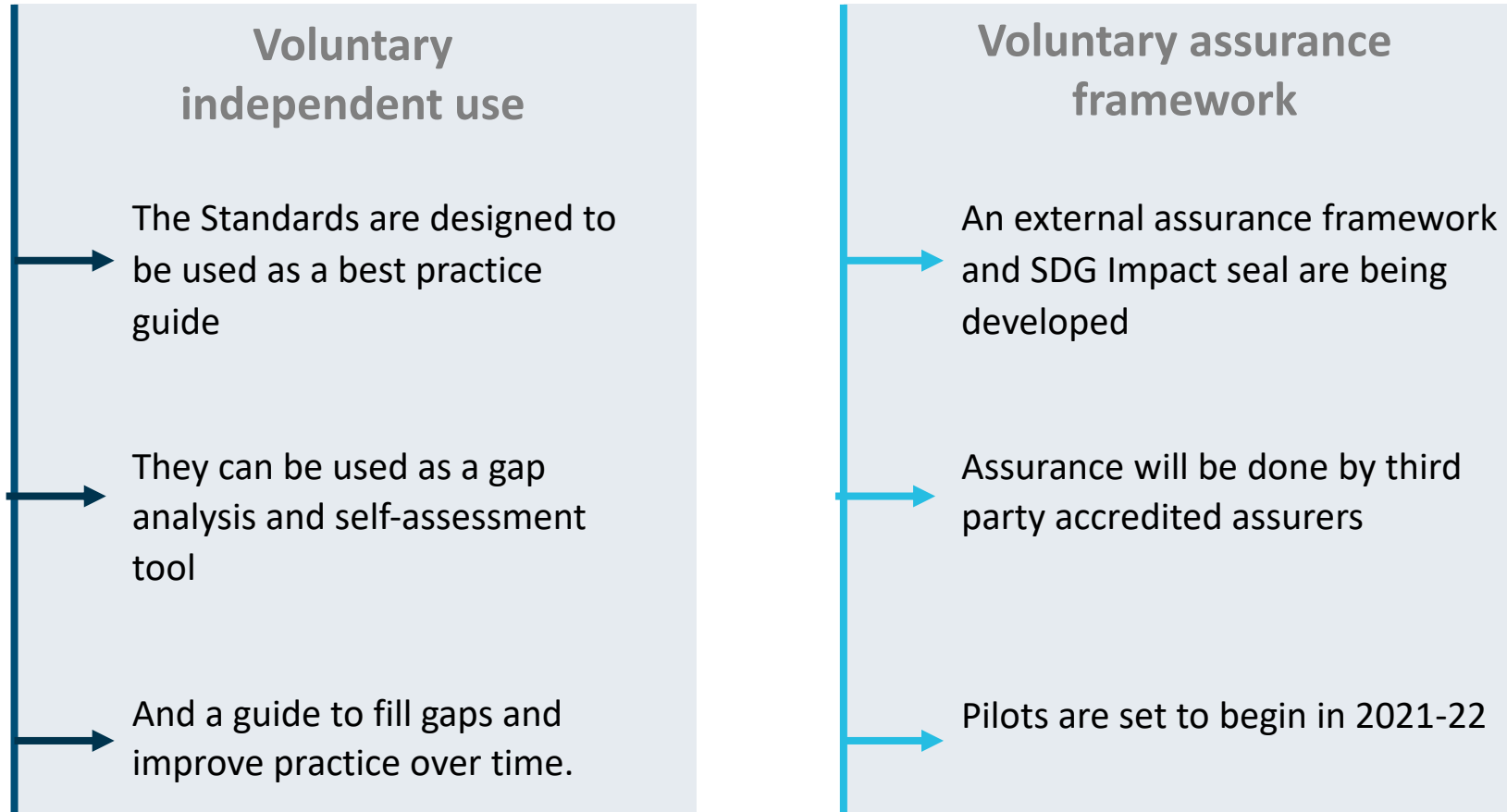
Government and policy makers

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:



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

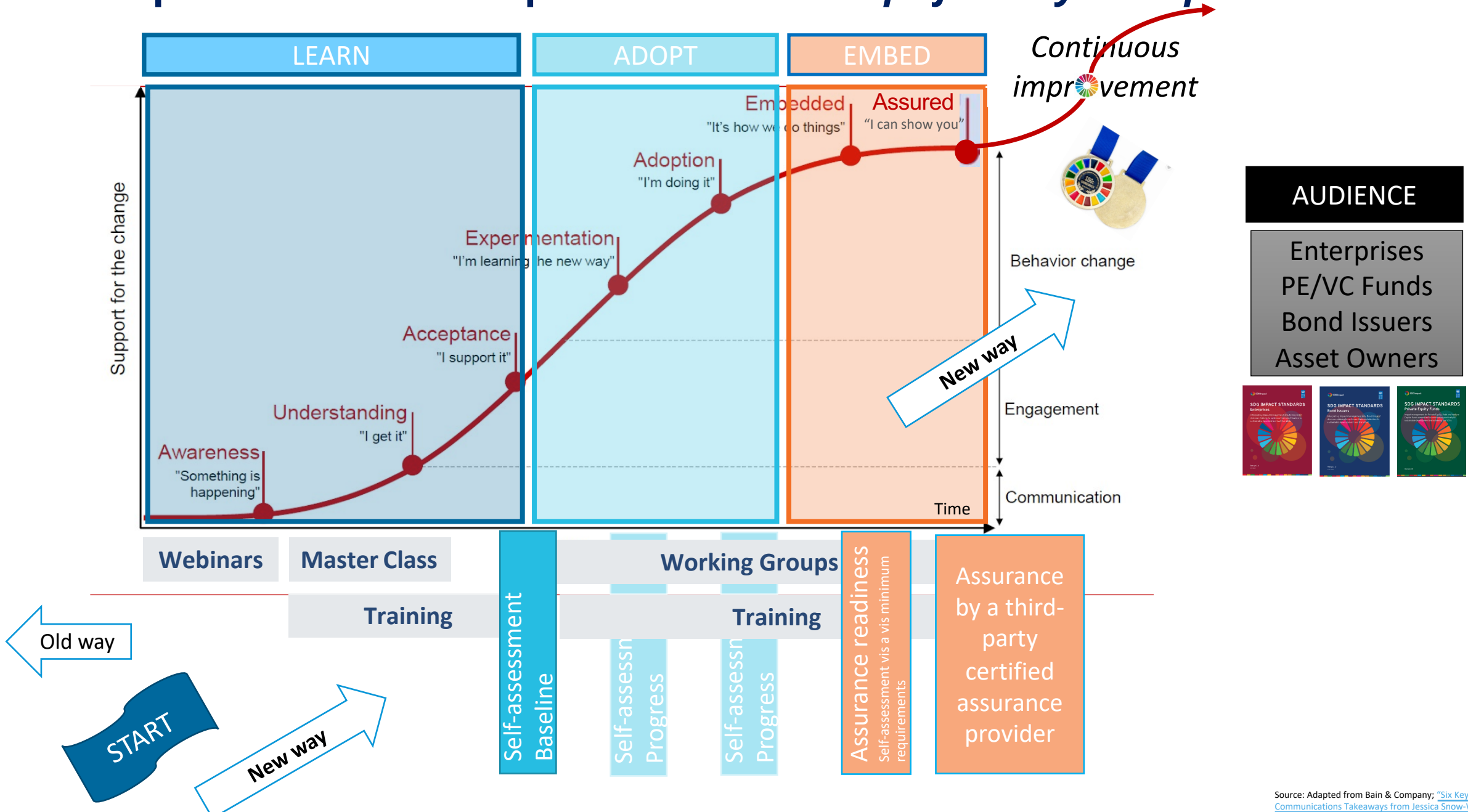
High quality, independent assurance:

- 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.**

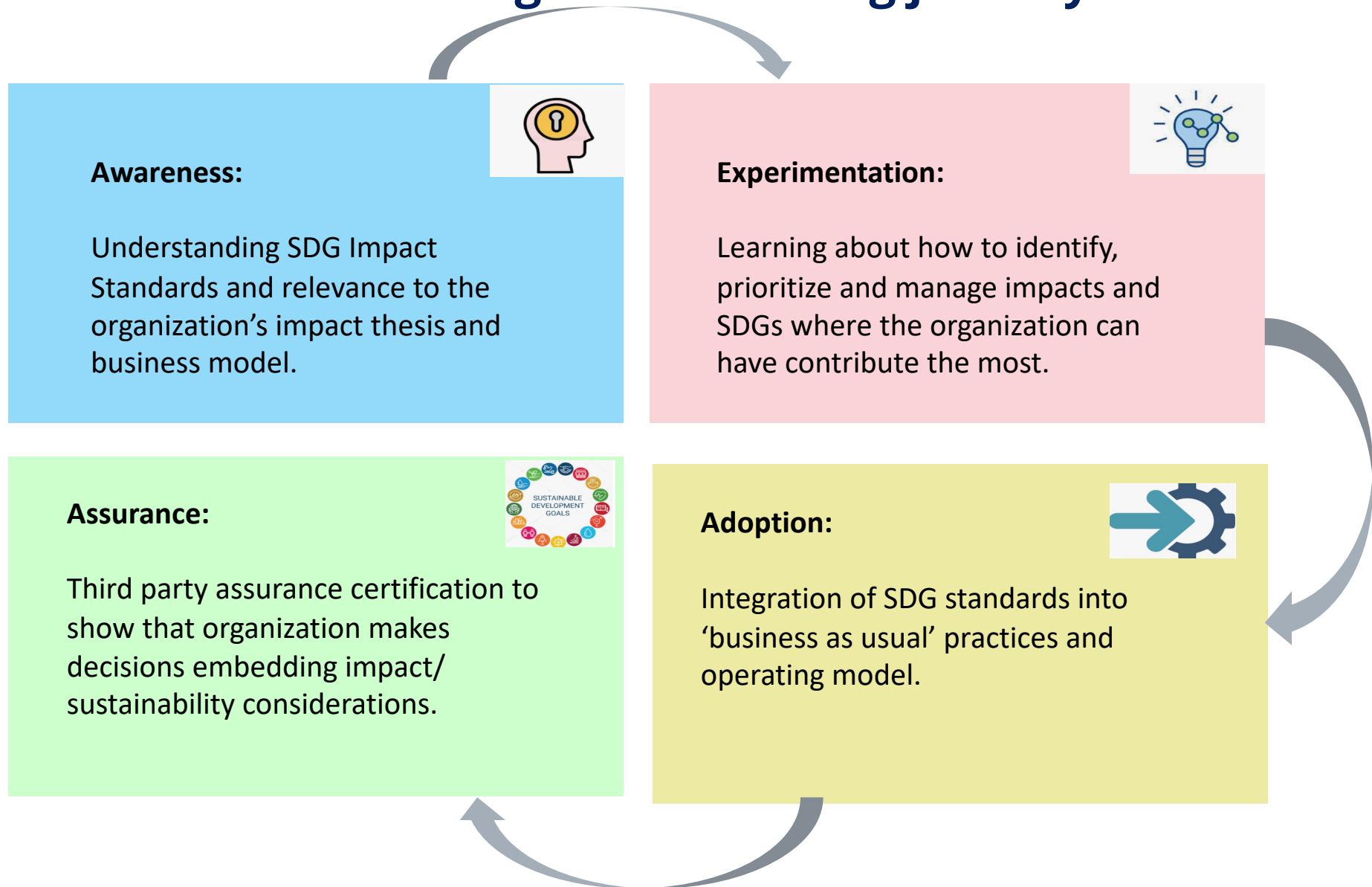
SDG Impact's **open-source assurance** framework to complement the SDG Impact Standards will:

- 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*



Engagement with the SDG Impact Standards will typically take businesses and investors through the following journey:



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.



