The SDG Compass

GLOBAL VALUE tool showcase

The GLOBAL VALUE tool showcase series

GLOBAL VALUE tool showcases: your guides to using tools

Understanding a company's impact on sustainable development, and finding ways to manage it best, is not an easy task. With so many tools available, choosing one to invest time in is even more difficult. GLOBAL VALUE tool showcases will make this task easier.

We selected and tested 15 leading tools in different categories to help understand how each of them can help you achieve your assessment goals. Our tool showcases are meant to support you in deciding which tool best fits your company's needs. The tools were tested in collaboration with multinational companies from different sectors to give you practical tips on how to get the most from using each of the showcased tools.

Tools for managing impact on the Sustainable Development Goals

The Sustainable Development Goals (SDGs) are the north star for global development for the next 15 years. Adopted by the United Nations in September 2015, these Goals have been developed in extensive consultation with the business community. For companies across the globe, the SDGs are both a challenge and an opportunity to serve global populations in a manner that is sustainable in the long-term. Each tested tool has also been screened for how many and which SDGs it may help companies tackle.

Find more tool showcases on the GLOBAL VALUE Toolkit.

Tool selection

The tool showcases feature 15 tools that were selected from over 200 tools collected during three years of research in the context of the GLOBAL VALUE project. These tools were shortlisted through an iterative consultation with GLOBAL VALUE consortium experts, who evaluated the strengths and weaknesses, feasibility and usability, methodology and added value of different tools in order to narrow down the list of tools to 15 for testing in an actual company setting.

SDG Compass was tested as one of the only frameworks that specifically targets the Sustainable Development Goals and businesses contributions to them. It is a comprehensive guide that aims to help businesses understand the SDGs and define actions to maximize positive contributions to achieve them.

Tool testing process

The tool showcases are based on the experiences of three GLOBAL VALUE tool testers, who have implemented these tools in collaboration with three multinational companies. The tools were tested with a specific focus on their operations in developing countries, in order to understand how each of them can help companies measure and manage their impacts on global sustainable development. The tool testing assessed each tool's feasibility and usability, user friendliness, content and context, methodology, data required and results provided.

This showcase will guide you through the main benefits and limitations, ease of use, tool adaptability to different geographical and company contexts, scope of value chain and SDG coverage, methodology for assessing impact, and the usefulness of output or results that the tool provides.

An introduction to the

SDG Compass

The SDG Compass is a **learning tool** and a framework for **analyzing and aligning business strategies** to maximize business contributions to the Sustainable Development Goals (SDGs).

The SDG Compass helps businesses **understand how the SDGs are relevant them,** as well as helps in designing and monitoring actions that contribute to the achievement of the SDGs. It intends to make the SDGs more concrete and operational from a business perspective. It provides guidance to each SDG from a business perspective, identifying business-relevant targets and providing examples of potential business contributions or activities to the achievement of each goal. The guide also helps in building systems for **monitoring, goal setting, managing and reporting the contributions that are made**.

The framework is comprised of five steps: 1) understanding the SDGs and how they are relevant to the user's business; 2) defining priorities; 3) setting goals; 4) integrating; 5) reporting and communicating. The SDG Compass is now comprised of a guide that helps implement each of the aforementioned steps and an online tool inventory with 57 tools and over 800 indicators, filterable by 17 SDGs that can help with tackling specific thematic issues. The tool inventory can also be filtered by developer and keyword. The online platform also hosts an inventory of over 800 business indicators that were developed by various stakeholders, are filterable by SDG goal and target, business theme, type and other criteria, which are aimed at helping to set targets for maximizing SDG contributions.

At a glance
Web: http://sdgcompass.org/
Developer: UN Global Compact, GRI, WBCSD

The SDG Compass was developed by three organisations leading the discussions on business sustainability globally: United Nations Global Compact, a voluntary initiative based on CEO commitments to implement universal sustainability principles and support UN goals; Global Reporting Initiative, an organization that helps businesses understand and communicate their critical sustainability issues; and the World Business Council for Sustainable Development, a global, CEO-led organization of leading businesses working together to accelerate the transition to a sustainable world.

