



A UNDP initiative catalyzing investments
for the achievement of the SDGs

Impact Integrity Webinar

COVID 19 has heightened the urgency of finding paths forward to more resilient and viable futures



*As we work through response and recovery from the shocks of the COVID-19 pandemic, **the SDGs** need to be designed into the DNA of global recovery.*

Achim Steiner, UNDP Administrator

Private sector is seeking opportunities for positive impact and needs guidance on what and how



What is your company's core reason for being, and where can you have a unique, positive impact on society? Now more than ever, you need a good answer to these questions.

McKinsey & Co Purpose: *Shifting from Why to How*, April 2020

72%

of companies
mentioned the SDGs
in the reporting

25%

of companies
included the SDGs
in their published
business strategy

14%

of companies
mentioned specific
SDG targets

1%

are reporting
quantitative measures
to show their progress

Source: PwC SDG Challenge 2019

SDG Impact catalyzing investments to achieve the SDGs



The SDGs represent the best hope we have for tackling the serious challenges all nations are facing and present a major investment opportunity.

SDG Impact makes it easier to develop and identify investments that contributes to achieving the SDGs



Impact Management

A means to better decisions that drive investment capital to where it is needed

- ✓ **SDG Impact Standards**
- ✓ **SDG Impact Seal**
- ✓ **SDG Impact Training**



Impact Intelligence

Producing data and insights needed for increasing financial flows to the SDGs

- ✓ **SDG Investor Maps**
- ✓ **Dynamic searchable online platform**



Impact Facilitation

Fostering matchmaking and collaboration to realize investments

- ✓ **SDG Impact Investor Convenings**
- ✓ **SDG Impact Policy Dialogues**

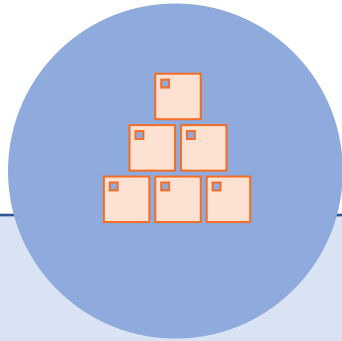
The [SDG Impact Standards](#) draw on best practice and research to drive change to achieve the SDGs



***“We cannot
solve our
problems with
the same
thinking we
used when we
created them”***

Albert Einstein

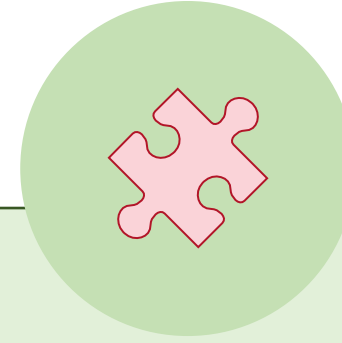
Three key things to know about the **SDG Impact Standards**



The Standards are
practice standards
not performance
standards



The Standards
represent best
practice



The Standards bridge a
significant gap in the
current toolbox

The **SDG Impact Standards** are grounded in high level principles of practice and provide necessary context for other tools and frameworks



Interdependent system: while there is a process hierarchy, no level is more or less important than the others; each level performs a critical function, but is insufficient on its own

The **SDG Impact Standards** provide the blueprint for impact management for those seeking to contribute positively to sustainable development and the SDGs



The foundational elements of the Standards are:

- **contributing positively to sustainable development and achieving the SDGs**
- **which cannot be achieved without demonstrating respect for human rights and other responsible business practices**
- **and is realized through effective impact management and decision making**

The **SDG Impact Standards** embed 5 core design elements

The Sustainable Development Goals



The Impact Management Project

IMPACT
MANAGEMENT
PROJECT

Materiality



Stakeholder Engagement



Interoperability



Each SDG Impact Standard is broken down into different parts

Standard 1 – STRATEGY The Fund embeds contributing positively to sustainable development and achieving the SDGs in its purpose and strategy.
1.2 The Fund sets realistic but ambitious portfolio level impact goals aligned with its purpose and strategy, including its impact thesis, to optimize contributing positively to sustainable development and achieving the SDGs.
Practice Indicators
<p>The Fund:</p> <ul style="list-style-type: none">1.2.1 draws on available evidence and relevant SDG impact data and information from reputable government and scientific and civil society organizations to set portfolio level impact goals that are:<ul style="list-style-type: none">1.2.1.1 realistic and ambitious (in context of current performance and relevant local or national SDG and/or other sustainable development outcome thresholds)1.2.1.2 commensurate with the Fund's size1.2.1.3 align with its purpose, impact thesis, investment strategy and the sustainable development context of the markets in which the Fund intends to operate1.2.2 includes in its impact goals:<ul style="list-style-type: none">1.2.2.1 specific cross-cutting goals on creating gender equality, climate action, and decent work1.2.2.2 specific goals to prevent and/or reduce all material negative outcomes in its direct operations and its supply and value chains (i.e. acting to avoid harm)1.2.2.3 specific goals to optimize its own investor contributions (see Investor contribution(s) to impact)

The **SDG Impact Standards** drive change across the whole system leveraging UNDP's unique role as SDG integrator



Enterprises, PE Funds, Bond Issuers

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

Investors

Can use the Standards to 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.