SDG Impact Standards for Private Equity Funds – Fund actions

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

	STRATEGY	STRATEGY	STRATEGY	STRATEGY
Fund actions	1. Embed contributing positively to sustainable development and the SDGs into Fund purpose and investment strategy	2. Develop impact thesis	3. Set portfolio level impact goals	4. Adjust impact thesis, investment strategy and portfolio level impact goals as needed to optimize impact
Mapped to Practice Indicators	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)	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)	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)	Review and refine impact thesis, investment strategy and portfolio level impact goals as internal & external contexts change & as information on actual impact becomes evident (1.3)

SDG Impact Standards for Private Equity Funds – Mapping Practice Indicators to Fund’s actions (cont.)

	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH
Fund actions	5. Align mechanisms and processes with Fund purpose to deliver on strategy, including impact thesis and portfolio level impact goals	6. Develop methodology, processes, and systems to effectively measure, monitor and manage impact, and integrate into decision-making	7. Pre-screen, select, and structure investments in line with purpose, investment strategy, impact thesis and portfolio level impact goals	8. Monitor and manage the impact performance of each investment and for the Fund overall, acting to optimize and sustain impact, including after exit
Mapped to Practice Indicators	<p>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)</p> <p>Allocate resources, align incentives and integrate accountability in line with Fund purpose, impact thesis and investment strategy (2.1.2)</p>	<p>Develop and implement pre-screening criteria in line with purpose, impact thesis and impact goals (2.2.1)</p> <p>Develop and implement impact assessment criteria in line with purpose, impact thesis and impact goals (2.3.2)</p> <p>Develop and implement an effective impact monitoring system (2.5.1)</p>	<p>Pre-screen potential investments in line with impact strategy and impact goals (2.2.2, 2.2.3)</p> <p>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)</p> <p>Structure investments, engaging collaboratively, agreeing and documenting terms (2.4.1, 2.4.2, 2.4.3, 2.4.4)</p> <p>Capture results and lessons learned so that impact information is connected to investment decision-making and ongoing impact management activities (2.3.10)</p>	<p>Collect impact data, fill data gaps, and monitor and interpret impact performance against portfolio level impact goals and investment level impact targets, baselines, thresholds, and counterfactuals (2.5.2, 2.5.3, 2.5.4, 2.5.7)</p> <p>Make evidence-based decisions and take action to optimize impact, including working proactively with investees (2.5.5, 2.5.6)</p> <p>Proactively manage exits (2.6.1, 2.6.2, 2.6.3)</p>

SDG Impact Standards for Private Equity Funds – Mapping Practice Indicators to Fund’s actions (cont.)

	MANAGEMENT APPROACH	TRANSPARENCY	GOVERNANCE	GOVERNANCE
Fund actions	9. Embed continuous improvement, updating investment and impact management practices as needed, and share lessons with investees and partners	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	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	12. Ensure governing body leads by example
Mapped to Practice Indicators	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)	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)	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)	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)



Thank you

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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

	STRATEGY	STRATEGY	STRATEGY	STRATEGY
Enterprise actions	1. Commit to operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact	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	3. Embed impact into purpose and strategy	4. Set impact goals in line with now integrated purpose and strategy
Mapped to Practice Indicators	Decide that operating responsibly and sustainably, and contributing positively to the SDGs is central to business purpose (1.1.1)	<p>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)</p> <p>Identify and engage with Stakeholders to understand what matters to them (1.1.5)</p> <p>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)</p>	<p>Develop an impact thesis to translate sustainability and contributing positively to the SDGs into actionable steps and into business strategy (1.1.1)</p> <p>Embed respect for human rights, planetary boundaries, and other responsible business practices in approach (1.1.3)</p> <p>Assess business models and partnership approaches (1.1.7)</p> <p>Integrate strategy and impact goals into business plan, and allocate adequate budget & resources to achieve strategic plan and impact goals (1.1.10)</p>	<p>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)</p> <p>Specify goals according to SDG outcomes areas & ABC impact classifications (1.2.4)</p> <p>Assess the risk (including to Stakeholders) that impacts may not occur as expected (1.1.8, 1.1.9)</p>

