

# ABOUT THE SDG IMPACT STANDARDS



## Introduction

The SDG Impact Standards (the Standards) have been developed by SDG Impact – a flagship initiative of the United Nations Development Programme (UNDP) – to help investors and enterprises operate more sustainably and contribute positively to sustainable development and the United Nations Sustainable Development Goals (SDGs).

### About the SDGs

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (and associated targets and indicators) are the world's blueprint to achieve a better and more sustainable future for all. They address the global challenges we face including poverty, inequality, climate change, environmental degradation, and peace and justice. The SDGs were agreed upon by all 193 Member States of the United Nations and also call on the private sector to apply its creativity and innovation towards solving sustainable development challenges. The SDGs break down silos between different actors and geographies – creating space and opportunities for new ways of working towards solutions, including by working collaboratively with a broader range of partners and constituencies.

### The business case for operating sustainably and contributing positively to the SDGs

Every day, more and more enterprises and investors are looking for straightforward ways to operate more sustainably and make a positive contribution to the SDGs. Indeed, enterprises and investors increasingly recognize that sustainable development is at the very heart of long-term value creation and failing to achieve the SDGs is a constraint on economic potential and undermines system stability, future business prospects and future investment performance. Operating sustainably and contributing to the SDGs can help organizations use a common language and shared purpose to<sup>1</sup>:

- Open-up new business and investment opportunities and efficiency gains
- Future proof businesses and investment portfolios
- Manage risk more effectively
- Enhance reputation
- Attract and retain employees, consumers, B2B customers, and investors
- Strengthen stakeholder relations
- Drive innovation
- Secure social license to operate
- Keep pace with – and anticipate future – policy developments
- Help stabilize societies and markets.

But we are not yet on a sustainable path and there is a lack of clear guidance on how organizations can translate intent to action. The SDG Impact Standards aim to address this knowledge gap and move organizations from SDG alignment to SDG action – from thinking about the SDGs as an add-on to what business gets done to how all business gets done.

### About the Standards

The Standards are decision-making standards, not performance or reporting standards. They are designed to help organizations integrate operating responsibly and sustainably and contributing positively to sustainable development and the SDGs into organizational systems, investment frameworks and decision-making practices, using a common language and shared approach to do so.

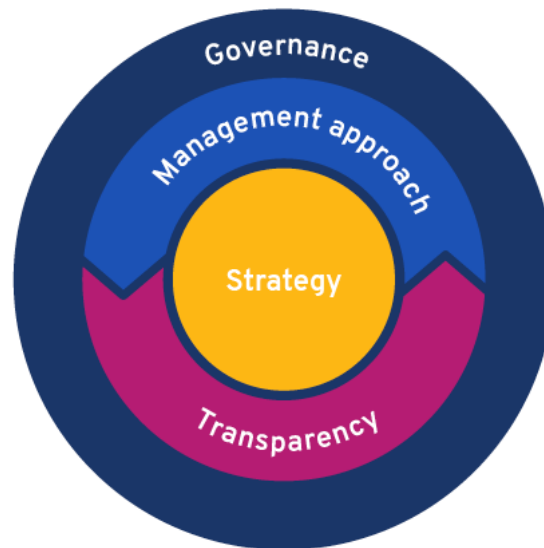
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<sup>1</sup> Sources: <https://sdgcompass.org/>; [https://d306pr3pise04h.cloudfront.net/docs/news\\_events%2F9.3%2Fbetter-business-better-world.pdf](https://d306pr3pise04h.cloudfront.net/docs/news_events%2F9.3%2Fbetter-business-better-world.pdf)

The foundation of the Standards is operating sustainably and contributing positively to sustainable development and the SDGs. This cannot be achieved without demonstrating respect for human rights in line with the United Nations Guiding Principles for Business and Human Rights (UNGPs), planetary boundaries in line with science-based targets, and other responsible business practices in line with the UNGC's Ten Principles and UN Women's Empowerment Principles and is realized through effective impact management and decision making.

The Standards are organized around four interconnected themes – strategy, management approach, transparency, and governance (see Figure 1) – each of which plays an important role in fully integrating sustainability and contributing positively to the SDGs into organizational systems and decision making.

