

SDGs – what does  
it mean for evaluation?

# Impact Thinking

a business perspective on the SDGs

André Martinuzzi

Director of the Institute for Managing Sustainability,  
a.Prof. at the Vienna University of Economics and Business



**71%**

of businesses say they are  
already planning how they  
will engage with the SDGs

**13%**

of businesses have identified  
the tools they need to assess  
their impact against the SDGs

**41%**

of businesses say they will  
embed SDGs into strategy  
and the way they do business,  
within five years

**90%**

of citizens say it's important  
for business to sign up to the  
SDGs



# A new approach to responsibility

Voluntary action	Responsibility for impacts
<p>In 2001 the European Commission defined CSR "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders <b>on a voluntary basis</b>".(COM(2001)366).</p>	<p>In 2011 the <b>European Commission</b> defined CSR as "the responsibility of enterprises for their impacts on society." (COM(2011) 681).</p>
<p><b>Carroll</b> (1991) equated voluntariness primarily with corporate philanthropy, along with ethical responsibilities.</p>	<p><b>ISO 26000</b> defined CSR as "the responsibility of an organization for the impacts of its decisions and activities [including products, services and processes] on society and the environment" (ISO, 2010: clause 2.18)</p>
<p><b>Boatright</b> (1997) defined CSR as corporations' voluntary adoption of responsibilities beyond those which are purely economic or legal.</p>	<p><b>UN Global Compact</b> has started encouraging its member companies to monitor and set goals in areas in which they have the most significant impacts (UN, 2013).</p>
<p>"In general, corporate sustainability and CSR refer to company activities, voluntary by definition, demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders" (<b>Van Marrewijk</b>, 2003: 102).</p>	<p>The <b>World Business Council for Sustainable Development</b> released a guide for measuring socio-economic business impacts (WBCSD, 2013),</p>
<p><b>Crane et al.</b> (2013) highlighted voluntariness as one of six core characteristics of CSR.</p>	<p>The <b>Global Reporting Initiative (GRI)</b> released the G4 Sustainability Reporting Guidelines that highlight materiality and impacts along supply chains (GRI, 2013).</p>

# A new approach to responsibility

Voluntary action	Responsibility for impacts
embraces a rather narrow, short-term, and <b>instrumental logic</b> ('business case')	internalizes a broader, long-term, and integrative concern <b>that seeks to further social good</b> ('societal case')
focuses on activities that can be <b>managed by a company alone</b>	faces the challenges of <b>shared responsibilities</b> and indirect impacts (e.g. along supply chains or product life cycles)
can easily be <b>reported based on corporate data</b>	<b>requires additional information</b> about impact pathways which is often not available to companies
can be implemented based on <b>well established management methods</b>	requires a <b>fundamentally new management approach</b> as managers are no longer only responsible for profits, market shares, growth or shareholder value, but for the positive and negative impacts they have on society



# Impact-oriented CSR

- goes beyond a focus on the return to the company to **considering the impacts arising from the company's activity for society**
- **expands the view** from corporate performance and output to societal and environmental impacts of company decisions and activities, including
  1. positive and negative impacts
  2. core business and humanitarian / environmental projects
  3. economic, social and environmental impacts
  4. short and long term impacts
  5. direct and indirect impacts
  6. intended and unintended impacts
- **accepts responsibility** for impacts even if other actors are involved, including
  - a. supply chains
  - b. product use and post-use-phase
  - c. indirect impacts on consumer practices, habits and culture
- aims at **improvement of impacts**  
(increase positive, reduce negative impacts)



# Impact-oriented CSR

- 1. Purpose**  
(reporting, decision support, learning)
- 2. Scope**  
(direct, supply chain, products)
- 3. Impact areas**  
(SDGs, materiality)
- 4. Impact pathways**  
(causality, time-lags)
- 5. Sphere of influence**  
(shared responsibility)
- 6. Data availability**  
(linking micro- and macro-data)
- 7. Scenarios**  
(time-scales, systemic approach)
- 8. Aggregation**  
(indicators, valuation)
- 9. Improvement measures**  
(TQM cycle)
- 10. Communication**  
(target groups and channels)

# Tools for Impact-oriented CSR

- Base of the Pyramid Impact Assessment Framework (William Davidson Institute)
- B Impact Assessment
- Company Level CSR Self-Assessment Tool (UNDP and EU)
- Corporate Water Footprint
- CSRware-SSC
- Framework for Action: Business and MDGs (UNDP, International Business Leaders Forum)
- Global Compact Self Assessment Tool (UN Global Compact)
- Human Rights Impact Assessment Toolkit (NomoGaia)
- ILO Elimination Child Labour
- Inclusive Business Challenge (World Business Council for Sustainable Development)
- LBG Model (London Benchmarking Group)
- MDG Scan (Sustainalytics, Business in Development)
- Oxfam Poverty Footprint (Oxfam)
- PPI Progress out of Poverty Index (CGAP, Grameen Foundation, Ford Foundation)
- Product Carbon Footprint
- Progress out of Poverty Index
- Reporting Guidance on the 10th Principle Against Corruption
- Supply Chain Insight Tool
- Total Impact Measurement & Management (PwC)
- UNEP Towards Triple Impact
- Unleashing Entrepreneurship: Making Business Work for the Poor

# Impact Thinking

1. Companies will be **held responsible for impacts** (not only for profits, shareholder value, performance or market shares)
2. This requires a **clear scope** on what they are responsible for and for what they are not responsible for
3. They will need a **clear picture of the whole system** (and not only of your B2B relations and your stakeholders)
4. They will have to deal with **ambiguities, trade-offs** and **systemic links**
5. Requires **multi-level evaluation systems** and linkages of corporate, regional and national data.