SUSTAINABLE DEVELOPMENT GOALS

Investor Reporting on the Sustainable Development Goals

A Dansif, Finsif and Swesif Analysis

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Dansif

Table of Contents

Executive summary

The Sustainable Development Goals (SDGs) define a set of global goals and targets for 2030 that seek to mobilize global sustainability efforts. This analysis presents an overview of eight SDG reporting guidelines for companies and investors alongside investor perspectives on SDG reporting from interviews with 17 Nordic institutional investors.

The analysis yielded the following findings:

No standardized SDG reporting guidelines
There are a number of organizations that have defined SDG reporting methodologies for both companies and investors. However, there is no uniform methodology for measuring and reporting company or investor impacts on the SDGs.

Many different approaches to SDG reporting
The interviewed institutional investors have different approaches to SDG reporting. The most common approach is to report on a few single SDGs, which are seen as most relevant. Use of data from service providers and investors' own data from active ownership activities are other popular ways of reporting on the SDGs.

SDGs are growing in importance
All interviewees agree that SDGs are growing in importance. In recent years, they have themselves become more focused on sustainability issues and so have other stakeholders. Almost all the interviewed investors address the SDGs in their external reporting. Almost all interviewees say that SDG reporting will play a larger role in their sustainability reporting and communication in the future.

The SDGs as a communication tool to stakeholders
Several investors see the SDGs as an effective way of communicating their sustainability efforts to stakeholders. They believe the SDGs provide a framework that is easy to understand and relate to.

Little use of existing SDG reporting guidelines
The interviews documented that there is no common perception of best practice SDG reporting guidelines. The reporting guideline that was mentioned most frequently by interviewees was the Global Reporting Initiative and the UN Global Compact Action Platform: Business Reporting on the SDGs. However, few interviewees have used this guideline for their reporting.

Need for better SDG reporting from companies
Lack of standardization in company reporting is mentioned as a key challenge for investor SDG reporting. Companies' unstandardized SDG reporting makes it difficult for investors to consolidate and subsequently report on the SDGs across their portfolios. All interviewees agree that there is a need to improve both quality and coverage of companies' SDG reporting.

Regulation as driver for standardized SDG reporting
Several interviewees point to developments in regulation, especially the EU Sustainable Finance Taxonomy, as a primary driver in standardizing SDG reporting for both companies and investors.

Wish for transparency, but lack of data
All investors wish to be transparent in their reporting and to report holistically on both negative and positive impacts on the SDGs. However, data availability remains a key issue.

Risk of SDG-washing
Several investors point to that current SDG reporting practices entail a risk of SDG-washing. That is seen as a consequence of low data quality, low data coverage and that the SDGs are typically not part of investors' investment policies. Reporting according to established guidelines is seen as a way of securing credibility in investor SDG reporting.

High demand for reporting will drive data improvements
Several investors argue that SDG reporting is currently in an early stage and in a learning-by-doing-process. They expect that increased investor focus on SDG reporting over time will drive companies and service providers to provide better data.

About the analysis

Purpose of analysis
This analysis presents an overview of the most significant reporting guidelines and tools that companies and investors can use for their reporting on the Sustainable Development Goals (SDGs).

Additionally, the analysis presents an overview of 17 significant Nordic institutional investors' perspectives on SDG reporting[1].

Methodology
The analysis was carried out for Dansif, Finsif and Swesif by Klinkby Enge, a Nordic advisory firm. The analysis of the SDG reporting guidelines is based on desktop research, while analysis of the institutional investors' view on SDG reporting is based on interviews.

An interview guide was sent to the interviewees before the interviews[2]. Three investors chose to reply in writing.

The interview guide was divided into four themes:

- How do investors report on the SDGs today and how do they expect their SDG reporting to develop?
- Emerging and established guidelines' relevance for SDG reporting
- Data quality and balanced reporting
- The challenges of future SDG reporting

Choice of SDG guidelines for analysis
The guidelines analyzed in this report have been chosen based on the following criteria:

- Guidelines mentioned several times in the conducted interviews (5 guidelines).
- Klinkby Enge's assessment of which guidelines for SDG reporting are most recognized among key stakeholders (3 additional guidelines).

Each of the chosen guidelines suggest methodologies and/or standards for companies and investors, when reporting on their SDG impacts.

The guidelines chosen for this analysis are:

- Global Reporting Initiative and UN Global Compact SDG Compass
- Future Fitness Business Benchmark
- PGGM/APG Sustainable Development Investments
- Global Reporting Initiative and UN Global Compact Action Platform: Business Reporting on the SDGs
- The Corporate Reporting Dialogue and the SDGs
- Cambridge Institute for Sustainability Leadership, Investment Impact Framework
- IRIS+ and GIIN System
- United Nations Development Program SDG Impact Platform

The above are referred to as "guidelines" for the purpose of this analysis, although some may be recognized as standards while others are named guidelines or frameworks.

SDG reporting guidelines
The SDGs define a common framework to guide governments in their sustainability efforts. Companies and investors are also starting to use the SDGs as a way of communicating with stakeholders about their sustainability impacts.

There are a number of organizations and initiatives that have defined SDG reporting methodologies for both companies and investors. However, no uniform methodology for measuring and reporting company or investor impacts on the SDG has yet been established.

The following pages describes eight SDG reporting guidelines that companies or investors can use in their reporting.

Each of the guidelines are described based on an analytical framework consisting of the following questions:

- What is the guideline? (E.g. online platform, catalog of metrics, taxonomy)
- What is the purpose of the guideline? (E.g. company or investor reporting focus)
- What does the guideline contain? (E.g. resources and materials)
- What is the guideline's definition of impact?
- Which SDGs can be mapped via the guideline?

Based on the conducted interviews with Nordic investors, the question of defining impact has been added to the analytical frame as this issue was mentioned as one of the largest challenges to SDG reporting[3].

Appendix 3 shows a table of all the guidelines chosen in the analysis in a condensed format.

Read more about the Sustainable Development Goals

https://www.un.org/sustainabledevelopment/sustainable-development-goals/

[1] See appendix 1 for list of participating organization.
[2] See appendix 2 for interview guide.
[3] Cf. section "Interview with Nordic investors", page 32.

UN Global Compact and GRI SDG Compass

What is it?
The SDG Compass is an online collection of SDG reporting tools and indicators. The SDG Compass is developed by the UN Global Compact (UNGC), the Global Report Initiative (GRI) and the World Business Council for Sustainable Development (WBCSD).

The SDG Compass allows companies to explore commonly used reporting tools when assessing an organization's impact on the SDGs. The SDG Compass is open-source and companies or other reporting initiatives can contribute to the compass – although contributions are validated by the developers.

What is the purpose?
The purpose of the SDG Compass is to guide companies in aligning their strategies and business objectives with the SDGs and in measuring and managing their contribution through globally recognized disclosures.

What does it contain?
The SDG Compass provides business reporting tools and a list of indicators that companies can use in their SDG reporting. The SDG Compass can be divided into two:

- Firstly, the SDG Compass contains a five-step guide for how companies can maximize their contribution to the SDGs through their operational activities. Companies can apply the five steps to set or align their strategy with the SDGs such that sustainable development is an outcome of core business strategy.
- Secondly, the SDG Compass contains an online collection of a total of 58[4] existing business tools that companies can use to map their operations against the SDGs. The business tools can be filtered by specific SDG targets or by the business tool developer.

The collection also contains an inventory of 1,553[5] specific indicators that companies can use to measure and report their contributions to a given SDG target. The SDG Compass contains information on the business theme, the type of indicator, the indicator source and the indicator description.

Both tools and indicators can be exported in excel-format.

What is the guideline's definition of impact?
The SDG Compass gives no definition of SDG impacts, but by reporting according to the indicators displayed, businesses can assess their contribution to the SDGs.

Which SDGs and targets can be mapped via the guideline?
Specific indicators or business actions are displayed for all SDGs and their targets. As such, companies and investors can use the tool to report on all the SDGs depending on their relevance.

Illustrative example of business tools
This example shows how the SDG Compass business tool collection can be used. The collection displays a description of a given tool, the SDG goal this relates to, and who the developer of the tool in question is[6].

Tool Name & Description	SDG Goals	Tool Developer
Building a Resilient in Power Sector Building a Resilient Power Sector is a comprehensive report that analyzes climate impacts on power systems, explores how to better forecast weather and long-term climate risk, and shares companies' best practices from around the world.	13. Climate Action	World Business Council for Sustainable Development
GHG Protocol The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions. A decade-long partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the GHG Protocol is working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change. It serves as the foundation for nearly every GHG standard and program in the world - from the International Standards Organization to The Climate Registry - as well as hundreds of GHG inventories prepared by individual companies. The GHG Protocol also offers developing countries an internationally accepted management tool to help their businesses to compete in the global marketplace and their governments to make informed decisions about climate change.	13. Climate Action	World Business Council for Sustainable Development, World Resources Institute
Impact Reporting & Investment Standards (IRIS) IRIS is the catalog of generally-accepted performance metrics that leading impact investors use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry.	6. Clean Water and Sanitation 7. Affordable and Clean Energy 12. Responsible Consumption 13. Climate Action	Global Impact Investing Network (GIIN)
ISO 14000 Series The ISO 14000 family of standards provides practical tools for companies and organizations of all kinds looking to manage their environmental responsibilities.	6. Clean Water and Sanitation 7. Affordable and Clean Energy 12. Responsible Consumption 13. Climate Action	International Organization for Standardization

4 As of December 2019.
5 As of December 2019.

6 Source: https://sdgcompass.org/business-tools/

Illustrative example of business indicators
This example shows how specific indicators relate to a specific SDG and SDG target. The indicator source as well as a description of the indicator in question are also showed in the SDG Compass. These indicators can be used for reporting[7].