Figure 1: The SDG Impact Standards



### Strategy

Embedding sustainability and contributing positively to the SDGs in purpose and strategy is important because it drives attention, focus and resources to what matters most and where the organization can have the most significant impact on important outcomes – including by reducing negative ones. It recognizes that organizations' prospects for future prosperity increasingly depend on the health of the planet and the wellbeing of humanity. Operating responsibly and sustainably and contributing to the SDGs is not an add on to what business gets done – it's how all business gets done.

### Management approach

Integrating responsible business practices and impact management into organizational systems and decision making is about setting the right conditions to maximize chances of achieving the organizational goals of contributing positively to the SDGs and increasing the probability of success over time. It helps organizations generate options and make more informed choices between those options to optimize their contribution towards sustainable development and the SDGs.

### Transparency

Being transparent is an important element of being accountable to Stakeholders – all interested parties including those affected or potentially affected in future by the organization's decisions and activities. It also helps Stakeholders make more informed decisions, for instance about whether they want to work with or for the organization, invest in or lend to the organization, or buy or use the organization's products and services. To be effective, transparency needs to be useful and accessible to all Stakeholders.

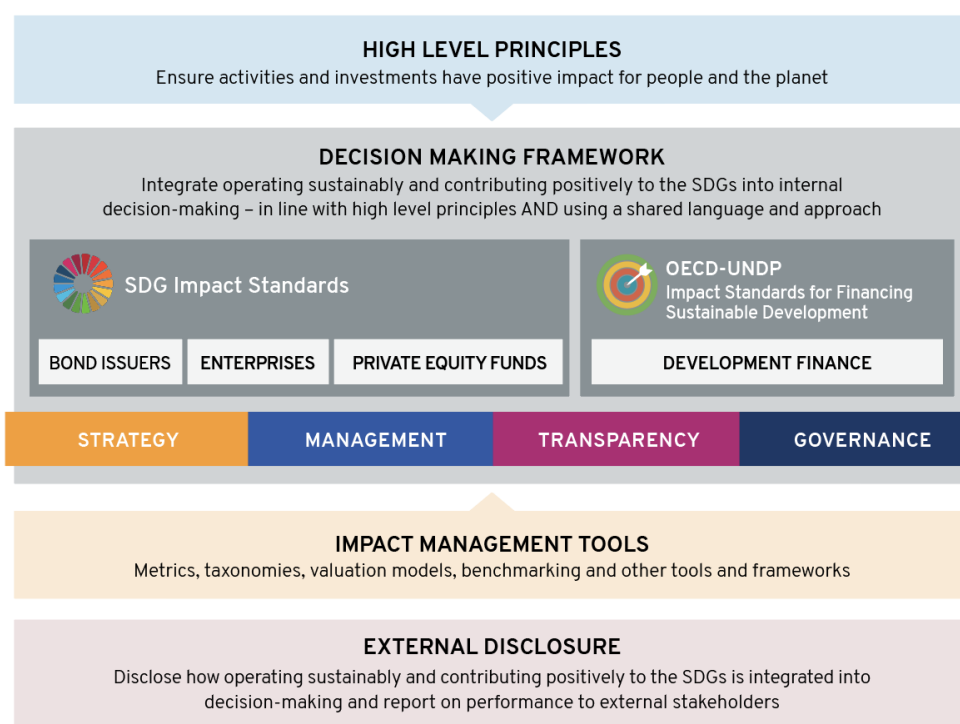
## Governance

Governance is an essential element of embedding responsible business and impact management practices into organizational decision-making. The organization's informal and formal governance mechanisms define expectations of behavior, how decisions are made and how the organization holds itself and others accountable for their decisions and actions in accordance with its values, principles, and policies.

The Standards build on and complement existing work undertaken by other industry-led initiatives on impact management and measurement. The same structure is followed across all the SDG Impact Standards (for Enterprises, Bond Issuers and Private Equity Funds and the OECD-UNDP Impact Standards for Financing Sustainable Development). In this way, the Standards create a shared language and approach for integrating impact management and the SDGs into decision-making, fill gaps in current market practices which are undermining progress towards the SDGs, and connect different actors across the ecosystem to create the enabling environment for greater cross-sector collaboration and innovation in SDG financing solutions (see Figure 2).

