Private Business and Finance

GISD Global Investors for Sustainable Development Alliance

Sector-Specific Metrics: Automobiles & Components

May 2021

Summary

This report on the automobile and components sector is one of several deep-dives convened by the Global Investors for Sustainable Development (GISD) to promote harmonized sector-specific metrics. These metrics should enable a better measurement of the product and service contribution to the SDGs of companies active in this sector. To this end, the report first considers the main contribution channels of the automobile sector to the achievement of the SDGs. It then examines a long list of sector-specific metrics derived from existing reporting frameworks. It also reviews reports from sustainability leaders in the sector to assess existing practices. The report then filters this list down into a concise set of sector-specific metrics. Lastly, the report discusses possible actions from GISD to disseminate this set of metrics and facilitate adoption by stakeholders to drive improvements in sustainability reporting and ultimately contributions to the 2030 Agenda.

1. Scope of the project

The remit of this report is the automobile and components industry group. As defined by MSCI's Global Industry Classification Standard, this industry group is part of the consumer discretionary sector and is sub-divided into two industries: automobiles and auto components.[1] It includes foremostly manufacturers of passenger cars, motorcycles, and light trucks, as well as manufacturers of parts and equipment for automobiles, for instance tires and rubber.

This subject of this report is sector-specific impact indicators. Sector-specific metrics are metrics that only apply to a specific sector or industry. This differentiates them from sector-agnostic metrics, such as those proposed by UNCTAD-ISAR[2], WEF-IBC[3] and GRI. For example, the carbon emission of a product or service is important for assessing the sustainability performance of a utility company's energy services. However, it is not sector specific as it applies to a consumer goods company that manufactures washing machines as much as it does to a utility company that produces and sells electricity. The sector-specific metrics are expected to be used in addition to core sector-agnostic metrics, which all companies should

[1] https://www.msci.com/gics
[2] https://unctad.org/system/files/official-document/diae2019d1_en.pdf
[3] http://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf

be reporting on. Sector-agnostic metrics are not included in this review to avoid repetition, but an overview of these metrics is included in Annex II.

2. SDG alignment of the automobile industry

The automobile industry is well-placed to help achieve the SDGs It has a pivotal role to play in decarbonizing the economy by facilitating the energy transition.[4] It can do so by facilitating the production of electric vehicles and low carbon transport fuels, used in a range of other industries.[5] The automobile industry thus benefits many SDGs**.** In particular, its contributions are towards *SDG 3: Ensure healthy lives and promote wellbeing*, *SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all*, *SDG 11: Make cities inclusive, safe, resilient and sustainable*, *SDG 12: Ensure sustainable consumption and production patterns*, and *SDG 13: Take urgent action to combat climate change and its impact*.[6]

Companies in this sector impact these SDGs through three main contribution channels:

- **Safety.** 1.35 million people die each year as a result of road traffic crashes.[7] Developing countries in particular bear the brunt of fatalities. 93% of worldwide road fatalities occur in low- and middle-income countries, even though these countries have approximately 60% of the world's vehicles. The sector must thus improve its safety performance for passengers and other road users.
- **GHG emissions.** 24 of the 25 keystone automotive companies still realize over 90% of their sales from high emission vehicles, with low carbon vehicles representing on average less than 1% of sales.[8] Electric vehicles by themselves are not a complete solution. While the shift towards electric vehicles will decrease emissions during use substantially, in the short term it will also increase manufacturing emissions because of the large carbon footprint of batteries.[9] Decreasing both production and lifetime use emissions is therefore a key priority for the sector.
- **Circularity.** Adopting principles of the circular economy is a key part of achieving the SDGs. However, the automobile industry is one of a handful of sectors that struggles because of its dependency on raw materials with a large environmental footprint in the production process.[10] Currently, few of these materials are recoverable due to non-circular design practices and the lack of circularity-focused business models This presents a clear opportunity to increase the degree of circularity in the sector.

In short, automotive companies have a string role to play and would themselves benefit from the transition. Low carbon vehicles present an enormous business opportunity as consumer preferences shift. Without it, challenger companies (e.g. Tesla) are likely to present a sustained challenge to the traditional auto model.[11]

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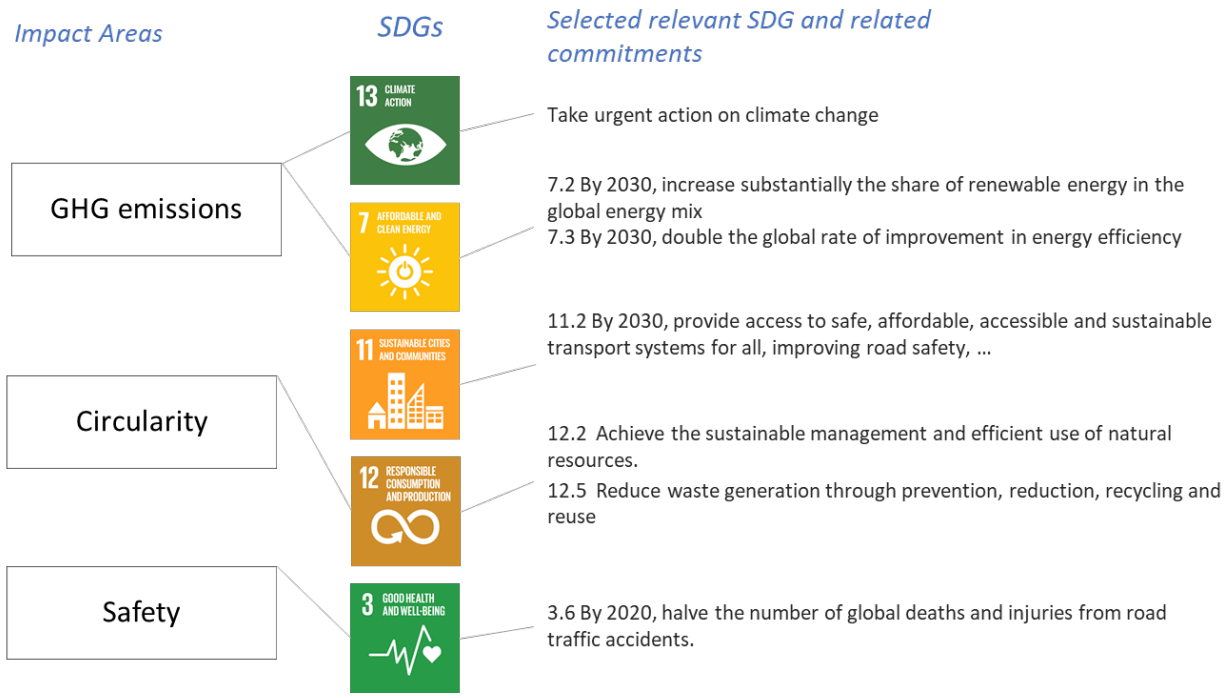
[4] https://assets.worldbenchmarkingalliance.org/app/uploads/2020/09/WBA-sevensystemstransformations-report.pdf
[5] https://home.kpmg/content/dam/kpmg/xx/pdf/2017/05/sdg-energy.pdf
[6] https://assets.worldbenchmarkingalliance.org/app/uploads/2020/09/WBA-sevensystemstransformations-report.pdf
[7] https://www.who.int/news-room/fact-sheets/detail/road-traffic-injuries
[8] https://www.worldbenchmarkingalliance.org/publication/automotive/key-findings/key-finding-1/
[9] https://www.weforum.org/projects/the-circular-cars-initiative
[10] https://assets.worldbenchmarkingalliance.org/app/uploads/2020/09/WBA-sevensystemstransformations-report.pdf
[11] https://www.sasb.org/wp-content/uploads/2019/08/TR0101_Automobiles_Industry_Brief.pdf

Figure 1



3. Core set of automobile-specific metrics

To identify sector-specific metrics, a review of authoritative sources of metrics was conducted, including reporting standards, such as GRI and SASB, and their sector-specific supplements, as well as other frameworks, such as IRIS+. Reports from sustainability leaders were also reviewed, using the top ten performers in WBA's Automotive Benchmark as a proxy.[12] As of October 2020, these were from highest to lowest: Groupe PSA, BMW AG, Renault, Volkswagen AG, Daimler AG, Nissan Motor Co., Mazda Power Corporation, Toyota Motor Corporation, Ford Motor Company, and Honda Motor Company. Removing the metrics that broadly apply to other sectors, a long list of automotive-specific metrics was created. Conclusions from this long list can be found in Annex I.