SDG Goal	SDG Target	Business Theme	Type of Indicator	Indicator Source	Indicator Description	Indicator ID & More Info	Date
12. Ensure sustainable consumption and pro-duction patterns	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	GHG emissions	General	GRI Sustainability Reporting Standards	a. Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent. b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. c. Biogenic CO2 emissions in metric tons of CO2 equivalent.	GRI Standard 305-1	2017
12. Ensure sustainable consumption and pro-duction patterns	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	GHG emissions	General	GRI Sustainability Reporting Standards	a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent. c. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	GRI Standard 305-2	2017
12. Ensure sustainable consumption and pro-duction patterns	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	Air pollution	General	GRI Sustainability Reporting Standards	a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent. b. If available, the gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. c. Biogenic CO2 emissions in metric tons of CO2 equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.	GRI Standard 305-3	2017

7 Source: https://sdgcompass.org/business-indicators/

Future-Fit Business Benchmark

What is it?
The Future-Fit methodology and adjacent Future-Fit Business Benchmark (FFBB) is developed by the Future-Fit Foundation together with several large global companies such as Hermes Investment Management, Maersk, Novo Nordisk and Ørsted.

The FFBB provides a framework for benchmarking of companies based on a vision of a "Future-Fit Society".

What is the purpose?
The FFBB guidelines are designed to help organizations set goals to embed sustainability into the core of their business by exploring how close a company is from being "fit for the future". The methodology is aimed at company reporting but can also help investors assess the impacts of their investments.

The mission of the Future-Fit Foundation is to catalyze a shift to "Future-fitness". The FFBB is designed to help business leaders, investors and policy makers respond to sustainability challenges, expressed by the SDGs.

What does it contain?
The FFBB guidelines consist of 23 "Break-even goals" within eight social and environmental topics. Companies can use the guidelines to assess their progress toward the break-even goals, which must be meet in order to be a sustainable and fit-for-the-future business.

The guidelines also include 24 goals that companies can use to measure and describe their "positive pursuits". These are efforts that go beyond companies' pursuit of the break-even goals and positively speed up society's transition to future-fitness.

All the topics and goals are all linked to the SDGs within the FFBB framework with action guides for each break-even goal, containing indicators and other recommendations that companies can use to measure, manage and explain progress towards the SDGs.

What is the guideline's definition of impact?
The FFBB guidelines offer no definition of SDG impact. Rather, the understanding of impact starts by assessing objectives that must be met to be fit-for-the-future, all anchored in the SDGs. 100% use of renewable energy for companies is an example of a break-even goal. By pursuing these goals, companies and subsequently investors can contribute to the SDGs.

Which SDGs and targets can be mapped via the guideline?
The FFBB framework explicitly refers to the SDGs. By pursuing future-fitness, all businesses can make positive contributions to the SDGs, while simultaneously working to ensure that they are not inadvertently undermining progress elsewhere.

FFBB social and environmental topics linked to the SDGs
Overview of how each of the eight social and environmental FFBB topics can be linked to each of the 17 SDGs[8].

Properties of a Future-Fit Society	Alignment with the Sustainable Development Goals
Energy is renewable and available to all	7, 9, 13
Water is responsibly sourced and available to all	6, 8, 9, 12, 15
Natural resources are managed to safeguard ecosystems, communities and animals	1, 2, 8, 9, 12, 14, 15
The environment is free from pollution	2, 3, 6, 11, 12, 13, 14, 15
Waste does not exist	8, 11, 12, 14
Our physical presence protects the health of ecosystems and communities	1, 2, 6, 11, 13, 14, 15
People have the capacity and opportunity to lead fulfilling lives	1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 16
Social norms, global governance and economic growth drive the pursuit of future-fitness	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17

8 Source: https://futurefitbusiness.org/wp-content/uploads/2019/08/FFBB-Methodology-Guide-R2.1.4.pdf

PGGM/APG Sustainable Development Investments

What is it?
The Dutch pension managers, APG and PGGM, have developed a "Sustainable Development Investment" (SDI) taxonomy for identifying investment opportunities linked to the SDGs.

Using the SDI taxonomy, APG and PGGM are developing an artificial intelligence (AI) based platform to assess potential SDIs, enabling investors to assess approximately 10,000 listed companies for their contribution to the SDGs.

The AI platform is to be launched by Q1 2020[9].

What is the purpose?
The purpose of the SDI taxonomy is to provide guidance on which listed equity investments qualify as being contributors to the SDGs.

The SDI is primarily targeted at investors to document and assess SDG impact of an investment, to improve engagement with portfolio companies on their SDG impacts, to drive relevant company disclosures, and to provide transparent information for beneficiaries.

What does it contain?
Based on the SDI taxonomy the AI platform rates approximately 10,000 companies on the extent to which their core business activity contributes to any of the SDGs. This assessment is made using the SDI decision tree that is based on a series of steps, which identifies whether an investment qualifies as an SDI or not.
The SDI taxonomy also provides an overview of which SDG targets are investable and which are not, and of which how SDG targets connect to each other.

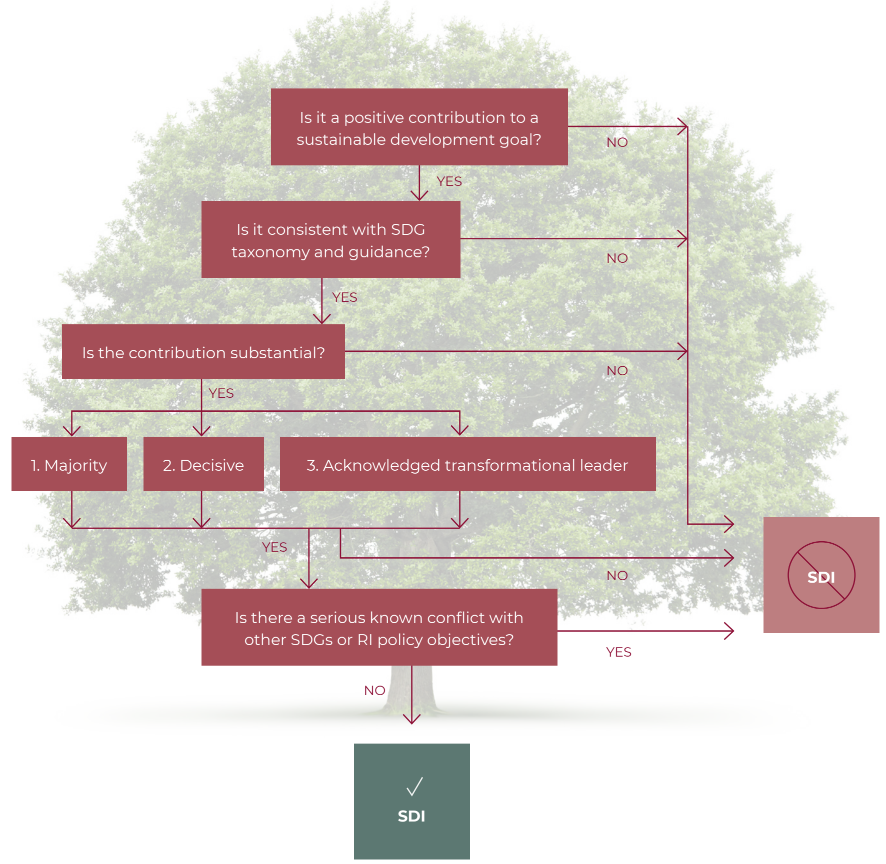
The platform draws on company financial or operational metrics to assess if they meet the SDI taxonomy. For example, revenue and capital spending as well as additional contextual information are data points included in the platform.

What is the guideline's definition of impact?
The platform is designed to measure the activities of companies against the SDGs and not the outcome or impact of companies.