Use the SDG Compass when you want to:
- **understand how the SDGs are relevant to your business**
- **learn how to align your business strategies to the SDGs** to maximise your business contribution to their achievement
- **learn how to set up monitoring and reporting systems** on your organisation's contributions to the SDGs.

Features

What you need to know about the SDG Compass

This section gives you an overview of the key features of the SDG Compass. All important information that can help you decide on whether this is the tool for your needs is presented in a condensed format in the table below. For more elaborate information on the icons and to explore other tools please visit the GLOBAL VALUE tool navigator.

Purpose	Scope	Output	Requirements	Access
The main purpose of the tool is to **help companies learn more** about how they can maximize their contribution to the SDGs.	The **whole value chain** can be assessed upstream and downstream. The framework is **suitable for companies operating across different countries.** The different geographical, political, cultural, and economic characteristics will depend on the user's choices.	The SDG Compass is a guide and a framework and **does not in itself produce any output**.	External consultant support or **stakeholder engagement** might be required to consult or assist in implementing some of the framework steps.	The tool is **free** to use and is available online**.**

What the tool testers say - Overall experience

The SDG Compass is a flexible and comprehensive framework that helps business understand how to align their strategies to help achieve the SDGs. It is not a tool in the sense that it does not provide an interface through which to channel/analyse company data in order to gain new/transformed results. Deeper knowledge of potential business impacts on sustainable development, as well as geographical context factors, are needed, or should be pursued through consultations with external stakeholders. The tool provides links to a range of materials that could be useful in the task of aligning business strategies with the SDGs. However, fulfilling the full guide in a robust manner requires deeper understanding of tools, impact indicators, and sustainable development issues than can be gained through the SDG Compass alone.

Want to explore other tools?

GLOBAL VALUE tool navigator features over 220 tools that all screened for the same features as the SDG Compass**.**

Benefits | Key benefits and added value of the SDG Compass

Key benefits you can expect

o **Fully customizable**
Can be used by any company in any geographical context with any value chain scope in mind. As a general framework, the SDG Compass is fully responsive to the context factors, such as industry type or geographical location, of business operations that may be important in analysing business contributions to the SDGs. These factors can, and should, be controlled for by the user.

o **Helps establish linkages between business and the SDGs**
The SDG Compass guide supports companies in finding the most relevant linkages between business strategies and the SDGs. The framework explains how each SDG is relevant for business and what type of business activities are most likely to have an influence on each of the SDGs. The framework allows to take the company value chain as a basis for thinking where the biggest impacts may occur and provides guidance on how to set up impact tracking indicators for monitoring progress on contributing to the SDGs.

o **Supports strategic decision making**
The guide is primarily designed to drive strategic action and design, as well as implement and communicate about actions that help achieve the SDGs. It helps companies define, prioritise actions and design monitoring systems within their value chains to maximise positive impact on achieving the SDGs.

Sustainable Development Goal coverage

SDG Compass has been designed with the SDGs in mind, it thus has the potential to cover all SDGs, depending on what the user finds important. The tool provides guidance notes on what each SDG really means from a business perspective, what the are the current trends of the issue, what are the underlying drivers behind these developments and how business can direct its action to help solve each issue targeted by the individual SDG.

Since under each SDG, there are a number of different targets that are related to the individual goal, the guide identifies the targets that could be specifically relevant for business to address.

However, it is up to the user which SDGs are relevant for the specific case. Careful consideration and consultations with stakeholders should be considered when prioritizing the most important SDGs where each company can make the most meaningful contributions in and should be considered when using the framework.

Learn more about how to map your companies impacts on SDGs on the GLOBAL VALUE Toolkit!

STEP 1: Understanding the SDGs and how they are relevant to your business

As a first step, the SDG Compass provides guidance on what the SDGs are and how they are relevant for business on a general level. The guide walks you through the most important considerations when thinking about the challenges, as well as opportunities, the SDGs bring.