The table below provides an overview of our recommendations of metrics for the automobile and components industry group. Applying these criteria to the long list of sector-specific metrics, a set of core and expanded metrics was established. These metrics drive a deeper understanding of the sustainability of business practices in this industry group.

Table 1. *Set of core and expanded automobile-specific metrics*

Industry	Performance metrics	Type	Contribution	Source
Automobile	Number of (1) zero emission vehicles (ZEV), (2) hybrid vehicles, and (3) plug-in hybrid vehicles sold	Core	GHG emissions	SASB
Automobile	Vehicle models rated with an overall 5-star safety rating	Core	Safety	SASB

[12] https://www.worldbenchmarkingalliance.org/publication/automotive/rankings/

Automobile	Sales-weighted average passenger fleet fuel economy, by region	Core	GHG emissions	SASB
Automobile	Share of recycled content per vehicle	Core	Circularity	
Automobile	Conventional vehicle efficiency performance	Expanded	GHG emissions	WBA/ACT
Automobile	Number of safety-related defect complaints, percentage investigated	Expanded	Safety	SASB
Automobile	Fatalities per 10,000 vehicles	Expanded	Safety	Nissan
Automobile	Average recyclability of vehicles sold	Expanded	Circularity	SASB
Automobile	Number of cars used in car sharing services	Expanded	GHG emissions	Volkswagen
Auto Components	Revenue from products designed to increase fuel efficiency and/or reduce emissions	Core	GHG emissions	SASB

4. Implications

Standard setters are encouraged to incorporate these metrics into their frameworks. With a few exceptions (e.g. SASB and sector supplements of GRI), reporting frameworks rely on sector-agnostic metrics. Complementing these with sector-specific metrics increases understanding of the impact of business practices on people and planet. When these frameworks do include sector-specific metrics, there is considerable divergence on the metrics that are included and how they are defined. This reduces the value of data for investors and other third parties, and increases the burden on corporate reporters.

Companies are encouraged to adopt these metrics in their sustainability and/or integrated reporting. Companies already advanced in sustainability reporting benefit from increased comparability of their performance. Companies not as advanced can adopt metrics that reflect years of evolving best practices.

Standard setters and companies are encouraged to explore additional sector-specific metrics. Numerous industry-led innovations are improving the sustainability performance of personal mobility. As these and other innovations mature, sector specific metrics can be added to capture their impact. More metrics are also needed for the auto components industry.

Annex I: Highlights from the repository

Table 1. *Origin of sector-specific metrics among reporting frameworks*

Organization	Source of metrics	Number of metrics
GIIN	IRIS+	0
SASB	Codified Standards Level II	9
PRI	Impact Investing Market Map	0
IFI Partnership	Harmonized Indicators for Private Sector Operations (HIPSO)	0
WBA/ACT	Automobile Benchmark	8
GRI	Global Sustainability Standards Board (GSSB) 2016	0
Total		**17**

The great majority of metrics derive from two reporting frameworks, namely SASB and WBA/ACT. Other reporting framework either use sector-agnostic metrics to assess the sustainability of business practices or only prescribe a small number of metrics.

Table 2. *Automobile-specific metrics by industry*

Industry	Number of metrics
Automobiles	35
Auto Components	2
Total	**37**

Disaggregating by industry, the great majority of metrics cover the automobile industry. Auto components as an industry lags behind in metrics count.

Annex II: Overview of core sector-agnostic metrics

Theme	Metrics	UNCTAD-ISAR	WEF-IBC
Water	Water recycling and reuse	X	
	Water use efficiency	X	
	Water stress	X	
	Fresh water availability		X
Waste	Reduction of waste generation	X	
	Waste reused, re-manufactured and recycled	X	
	Hazardous waste	X	
Climate change	Scope 1, 2, and 3 emissions	X	X
Air pollution	Ozone-depleting substances and chemicals	X	
Energy consumption	Renewable energy consumption as percentage of total energy consumption	X	
	Energy consumption per net value added	X	
Nature loss	Land use and ecological sensitivity		X
Employment	Net number of jobs created		X
	Diversity and inclusion (%)		X
	Wage level (%)		X
	Risk for incidents of child, forces or compulsory labor (#, %)		X
Gender equality	Proportion of women in managerial positions	X	
	Gender pay equality (%)		X
Human capital	Average hours of training per year per employee	X	X
	Expenditure on employee training per year per employee	X	X
	Employee wages and benefits as a proportion of revenue	X	
Employee health & safety	Expenditures on employee health and safety as a proportion of revenue	X	
	Frequency/incident rates of occupational injuries	X	
	Health and safety (%)		X
Collective agreement	Percentage of employees covered by collective agreements	X	
Net economic contribution	Revenue and/or (net) value added	X	
	Direct economic value generated and distributed		X
Tax	Payments to the Government	X	
	Country by country tax reporting		X
Investment	Net investment		X
	Green investment	X	
	Community investment	X	X
	Total amount of expenditures on research and development (R&D)	X	
	R&D spend ratio (%)		X
Anti-corruption	Amount of fines paid or payable due to settlements	X	
	Average number of hours of training on anti-corruption issues, per year per employee	X	

	Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region		X
	Total number and nature of incidents of corruption confirmed during the current year but related to previous years		X
	Total number and nature of incidents of corruption confirmed during the current year, related to this year		X
Governance	Number of board meetings and attendance rate	X	
	Number and percentage of female board members	X	
	Board members by age range	X	
	Number of meetings of audit committee and attendance rate	X	
	Total compensation per board member	X	

GISD Global Investors for Sustainable Development Alliance

Sector-Specific Metrics: Consumer staples sector

May 2021

Summary

This report on the Consumer Staples sector is one of several sectoral deep-dives convened by the Global Investors for Sustainable Development (GISD) to promote harmonized sector-specific metrics. These sector-specific metrics should help assess the contributions to the SDGs of products and services from companies active in this sector. They should complement sector-agnostic (and mainly operational) metrics that every company regardless of it sector should report on.

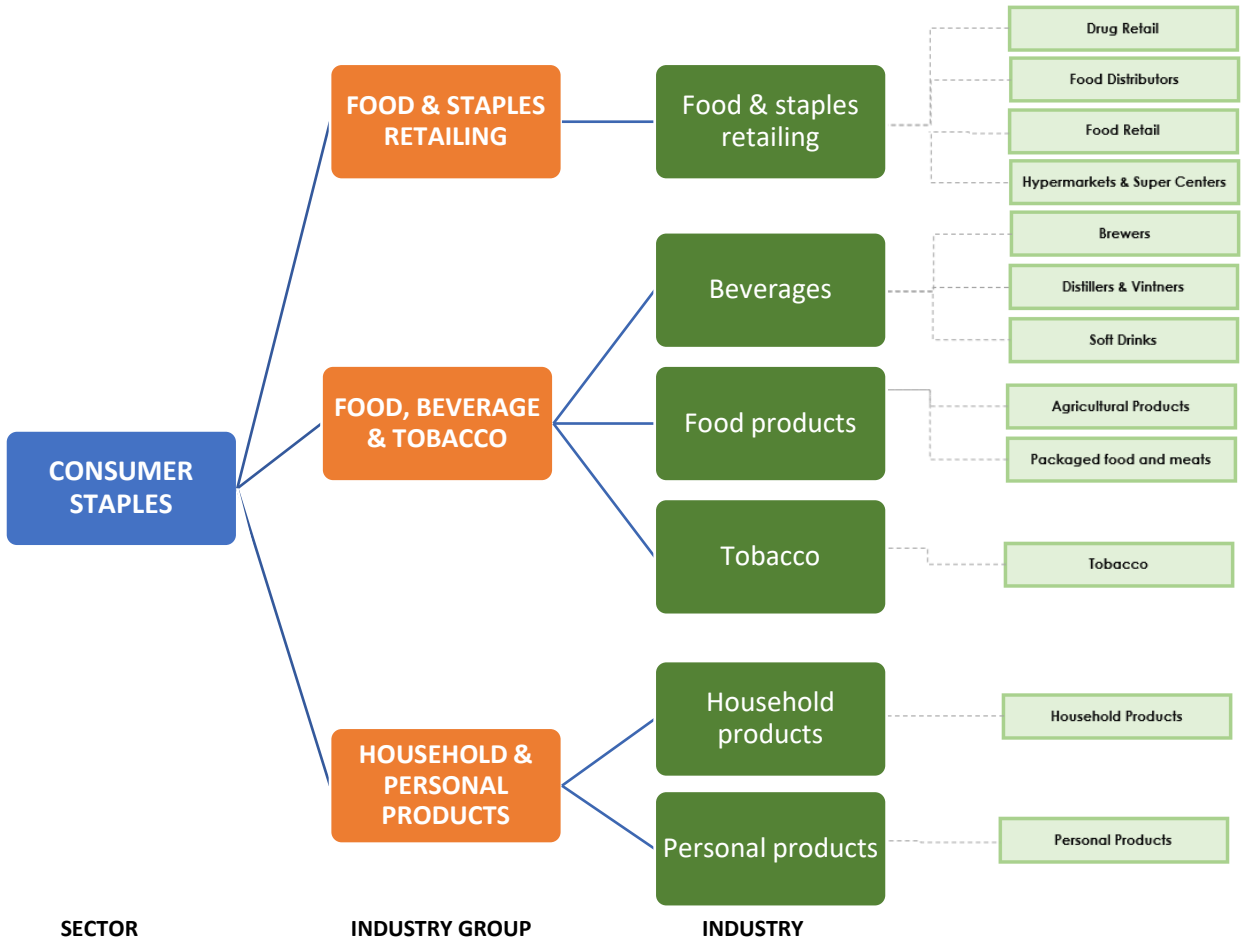
To identify sector-specific metrics, the report considers the main contribution channels of the Consumer Staples sector to the achievement of SDGs 2, 3, 6, 12 and 15. It then recommends a shortlist of sector-specific metrics, which are adapted from existing reporting frameworks and company reports. The objective is to identify sector-specific metrics that are implementable by companies and useful for investors and other stakeholders in their decision-making processes.