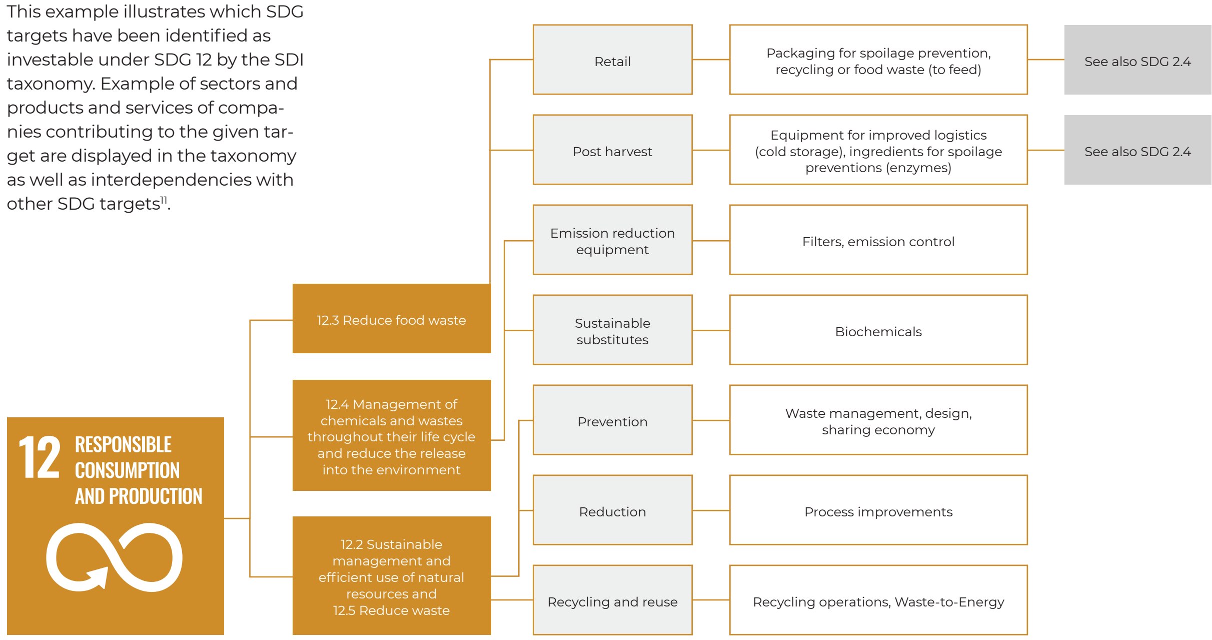
Future ambition of the platform is to develop metrics measuring outcomes of company activity towards the SDGs. Example of outcome metrics can include the number of people provided with access to financial services or the environmental footprint of a given company.

Which SDGs and targets can be mapped via the guideline?
15 of the 17 SDGs have been identified as investable. The remaining two SDGs (SDG 16: Peace, Justice and Strong Institutions and SDG 17: Partnerships for the Goals) were considered not investable based on an assessment of possible contribution to these goals through investment activity.

SDI Decision Tree
The SDI decision tree illustrates a number of steps that can be used to determine if an investment qualifies as a SDI and thereby contribute to the achievement of a given SDG[10].



Illustrative example – investable SDG targets
This example illustrates which SDG targets have been identified as investable under SDG 12 by the SDI taxonomy. Example of sectors and products and services of companies contributing to the given target are displayed in the taxonomy as well as interdependencies with other SDG targets[11].



9 For additional info see https://www.pggm.nl/english/who-we-are/press/Pages/APG-and-PGGM-develop-AI-powered-platform-for-investing-in-the-UN-Sustainable-Development-Goals.aspx

10 Source: https://www.pggm.nl/english/what-we-do/Documents/SDI-taxonomies-APG-PGGM-mei_2017.pdf
11 Source: https://www.pggm.nl/english/what-we-do/Documents/SDI-taxonomies-APG-PGGM-mei_2017.pdf

UN Global Compact and GRI Action Platform: Business Reporting on the SDGs

What is it?
The UNGC and GRI have created an SDG reporting tool called “UN Global Compact and GRI Action Platform: Business Reporting on the SDGs.” The Action Platform enables measuring and reporting on the SDGs.

The Action Platform builds on and further develops the UNGC and GRI SDG Compass.

What is the purpose?
The Action Platform aims to accelerate company reporting on the SDGs. The platform targets companies and seeks to answer how the companies can incorporate the SDGs in their business objectives and reporting. The guideline aim to establish ‘best practice’ methodologies for company reporting on the SDGs. Investors can use the Action Platform to set standards across their investment portfolios.

What does it contain?
The Action platform contains three SDG reporting tools – “An Analysis of the Goals and Targets”, “A Practical Guide to Defining Priorities and Reporting” and “In Focus: Addressing Investors Needs in Business Reporting on the SDGs”.

“An Analysis of the Goals and Targets”
This tool aims to help companies understand how they are impacting the SDGs and the 169 SDG targets. It contains an inventory of possible indicators for all SDGs and SDG targets based on globally recognized disclosure frameworks for businesses, such as GRI or CDP. In making the indicator inventory, 80 publications were reviewed that address the contribution of businesses to the SDGs. In addition, UN Conventions and other key international agreements and instruments relevant to the SDGs were also included in the review.

The indicators are linked to an illustrative menu of potential actions businesses can take to contribute to the SDGs. This tool is an attempt to develop a standardized set of disclosures for businesses to report on the SDGs.

“A Practical Guide to Defining Priorities and Reporting”
This tool outlines a three-step process for companies to embed the SDGs in existing business operations and reporting on progress. The tool aims to provide guidance for all businesses regardless of size, sector or location.

Alongside with “An Analysis of the Goals and Targets”, these tools are meant to be used as part of a company’s regular sustainability reporting cycle focusing on their contributions to the SDGs.

“In Focus: Addressing Investor Needs in Business Reporting on the SDGs”
This tool provides additional information about aspects of company SDG reporting relevant for investors. It provides recommendations on key parameters for company reporting in relation to the SDGs, which investors are likely to find useful in investment decisions. The aim is to help companies include information related to the SDGs in their company reporting. The tool is aimed at company sustainability reporting practitioners and can help investors in their engagement with companies regarding their SDG efforts.

What is the guideline’s definition of SDG impact?
Building on the foundation of the SDG Compass, the framework gives no direct definition of SDG impacts. By reporting according to the principles and the indicators displayed, businesses and investors can assess their contribution to the SDGs.

Which SDGs and targets can be mapped via the guideline?
As with the SDG Compass, specific indicators or business actions are displayed for all SDGs and their targets. As such, companies can use the tool to report on all SDGs depending on relevance.

Illustrative example for SDG target 7.3
This example shows possible actions that business can take in order to contribute to a given SDG target. In this case, SDG target 7.3[12].

Target 7.3

By 2030, double the global rate of improvement in energy efficiency

Possible relevant business actions to help achieve this target:

- Reducing energy consumption in own operations, including through using heating and cooling technology, efficient lighting, efficient electrical appliances and fuel-efficient vehicles. Choosing or building energy-efficient buildings and obtaining a sustainability certification for buildings.
- Creating new business models to deliver energy efficiency technologies including reducing the energy requirements of their products and services, or providing products and services that help their customers to improve energy efficiency or reduce energy requirements.
- Tracking and reporting energy usage, reduction and intensity over time.
- Working with suppliers to reduce energy consumption and promoting energy efficiency. Building a more comprehensive picture of energy consumption in the supply chain by assessing Scope 3 GHG emissions and developing a strategy on Scope 3 GHG emission reduction.
- Working with peers and relevant stakeholders on setting energy efficiency standards at an industry level to facilitate structural global change. Adopting cost-effective standards of technologies in building and industry, and sharing these practices.

12 Source: https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Business-Reporting-on-SDGs_Analysis-of-Goals-and-Targets.pdf

Illustrative example for SDG target 7.3
This example shows specific disclosures that companies can use in their reporting on a given SDG target. Unit of the disclosure and developer of the disclosure are displayed[13].

Business Theme	Available Business Disclosures	Units	Source
Energy consumption	Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.	Joules or multiples	GRI Standard 302-1
	Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.	Joules or multiples	GRI Standard 302-1
	In joules, watt-hours or multiples, the total: i. Electricity consumption; ii. Heating consumption; iii. Cooling consumption; iv. Steam consumption.	Joules, watt-hours or multiples	GRI Standard 302-1
	In joules, watt-hours or multiples, the total: i. Electricity sold; ii. Heating sold; iii. Cooling sold; iv. Steam sold.	Joules, watt-hours or multiples	GRI Standard 302-1
	Total energy consumption within the organization, in joules or multiples.	Joules or multiples	GRI Standard 302-1
	Company energy – Company's total amount of fuel, electricity, heat, steam, and cooling in MWh purchased and consumed during the reporting year.	MWh	CDP Climate Change CC11.2
	Company energy – Company's total "Fuel" figure by fuel type.	N/A	CDP Climate Change CC11.3
	Company energy – Company's low carbon electricity, heat, steam or cooling amounts accounted for in the Scope 2 figure reported in CC8.3: • Basis for applying a low carbon emission factor; MWh consumed associated with low carbon electricity, heat, steam or cooling.	MWh	CDP Climate Change CC11.4
Energy consumption	Energy use	Kg of oil equivalent	World Bank WDI (adapted)
	Electric power consumption	kWh	World Bank WDI (adapted)

This figure illustrates the three-step guide that companies can use to incorporate the SDG in business objectives and reporting[14].