Figure 2 How the Standards work with other principles, frameworks, and tools

Source UNDP and OECD



The Standards help to make high-level impact management principles<sup>2</sup> actionable, and guide the choice of which frameworks, methodologies and tools should be used to appropriately measure and manage impact. They embed the SDGs and the Impact Management Project (IMP) shared norms and provide an operating system for the application of existing tools and frameworks, including metrics and taxonomies. By creating a robust internal impact management system, organizations that adopt the Standards will also be in a much better position to meet the growing and various sustainability

<sup>2</sup> Examples of impact management principles include Operating Principles for Impact Management (OPIM), the United Nations Environment Programme – Finance Initiative (UNEP-FI) Principles for Positive Impact Finance, United Nations Global Compact CFO Principles on Integrated SDG Investments and Finance, and Social Value International's seven principles of social value.

reporting and disclosure requirements and expectations of governments, regulators, investors, and other stakeholders.

Ultimately, the Standards facilitate organizations in adopting responsible business practices and integrating impact management into organizational systems and decision-making practices with the intention of operating sustainably and optimizing contribution to sustainable development and the SDGs.

### Who can use the Standards

The Standards are for all Enterprises, Bond Issuers and Private Equity Funds committed to operating sustainably and contributing positively to sustainable development and the SDGs – regardless of size, geography, or sector.

The Standards are also a useful guide for other actors in the value chain to frame inquiry, assessment and decision-making about an organization's impact management capacity and strategies to advance sustainable development and the SDGs. This includes **investors**, to frame their investment mandates, guidelines, and due diligence; **Analysts, advisors, assurers, and research houses**, to advise their clients or assure or benchmark practice; and **Government and policymakers** to align policy and regulations with the Standards and otherwise support their adoption in line with policy priorities to promote sustainable development and support achievement of their SDG commitments.

### How the Standards are organized

#### The Standards

The objective of the Standards is to define the requirements for strategy, management approach, transparency, and governance that increase the likelihood that an organization is operating sustainably and contributing positively to the SDGs. They do not provide a guarantee. If all organizations were applying the Standards, the UNDP believes that there would be positive contribution to sustainability and the achievement of the SDGs.

The Standards are provided to organizations as a 'best practice' guide to help them operate more sustainably and optimize their contribution to sustainable development and the SDGs by integrating responsible business and impact management practices into their organizational systems and internal decision-making. Organizations are encouraged to use the Standards as a gap analysis and self-assessment tool, and to fill gaps and improve practice over time. The Standards should be used in conjunction with the glossary and guidance provided.

The tables that follow this summary set out the actions Enterprises, Bond Issuers and PE Funds will undertake to properly integrate operating sustainably and contributing positively to sustainable development and the SDGs into their organizational systems and decision-making and maps those actions to the practice indicators included in the relevant set of Standards.

#### Glossary

A comprehensive Glossary supports, and is an essential extension of, the Standards. Terms have the meaning ascribed in the Glossary when used in the Standards.

#### Guidance materials

Guidance Notes at the Practice Indicator level are provided to enhance understanding of the scope and practical application of the Standards to assist Standards users in interpreting, implementing, and applying the Standards in a consistent manner. Links to relevant frameworks, tools and resources and examples (where available) will also be provided. More examples will be added over time as case studies are developed with organizations using the Standards.

### Assurance Framework and SDG Impact Seal

An external assurance framework and SDG Impact Seal are being developed in tandem with the Standards. Independent assurance is an important mechanism to build market trust and confidence and reduce the potential for impact washing or the over-statement of claims.

The assurance process is designed to provide assurance that the organization has the policies and processes in place to achieve the objective of the Standards. The development of the Assurance Framework and Assurance Protocols will also reduce the risk of a proliferation of proprietary assurance approaches that may vary in quality and the level of transparency provided. Recognizing that the Standards represent best practice, and it will take organizations time to fully implement them, assurance will be provided against the minimum thresholds that should be met but requiring continuous improvement towards the best practice indicators over time.

Organizations are highly recommended to move from self-assessment to having their impact management practices assured at regular intervals by an independent accredited assurer. The assurance protocols and minimum thresholds will be publicly available and may be helpful to organizations in planning their implementation roadmap before they seek independent assurance of their practices from an accredited assurer.

### Other Complimentary resources

UNDP has worked in collaboration with CASE at Duke University to offer this impact measurement and management training course through Coursera. UNDP is also developing training on the Standards for users and for assurers in conjunction with Social Value International.

SDG Impact has mapped the SDG Impact Standards for Private Equity Funds to the IFC Operating Principles for Impact Management and has mapped the SDG Impact Standards for Enterprises to both the Sustainable Development Goal Disclosure (SDGD) Recommendations and to the UNGC CFO Principles on Integrated SDG Investments and Finance.