1. Scope

The subject of this note is sector-specific impact metrics. While sector-agnostic metrics can be disclosed by all companies, sector-specific metrics are tailored to each sector context and depict issues relevant to the respective sector. Corporates active in these sectors can use these sector-specific metrics, wherever necessary and appropriate, to measure and communicate their impact on the Sustainable Development Goals (SDGs). Similarly, investors can use these metrics to better understand the SDG impact of companies they invest in.

The remit of this note is the Consumer Staples sector. As defined by MSCI's Global Industry Classification Standard (GICS), the Consumer Staples sector includes manufacturers and distributors of food, beverages, and tobacco and producers of non-durable household goods and personal products. It also includes food & drug retailing companies as well as hypermarkets and consumer supercenters. Any product considered a consumer staple is something essential or necessary for basic living. Within consumer staples, there are three main industry groups. Each industry group is broken into sub-industries; in total, we have 6 industries and 12 sub-industries.

Figure 1. Structure of the consumer staples sector



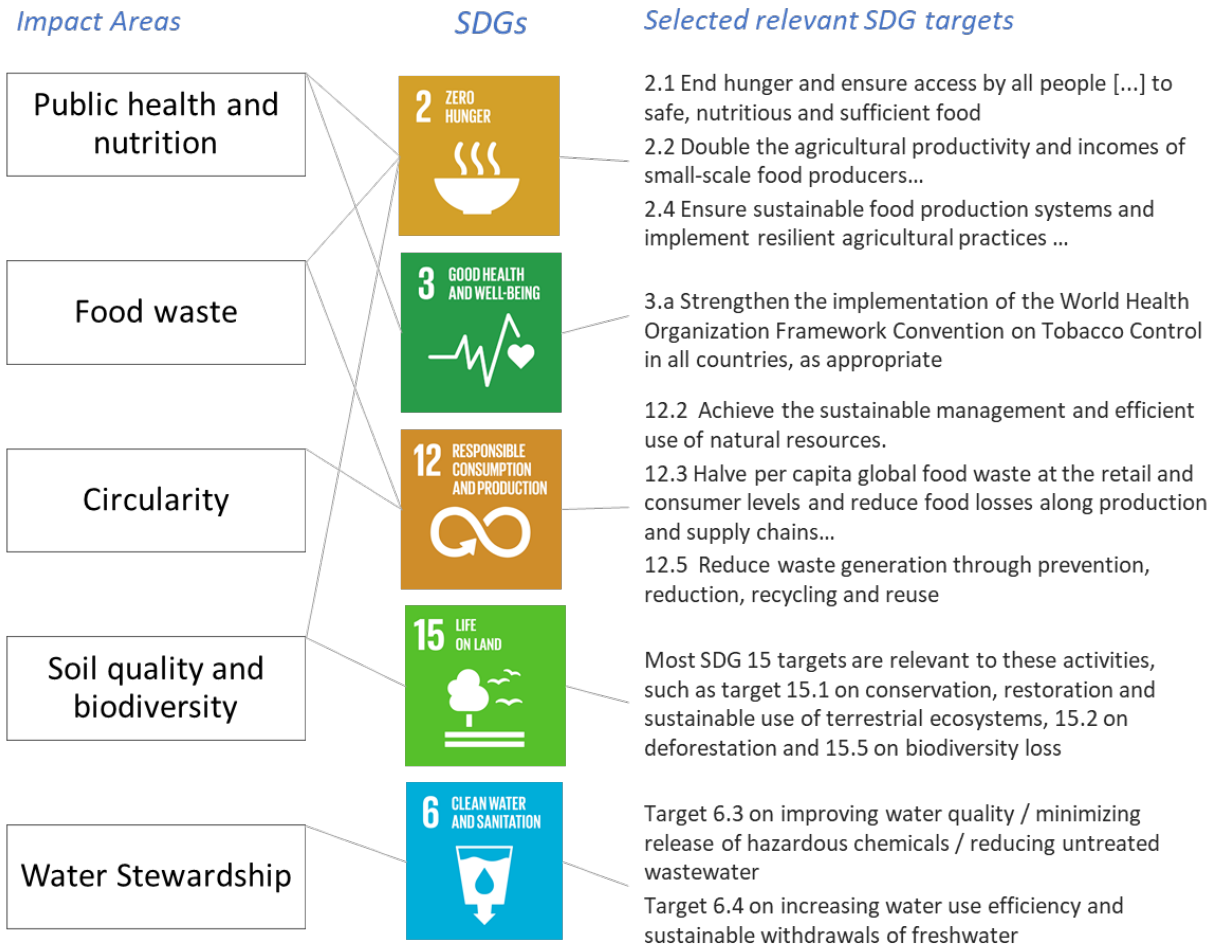
Source: The Global Industry Classification Standard (GICS)

The note does not exclude the tobacco industry as it is important to limit its negative impacts. Given its devasting effect on health, manufacturers and retailers of tobacco are subject to additional responsbilities (e.g. WHO-Framework Convention on Tobacco Control), adherence to which must be measured.

2. SDG alignment of the consumer staples sector

The Consumer Staples sector is well-placed to help achieve the SDGs. The consumer staples sector can help achieve *SDG 2* by ending hunger, achieving food security, and improving nutrition and promote sustainable agriculture. The consumer staples sector also contributes to *SDG 3* by ensuring healthy lives and promoting well-being at all ages and *SDG 6* by ensuring availability and sustainable management of water and sanitation for all. The consumer staples sector is lastly well-positioned to support the realization of *SDG 12* by ensuring responsible consumption and production patterns and *SDG 15* by promoting sustainable use of terrestrial ecosystems.