13 Source: https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Business-Reporting-on-SDGs_Analysis-of-Goals-and-Targets.pdf

14 Source: https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Reporting-on-SDGs_Practical_Guide.pdf

Corporate Reporting Dialogue

What is it?
The Corporate Reporting Dialogue (CRD) consists of eight reporting framework organizations that address both financial and non-financial reporting. The participants of the CRD include the CDP (formerly Carbon Disclosure Project), the Climate Disclosure Standards Board (CDSB), the GRI, the International Integrated Reporting Council (IIRC), the International Organization for Standardization (ISO), and the Sustainability Accounting Standards Board (SASB).

The CRD strives to strengthen coordination and alignment between key standard setters and framework developers that have significant international influence on the corporate reporting landscape.

Based on each of the participants' frameworks, the CRD has identified how corporate reporting can illustrate which SDGs are relevant to a company's business model – enabling both companies and investors to focus on those SDGs most likely to impact financial performance.

What is the purpose?
The primary purpose of the CRD is to promote greater coherence and comparability between company and investor reporting frameworks. The CRD looks for cooperation and alignment between key international standard setters and framework developers.

The CRD argues that their frameworks can be used to assess company progress against the SDGs.

What does it contain?
One of the products of the CRD is a position paper supporting the development of better reporting guidelines for the SDGs. The CRD advocates cooperation between standard setters to provide guidance and structure for businesses to be transparent and accountable for their activities and contributions to the SDGs.

The CRD's frameworks focus on a company's impact on society along with the financial materiality of societal factors on a company's financial performance. The CRD has developed a table illustrating overlaps between the participants' frameworks supporting company reporting on the SDGs. Reporting according to a given CRD framework enables reporting on SDG contribution.

What is the guideline's definition of impact?
The CRD has a goal of aligning reported information. The CRD also seeks that companies clarify the purpose and materiality of reported information, both financial and non-financial, affecting future company performance.

Which SDGs and targets can be mapped via the guideline?
Collectively the members of the CRD address all 17 of the SDGs and the table illustrates which SDGs companies can address by reporting according to the participants' frameworks.

Illustrative example:
Mapping of the underlying frameworks of the Corporate Reporting Dialogue to the SDGs

Sustainable Development Goal	CDP	CDSB	GRI	ISO	SASB *	IIRC **
1. No poverty			✓	✓		
2. No hunger			✓	✓		
3. Good health and well-being			✓	✓		
4. Quality education			✓	✓		
5. Gender equality			✓	✓		
6. Clean water and sanitation	✓	✓	✓	✓		
7. Affordable and clean energy	✓	✓	✓	✓		
8. Decent work and economic growth			✓	✓		
9. Industry innovation and infrastructure			✓	✓		
10. Reduced inequalities			✓	✓		
11. Sustainable cities and communities	✓	✓	✓	✓		
12. Responsible consumption and production	✓	✓	✓	✓		
13. Climate action	✓	✓	✓	✓		
14. Life under water		✓	✓	✓		
15. Life on land	✓	✓	✓	✓		
16. Peace, justice and strong institutions			✓	✓		
17. Partnerships for the goals		✓	✓			

* SASB metrics would be relevant for specific SDGs for selected industries.

** The International <IR> Framework follows a principles-based approach and, therefore, does not prescribe the disclosure of specific individual matters. The <IR> Framework indirectly supports all 17 SDGs, to the extent that organizations deem them material to value creation over the short, medium or long term[15].

15 Source: https://corporatereportingdialogue.com/publication/sdgs-and-the-future-of-corporate-reporting/

Cambridge Institute for Sustainability Leadership

What is it?
The Cambridge Institute for Sustainability Leadership (CISL) has developed an Investment Impact Framework designed to assess the social and environmental performance of investments with a reference point in the SDGs. This is done by calculating revenue streams of investment funds that are aligned with the SDGs.

The framework is most applicable to corporate bonds and equities because of the quantity and comparability of data on these asset classes today.

What is the purpose?
The aim of the framework is to make the social and environmental performance of investment funds transparent. The framework is intended to guide measurement and reporting of impact towards the SDGs of given investments.

What does it contain?
The Investment Impact Framework provide a methodology for calculating revenue streams of portfolio companies' contribution to six sustainability themes. Investors can use these themes as proxies for their progress towards the SDGs for their funds. Each of the six themes are mapped to the relevant SDGs.

The six themes are:

1. Basic needs
2. Wellbeing
3. Decent work
4. Resource security
5. Healthy ecosystems
6. Climate stability

The framework provides two grades of metrics for each of the six themes. The first is the "ideal metric" to measure impact in a world of perfect data. The second is the "base metric", which is a calculable measure using data available for investors today.

The ideal metrics are offered as a guide to show how impact could be measured when the investment industry has developed the necessary data infrastructure to do so. The base metrics are designed to help investors start the impact measurement. Both sets of metrics are intended to provide objective, comparable and reproducible results.

The ideal metrics are designed to assess absolute performance with reference to the SDGs while the base metrics assess relative performance in comparison to a benchmark such as an investment index.

The framework contains guidance on calculation of impacts of investment funds with benchmark comparisons such as the MSCI Europe Index.

What is the guideline's definition of impact?
Impact is defined as the social and environmental outcomes of investments rather than the intentions or processes behind it. The CICL argues that all investment approaches from conventional investing (limited focus on ESG) to impact investing (intention of generating positive impacts) have consequences on the economy, society and environment. As such, all investments have an impact on the six themes and thereby on the SDGs.

Which SDGs and targets can be mapped via the guideline?
The Investment Impact Framework provides users with a way to calculate how their investments, whether direct, primary or secondary, relate to global sustainability aims and thereby all the SDGs.

Illustrative example:
CISL ideal and base metrics

Theme	**What is the ideal measure?** Absolute performance with respect to SDGs Whole value chain focus	**What can be measured today?** Relative performance with respect to benchmark Operational focus (value chains not appraised)
Basic needs	Total revenue from products and services addressing the basic needs of low-income groups, adjusted by PPPweighted International Poverty Line. Unit: US$	Total revenue from goods and services from clothing, communications, education, energy, finance, food, healthcare, housing, sanitation, transport and water (see Annex A). Unit: US$
Wellbeing	Total tax contribution (comprising taxes on profits, people, production, property and environment but not sales) by country, adjusted by national corruption and spending effectiveness. Unit: US$	Total tax contribution. Unit: US$
Decent work	Total number of open-ended employment contracts excluding jobs below 60 per cent median wage (living wage) and jobs in poor working conditions (health & safety, discrimination, rights of association), adjusted by national employment rate. Unit: number of jobs	Total number of employees based on full time equivalent (FTE) workers. Unit: number of FTEs
Ressource security	Hard commodities: Virgin material content of end products (adjusted by scarcity) plus waste lost to the environment (adjusted by toxicity). Soft commodities: Non sustainably certified content of end products plus waste not specifically returned to nature. Unit: metric tonnes (t)	Total net waste (total waste arising – total waste recycled). Unit: metric tonnes (t)
Healthy ecosystems	Area of land utilised by an asset in degraded form. Unit: hectares (ha)	Fresh water use (surface water plus groundwater plus municipal water). Unit: cubic metres (m3)
Climate stability	Alignment to future warming scenario based on consumption of global carbon budget. Unit: degrees Celsius (˚C)	Total greenhouse gas (GHG) emissions (Scope 1 and 2). Unit: tonnes (t) carbon dioxide equivalent (CO2e)

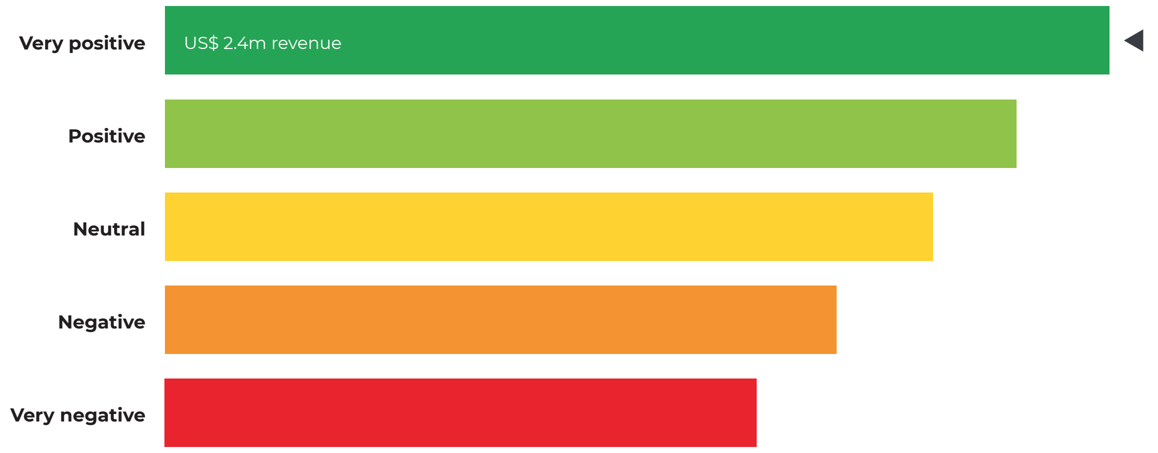
Illustrative example:
Calculating impact of fund