While the on-line platform to house and engage with the Standards is being developed, excel workbooks will be provided to guide implementation and help organizations use the Standards as a self-assessment tool.

At the time of writing, the guidance, assurance framework and training materials are under development. Visit [www.sdginvestorplatform.undp.org](http://www.sdginvestorplatform.undp.org) to stay up to date and access resources as they become available.

## SDG Impact Standards for Enterprises – Enterprise actions

Theme	Enterprise action
STRATEGY	1. Commit to operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact
STRATEGY	2. Understand what's important to Stakeholders and achievement of the SDGs, and where the Enterprise is making impacts to determine where material impact can be made in the future
STRATEGY	3. Embed impact into purpose and strategy
STRATEGY	4. Set impact goals in line with now integrated purpose and strategy
STRATEGY	5. Adjust strategy and impact goals as needed to optimize impact
MANAGEMENT APPROACH	6. Align organizational culture, structure, capabilities, systems, and incentives with purpose and strategy
MANAGEMENT APPROACH	7. Develop methodology, processes, and systems to effectively measure impacts, and integrate into business decision-making
MANAGEMENT APPROACH	8. Assess, compare, and monitor material impacts over time, with external benchmarks and between stakeholder groups and subgroups, generate options for increasing impact and make choices between options
MANAGEMENT APPROACH	9. Embed continuous improvement, updating impact management practices as needed
TRANSPARENCY	10. Disclose how responsible business practices, sustainability and contributing positively to the SDGs are integrated into decision-making and report on performance
GOVERNANCE	11. Integrate responsible business and impact management practices into governance framework
GOVERNANCE	12. Ensure governing body leads by example

## SDG Impact Standards for Enterprises – Mapping Practice Indicators to Enterprise actions

	STRATEGY	STRATEGY	STRATEGY	STRATEGY
<b>Enterprise actions</b>	<b>1. Commit to operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact</b>	<b>2. Understand what’s important to Stakeholders and achievement of the SDGs, and where the Enterprise is making impacts to determine where material impact can be made in the future</b>	<b>3. Embed impact into purpose and strategy</b>	<b>4. Set impact goals in line with now integrated purpose and strategy</b>
<b>Mapped to Practice Indicators</b>	Decide that operating responsibly and sustainably, and contributing positively to the SDGs is central to business purpose (1.1.1)	<p>Increase understanding of sustainable development context including about the global, national, and local SDG priorities and gaps and interdependency across the SDGs (1.1.4, 1.1.2)</p> <p>Engage with Stakeholders to understand what matters to them (1.1.5)</p> <p>Map current and future potential impacts on different Stakeholders (including under-represented Stakeholder segments) through the value chain, and determine what impacts are material based on what is important to them (1.1.6)</p>	<p>Develop an impact thesis to translate sustainability and contributing positively to the SDGs into actionable steps and into business strategy (1.1.1)</p> <p>Embed respect for human rights, planetary boundaries, and other responsible business practices in approach (1.1.3)</p> <p>Assess business models and partnership approaches (1.1.7)</p> <p>Integrate strategy and impact goals into business plan, and allocate adequate budget &amp; resources to achieve strategic plan and impact goals (1.1.10)</p>	<p>Set ambitious and measurable goals for all material impacts (including negative ones) and cross cutting issues in context of baselines, thresholds and rate of change required to achieve the goal in a timely way (1.2.1, 1.2.2, 1.2.3, 1.2.5)</p> <p>Specify goals according to SDG outcomes areas &amp; ABC impact classifications (1.2.4)</p> <p>Assess the risk (including to Stakeholders) that impacts may not occur as expected (1.1.8, 1.1.9)</p>