SDG Impact Standards for Enterprises – Mapping Practice Indicators to Enterprise actions (continued)

	STRATEGY	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH
Enterprise actions	5. Adjust strategy and impact goals as needed to optimize impact	6. Align organizational culture, structure, capabilities, systems, and incentives with purpose and strategy	7. Develop methodology, processes, and systems to effectively measure impacts, and integrate into business decision-making	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
Mapped to Practice Indicators	Review and adjust strategy & impact goals as internal & external contexts change & as information on actual impact becomes evident (1.1.11)	<p>Embed respect for human rights, planetary boundaries, and other responsible business practices in policies and procedures (2.1.1, 2.1.2)</p> <p>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)</p> <p>Develop capacity, integrate accountability, and align incentives with purpose and strategy (2.1.5)</p>	<p>Develop approach to identify decision-useful metrics and collect, verify, manage, and use impact data appropriately (2.1.6, 2.3.2)</p> <p>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)</p> <p>Determine how much information is needed to make a decision (2.2.4)</p> <p>Determine when independent impact evaluations will be required to manage impact risk (2.2.6)</p> <p>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)</p>	<p>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)</p> <p>Make choices between options to optimize impact and positive contribution to the SDGs (2.2.5)</p> <p>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)</p> <p>Analyze deviations from expected outcomes and respond accordingly (2.3.3)</p>

SDG Impact Standards for Enterprises – Mapping Practice Indicators to Enterprise actions (continued)

	MANAGEMENT APPROACH	TRANSPARENCY	GOVERNANCE	GOVERNANCE
Enterprise actions	9. Embed continuous improvement, updating impact management practices as needed	10. Disclose how responsible business practices, sustainability and contributing positively to the SDGs are integrated into decision-making and report on performance	11. Integrate responsible business and impact management practices into governance framework	12. Ensure governing body leads by example
Mapped to Practice Indicators	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)	<p>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)</p> <p>Communicate impact performance consistently and in context (3.2)</p> <p>Disclose policies concerning human rights and other responsible business practices (3.4)</p> <p>Have impact/ sustainability reports assured and implement recommendations (3.6)</p>	<p>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)</p> <p>The Enterprise'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)</p>	<p>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)</p> <p>Governing body holds management accountable for its responsible business and impact management practices (in line with the Enterprise's values, purpose, and policies) and performance (4.2)</p>

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.



SDG Impact Standards for Bond Issuers – Issuer actions

1. STRATEGY

Embed responsible business practices in organization-wide approach and define scope of impact strategy (which the SDG Bond Program relates to)

2. STRATEGY

Within the 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

3. STRATEGY

Develop impact strategy, incorporating operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact into the approach

4. STRATEGY

Establish SDG Bond Program and set impact goals in line with impact strategy

5. STRATEGY

Adjust impact strategy and goals as needed to optimize impact

6. MANAGEMENT APPROACH

Align culture, structure, capabilities, systems, and incentives with impact strategy

7. MANAGEMENT APPROACH

Develop methodology, processes, and systems to effectively measure impacts, and integrate into 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 contributing positively to sustainable development and the SDGs is integrated into impact strategy and SDG Bond Program, and report on performance

11. GOVERNANCE

Integrate oversight of the Issuer's responsible business practices and the impact strategy, SDG Bond Program, and related impact management practices into governance framework