Name	Positive Impact Equity
Description	Fund containing assets believed to be making a positive impact on society and/or the environment through their products, services and operations. Typically involves a technology or innovation enabling better use of resources (circular economy) or unique healthcare solutions. Fund aims to address the first 15 of the SDGs.
10 top holdings	Red Electrica; Intertek; Tomra; Genmab; Alk-Abello; Kerry; Orpea; Aquafil; Basic-Fit; Thule; Kingspan
Asset class(es)	100 per cent listed equity
Size	58.3 MUSD invested in 28 assets
Benchmark	MSCI Europe

Test results: Basic needs
Results for example fund

Feature	Measure	Results
Asset coverage	Number of assets included in calculation	29%
Total impact of fund	Revenue from target sectors in US$	143,536,942
Impact of fund per US$ 1m invested	Revenue from target sectors in US$ per US$ 1m invested	2,462,040
Relative performance	Quintile in MSCI Europe Difference relative to MSCI Europe	Quintile 1 (very positive compared to benchmark) 174% (better)

Results relative to MSCI Europe (impact per US$ 1m invested in fund)



This example shows the result of the calculations of SDG impacts of a given fund.
Detailed description on the calculation showed is described in the CISL methodology[16].

16 Source: https://www.cisl.cam.ac.uk/resources/sustainable-finance-publications/in-search-impact-measuring-full-value-capital-update

IRIS+ and Global Impact Investing Network System

What is it?
The IRIS+ system is an online impact accounting system that investors can use to measure and manage the impact of their investments. The system is developed by the Global Impact Investing Network (GIIN) in collaboration with The Impact Management Project (IMP) and 50 other standards bodies including OECD, PRI, International Finance Corporation (IFC) and the World Health Organization (WHO). The IRIS+ system allows alignment with the SDGs.

What is the purpose?
The purpose of the IRIS+ system is to provide a methodology and metrics for investors to measure and document the real-world impacts of their investments. The IRIS+ system intends to provide consistency in investors' measurement of impact to enhance comparability of impact for both investors and companies.

What does it contain?
The IRIS+ and GIIN have created several tools that define the concepts and objectives which guide the GIIN in setting standards for impact measurement and management. A glossary has been developed of key terms and core concepts used throughout the system.

The IRIS+ and GIIN define ten impact themes, which all are linked to the SDGs. The themes are Affordable Housing, Clean Energy Access, Smallholder Agriculture, Financial Inclusion, Health, Gender Lens, Education, Sustainable Forestry, Sustainable Water Management, Water Sanitation and Hygiene.

For each of these themes, the system contains a catalogue of performance metrics of either numerical measures used in calculations or qualitative values to account for the social, environmental and financial performance of a given investment. The catalog is offered in both a searchable and downloadable format to enable search and discovery of specific individual metrics. Metrics can be searched based on either impact theme or SDG.

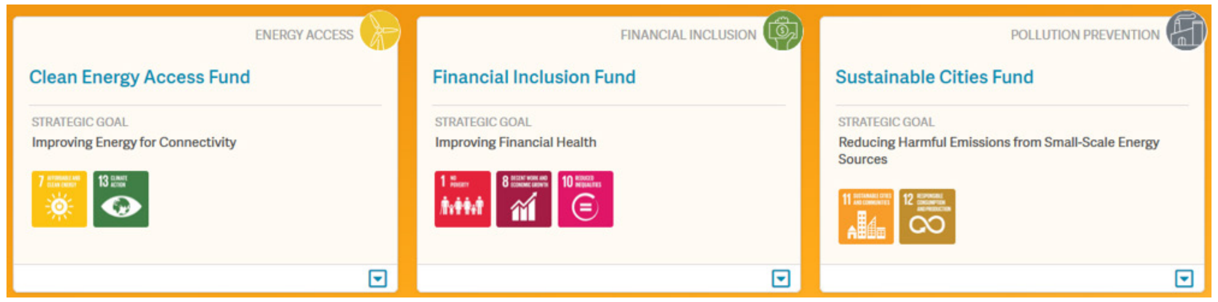
Metrics and guidance for impact measurement and management are found under each of the dimensions of impact as presented below.

What is the guideline's definition of impact?
The system uses five dimensions of impact, developed by the IMP. The dimensions are: What, Who, How Much, Contribution and Risk.

- "What" describes what outcomes the enterprise is contributing to and how important the outcomes are to stakeholders.
- "Who" describes which stakeholders are experiencing the outcome and how underserved they were prior to the enterprise's activity.
- "How Much" describes how many stakeholders experienced the outcome, to what degree they experienced change, and for how long they experienced the outcome for.
- "Contribution" describes whether an enterprise's and/or investor's efforts resulted in outcomes that were likely to be better than what would have occurred without the contribution.
- "Risk" describes the likelihood of the impact being different than expected.

Which SDGs and targets can be mapped via the guideline?
The IRIS+ system contains specific performance indicators and metrics for all SDGs but SDG 6, SDG 14, SDG 15, and SDG 17.

Illustrative example of IRIS+ system interface



Based on investment approach and objectives, investors can select SDGs or the strategic goals, that match the objectives of the investment and organize these into investment profiles[17].

Each investment profile is associated with a set of core metrics based on the five dimensions of impact. Each dimension includes specific metrics to measure and manage progress towards the strategic goal selected for the investment[18]. Below, metrics for Green House Gas Reduction are showed for the impact dimension "What".

What is the goal?

Objective of intervention

Strategic Goal: Reducing Harmful Emissions from Small-Scale Energy Sources
Outcome: Reduced air pollution, measured by Greenhouse Gas Reductions due to Products Sold (PI5376)

Why is this important?
To clarify the objective to be achieved with the investment or enterprise in order to be able to measure progress towards that goal.

Outcome indicator

Why is this important?
To understand the key indicator that will be used to measure the outcome, which is a critical step in measuring progress toward the Strategic Goal.

IRIS DATA NEEDED	FORMULA / CALCULATION GUIDANCE
* Greenhouse Gas Reductions due to Products Sold PI5376	1. Identify the threshold (define an outcome objective level) for Greenhouse Gas Reductions due to Products Sold (PI5376). 2. Identify the total Units or Volume Sold: Total (PI1263). 3. Calculate Greenhouse Gas Emissions of Product (PD9427). 4. Calculate Greenhouse Gas Emissions of Product Replaced (PD2243). 5. Calculate Greenhouse Gas Reductions Due to Products Sold (PI5376): Units or Volume Sold: Total (PI1263) x (Greenhouse Gas Emissions of Product Replaced [PD2243] – Greenhouse Gas Emissions of Product [PD9427]). Note: • Level of outcome (for both baseline and reporting period) for the target stakeholder group and threshold (outcome objective level) must both be noted. • Given the complexity of measuring actual greenhouse gas outputs, this metric is a proxy based on projections of greenhouse gases emitted for both products sold and products replaced.

Importance of outcome to stakeholder

Why is this important?
To understand the extent to which impact and value are created, identify the risk of negative impact and unintended outcomes, and uncover ways of maximizing social and environmental value creation. This metric may also uncover other effects or outcomes that stakeholders perceive.

IRIS DATA NEEDED	FORMULA / CALCULATION GUIDANCE
* Importance of Outcome to Stakeholders OI5495	Describe the value or importance of the outcome being sought by the intervention or investment from the perspective of those affected.

17 Source: https://iris.thegiin.org/
18 Source: https://iris.thegiin.org/

The United Nations Development Program SDG Impact

What is it?
The SDG Impact is a United Nations Development Program (UNDP) initiative with the primary objective of generating and leveraging private sector capital in delivering the SDGs. The platform is partnered with Impact Management Project (IMP) and collaborating with a wide range of reporting initiatives such as the International Finance Corporation, PRI, GRI, the UN Environment Programme Finance Initiative, and UNGC.

What is the purpose?
The SDG Impact will provide investors and companies with unified standards, tools and services to document and measure their contributions to achieve the SDGs and to identify SDG related investment opportunities in emerging economies and developing countries.

The SDG Impact is aimed at mobilizing private capital in support of sustainable, climate-friendly growth and to advance transparency on investments.

What does it contain?

SDG Impact Practice Standards
SDG Impact Practice Standards provides principles and tools for investors and enterprises. UNDP has developed a set of 18 global standards for how investors and enterprises manage and measure their impacts on the SDGs. Currently, practice standards only exist for private equity investments but practice standards for fixed income are under development.

SDG Impact Seal
The SDG Impact Seal is a UNDP-managed certification for investors and enterprises to authenticate alignment with the SDG Impact Standards. The aim of the certification is to identify the enterprises and investors that have processes in place to define, manage and measure their impacts on the SDGs.

UNDP training
The SDG Impact platform contains online courses and training in impact measurement and management. The aim of the training is to convey the Practice Standards and to guide investors in developing governance, data management, and reporting practices about their investments' subsequent contribution to the SDGs.