	STRATEGY	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH
Enterprise actions	5. Adjust strategy and impact goals as needed to optimize impact	6. Align organizational culture, structure, capabilities, systems, and incentives with purpose and strategy	7. Develop methodology, processes, and systems to effectively measure impacts, and integrate into business decision-making	8. Assess, compare, and monitor material impacts over time, with external benchmarks and between stakeholder groups and subgroups, generate options for increasing impact and make choices between options
Mapped to Practice Indicators	Review and adjust strategy & impact goals as internal & external contexts change & as information on actual impact becomes evident (1.1.11)	<p>Embed respect for human rights, planetary boundaries, and other responsible business practices in policies and procedures (2.1.1, 2.1.2)</p> <p>Develop outside-in ways of working, involving Stakeholders in decision-making, engaging with government bodies, and collaborating with peers and potential partners on collective solutions (2.1.3, 2.1.4)</p> <p>Develop capacity, integrate accountability, and align incentives with purpose and strategy (2.1.5)</p>	<p>Develop approach to identify decision-useful metrics and collect, verify, manage, and use impact data appropriately (2.1.6, 2.3.2)</p> <p>Develop methodology for assessing, monitoring, and managing impacts (2.2.1, 2.2.2, 2.2.3, 2.3.1, 2.3.3, 2.3.4)</p> <p>Determine how much information is needed to make a decision (2.2.4)</p> <p>Determine when independent impact evaluations will be required to manage impact risk (2.2.6)</p> <p>Capture results and lessons learned so that impact information is connected to business decision-making and ongoing impact management activities and continuous improvement (2.2.7, 2.3.5)</p>	<p>Assess and compare material impacts based on methodology established in 7 (2.1.6, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.6)</p> <p>Make choices between options to optimize impact and positive contribution to the SDGs (2.2.5)</p> <p>Monitor actual impact performance against expected impact and as against baselines, counterfactuals, and thresholds and act to optimize impact and contribution to the SDGs (2.3.1, 2.3.2, 2.3.4)</p> <p>Analyze deviations from expected outcomes and respond accordingly (2.3.3)</p>

	MANAGEMENT APPROACH	TRANSPARENCY	GOVERNANCE	GOVERNANCE
Enterprise actions	9. Embed continuous improvement, updating impact management practices as needed	10. Disclose how responsible business practices, sustainability and contributing positively to the SDGs are integrated into decision-making and report on performance	11. Integrate responsible business and impact management practices into governance framework	12. Ensure governing body leads by example
Mapped to Practice Indicators	Refine impact management practices over time based on impact results, lessons learned and changes in the sustainable development context (2.1.7, 2.3.5)	<p>Disclose/report in line with the Sustainable Development Goal Disclosure (SDGD) Recommendations, Stakeholder needs, and relevant laws and regulations (3.1, 3.3, 3.5)</p> <p>Communicate impact performance consistently and in context (3.2)</p> <p>Disclose policies concerning human rights and other responsible business practices (3.4)</p> <p>Have impact/ sustainability reports assured and implement recommendations (3.6)</p>	<p>Governing body has oversight of the Enterprise's integration of sustainability and contributing positively to the SDGs into its purpose, strategy, risk management and decision-making practices and its responsible business and impact management practices and performance (4.1)</p> <p>The Enterprise's parent and/or holding company has policies, practices and performance relating to governance and responsible business practices, consistent with the requirements set out in these Standards (4.3)</p>	<p>Governing body includes sustainable development competencies and diversity in its composition, operates transparently and recognizes the importance of acting on behalf of impacted stakeholders (4.2)</p> <p>Governing body holds management accountable for its responsible business and impact management practices (in line with the Enterprise's values, purpose, and policies) and performance (4.2)</p>

## SDG Impact Standards for Bond Issuers – Issuer actions

Theme	Issuer action
STRATEGY	1. Embed responsible business practices in organization-wide approach and define scope of impact strategy (which the SDG Bond Program relates to)
STRATEGY	2. Within the impact strategy scope, understand what's important to Stakeholders and achievement of the SDGs, and where impacts are currently being made to determine where material impact can be made in the future
STRATEGY	3. Develop impact strategy, incorporating operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact into the approach
STRATEGY	4. Establish SDG Bond Program and set impact goals in line with impact strategy
STRATEGY	5. Adjust impact strategy and goals as needed to optimize impact
MANAGEMENT APPROACH	6. Align culture, structure, capabilities, systems, and incentives with impact strategy
MANAGEMENT APPROACH	7. Develop methodology, processes, and systems to effectively measure impacts, and integrate into decision-making
MANAGEMENT APPROACH	8. Assess, compare, and monitor material impacts over time, with external benchmarks and between stakeholder groups and subgroups, generate options for increasing impact and make choices between options
MANAGEMENT APPROACH	9. Embed continuous improvement, updating impact management practices as needed
TRANSPARENCY	10. Disclose how contributing positively to sustainable development and the SDGs is integrated into the impact strategy and SDG Bond Program, and report on performance
GOVERNANCE	11. Integrate oversight of the Issuer's responsible business practices and the impact strategy, SDG Bond Program, and related impact management practices into governance framework
GOVERNANCE	12. Ensure governing body leads by example