12. GOVERNANCE

Ensure governing body leads by example

SDG Impact Standards for Bond Issuers – Mapping Practice Indicators to Issuer’s actions

	STRATEGY	STRATEGY	STRATEGY	STRATEGY
Issuer actions	1. Embed responsible business practices in organization-wide approach and define scope of impact strategy (which the SDG Bond Program relates to)	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	3. Develop impact strategy, incorporating operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact into the approach	4. Establish SDG Bond Program and set impact goals in line with the impact strategy
Mapped to Practice Indicators	<p>Embed respect for human rights, planetary boundaries, and other responsible business practices in organization-wide approach (1.1.1)</p> <p>Define scope of impact strategy, and link to organization-wide strategy (1.1.2)</p>	<p>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)</p> <p>Identify and engage with Stakeholders to understand what matters to them (1.1.3.3)</p> <p>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)</p>	<p>Develop impact strategy to translate sustainability and contributing positively to the SDGs into actionable steps (1.1.2)</p> <p>Assess business models and partnership approaches (1.1.3.2)</p> <p>Integrate strategy and impact goals into relevant business plans, and allocate adequate budget & resources to achieve impact strategy and goals (1.1.3.9)</p>	<p>Establish SDG Bond Program (1.2.1)</p> <p>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)</p> <p>Assess risk (including to Stakeholders) that impacts may not occur as expected (1.1.3.6, 1.1.3.7)</p> <p>Set out clear measures within the SDG Bond Program if impact goals are not met (1.2.3)</p>

SDG Impact Standards for Bond Issuers – Mapping Practice Indicators to Issuer’s actions (continued)

	STRATEGY	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH
Issuer actions	5. Adjust impact strategy and goals as needed to optimize impact	6. Align culture, structure, capabilities, systems, and incentives with impact strategy	7. Develop methodology, processes, and systems to effectively measure impacts, and integrate into decision-making	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
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)	<p>Embed respect for human rights, planetary boundaries, and other responsible business practices in organization-wide policies and procedures (2.1.1)</p> <p>Within impact strategy scope, involve Stakeholders in decision-making (2.1.2)</p> <p>Within impact strategy scope, develop capacity, integrate accountability, and align incentives with impact strategy (2.1.3)</p> <p>Where practicable, work proactively with SDG Bond Program arrangers (and potential investors) to set impact expectations and promote alignment (2.1.6)</p>	<p>Develop approach to identify decision-useful metrics and collect, verify, manage, and use impact data appropriately (2.1.4, 2.3.2)</p> <p>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)</p> <p>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)</p> <p>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)</p>	<p>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)</p> <p>Make choices between options to optimize impact and positive contribution to the SDGs (2.2.5)</p> <p>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)</p> <p>Analyze deviations from expected outcomes and respond accordingly (2.3.3, 2.3.6, 2.3.7)</p>

SDG Impact Standards for Bond Issuers – Mapping Practice Indicators to Issuer’s actions (continued)

	MANAGEMENT APPROACH	TRANSPARENCY	GOVERNANCE	GOVERNANCE
Issuer actions	9. Embed continuous improvement, updating impact management practices as needed	10. Disclose how contributing positively to sustainable development and the SDGs is integrated into the impact strategy and SDG Bond Program, and report on performance	11. Integrate oversight of the Issuer’s responsible business practices and the impact strategy, SDG Bond Program, and related impact management practices into governance framework	12. Ensure governing body leads by example
Mapped to Practice Indicators	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)	<p>Disclose relevant information about the Issuer, the impact strategy and the SDG Bond Program (3.1)</p> <p>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)</p> <p>Has SDG Bond Program impact reports assured and implements recommendations (3.3)</p>	<p>Governing body has oversight of the Issuer’s responsible business practices, impact strategy and SDG Bond Program, and related impact management practices (4.1)</p> <p>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)</p>	<p>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)</p> <p>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)</p>