Figure 2: Impact Areas amd the SDGs



3. Impact areas and sector-specicif metrics

In this sector, companies impact the SDGs through five main contribution channels (i.e., impact areas):

- **Public health and nutrition.** Producing more safe and high-quality food in a sustainable way to meet the global demand growth is a great challenge, and companies in this sector have an important role to play in providing healthy products. The following metrics could be considered for assessing their contribution:

Industry	Performance metrics	Type	Impact area	Source
Beverages	Revenue from (1) zero- and low-calorie, (2) no-added-sugar, and (3) artificially sweetened beverages	Core	Public health & nutrition	SASB
Food products	Non-compliance in food safety and food quality (number of documented incidents)	Expanded	Public health & nutrition	

Food products	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Expanded	Public health & nutrition	
Food, Beverage & Tobacco	Revenues from organic products	Core	Public health & nutrition	
Food & Staples retailing	Percentage of agricultural products sourced from suppliers certified regarding food safety	Expanded	Public health & nutrition	
Tobacco	Revenue from non-tobacco nicotine products, and heated tobacco products	Core	Public health & nutrition	
Tobacco	Value of donations towards tobacco harm reduction products	Expanded	Public health & nutrition	
Tobacco	Number of support youth tobacco prevention programs	Expanded	Public health & nutrition	

- **Food waste.** While almost 690 million people went hungry in 2019. In this context, about 1.3 billion tonnes which represents a third of all the food produced in the world for human consumption each year is lost or wasted.[1] This has also environmental implications as waste incineration impacts air pollution. Companies in this sector have a duty to better manage resources. In developing countries, food waste and losses occur mainly at the early stages of the food value chain. In medium and high-income countries, losses occur mainly at later stages.[2] The following metrics may help better understand a company performance in this area:

Industry	Performance metrics	Type	Impact area	Source
Food products / Food & Staples retailing	The total amount of Food waste, the Food Waste Percentage (FWP) and the Food Waste Index (FWI) of the entity's key commodities	Core	Food Waste	FAO
Food & Staples retailing	Donations to food banks (million of meal equivalent)	Expanded	Food Waste	

- **Circularity**. Companies face rising costs of disposal for the waste they generate themselves, strengthening the business case for moving towards circular economy business models. Every year, millions of tons of plastic are incinerated, dumped in landfills or leaked in the environment, including the oceans, in part due to plastic packaging from conmpanies in this sector. The following indicators could help better holding these companies accountable for the waste they create and encourage

[1] FAO (2021). « ***Food Loss and Food Waste »*** http://www.fao.org/food-loss-and-food-waste/flw-data)#:~:text=One%2Dthird%20of%20food%20produced,way%20to%20final%20household%20consumption. (accessed, 2021)

[2] UNEP. ***« Food waste facts »*** webpage http://www.unep.org/wed/2013/quickfacts/

circular approaches. These metrics are derived from the New Plastics Economy Global Commitment.[3] By setting targets on these issues, companies can drive innovation and protect brand value.

Industry	Performance metrics	Type	Impact area	Source
Consumer Staples	Plastic packaging volume (metric tons)	Core	Circularity	Ellen MacArthur Foundation
Consumer Staples	Reusable plastic packaging (%)	Core	Circularity	Ellen MacArthur Foundation
Consumer Staples	Reusable, recyclable or compostable plastic packaging (%)	Core	Circularity	Ellen MacArthur Foundation
Consumer Staples	Post-consumer recycled content (%)	Core	Circularity	Ellen MacArthur Foundation

- **Soil quality and biodiversity.** Agribusiness activities impact the quality of soil and biodiversity. This impact largely depends on their business practices, such as the use of chemicals. The following metrics have been developed by reporting frameworks, such as the FAO Sustainability Assessment for Food and Agriculture systems (SAFA). Food retailers also have responsibility as they purchasing decisions influence the business practices of producers.

Food, Beverage & Tobacco	Land conversion (Area of the land owned, controlled, or managed by the entity that underwent the following land conversions: deforestation, reforestation and afforestation, and loss of non-forest land with high-ecological value	Core	Soil quality and biodiversity	FAO
Food, Beverage & Tobacco	Soil degradation (Proportion of land assessed as facing at least one of the main threats of soil degradation including soil erosion, reduction in soil fertility, salinization of irrigated lands waterlogging in the total agriculture land)	Core	Soil quality and biodiversity	FAO
Food, Beverage & Tobacco	Fertilizers use intensity (Total amount of fertilizer used by the reporting entity and the fertilizer use per hectare of cropland of the reporting entity, with further break down by fertilizer type)	Core	Soil quality and biodiversity	FAO
Food, Beverage & Tobacco	HHPs/Pesticide use intensity (Proportion of Highly Hazardous Pesticides (HHPs) used in the total pesticide use; and the pesticide used per hectare of cropland of the reporting entity, with further break down by pesticide type)	Core	Soil quality and biodiversity	FAO

[3] https://www.ellenmacarthurfoundation.org/resources/apply/global-commitment-progress-report

- **Water stewardship.** WEF's Global Risk Report (GRR) has listed water crises among the top-five risks in terms of impact for eight consecutive years.[4] Companies in the food and beverage have a significant role in managing this resource, often referred to as water stewardship. As companies from other sectors also have an impact on water resources, metrics related to water management have been included in the core sector-agnostic metrics. Therefore, they do not need to be covered in this note despite their critical importance for the sector sustainability.

4. Implications

Standard setters are encouraged to incorporate these metrics into their frameworks. These metrics are much more specific than general KPIs applicable to all sectors. The right balance between general and specific metrics needs to be identified to ensure the value of data for investors and other third parties.

Companies are encouraged to adopt these metrics in their sustainability and/or integrated reporting. Companies already advanced in sustainability reporting benefit from increased comparability of their performance. Companies not as advanced can adopt metrics that reflect experience of best practices..

[4] World Economic Forum (2020). « ***Water is a growing source of global conflict. Here's what we need to do*** »
https://www.weforum.org/agenda/2019/03/water-is-a-growing-source-of-global-conflict-heres-what-we-need-to-do/

Annex I: Methodology

The Methodology for defining sector-specific metrics comprises the following process steps:

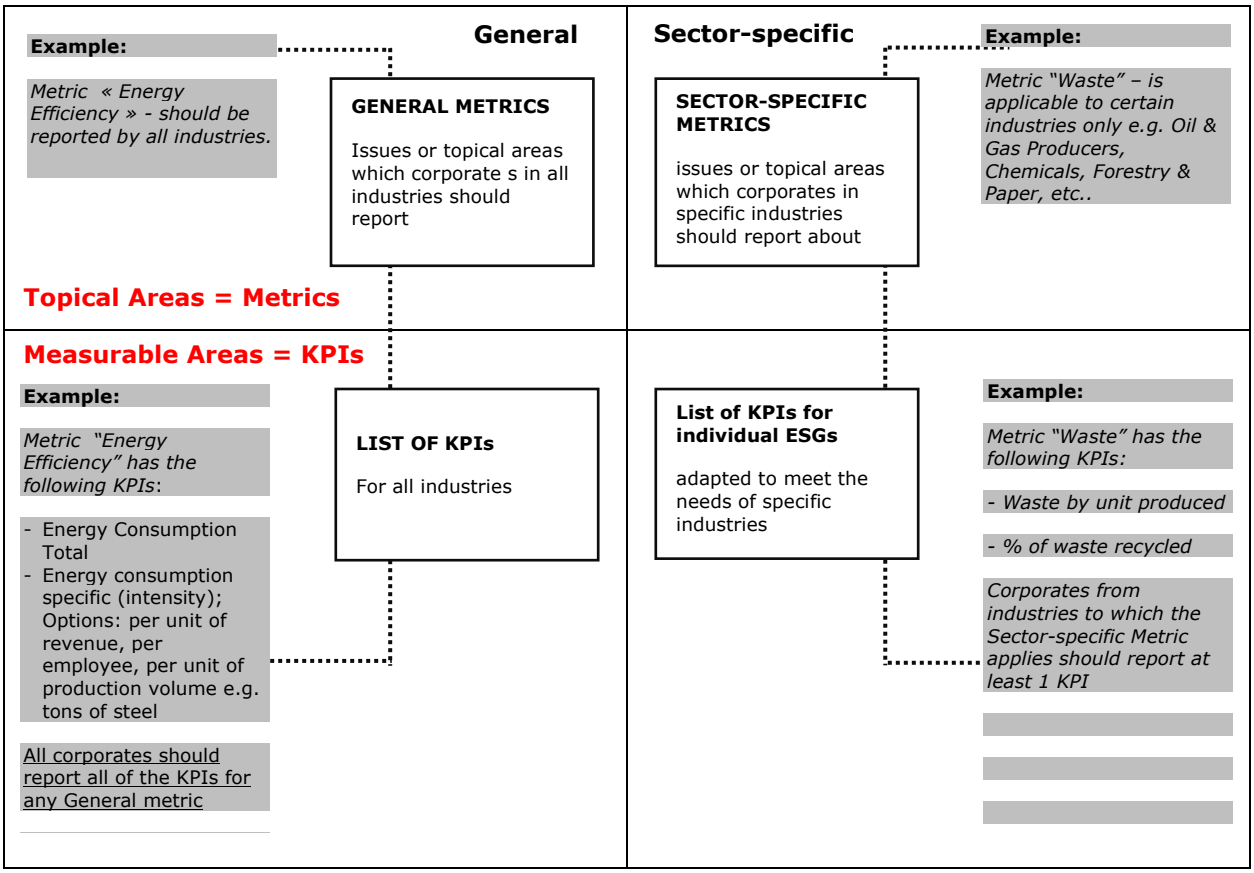
1. **Longlisting metrics and performance indicators** – selecting a variety of available topical areas and performance indicators for a specific sector.
2. **Shortlisting metrics** – an iterative process of condensing those topical areas and performance indicators with the highest relevance to investment professionals (~ KPIs).