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

	STRATEGY	STRATEGY	STRATEGY	STRATEGY
<b>Issuer actions</b>	<b>1. Embed responsible business practices in organization-wide approach and define scope of impact strategy (which the SDG Bond Program relates to)</b>	<b>2. Within impact strategy scope, understand what’s important to Stakeholders and achievement of the SDGs, and where impacts are currently being made to determine where material impact can be made in the future</b>	<b>3. Develop impact strategy, incorporating operating responsibly and sustainably, contributing positively to the SDGs, and optimizing impact into the approach</b>	<b>4. Establish SDG Bond Program and set impact goals in line with the impact strategy</b>
<b>Mapped to Practice Indicators</b>	<p>Embed respect for human rights, planetary boundaries, and other responsible business practices in organization-wide approach (1.1.1)</p> <p>Define scope of impact strategy, and link to organization-wide strategy (1.1.2)</p>	<p>Increase understanding of sustainable development context including about the global, national, and local SDG priorities and gaps and interdependency across the SDGs (1.1.3.4, 1.1.3.1)</p> <p>Engage with Stakeholders to understand what matters to them (1.1.3.3)</p> <p>Map current and future potential impacts on different Stakeholders (including under-represented Stakeholder segments) through the value chain, and determine what impacts are material based on what is important to them (1.1.3.5)</p>	<p>Develop impact strategy to translate sustainability and contributing positively to the SDGs into actionable steps (1.1.2)</p> <p>Assess business models and partnership approaches (1.1.3.2)</p> <p>Integrate strategy and impact goals into relevant business plans, and allocate adequate budget &amp; resources to achieve impact strategy and goals (1.1.3.9)</p>	<p>Establish SDG Bond Program (1.2.1)</p> <p>Set ambitious and measurable goals for the SDG Bond Program according to SDG outcome areas and ABC impact classifications for all material impacts (including negative ones) and cross cutting issues in context of baselines, thresholds and rate of change required to achieve the goal in a timely way (1.2.2)</p> <p>Assess risk (including to Stakeholders) that impacts may not occur as expected (1.1.3.6, 1.1.3.7)</p> <p>Set out clear measures within the SDG Bond Program if impact goals are not met (1.2.3)</p>

	STRATEGY	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH
Issuer actions	<b>5. Adjust impact strategy and goals as needed to optimize impact</b>	<b>6. Align culture, structure, capabilities, systems, and incentives with impact strategy</b>	<b>7. Develop methodology, processes, and systems to effectively measure impacts, and integrate into decision-making</b>	<b>8. Assess, compare, and monitor material impacts over time, with external benchmarks and between stakeholder groups and subgroups, generate options for increasing impact and make choices between options</b>
<b>Mapped to Practice Indicators</b>	Review and adjust impact strategy and impact goals as internal and external contexts change and as information on actual impact becomes evident (1.1.3.8)	<p>Embed respect for human rights, planetary boundaries, and other responsible business practices in organization-wide policies and procedures (2.1.1)</p> <p>Within impact strategy scope, involve Stakeholders in decision-making (2.1.2)</p> <p>Within impact strategy scope, develop capacity, integrate accountability, and align incentives with impact strategy (2.1.3)</p> <p>Where practicable, work proactively with SDG Bond Program arrangers (and potential investors) to set impact expectations and promote alignment (2.1.6)</p>	<p>Develop approach to identify decision-useful metrics and collect, verify, manage, and use impact data appropriately (2.1.4, 2.3.2)</p> <p>Develop methodology for assessing, monitoring, and managing impacts (2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.6, 2.3.1, 2.3.3, 2.3.4)</p> <p>Capture results and lessons learned so that impact information is connected to business decision-making and ongoing impact management activities and continuous improvement (2.2.7, 2.3.5)</p> <p>Where the Issuer is not the end user of the bond proceeds, it originates, monitors, and manages assets in line with the impact strategy (2.2.8)</p>	<p>Assess and compare material impacts based on methodology established in 7 (2.1.4, 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.6)</p> <p>Make choices between options to optimize impact and positive contribution to the SDGs (2.2.5)</p> <p>Monitor actual impact performance against expected impact and as against baselines, counterfactuals, and thresholds and act to optimize impact and contribution to the SDGs (2.3.1, 2.3.2, 2.3.4)</p> <p>Analyze deviations from expected outcomes and respond accordingly (2.3.3, 2.3.6, 2.3.7)</p>