STEP 2: Defining priorities

As a second step, the SDGs are made more relevant to the specific company using the guide. It starts with a value chain map, identifying the key broad-picture elements downstream and upstream of the value chain. The guide suggests building an overview of the following broad elements: raw materials, suppliers, inbound logistics, company operations, distribution, product use, and product end of life. This mapping allows for a more concrete placement within the value chain as to where certain impacts on the SDGs may occur, so as to ensure that the greatest impacts are addressed at appropriate levels.

The value chain map is then considered against the backdrop of the 17 SDGs that the business may have an impact on. Each of the 17 SDGs are explained in detail in a business-relevant manner in the online platform. At this stage, a broad overview of value chain impacts on the SDGs and prioritization of the greatest potential impacts is to be built. It is nearly impossible to map all potential impacts across the whole value chain on all of the SDGs. Thus, robust prioritization is key at this stage. You may benefit from having discussions with relevant stakeholders or additional research on the key sustainability issues in your industry and country/-ies of operation. You can also consult one of the 10 GLOBAL VALUE sector guides, which map out the key SDG issues in 10 different industries.
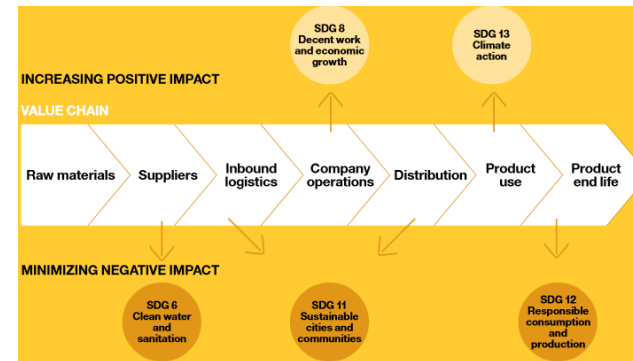

Illustration for Step 2: Value chain mapping

As a final stage of Step 3, you are guided in setting up indicators for prioritized SDGs, that would allow you to define and track progress. Suggested method for defining indicators is the input-output-outcome-impact model. The guide also links to a database of over 800 widely used business indicators, which are categorized by goal. However, only very few indicators are available that would allow tracking actual impacts (what changes), rather than activities or outputs. Selecting good indictors should not be underestimated, as they will fundamentally define the actions. This step should, therefore, receive sufficient attention.

STEP 3: Setting goals

At this stage, the guide suggests setting goals for driving action. This is an internal exercise and largely depends on company ambitions.

STEP 4 & 5: Integrating & Reporting and communicating

The last two steps of the SDG Compass focus on action implementation in order to maximize positive business contributions to the SDGs.

SDG Compass for Multinational Corporations

The SDG Compass was developed with a focus on large multinational enterprises that can have a significant impact on the achievement of the Sustainable Development Goals. The SDG Compass framework is very flexible and can be applied to companies operating across different countries with different geographical, political, cultural, economic, and other characteristics. The extent to which the company adapts the framework to its specific industry, size, or geographical location is up to the user and depends on the ambitions set by the company.

One of the most useful features of the SDG Compass is the guidance on how each SDG is relevant in a business context. Since the SDGs are meant to guide countries in their pursuit of sustainable development, their relevance to business, or business relevance to their achievement, is not captured in the policy documents, nor in the majority of the SDG targets. The SDG Compass fills that gap and operationalizes the SDGs for business.

The SDG Compass is a very broad level guidance framework and it is up to each user's ambition and ability to use this framework to design robust mapping of the most relevant SDGs for their company and define measurable, targeted and meaningful indicators that can be used to drive positive business action. The guide is also largely focused on potential business actions to drive positive change, while potential negative impacts and their mitigation is of lesser focus. The SDG Compass focuses on potential actions, while not taking into account the areas where, already without additional action, business operations already have a positive impact on the SDGs.