There is a robust and comprehensive Stakeholder Engagement process for the **SDG Impact Standards**

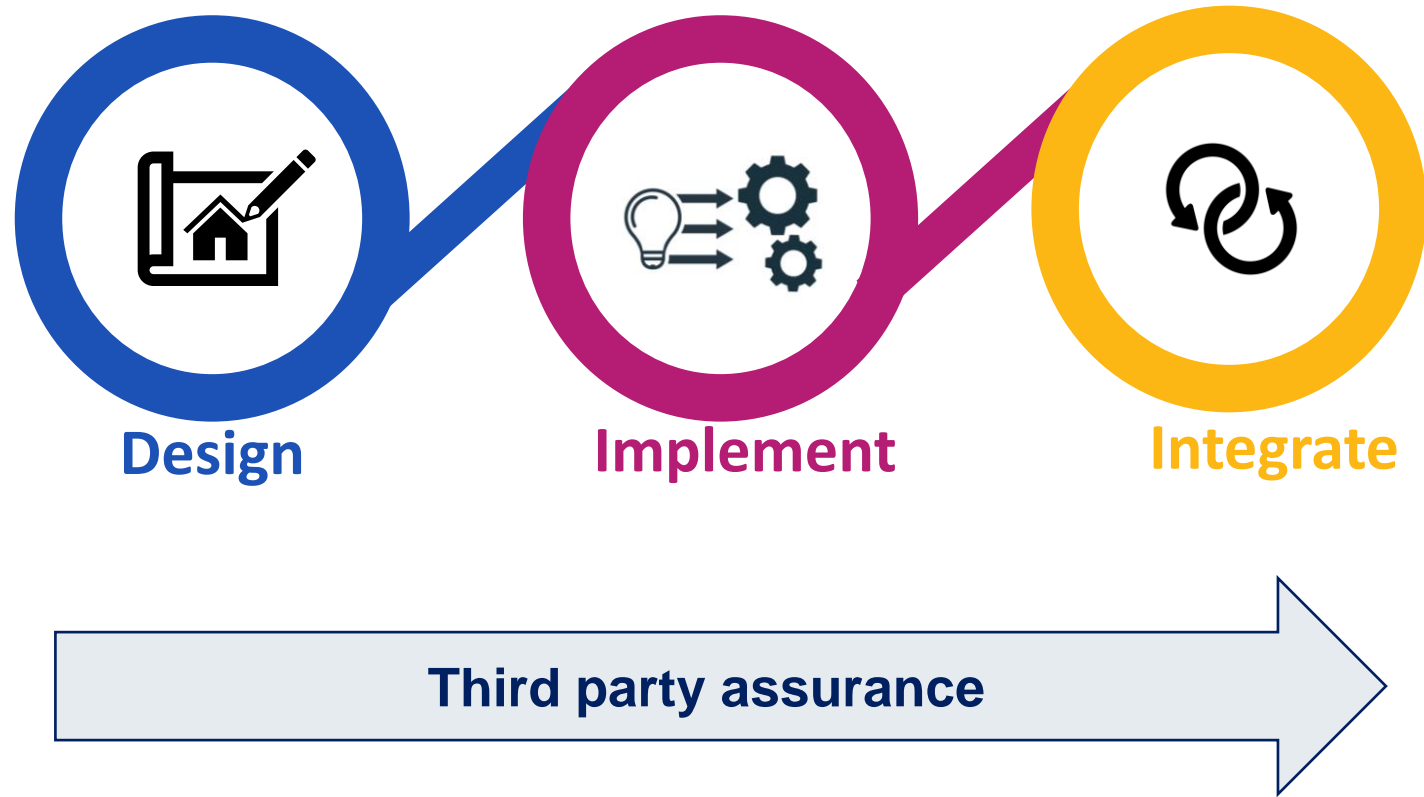


As part of the public consultation process in the summer of 2020, more than **50 consultations** across Asia, Africa, Europe, Latin America, and the United States were held with more than **4,000 participants**

Market leaders continue to help shape the assurance Framework for the **SDG Impact Standards**