- **Longlisting of general metrics and Performance Indicators:** Longlisting means selecting all those topical areas and performance indicators which typically can be found in corporate reports, research reports, or academic papers. There is no need at this stage to build qualified judgments on relevance or materiality. Alternatively, known Best Practices (BP) can be longlisted and used as input to process step 2.

  Potential sources include: Company reports e.g. CSR Reports, webpage, company presentation; Public reports from research providers e.g. FAO, SASB, PRI, IRIS+, GRI; and Freely accessible databases

- **Shortlisting of specific metrics and Performance Indicators:** The process of shortlisting requires that selections be made from metrics and available performance indicators on the longlist. Essential selection criteria for shortlisting are the usefulness or relevance of the metrics and the respective performance indicators for understanding risk or business opportunities – from investors' perspective.

Figure 3: How Metrics and KPIs relate



Annex II: Overview of core sector-agnostic metrics

Theme	Metrics	UNCTAD-ISAR	WEF-IBC
Water	Water recycling and reuse	X	
	Water use efficiency	X	
	Water stress	X	
	Fresh water availability		X
Waste	Reduction of waste generation	X	
	Waste reused, re-manufactured and recycled	X	
	Hazardous waste	X	
Climate change	Scope 1, 2, and 3 emissions	X	X
Air pollution	Ozone-depleting substances and chemicals	X	
Energy consumption	Renewable energy consumption as percentage of total energy consumption	X	
	Energy consumption per net value added	X	
Nature loss	Land use and ecological sensitivity		X
Employment	Net number of jobs created		X
	Diversity and inclusion (%)		X
	Wage level (%)		X
	Risk for incidents of child, forces or compulsory labor (#, %)		X
Gender equality	Proportion of women in managerial positions	X	
	Gender pay equality (%)		X
Human capital	Average hours of training per year per employee	X	X
	Expenditure on employee training per year per employee	X	X
	Employee wages and benefits as a proportion of revenue	X	
Employee health & safety	Expenditures on employee health and safety as a proportion of revenue	X	
	Frequency/incident rates of occupational injuries	X	
	Health and safety (%)		X
Collective agreement	Percentage of employees covered by collective agreements	X	
Net economic contribution	Revenue and/or (net) value added	X	
	Direct economic value generated and distributed		X
Tax	Payments to the Government	X	
	Country by country tax reporting		X
Investment	Net investment		X
	Green investment	X	
	Community investment	X	X
	Total amount of expenditures on research and development (R&D)	X	
	R&D spend ratio (%)		X
Anti-corruption	Amount of fines paid or payable due to settlements	X	

	Average number of hours of training on anti-corruption issues, per year per employee	X	
	Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region		X
	Total number and nature of incidents of corruption confirmed during the current year but related to previous years		X
	Total number and nature of incidents of corruption confirmed during the current year, related to this year		X
Governance	Number of board meetings and attendance rate	X	
	Number and percentage of female board members	X	
	Board members by age range	X	
	Number of meetings of audit committee and attendance rate	X	
	Total compensation per board member	X	

GISD Global Investors for Sustainable Development Alliance 

Sector-Specific Metrics: Financials

May 2021

Summary

This report on the financials sector is one of several deep-dives convened by the Global Investors for Sustainable Development (GISD) to promote harmonized sector-specific metrics. These metrics should enable a better measurement of the product and service contribution to the SDGs of companies active in this sector. To this end, the report considers the main contribution channels of the financials sector to the achievement of SDGs 8 and 9. Those channels are increasing financial inclusion, lending towards sustainable activities, and sustainable investments. It then introduces a short list of sector-specific metrics adapted from existing reporting frameworks and company reports on SDG contributions.

1. Scope of the project

The remit of this report is the financials sector. As defined by the MSCI's Global Industry Classification Standard, the financials sector "contains companies involved in banking, thrifts & mortgage finance, specialized finance, consumer finance, asset management and custody banks, investment banking and brokerage and insurance. It also includes Financial Exchanges & Data and Mortgage REITs." [1] The sector is divided into three core industry groups: banks, diversified financials, and insurance. The three core industry groups are further divided into 7 sub-industries. See Annex I for more detail on the sub-industries.

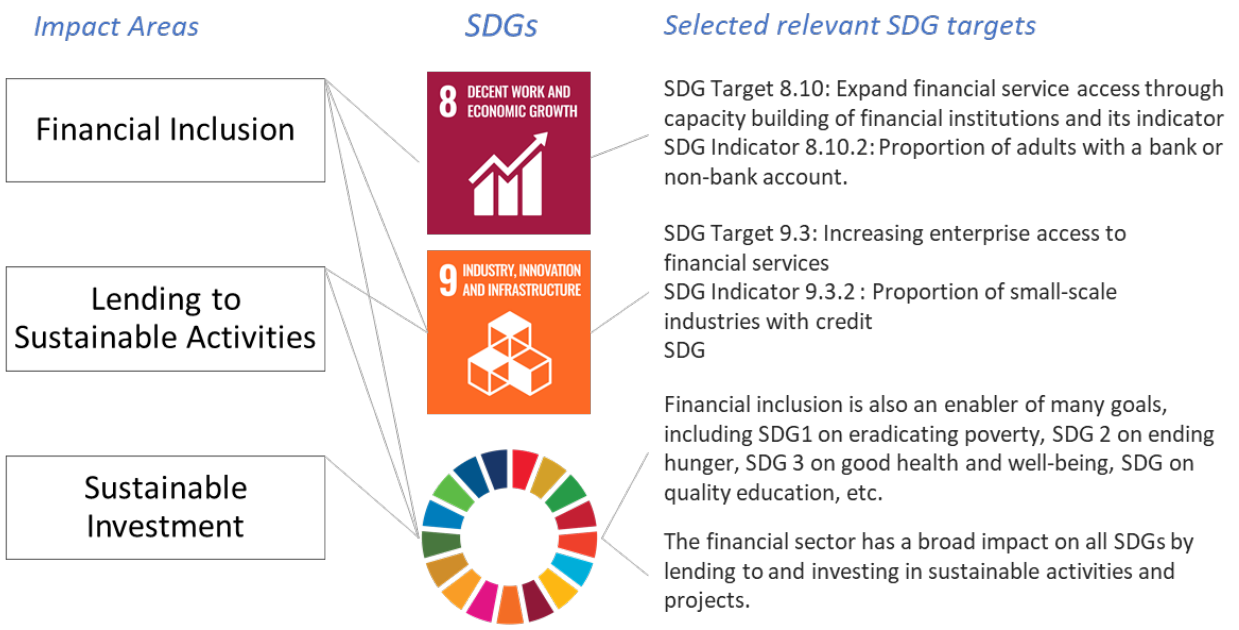
The subject of this report is sector-specific impact metrics. Sector-specific metrics are metrics that only apply to a specific sector or industry. This differentiates them from sector-agnostic metrics. For example, the carbon emission of a product or service is important for assessing the sustainability performance of a utility company's energy services. However, it is not sector specific as it applies to a consumer goods company that manufactures washing machines as much as it does to a utility company that produces and sells electricity. The sector-specific metrics are expected to be used in addition to core sector-agnostic metrics, which all companies should be reporting on. Sector-agnostic metrics are not included in this review.