Ease of use

The SDG Compass is a learning resource that aims to 'translate' the SDGs for business by underscoring how the SDGs are relevant to business, which specific targets are applicable to business operations and what the possible actions are that business can take. This is supported by databases of widely accepted business indicators and tools that businesses could use in their own assessments. The implementation of the full framework could take up to 12 months.

The SDG Compass online platform provides an informative guidebook for download that guides users through the 5 steps of understanding, mapping, implementing and reporting on business contributions to the SDGs. The guide provides mostly general level guidance with some more in depth methodological support. The SDG Compass website also provides an online inventory of indicators for assessing company impacts that can be filtered by SDGs, SDG targets, business themes, type, source, and keyword. It also provides an online inventory of tools, also filtered by each SDG, tool developers, and keyword. Navigating this large scale database of resources does require a deeper understanding and experience with using tools and defining impact indicators.

Meaningful and robust implementation of the SDG Compass requires an understanding of sustainability management, the SDGs, and impact mapping.

GLOBAL VALUE

Managing for global value

All the tools GLOBAL VALUE tested exhibit a different approach to managing a company's impact on sustainable development. Tested approaches include tools that assess a company's management system, monetize sustainability impacts or map impacts and build strategies for mitigating negative impacts and enhancing positive impacts.

In order to capture these differences, and what each of these approaches brings to a company wanting to measure and manage its impacts, each of the tools tested were evaluated against a set of criteria developed by the GLOBAL VALUE consortium. Find out more about the criteria we used here. An online Expert Crowd of more than 260 experts from a variety of organisations and stakeholder groups globally has also been involved in developing the criteria to ensure that the most important concerns of science, businesses, civil society and policymakers are reflected.

This section will provide insights into the underlying assumptions of how SDG Compass evaluates the impact of a company using the tool, and the usefulness of the results that the SDG Compass provides for managing business impacts on sustainable development.

> Learn more about how to use tools for managing your impact on the SDGs on the GLOBAL VALUE toolkit !

SDG Compass assessment approach

The SDG Compass is a learning tool that supports strategic decisions. Therefore, only the first two steps focus on assessing business impacts on the SDGs. These steps guide the user on setting up a company specific framework for analyzing business impacts on the SDGs. This is done through a value chain mapping in the backdrop of the SDGs. The value chain map allows considering how company operations may impact the SDGs at each stage of the value chain. After the mapping input, output, outcome and impact indicators for driving and monitoring positive action on prioritized SDGs are to be defined.

The selection of indicators is supported by a database on the SDG Compass website (www.sdgcompass.org) and contains business indicators mapped against the 17 SDGs and their targets. This inventory contains existing business indicators from relevant and widely-recognized sources such as GRI, SASB, ILO, OECD and CDP. However, the inventory lacks meaningful impact indicators that would be business-relevant in cases where they have not yet been developed. This database can be used as a learning source, but may be less helpful in defining specific indicators to assess the company's impact on the SDGs.

SDG Compass assessment output

The SDG Compass does not provide any output. In general, the results stemming from the SDG mapping steps can help companies start a targeted SDG alignment process and become aware of opportunities in addressing the SDGs in a more strategic manner.

Resources | Further resources

- SDG Compass: http://sdgcompass.org/

- SDG Compass Guide: http://sdgcompass.org/wp-content/uploads/2015/10/SDG_Compass_Guide.pdf

- UN Global Compact: https://www.unglobalcompact.org/

- Global Reporting Initiative (GRI): www.globalreporting.org

- World Business Council for Sustainable Development (WBCSD): http://www.wbcsd.org/

- Sustaibable Development Goals (SDGs): https://sustainabledevelopment.un.org

- GLOBAL VALUE Project: http://www.global-value.eu/toolkit/project/

- GLOBAL VALUE Toolkit: www.global-value.eu/toolkit

- GLOBAL VALUE Tool Navigator: www.global-value.eu/navigator

- GLOBAL VALUE Expert Crowd: www.global-value.eu/toolkit/expert-crowd

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