What is the guideline's definition of SDG impact?
The standards are developed on the basis on five dimensions of impact, developed by the Impact Management Project (IMP) and are thus the same as for the IRIS+ System. The dimensions are What, Who, How Much, Contribution and Risk.

- "What" describes what outcomes the enterprise is contributing to and how important the outcomes are to stakeholders.
- "Who" describes which stakeholders are experiencing the outcome and how underserved they were prior to the enterprise's effect.
- "How Much" describes how many stakeholders experienced the outcome, to what degree they experienced change, and for how long they experienced the outcome.
- "Contribution" describes whether an enterprise's and/or investor's efforts resulted in outcomes that were likely to be better than what would have occurred without the contribution.
- "Risk" describes the likelihood of the impact being different than expected.

Which SDGs and targets can be mapped via the guideline?
The SDG Impact does not provide mapping directly to single SDGs. Instead, adoption of the standards enables users to apply concrete practices for impact management and analyze businesses and investments based on the SDGs relevant for the particular investment.

Illustrative example of the Certification Framework
This example shows how the Practice Standards are used in the certification framework. If a certain level of attainment is reached by the Practice Standard tests, the investment funds are eligible for the UNDP Impact Seal which verifies the SDG impact of the given investment funds[19].

	UNDP SDG Impact Practice Standards for PE Funds (and related tests)	Levels of Attainment		
		Does not meet	Partially meets	Meets
	STRATEGIC INTENT AND GOAL SETTING			
	Fund's Motivations, SDG Impact Intentions and Impact Goals			
1	**The Fund is encouraged to consider its motivation(s) for engaging with the SDGs, determine its SDG.**			
1.1	The Fund is encouraged to consider its motivation(s) for engaging with the SDGs and determine its SDG impact intentions accordingly.			
1.2	The Fund is encouraged to describe its SDG impact intentions in terms of: **Acting to Avoid Harm**, **Benefiting Stakeholders** or **Contributing to Solutions**.			
1.3	The Fund is encouraged to develop and make explicit and disclose its theory of change, including what outcomes and impacts it expects to contribute to through its investment and other activities.			
2	**The Fund is encouraged to set impact goals to help it achieve its SDG impact intentions.**			
2.1	The Fund is encouraged to set impact goals that are aligned with its stated SDG impact intentions and specific SDG-enabling strategies (i.e. Acting to Avoid Harm that detracts from the achievement of the SDGs, Benefiting Stakeholders in relation to the SDGs and/or Contributing to Solutions toward the achievement of the SDGs).			
2.2	The Fund is encouraged to determine how much of its total portfolio it intends to allocate towards SDG-enabling investments, including the expected percentage breakdown of investments intended to: **Acting to Avoid Harm**, **Benefiting Stakeholders** or **Contributing to Solutions**.			
2.3	The Fund is encouraged to apply a systems thinking mindset and approach when designing its impact goals to take into consideration how the web of interrelationships between individuals, groups and institutions in the system may affect (positively or negatively) the impact potential of various investment options.			
	Governance and Culture			
3	**The Fund is encouraged to reinforce that impact matters and integrate its SDG impact intention.**			
3.1	The Fund is encouraged to clearly set the "tone from the top", reinforcing that impact and impact measurement and management practices matter, and leading by example and holding others accountable in that regard.			
3.2	The Fund is encouraged to embed its SDG impact intentions and goals into the Fund's standard business practices, governance structures and controls to align the Fund's financial and operational activities and behaviors with its SDG impact intentions and goals.			
3.3	The Fund is encouraged to establish mechanisms to ensure appropriate oversight of impact progress by the Fund's board and investment committee (for example, establishing an impact committee, clearly delineating impact in the board and investment committee's responsibilities and meeting agendas, reporting of breaches or failures against the Fund's impact goals to the investment committee and board).			

How to use the Toolkit: The above document is accompanied by the SDG Impact Practice Standards for Private Equity Excel Toolkit. This document and the excel workbook are complementary. Each Standard has a set of tests and various levels of attainment. These levels of attainment are captured in the format outlined above.

- Does not yet meet minimum SDG Impact Practice Standards
- Partially meets SDG Impact Practice Standards
- Meets SDG Impact Practice Standards

19 Source: https://sdgimpact.undp.org/assets/UNDP_SDG-Impact-Practice-Standards-for-PE-Funds-SEP-2019-CONSULTATION-DRAFT-FINAL.pdf

Perspective: UN Principles for Responsible Investment and outcome-based reporting

The role of regulation and reporting initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD) or UN Principles for Responsible Investment (PRI) were mentioned by several interviewees in the conducted interviews as key elements in driving SDG reporting in the future. Especially PRI was mentioned as an important institution in the development of SDG reporting.

In 2016, PRI launched its "Blueprint for Responsible Investment" that sets out PRI's agenda and priorities for the responsible investment community for the next ten years.

The Blueprint includes priorities to strengthening signatory accountability towards the SDGs and build a more sustainable financial system that enables achieving real-world impact aligned with the SDGs.

This involves developing the following for PRI:

- Set out steps and develop tools for investors to align their investment activities with the SDGs.
- Encourage capital towards projects with positive, real-world impact.
- Introduce the SDGs into the PRI Reporting Framework.
- Map PRI work against the SDGs, and report on the contribution in achieving the SDGs.

Following consultation with signatories in the 2019 "Signatory General Meeting Board Report", the PRI board will be looking to develop an SDG relevant framework in the PRI reporting cycle and possibly introduce outcome-based reporting on the SDGs for signatories[20]. This development has been openly criticized by a significant investor, the Norges Bank Investment Management, arguing that investors cannot rightfully claim SDG outcomes for portfolio companies[21].

20 Source: https://blueprint.unpri.org/ and https://www.unpri.org/annual-report-2019/how-we-work/more/board-report
21 Norges Bank Investment Management has written two open letters to PRI in 2019. For more information, please see https://www.nbim.no/en/publications/consultations/2019/pri-reporting-framework-review/ and https://www.nbim.no/en/publications/consultations/2019/pri-2019-signatory-survey/

Interview with Nordic investors

The following pages present an overview of 17 Nordic institutional investors' perspectives on SDG reporting.

The investors chosen for the interviews were selected based on assets under management in the different markets. This was done in order to show the views of the most significant institutional investors across the Nordic Markets.

To the extent possible, interviewed investors were balanced according to type i.e. asset owner or asset manager. This was done in order to identify possible difference between the two types of investors. Seven assets managers and ten asset owners participated in the analysis.

Some participating investors are present across several Nordic markets. These have been categorized according to geographic location of the interviewee. Six investors from Denmark, four from Finland, one from Norway and six from Sweden participated in the analysis[22].

All interviewees are involved with SDG reporting in their given organizations. Interviewees are employed in dedicated ESG departments, communications departments or as part of the investor relations team. Most interviewees are employed in dedicated ESG departments.

Quotation from the interviews are used to document and/or expand a given conclusion on a given question. The quotes are anonymous upon request from several interview participants.

An interview guide was sent to the interviewees prior to the interviews[23]. Three investors chose to reply in writing. Interviews with Danish investors were done in face-to-face meetings, while interviews with Finnish and Swedish investors were done via online meetings. All interviews were recorded and subsequently analyzed by Klinkby Enge.

Interviews were done in a semi-structured format with the interview guide as a starting point. Additional elaborating questions were asked when relevant.

The interview guide was divided into four themes:

- How do investors report on the SDGs today and how do they expect their SDG reporting to develop?
- Established and emerging guidelines' relevance for SDG reporting
- Data quality and balanced reporting
- The challenges of future SDG reporting

The themes of the interview guide describe what Klinkby Enge perceive as central issues for SDG reporting. To enable interviewees to contribute with their own perception of central issues for SDG reporting, the themes and questions of the interview guide were made open-ended.

22 All participants across the different markets can be seen in appendix 1.
23 The interview guide can be seen in appendix 2.

How do investors report on the SDGs today and how do they expect their reporting to develop?
All interviewees agree that the SDGs are growing in importance and that there is an increasing focus on sustainability from investors and their stakeholders. But the extent to which the SDGs are incorporated into investor reporting are very different. Almost all interviewed investors address the SDGs in their external reporting and most interviewees agree that their organizations' SDG reporting will be developed further in the future. However, lack of credible reporting methodologies remains a main issue in relation to SDG reporting.