	MANAGEMENT APPROACH	TRANSPARENCY	GOVERNANCE	GOVERNANCE
Issuer actions	9. Embed continuous improvement, updating impact management practices as needed	10. Disclose how contributing positively to sustainable development and the SDGs is integrated into the impact strategy and SDG Bond Program, and report on performance	11. Integrate oversight of the Issuer's responsible business practices and the impact strategy, SDG Bond Program, and related impact management practices into governance framework	12. Ensure governing body leads by example
Mapped to Practice Indicators	Refine impact management practices over time based on impact results, lessons learned and changes in the sustainable development context (2.1.5, 2.3.5)	<p>Disclose relevant information about the Issuer, the impact strategy and the SDG Bond Program (3.1)</p> <p>Report at least annually on the performance of the SDG Bond Program, communicating its impacts consistently using the SDGs and ABC Impact Classifications and in context (3.2)</p> <p>Has SDG Bond Program impact reports assured and implements recommendations (3.3)</p>	<p>Governing body has oversight of the Issuer's responsible business practices, impact strategy and SDG Bond Program, and related impact management practices (4.1)</p> <p>The Issuer's parent and/or holding company has policies, practices and performance relating to governance and responsible business practices, consistent with the requirements set out in these Standards (4.3)</p>	<p>Governing body includes sustainable development competencies and diversity in its composition, operates transparently and recognizes the importance of acting on behalf of impacted stakeholders (4.2)</p> <p>Governing body holds management accountable for its organization-wide responsible business practices and the Issuer's impact strategy and SDG Bond Program, related impact management practices and performance against its impact goals (4.2)</p>

## SDG Impact Standards for Private Equity Funds – Fund’s actions

Theme	Fund action
STRATEGY	1. Embed contributing positively to sustainable development and the SDGs into Fund purpose and investment strategy
STRATEGY	2. Develop impact thesis
STRATEGY	3. Set portfolio level impact goals
STRATEGY	4. Adjust impact thesis, investment strategy and portfolio level impact goals as needed to optimize impact
MANAGEMENT APPROACH	5. Align mechanisms and processes with Fund purpose to deliver on strategy, including impact thesis and portfolio level impact goals
MANAGEMENT APPROACH	6. Develop methodology, processes, and systems to effectively measure, monitor and manage impact, and integrate into decision-making
MANAGEMENT APPROACH	7. Pre-screen, select, and structure investments in line with purpose, investment strategy, impact thesis and portfolio level impact goals
MANAGEMENT APPROACH	8. Monitor and manage the impact performance of each investment and for the Fund overall, acting to optimize and sustain impact, including after exit
MANAGEMENT APPROACH	9. Embed continuous improvement, updating investment and impact management practices as needed, and share lessons with investees and partners
TRANSPARENCY	10. Disclose how contributing positively to sustainable development and the SDGs is integrated into the Fund purpose, impact thesis and investment strategy, and report on performance
GOVERNANCE	11. Integrate oversight of the Fund’s responsible business practices, investment strategy, impact thesis, portfolio wide impact goals and related impact management practices into governance framework
GOVERNANCE	12. Ensure governing body leads by example

## SDG Impact Standards for Private Equity Funds – Mapping Practice Indicators to Fund’s actions

	STRATEGY	STRATEGY	STRATEGY	STRATEGY
<b>Fund actions</b>	<b>1. Embed contributing positively to sustainable development and the SDGs into Fund purpose and investment strategy</b>	<b>2. Develop impact thesis</b>	<b>3. Set portfolio level impact goals</b>	<b>4. Adjust impact thesis, investment strategy and portfolio level impact goals as needed to optimize impact</b>
<b>Mapped to Practice Indicators</b>	Determine how Fund will contribute positively to sustainable development and the SDGs, engaging with the sustainable development context to understand what’s important and embedding respect for human rights, planetary boundaries, and other responsible business practices in approach (1.1.1)	Develop impact thesis, demonstrating compatibility with investment strategy and magnitude of expected impact commensurate with Fund size (1.1.2, 1.1.3, 1.1.5) Promote alignment of interests among partners, investees, and Stakeholders (1.1.4)	Set ambitious portfolio level impact goals in line with impact thesis and including cross-cutting goals and goals to prevent and/or reduce all material negative outcomes (1.2.1, 1.2.2, 1.2.4) Determine resources that will be allocated towards achieving impact goals (1.1.6)	Review and refine impact thesis, investment strategy and portfolio level impact goals as internal & external contexts change & as information on actual impact becomes evident (1.3)