The Assurance Framework is being designed to drive continuous improvement in practices the **SDG Impact Standards**

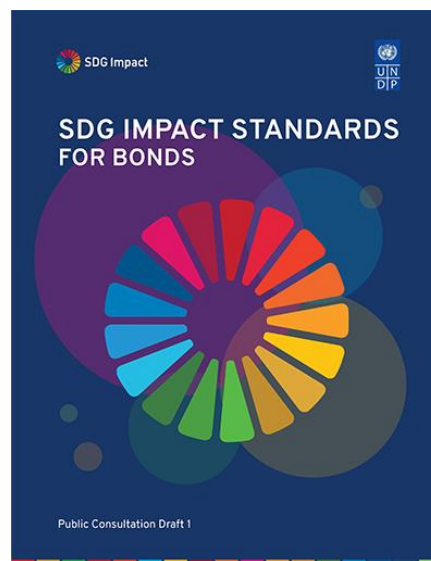


SDG Impact Standards have been developed for Private Equity, Bonds and Enterprises



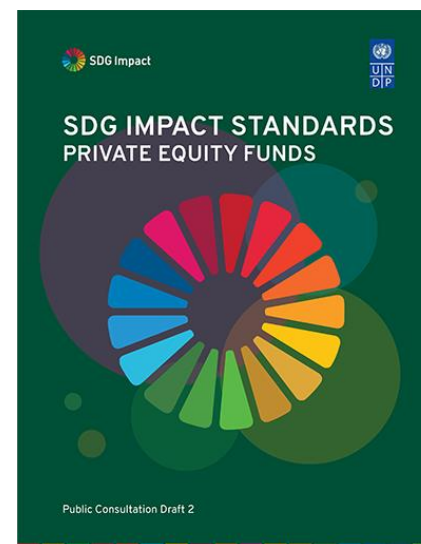
Status: Incorporating feedback from Public Consultation

Next steps: First draft of Standards released 15 October for 60-day Public Consultation process.



Status: Incorporating feedback from Public Consultation

Next steps: Second draft of the Bond Standards released 13 November for 30-day Public Consultation period.



Status: Version 1.0 was released on Oct 6th

Next steps: Finalize the assurance system to award PE Funds the SDG Impact Seal.

• **THANK YOU!**



The Fund embeds contributing positively to sustainable development and achieving the SDGs in its purpose and strategy.

- Using the SDGs strategically to make different capital allocation decisions rather than using the SDGs as another reporting lens to report current activities differently
- Setting realistic but ambitious sustainable development and impact goals aligned with purpose and strategy and set in context of current performance and sustainable development needs
- Increasing positive intended impacts as well as minimizing negative impacts through direct operations and supply and value chains
- Periodically reviewing and updating to reflect learnings and changes in the sustainable development context

MANAGEMENT APPROACH

The Fund integrates impact management and contributing positively to sustainable development and achieving the SDGs into its operations and management approach.

- Integrating policies and strategy into practice
- Necessary skills, resources and systems in place to manage impact effectively
- Processes to identify and involve Stakeholders in process and decision making
- Establishing baselines, thresholds and targets to drive outcomes and accountability
- Framework and context for selecting and applying impact metrics/taxonomies
- Measuring and managing impact systematically
- Valuing impacts to make better decisions
- Creating a learning system and promoting continuous improvement

TRANSPARENCY

The Fund discloses how it integrates contributing positively to sustainable development and achieving the SDGs into its strategy, management approach, governance and decision making, and reports (at least annually) on its performance.

- Discloses relevant information to enable users to make more informed decisions (e.g. makes public the organization's policies regarding human rights and other responsible business practices)
- Communicates impacts consistently using the Five Dimensions of Impact, 'ABC' impact classifications and SDG targets
- Reports on impact performance at least annually, including includes all material impacts, not just positive intended ones) against current performance, goals, targets and thresholds
- Is transparent about assumptions, limitations and gaps, trade-offs and impact risks
- Periodically reviews and updates reporting and disclosure to reflect learnings, market advancements and users needs

GOVERNANCE

The Fund's commitment to contributing positively to sustainable development and achieving the SDGs is reinforced through governance practices of the Fund and the Fund Manager.

- Embeds UNGP BHR and UNGC Ten Principles into responsible business policies and practices;
- Monitors and oversees conformance, performance and improvement in responsible business and impact management practices
- Prioritizes gender and other dimensions of diversity at all levels
- Puts in place effective incentive mechanisms and holds people at all levels to account
- Takes a risk-based approach to external verification and assurance
- Active oversight from senior most decision-making body in the organization (e.g. the board)

Each Standard is broken down into different parts

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