	Conclusion	Quote
Q1: How do investors report on the SDGs today?	The most common way of reporting on the SDGs is by selection of a few SDGs, where the activities of the investor is expected to be most significant. Most investors have used service providers to determine their SDG impacts, however only two interviewees use the data for external reporting. Several asset owners report on specific engagement cases and how their active ownership activities contribute to the SDGs.	"We bring up a handful of goals and explain how those specific goals can be supported by our investments". "We report on an ad-hoc basis on impact from our active ownership on selected investments. This is where we see ourselves able to contribute the most and these activities are mapped against the SDGs".
Q2: What are investors' thoughts on further integrating the SDGs in future reporting?	All investors recognize the growing importance of the SDGs. Most investors see the SDGs as a way of effectively communicating their efforts within sustainability to stakeholders. Several investors criticize current methodologies used for SDG impact reporting today. The primary concerns and criticisms are rooted in missing standards for both company and investor SDG reporting. As stakeholder demand for reporting increases, so will the reporting methodologies have to improve. Few interviewees, especially from asset owners, highlight that SDG reporting should not be the main concern for investors. Instead, creating and measuring real-world impacts should be the primary focus of investors. The interviewees call for more reflection on these issues from their peers before they engage in reporting on SDG contributions. For most investors, the SDGs are not part of investment policies or governing portfolio construction. SDG impact is not the primary focus of the investment policy and claiming SDG impacts is highlighted by several interviewees as problematic. But inclusion of SDG data into investment decisions will be evolving in the coming years as data develops.	"The SDGs help explain our sustainability efforts and the mapping of our investments to the SDGs helps tell the story to our clients of how much we contribute to specific goals". "Your methodology is decisive for, what SDGs you can argue that you impact, leaving a huge room for SDG-washing to occur. Singling out SDGs where you should have the most impact, I would be careful about saying that as it all depends on your methodology". "Investors have maybe not reflected upon the SDGs enough; we are so focused on just reporting but there are not enough reflections on how we actually contribute to reaching these SDGs, i.e. how are we impacting the real world?" "We do report on the SDGs, but the SDGs are not part of how we govern our portfolio. Our exposure or contribution to the SDGs are an outcome that we don't directly control. Of course, we hope the SDGs will be positively impacted because we in general address sustainability issues when we make investments".

Emerging and established guidelines' relevance for SDG reporting
The interviews documented that there is no common perception of best practice SDG reporting guidelines. The guidelines mentioned most frequently by interviewees was the Global Reporting Initiative and UN Global Compact Action Platform: Business Reporting on the SDGs, but only few investors have used this as basis for reporting. A lack of data is often mentioned as a key issue of following SDG reporting guidelines. Several interviewees point to development in regulation like the EU Sustainable Finance Taxonomy as a driving force of SDG reporting going forward.

	Conclusion	Quote
Q1: What established or emerging reporting guidelines or initiatives do investors see as the most promising SDG reporting tools? Why?	Few investors were able to single out SDG guidelines they found promising for SDG reporting. Most investors express skepticism about SDG reporting guidelines. Guidelines work well on a theoretical level, but practical implementation is difficult, mostly because of a lack of data. Concerns are raised about the large number of different reporting guidelines that exist. Consequently, no uniform reporting structure exists yet for neither companies nor investors, creating issues of unstandardized data. Of the few SDG reporting guidelines mentioned by interviewees, the GRI and UNGC Action Platform: Business Reporting on the SDGs and the SDI Taxonomy by APG and PGGM were mentioned the most.	"These reporting guidelines are super comprehensive on a theoretical level, but I don't see that the data is available. There is a clear discrepancy between the theoretical and intellectual way of thinking about impact of these frameworks and what the data can actually show". "The GRI and UNGC Action Platform: Business Reporting on the SDGs has been a great framework on how to translate the SDGs into indicators and measuring impact on these for the corporate world".
Q2: Are investors considering utilizing any of these? Why/why not?	Few investors plan to use any SDG reporting guidelines. However, there is a need for development of guidelines and standards for company and investor reporting as both guidelines and standards are an important factor in maintaining credibility towards stakeholders. Few investors highlight the importance of not reinventing the way that investors do sustainability reporting. SDG reporting should be based on current sustainability practices and existing reporting tools such as data from service providers and engagement activities. These can be used for SDG reporting as well. The most popular way of gathering information on SDG impacts are via service providers. However, methodology concerns mean that few investors plan to use this data for external reporting. Service provider data is rather used internally. Several interviewees point to regulation such as the EU Sustainable Finance Taxonomy or initiatives such as PRI, as main drivers of standardization of SDG data and subsequent SDG reporting for both companies and investors going forward.	"It is important that we maintain credibility towards our clients and therefore it is crucial that we can say that our reporting is done on a proven framework rather than something we developed on our own". "You don't have to start all over with SDG reporting, but rather use the tools that ESG-integrations have provided investors with already. Most of these are directly applicable on the SDGs". "I am a strong believer in that the EU taxonomy is not going to end at sustainable finance, but that the next step will be human rights and then we are going to get much closer to the SDG-world as well".

Data quality and balanced reporting

There is a need to further develop data quality and data coverage on SDG impacts of companies for investors to further integrate the SDGs as part of their reporting. Interviewees wish to be transparent in their reporting and express a will to report holistically on both negative and positive impacts on the SDGs, but data availability from companies remain a main issue. Additionally, the difficulty of defining impact is raised by several investors.

	Conclusion	Quote
Q1: What are investors' considerations on measuring and documenting SDG impacts in the future?	All investors agree that there is a need for continuous development of SDG data and reporting methodologies. Investors argue that stakeholder demand for SDG reporting is increasing. This increases the need for high quality SDG data from both companies and investors which arguably will drive improvement on both data quality and reporting methodologies. Clearly defining and measuring impact is mentioned as the one of the most difficult issues to solve for investors in order to report credibly on the SDGs. Different guidelines provide different definitions of impact meaning that both company and investor reporting remain difficult to do, as data is not reported in a standardized format.	"Data quality and reporting are a work in progress. The methodologies of today are not useful tools for investors, but the only way, that methodologies might improve is by starting somewhere and develop from there". "There is a central question in how you define impact. For example, there is a difference in the impact you create via your active ownership compared to your impact from direct investments, meaning that reporting very quickly becomes very complex".
Q2: Have investors considered to report on both positive and negative impacts? Why/why not?	All investors wish to be transparent in their SDG reporting. This includes holistically reporting on SDG impacts, including both positive and negative. However, there is a lack of company data on negative SDG impacts, which makes reporting on negative impacts difficult for investors. The issue of defining impact is also highlighted as a barrier for reporting on negative impacts. A few investors highlight the opportunities that ESG integration tools provide investors today. Investment tools such as screenings and engagement procedures enable investors to communicate the negative impacts that investors are trying to minimize.	"There are not a lot of companies that report on their negative impacts. If companies don't then it is difficult for us to do and would make reporting on negative impacts extremely complicated for us". "We don't invest in tobacco stocks but do we in any positive way impact an SDG just because we don't invest in these companies? I think it is more a stance that we have taken rather than a contribution that we make, but many might report this as a positive contribution". "I would say that with the screening and engagement procedures that we have on issues like human rights or labor conditions we do have ways of determining some negative impacts already today".

The challenges of future SDG reporting

Several investors argue that engaging in external SDG reporting today comes with a risk of engaging in SDG-washing, because of poor data quality and poor data coverage. However, investors also argue that SDG reporting is in an early state and believe investor demand for data will continue to enhance current data solutions from service providers as well as company reporting.

	Conclusion	Quote
Q1: What do investors see as the biggest challenges for SDG reporting today and in the future?	Interviewees see the quality and coverage of SDG data as a major issue for SDG reporting today. Lack of standardization in company reporting, service provider methodologies and investor reporting are all factors that need to improve in order to credibly be able to report portfolio-wide on SDG impacts. A derived risk of poor data quality and coverage often referred to by interviewees, is the risk of SDG-washing. Company data is lacking for investors to report a holistic picture of the life cycle impacts of products and services of portfolio companies. Many interviewees see a problem in companies cherry-picking SDGs or single cases to report on. This makes it difficult for investors to subsequently report holistically on the impact of their investment portfolios.	"We have to move away from the high-level reporting that is being done today by investors and companies and see how we can measure the impact of their products and service at the level of the SDG sub-targets. SDG reporting should be at this level to be truly meaningful". "With todays' methodologies, it is very easy to model the data according to the story you want to tell. You can write the conclusion beforehand and make the data fit afterwards".
Q2: How do investors plan to tackle these challenges?	Several investors describe a way of improving SDG reporting by applying a learning-by-doing-process which subsequently will push service providers, companies and investors to improve solutions for SDG reporting. Investors see SDG reporting evolving very quickly. But several say that currently they will not engage further in SDG reporting as data quality and data coverage are still too low. However, all investors expect large improvements in data quality, data overage and reporting methodologies in the coming years. This will increase the credibility of reporting and avoid the labeling of SDG-washing.	"It is good that we do these calculations and have these methodologies today. Of course, they need to be more sophisticated, but you don't know that until you start". "I expect some of the larger data providers in one or two years will have developed their services such that investors can use the data for investment decisions. In that case, our reporting will follow".