	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH	MANAGEMENT APPROACH
Fund actions	<b>5. Align mechanisms and processes with Fund purpose to deliver on strategy, including impact thesis and portfolio level impact goals</b>	<b>6. Develop methodology, processes, and systems to effectively measure, monitor and manage impact, and integrate into decision-making</b>	<b>7. Pre-screen, select, and structure investments in line with purpose, investment strategy, impact thesis and portfolio level impact goals</b>	<b>8. Monitor and manage the impact performance of each investment and for the Fund overall, acting to optimize and sustain impact, including after exit</b>
Mapped to Practice Indicators	<p>Embed respect for human rights, planetary boundaries, and other responsible business practices in Fund policies and procedures (2.1.1, 2.1.3, 2.1.4)</p> <p>Allocate resources, align incentives and integrate accountability in line with Fund purpose, impact thesis and investment strategy (2.1.2)</p>	<p>Develop and implement pre-screening criteria in line with purpose, impact thesis and impact goals (2.2.1)</p> <p>Develop and implement impact assessment criteria in line with purpose, impact thesis and impact goals (2.3.2)</p> <p>Develop and implement an effective impact monitoring system (2.5.1)</p>	<p>Pre-screen potential investments in line with impact strategy and impact goals (2.2.2, 2.2.3)</p> <p>Conduct ex-ante impact assessments, developing investment level impact theses, selecting metrics, determining investor contribution, valuing impacts using a consistent measure (wellbeing) and making choices between options to optimize expected impact (2.3.1, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9, 2.3.10)</p> <p>Structure investments, engaging collaboratively, agreeing and documenting terms (2.4.1, 2.4.2, 2.4.3, 2.4.4)</p> <p>Capture results and lessons learned so that impact information is connected to investment decision-making and ongoing impact management activities (2.3.10)</p>	<p>Collect impact data, fill data gaps, and monitor and interpret impact performance against portfolio level impact goals and investment level impact targets, baselines, thresholds, and counterfactuals (2.5.2, 2.5.3, 2.5.4, 2.5.7)</p> <p>Make evidence-based decisions and take action to optimize impact, including working proactively with investees (2.5.5, 2.5.6)</p> <p>Proactively manage exits (2.6.1, 2.6.2, 2.6.3)</p>

	MANAGEMENT APPROACH	TRANSPARENCY	GOVERNANCE	GOVERNANCE
Fund actions	9. Embed continuous improvement, updating investment and impact management practices as needed, and share lessons with investees and partners	10. Disclose how contributing positively to sustainable development and the SDGs is integrated into the Fund purpose, impact thesis, and investment strategy, and report on performance	11. Integrate oversight of the Fund's responsible business practices, investment strategy, impact thesis, portfolio wide impact goals and related impact management practices into governance framework	12. Ensure governing body leads by example
Mapped to Practice Indicators	Refine impact management practices over time based on impact results, lessons learned and changes in the sustainable development context, and share lessons with investees and partners (2.3.10, 2.5.8, 2.6.3)	Disclose relevant information about the Fund and Fund Manager, including how contributing positively to sustainable development and the SDGs is integrated into Fund purpose, impact thesis, investment strategy and impact goals (3.1, 3.4)  Report at least annually on the performance of the Fund, communicating its impacts consistently using the SDGs and ABC Impact Classifications and in context (3.2, 3.3)	Governing body has oversight of the Fund's responsible business practices, investment strategy, impact thesis, portfolio wide impact goals and related impact management practices (4.1)  The Fund's parent and/or holding company has policies, practices and performance relating to governance and responsible business practices, consistent with the requirements set out in these Standards (4.3)	Governing body includes sustainable development competencies and diversity in its composition, operates transparently and recognizes the importance of acting on behalf of impacted stakeholders (4.2, 1.2.3)  Governing body holds management accountable for responsible business practices, impact management practices and impact performance (4.2)