[1] https://www.msci.com/documents/1296102/11185224/GICS+Sector+definitions+Sept+2018.pdf/afc87e7b-bbfe-c492-82af-69400ee19e4f

2. SDG alignment of the financial sector

The financial sector has a broad impact on all SDGs, with financing to companies governments, companies, and people supporting a wide range of sustainable development impacts. In particular, the sector contributes to *SDG 8: Decent work and economic growth* and *SDG 9: Industry, innovation and infrastructure*.

Figure 1: Impact Areas and the SDGs



The following contribution channels to these SDGs can broadly be distinguished:

- **Increase financial inclusion:** Provide individuals and businesses access to useful and affordable financial products and services to meet their needs – including transactions, payments, savings, credit, and insurance –in a responsible and sustainable way.[2] Increasing financial inclusion contributes to *SDG 8.10: Expand financial service access through capacity building of financial institutions* and its indicator *SDG 8.10.2: Proportion of adults with a bank or non-bank account*. Its enterprise counterpart is *SDG 9.3: Increasing enterprise access to financial services.* Examples of these metrics include:
    - Number and amount of outstanding microfinance loans in portfolio (e.g., used by IRIS+)
    - Access to bank accounts (e.g., women-owned, previously unbanked customers, used by IRIS+ and Citi Group)

[2] https://www.worldbank.org/en/topic/financialinclusion

- **Increase lending towards sustainable activities:** Incentivize lenders to increase their lending to sustainable companies and projects (e.g., renewable energy projects). Examples of these metrics include:
    - Green and social bonds vs. total bond issued by the financial institution
    - Number and amount of ESG-linked lines of credit (e.g., used by Citi Group)

- **Increase sustainable investments:** Encourage greater allocation of capital to the generation of social and environmental impact. Investors should move from screening out negative impact to generative positive impact. Examples of the metrics include:
    - Aligning portfolios with the Sustainable Development Investing (SDI) definition
    - Carbon footprint of the investment portfolio

3. Core set of financials-specific metrics

The table below provides an overview of possible core and expanded metrics for the financials sector. Applying several criteria to the long list of sector-specific metrics compiled from reporting frameworks and sustainability reports, we identified 14 metrics that cover the financial sector's primary contributions.

GICS Industry	Metrics	Type	Contribution	Source
All Financials	Number and amount of outstanding microfinance loans in portfolio	Core	Increase sustainable lending	HIPSO
All Financials	Number and amount of SME loans in portfolio	Core	Increase financial inclusion	HIPSO
All Financials	Number and value of green and sustainability-linked loans	Core	Increase sustainable lending	GISD
All Financials	GHG emissions associated with financed companies and projects	Core	Increase sustainable lending	GISD
All Financials	Percentage of investment portfolios aligned with the Sustainable Development Investing (SDI) definition	Core	Increase sustainable investments	GISD
All Financials	Number of new businesses in low-income areas supported with investment	Expanded	Increase financial inclusion	IRIS+
All Financials	New and existing loans to thermal coal mining companies	Expanded	Increase sustainable investments	Various banks
All Financials	Science-based targets to increase significant positive and reduce significant negative impacts on the biodiversity of financed activities	Expanded	Increase sustainable lending	GISD

All Financials	Number of portfolio impact analyses completed	Expended	Increase sustainable investments	UNEP FI
Banks	Number and value of no-cost checking accounts to previously unbanked or under-banked customers	Core	Increase financial inclusion	Citi Group
Banks	Number of incentives offered to establish savings accounts	Expanded	Increase financial inclusion	IRIS+
Banks	Number and amount of ESG-linked lines of credit, where terms are influenced by sustainability performance	Expanded	Increase sustainable lending	Citi Group
Banks	Number of women-owned accounts in countries with large financial inclusion gender gaps	Expanded	Increase financial inclusion	GISD
Diversified Financials	Percentage of green and social bonds out of total bonds placed as issuer or underwriter	Expanded	Increase sustainable lending	GISD

4. Implications

Standard setters are encouraged to incorporate these metrics into their framework. Sector-specific metrics of the sources consulted overlap and complement each other. The right level of metric specificity needs to be identified to ensure the value of data for investors and other third parties, and without increasing excessively the burden on corporate reporters.

Companies are encouraged to adopt these metrics in their sustainability and/or integrated reporting. Companies already advanced in sustainability reporting benefit from increased comparability of their performance. Companies not as advanced can adopt metrics that reflect years of evolving best practices.

Standard setters and companies are encouraged to explore additional sector-specific metrics. For instance, additional metrics to measure increases in sustainable investment and metrics specific to insurance would be welcome.

Annex 1: GICS Financial Sectors

GICS INDUSTRY	GICS CODE	GICS DESCRIPTION	DESCRIPTIONS
Financials (401010): Banks			
	40101010 40101015	Diversified Banks, Regional Banks	Large, geographically diverse banks with a national footprint whose revenues are derived primarily from conventional banking operations. Commercial banks whose businesses have significant business activity in retail banking and small and medium corporate lending.
Financials (402010): Diversified Financial Services			
	40201020 40201040 40202010	Diversified Financial Services, Specialized Finance, Consumer Finance	Financial services including banking, insurance, and capital markets, but with no dominant business line. Specialized line of business includes, but is not limited to, commercial financing companies, central banks and leasing institutions. Consumer finance services, including personal credit, credit cards, and lease financing.
Financials (403010): Insurance			
	40301010 40301020	Insurance Brokers, Life and Health	Insurance and reinsurance brokerage firms. Companies providing primarily life, disability, indemnity, or supplemental health insurance.

GISD Global Investors for Sustainable Development Alliance 

Sector-Specific Metrics: Healthcare Sector

May 2021

Summary

This report on the health sector is one of several deep-dives convened by the Global Investors for Sustainable Development (GISD) to promote harmonized sector-specific metrics. These metrics should enable a better measurement of the product and service contribution to the SDGs of companies active in this sector. To this end, the report considers the main contribution channels of the health sector to the achievement of the SDG 3: Ensure healthy lives and promote well-being for all at all ages. Those channels are access to quality essential and other health care services; access to medicines, vaccines, supplies, and other health goods; and research and development of vaccines and medicines. It then examines a short list of sector-specific metrics adapted from existing reporting frameworks: United Nations Global Compact and KPMG; SDG Compass; and IRIS+; and company reports on SDG contributions.

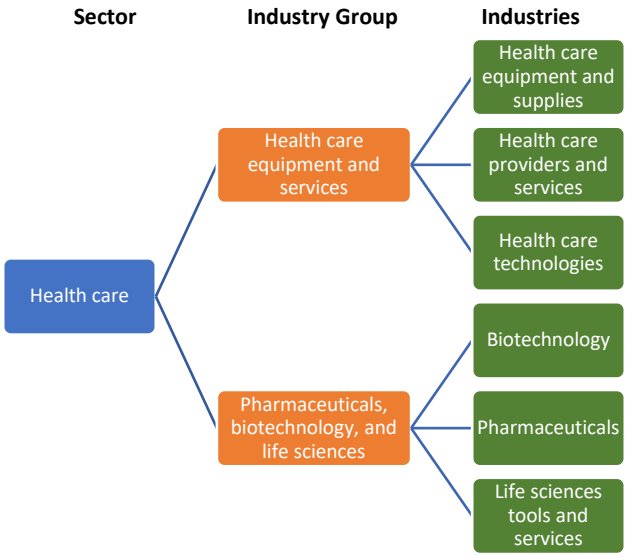
1. Scope of the project

The remit of this report is the healthcare sector. As defined by MSCI's Global Industry Classification Standard, the Health Care Sector includes health care providers and services, companies that manufacture and distribute health care equipment & supplies, and health care technology companies. It also includes companies involved in the research, development, production and marketing of pharmaceuticals and biotechnology products."[1] This sector is subsequently divided into two industry groups: "health care equipment and services", and "pharmaceuticals, biotechnology, and life sciences". In turn, each of the industry groups is composed by three industries (see Figure 1).

The subject of this report is sector-specific impact metrics. Sector-specific metrics are metrics that only apply to a specific sector or industry. They are expected to be used in addition to core sector-agnostic metrics, which all companies should be reporting on. Sector-agnostic metrics are not included in this review but an overview of them is provided in Annex.

[1] https://www.msci.com/gics

Figure 1. Structure of the health care sector



Source: The Global Industry Classification Standard (GICS)

2. SDG alignment of the healthcare sector

The health care sector is well-placed to help achieve the SDGs, in particular SDG 3: Ensure healthy lives and promote well-being for all at all ages. However, it must be recognized that health threatens the rights of children to education, limits economic opportunities for people and increases poverty. Health is impacted by poverty and strongly connected to other factors such as hunger, water and sanitation, and gender equality.