www.dansif.dk

Dansif

Appendix 1 – Participating organizations

Organization	Country	Type
ATP	Denmark	Asset owner
PFA	Denmark	Asset owner
Sampension	Denmark	Asset owner
BankInvest	Denmark	Asset manager
Danske Bank	Denmark	Asset manager
Nykredit	Denmark	Asset manager
Ilmarinen	Finland	Asset owner
Varma Mutual Pension Insurance	Finland	Asset owner
OP Financial Group	Finland	Asset manager
Nordea	Finland	Asset manager
KLP	Norway	Asset owner
Alecta	Sweden	Asset owner
AP Fond 2	Sweden	Asset owner
AP Fund 4	Sweden	Asset owner
AP Fund 7	Sweden	Asset owner
Handelsbanken	Sweden	Asset manager
Storebrand	Sweden	Asset manager

Appendix 2 – Interview guide

- How do investors report on the SDGs today and how do they expect their SDG reporting to develop?
- Emerging and established guidelines' relevance for SDG reporting
- Data quality and balanced reporting
- The challenges of future SDG reporting

Themes	Questions
How do investors report on the SDGs today and how do they expect their SDG report-ing to develop?	How do investors report on the SDG's today? What are your thoughts on further integrating the SDGs in your future reporting?
Emerging and established guidelines' relevance for SDG reporting	What established or emerging reporting guidelines or initiatives do you see as the most promising SDG reporting tools? Why? Are you considering utilizing any of these? Why/why not?
Data quality and balanced reporting	What are your considerations on measuring and documenting your SDG impacts in the future? Have you considered to report on both positive and negative impacts? Why/why not?
Overall challenges of SDG reporting	What do you see as the biggest challenges for SDG reporting today and in the future? How do you plan to tackle these challenges?

Appendix 3 – Overview of SDG Reporting Guidelines

	SDG Compass	Future Fit Business Benchmark	PGGM/APG Sustainable Development Investments	UN Global Compact and GRI Action Platform: Business Reporting on the SDGs	The Corporate Reporting Dialogue and the SDGs	Cambridge Institute for Sustainability Leadership, Investment Impact Framework (2019)	IRIS+ and GIIN System	United Nations Development Program Impact Platform
Developed by	• The UN Global Compact • The Global Report Initiative • The World Business Council for Sustainable Development	The Future-Fit Foundation and development council (Brunel, Covestro, De Beers, Eileen Fisher, Hermes Investment Management, Maersk, Novo Nordisk, Ørsted, The Body Shop, Tribe, WHEB).	• APG • PGGM	• The UN Global Compact • The Global Report Initiative	• CDP • The Climate Disclosure Standards Board • The Global Reporting Initiative • The International Integrated Reporting Council • The International Organization for Standardization • The Sustainability Accounting Standards Board	The Cambridge Institute for Sustainability Leadership (CISL) and members of the Investment Leads Group (Aegon Asset Management, AON, First State Investments, HSBC Global Asset Management, Nordea, La Banque Postale Asset Management, Nuveen, State Street, UPB, Zurich).	Global Impact Investor Network, Impact Management Project, 50 standards bodies including OECD, PRI, IFC and WHO.	• The United Nations Development Program • The Impact Management Project • The International Finance Corporation • The Principles for Responsible Investment • The Global Reporting Initiative • The UN Environment Programme Finance Initiative • The UN Global Compact
Year developed	2015	2016	2017 (SDI) and 2020 (AI Platform)	2018	2018	2019	2019	2019
What is it?	A collection of SDG reporting tools and indicators that enables companies to explore commonly used reporting tools used to assess an organization's impact on the SDGs.	Guidelines for benchmark of companies against their progress towards "future fitness" and subsequent achievement of the SDGs.	Artificial intelligence (AI) based platform to assess listed equities' contribution to the SDGs based on the "Sustainable Development Investment (SDI) Taxonomy".	SDG reporting tool that builds on the SDG Compass, GRI Standards, the UNGC Communication on Progress and the UN Guiding Principles on Business and Human Rights.	The Corporate Reporting Dialogue (CRD) is an initiative created to promote coherence, consistency and comparability between corporate reporting frameworks and standards.	An Investment Impact Framework to calculate revenue streams against social and environmental metrics mapped to the SDGs.	Online accounting system with methodologies for defining, measuring, and reporting social and environmental impacts. The methodologies are aligned with the SDGs.	Initiative that provide investors and companies with unified standards, tools, and services to document and measure their contributions to achieving the SDGs.
What is the purpose?	Guide companies in aligning their strategies and business objectives with the SDGs and measuring their contribution to the SDGs.	Help organizations set goals to embed sustainability into the core of their objectives.	The SDI taxonomy provides guidance on what type of investments qualify as contributing to the SDGs. The AI platform helps investors assess listed investments for their contribution to the SDGs.	Accelerate company reporting on the SDGs and how companies can incorporate the SDGs in their business objectives and reporting.	Advocate cooperation between standard setters to provide guidance and structure for businesses to be transparent and accountable for their activities and SDG impacts.	Provide a methodology of assessing and reporting contributions of investments towards the SDGs.	Provide a methodology and metrics for investors to measure and document the real-world impacts of their investments.	The initiative is aimed at mobilizing private capital in support of sustainable, climate-friendly growth and to advance transparency on investments and identify SDG related investment opportunities.
What does it contain?	1. A five steps guide to set or align company strategy with the SDGs. 2. A total of 58 existing business tools that companies can use to map their activities against the SDGs. 3. An inventory of 1,553 business indicators that companies can use to measure and report their contributions to a given SDG target.	1. A total of 23 "Break-even goals" within eight social and environmental topics. Each describes goals that must be met in order for an organization to become "future fit". 2. A total of 24 "positive pursuits" which is efforts that goes beyond organization's pursuit of the break even goals. 3. Business actions guides and indicators for each break-even goal.	1. SDI decision tree that identifies investments, which qualifies as SDI investments. 2. Overview of investable SDG targets. 3. AI platform rating approximately 10,000 companies on the extent to which their core business activity contributes to the SDGs.	The Action platform has created three SDG reporting tools: 1. "An Analysis of the Goals and Targets" - an inventory of indicators for all SDGs. 2. "A Practical Guide to Defining Priorities and Reporting" – a guide to embed the SDGs in business objectives. 3. "In Focus: Addressing Investors Needs in Business Reporting on the SDGs" - information about investor-relevant aspects of company SDG reporting.	Position paper on the SDGs that shows overlaps of the participants' frameworks towards company reporting on the SDGs. Reporting according to a given CRD framework enables reporting on SDG contribution. The CRD argues that both companies and investors can use CRD frameworks to assess progress against the SDGs.	The Investment Impact Framework is divided into six themes with specific metrics that investors can use as proxies for their progress towards the SDGs for investments. The framework provides two grades of metrics for each of the themes: 1. The "ideal metric" measure impact in a world with perfect data. 2. The "base metric" that can be calculated using data available to investors today.	The IRIS+ and GIIN system contains a catalog of performance metrics for SDG Goals and targets as well as metrics for different impact categories. The system also contains a definitions of core characteristics of impact, impact investing as well as a glossary of key terms.	1. SDG Impact Practice Standards with 18 global standards for how investors and enterprises manage and measure their impacts on the SDGs. Currently, only standards for private equity investments exist but standards are under development for fixed income. 2. UNDP-managed SDG Impact seal for investors and enterprises to authenticate alignment with the SDG Impact standards. 3. Training for investors in impact measurement and reporting practices for their contribution to the SDGs.
What is the definition of impact?	The SDG Compass gives no definition of SDG impacts.	The Future Fit benchmark gives no definition of impacts.	The AI platform is not designed to measure the outcome or impact of an investment. The SDI only defines investments with "substantial contribution to a SDG" as having impact.	The Action Platform gives no definition of impacts.	The CRD gives no definition of impact however reporting should focus on the SDGs most likely to impact financial performance.	All investment approaches from conventional investing to impact investing have consequences on the economy, society and environment. As such, all investments have an impact on the six themes and the SDGs.	The platform uses five dimensions of impact, developed by Impact Management Project. The dimensions are; What, Who, How Much, Contribution and Risk. • "What" describes outcomes of investments. • "Who" describes which stakeholders are experiencing the outcome. • "How Much" describes how many stakeholders experienced the outcome. • "Contribution" describes whether an enterprise's and/or investor's efforts resulted in outcomes that would not have occurred otherwise. • "Risk" describes the likelihood that impact will be different than expected.	The standards are developed on the basis on five dimensions of impact, developed by Impact Management Project. The dimensions are: What, Who, How Much, Contribution and Risk. • "What" describes outcomes of investments. • "Who" describes which stakeholders are experiencing the outcome. • "How Much" describes how many stakeholders experienced the outcome. • "Contribution" describes whether an enterprise's and/or investor's efforts resulted in outcomes that would not have occurred otherwise. • "Risk" describes the likelihood that impact will be different than expected.
Which SDGs can be mapped?	All SDGs and all SDG targets.	All SDGs are linked to one or more of the goals of the guidelines.	15 of the 17 goals have investable SDG targets. SDG 16 and SDG 17 are not considered investable according to the SDI taxonomy.	All SDG and all SDG targets.	Collectively, the members of the CRD address all 17 of the SDGs.	All SDGs are linked to the six themes of the CISL framework.	All SDGs and all SDG targets.	All SDGs if relevant for the given investment.