Companies in this sector impact SDG 3 through three main contribution channels:

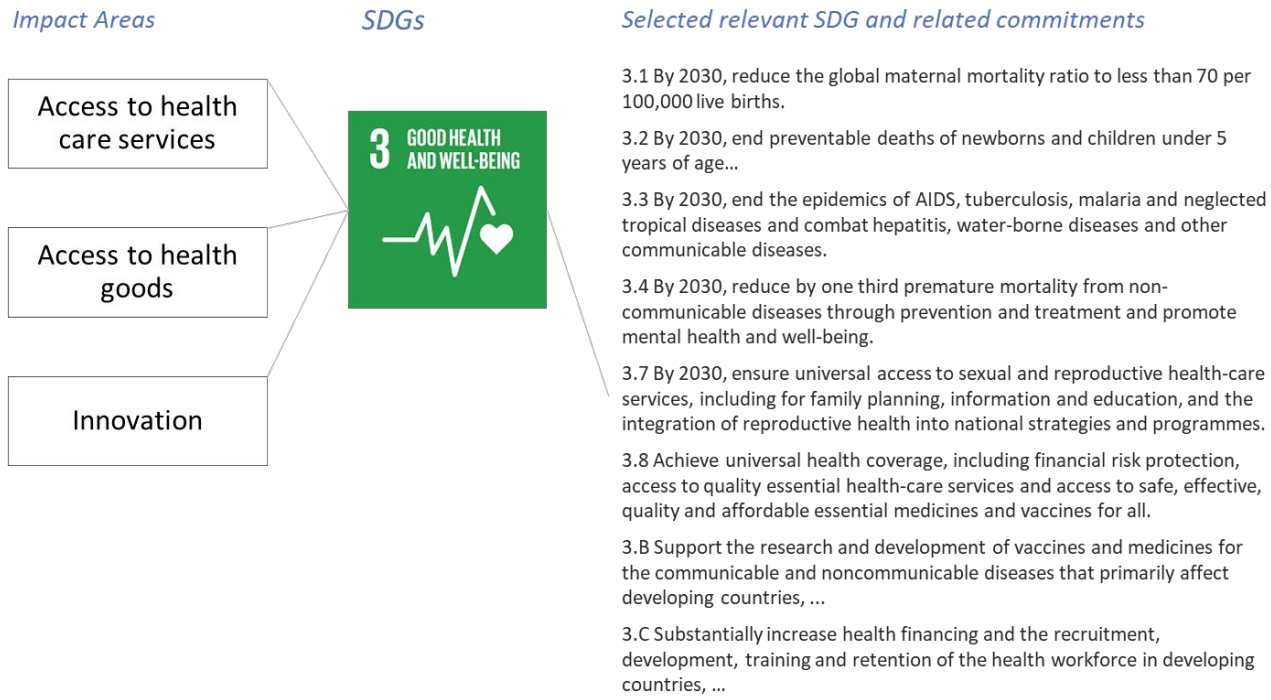
- **Access to quality essential and other health care services**. It encompasses the quality and efficiency of accessible care across the continuum of services, including primary care with essential hospital services. Hospitals and other health services providers could plan for varied levels of services, expand these services to underserved areas, and provide financial protection to access care.[2]

- **Access to medicines, vaccines, supplies and other health goods.** The private sector is a major provider of health products in most countries,[3] directly or through third parties. Those goods should be made affordable and accessible, including to poor or marginalized population. Again, global pharma firms are well positioned to support access to medicines, vaccines, supplies and other health goods worldwide, through local partnerships.

[2] Hatefi, Arina; Sekhri ,Neelam; et.al., 2016, March 16, The MDG To SDG Transition: Implications For Health Care Systems, Health Affairs. Available at: https://www.healthaffairs.org/do/10.1377/hblog20160316.053786/full/
[3] Akinola, Sofiat and Dimitrova, Dessislava, 2019, September 20, 7 ways the private sector can contribute to universal health coverage. Available at: https://www.weforum.org/agenda/2019/09/7-ways-the-private-sector-can-contribute-to-universal-health-coverage/

- **Innovation.** Health sector companies, particularly pharmaceuticals, have the research and development capabilities and expertise to address unmet and new public health needs, particularly in low- and middle-income countries, and to bring health goods into the market and provide access to them to needed population.[4]

Figure 2: Impact Areas and the SDGs



3. Core set of healthcare-specific metrics

To identify sector-specific metrics, a review of authoritative sources of metrics was conducted, including reporting frameworks, such as United Nations Global Compact and KPMG[5], SDG Compass[6] and IRIS+.[7] Reports on the contribution to the SDG 3 by some of the largest pharmaceutical companies to the SDGs were also reviewed.[8]

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[4] Access to Medicine Foundation, 2021, Access to Medicine Index 2021 Methodology. Available at: https://accesstomedicinefoundation.org/media/uploads/downloads/5f08703db73dc_Methodology_Report_for_2021_Access_to_Medicine_Index.pdf

[5] United Nations Global Compact and KPMG, 2016, SDG Industry Matrix. Healthcare and Life Sciences. Available at: https://home.kpmg/content/dam/kpmg/xx/pdf/2017/05/sdg-healthcare-life-science.pdf

[6] SDG Compass, 2015, Inventory of Business Indicators. Available at: https://sdgcompass.org/business-indicators/?filter_sdg_goal=3.

[7] IRIS+. Available at: https://iris.thegiin.org/

[8] Pfizer, 2016, Our Business. Sustainable Development Goals. Available at: https://www.pfizer.com/sites/default/files/investors/financial_reports/annual_reports/2016/our-business/sustainable-development-goals-sdgs/index.html; Sanofi, 2020, Sanofi's Contribution to the Sustainable Development Goals (SDGs). Available at: https://www.sanofi.com/-/media/Project/One-Sanofi-

The table below provides an overview of possible core metrics to recommend for the healthcare sector to report on its contribution to SDG 3. Based on sector-specific metrics and on the reports by pharmaceutical firms, three core indicators were identified as well as three additional ones. Given the differences in the type of contributions to the SGD 3 between firms, the metrics selected are general enough as to facilitate reporting by different private firms.

Table 1. *Set of core and expanded health care-specific metrics*

Sector	Metrics	Type	Contribution	Source
Healthcare	Number of patients with low-cost access to screening for medical conditions, illnesses, or risk factors during the reporting period	Core	Access to health care services	IRIS+, Global Compact-KPMG, and company reports
Healthcare	Number of patients with low-cost access to the organization's products or services to address diseases/conditions during the reporting period	Core	Access to medicines, vaccines, supplies, and other health goods	IRIS+, SDG Compass, Global Compact-KPMG, and company reports
Healthcare	Value of investment in the development of products that target priority product gaps identified by global health research organizations and other needs of people living in low- and middle-income countries	Core	Innovation	Access to Medicine Index, SDG Compass, and company reports
Healthcare	Number of patients with low-cost access to health services who successfully completed the clinically recommended course of a health intervention during the reporting period	Expanded	Access to medicines, vaccines, supplies, and other health goods	IRIS+, SDG Compass, Global Compact-KPMG, and company reports
Healthcare	Number of organization's products or services to address diseases/conditions during the reporting period	Expanded	Access to medicines, vaccines, supplies, and other health goods	IRIS+, SDG Compass, Global Compact-KPMG, and company reports
Healthcare	Number of R&D capacity building initiatives in partnership with local organizations	Expanded	Innovation	Access to Medicine Index, SDG Compass,

Web/Websites/Global/Sanofi-COM/Home/common/docs/our-responsibility/documents-center/factsheets-pdf4-2020/Sanofis-Contribution-to-the-Sustainable-Development-Goals-SDGs.pdf?la=en; Johnson& Johnson, 2019, Our SDG Commitment. Progress Dashboard 2019. Available at: https://www.jnj.com/sustainable-development-goals/sdg-dashboard; and United Nations Global Compact and KPMG, 2016.

				and company reports

4. Implications

Standard setters are encouraged to incorporate these metrics into their frameworks. Sector-specific metrics of the sources consulted overlap and complement each other. The right level of metric specificity needs to be identified to ensure the value of data for investors and other third parties, and without increasing excessively the burden on corporate reporters.

Companies are encouraged to adopt these metrics in their sustainability and/or integrated reporting. Companies already advanced in sustainability reporting benefit from increased comparability of their performance. Companies not as advanced can adopt metrics that reflect years of evolving best practices.

Standard setters and companies are encouraged to explore additional sector-specific metrics. Collaboration with the intent of defining further metrics would be beneficial.

Annex I: Overview of core sector-agnostic metrics

Theme	Metrics	UNCTAD-ISAR	WEF-IBC
Water	Water recycling and reuse	X	
	Water use efficiency	X	
	Water stress	X	
	Fresh water availability		X
Waste	Reduction of waste generation	X	
	Waste reused, re-manufactured and recycled	X	
	Hazardous waste	X	
Climate change	Scope 1, 2, and 3 emissions	X	X
Air pollution	Ozone-depleting substances and chemicals	X	
Energy consumption	Renewable energy consumption as percentage of total energy consumption	X	
	Energy consumption per net value added	X	
Nature loss	Land use and ecological sensitivity		X
Employment	Net number of jobs created		X
	Diversity and inclusion (%)		X
	Wage level (%)		X
	Risk for incidents of child, forces or compulsory labor (#, %)		X
Gender equality	Proportion of women in managerial positions	X	
	Gender pay equality (%)		X
Human capital	Average hours of training per year per employee	X	X
	Expenditure on employee training per year per employee	X	X
	Employee wages and benefits as a proportion of revenue	X	
Employee health & safety	Expenditures on employee health and safety as a proportion of revenue	X	
	Frequency/incident rates of occupational injuries	X	
	Health and safety (%)		X
Collective agreement	Percentage of employees covered by collective agreements	X	
Net economic contribution	Revenue and/or (net) value added	X	
	Direct economic value generated and distributed		X
Tax	Payments to the Government	X	
	Country by country tax reporting		X
Investment	Net investment		X
	Green investment	X	
	Community investment	X	X
	Total amount of expenditures on research and development (R&D)	X	
	R&D spend ratio (%)		X
Anti-corruption	Amount of fines paid or payable due to settlements	X	

	Average number of hours of training on anti-corruption issues, per year per employee	X	
	Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region		X
	Total number and nature of incidents of corruption confirmed during the current year but related to previous years		X
	Total number and nature of incidents of corruption confirmed during the current year, related to this year		X
Governance	Number of board meetings and attendance rate	X	
	Number and percentage of female board members	X	
	Board members by age range	X	
	Number of meetings of audit committee and attendance rate	X	
	Total compensation per board member	X	

Private Business and Finance

GISD Global Investors for Sustainable Development Alliance

Sector-Specific Metrics: IT – Software & Services

May 2021

Summary

This pilot report on the IT – software & services sector is intended to promote harmonized sector-specific metrics. These metrics should enable a better measurement of the product and service contribution to the SDGs. To this end, the report first considers the main contribution channels of the IT – software & services sector to the achievement of the SDGs. It then examines a long list of sector-specific metrics derived from existing reporting frameworks. It also reviews reports from sustainability leaders in the IT – software & services sector to assess existing practices. The report then filters this list down into a concise set of sector-specific metrics. Lastly, the report discusses possible actions from GISD to disseminate this set of metrics and facilitate adoption by stakeholders to drive improvements in sustainability reporting and ultimately contributions to the 2030 Agenda.

1. Scope of the project

The remit of this report is the IT – software & services industry group. As defined by MSCI's Global Industry Classification Standard, the Information Technology (IT) sector "comprises software & services, technology hardware and equipment and semiconductor equipment as industry groups." The software & services industry group is further sub-divided into three industry groups: software and services, technology hardware and equipment, and semiconductors and semiconductor equipment. This report will focus exclusively on the first – IT software & services.

This subject of this report is sector-specific impact metrics. Sector-specific metrics are metrics that only apply to a specific sector or industry. This differentiates them from sector-agnostic metrics, such as those proposed by UNCTAD-ISAR[1] and WEF-IBC[2]. The sector-specific metrics are expected to be used in addition to core sector-agnostic metrics, which all companies should be reporting on. Sector-agnostic metrics are not included in this review to avoid repetition, but an overview of these metrics is included in Annex III.

2. SDG alignment of the IT services and software sector

"The internet's first 50 years have been tech-driven, as a host of technological innovations have become integrated into nearly every aspect of everyday life. The next 50 years will be knowledge-driven, as our

[1] https://unctad.org/system/files/official-document/diae2019d1_en.pdf
[2] http://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf

understandings 'catch up' with the technology. Both technology and knowledge will continue to advance, of course, but it is a deeper engagement with the internet's most critical qualities and impacts – understandings that can only come with time, experience and reflection – that will truly come to characterize the next 50 years. We will become a 'smarter' populace in all kinds of ways."

- ***Mary Chayko**, author of "Superconnected: The Internet, Digital Media, and Techno-Social Life"*

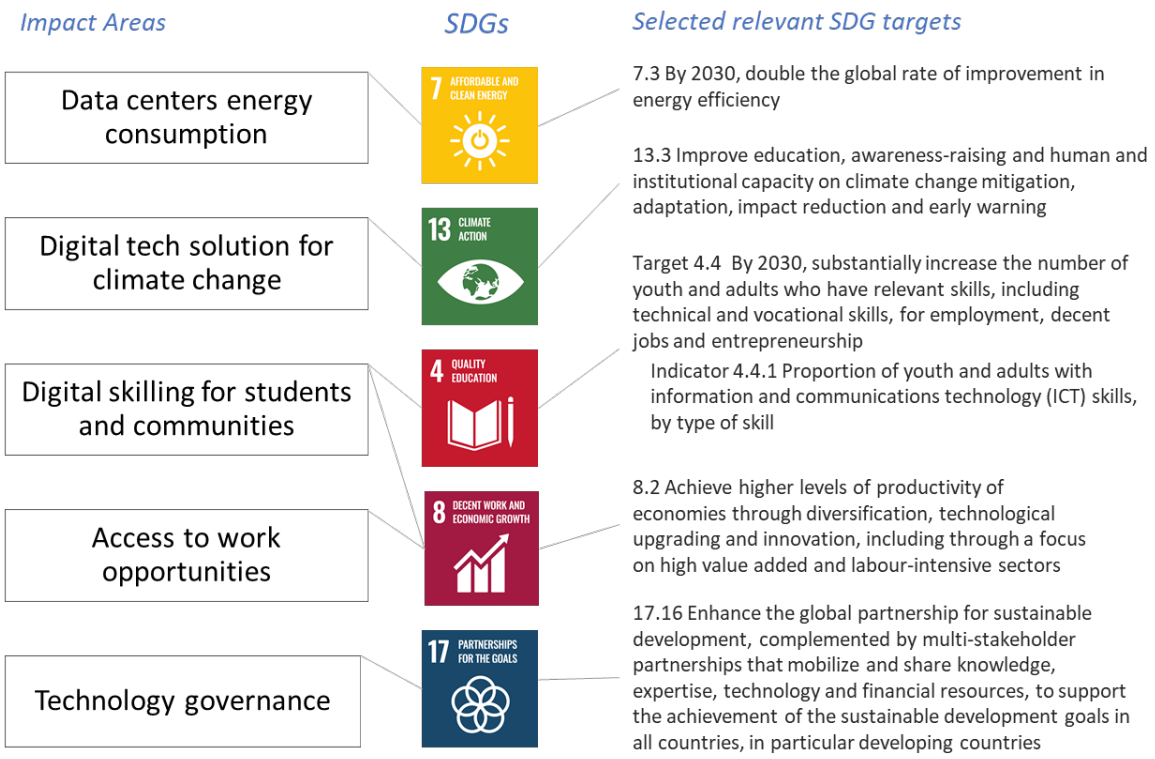
Technology is fast becoming ubiquitous with every human endeavor. From smart agriculture, to education, to healthcare, research and even space exploration, there is hardly a field of human activity that is untouched by information technology. Technology that is responsibly created and used can help accelerate the world towards accomplishing the Sustainable Development Goals (SDGs). In particular, the industry has the potential to contribute to *SDG 13: Take urgent action to combat climate change and its impacts, SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all,* and *SDG 5: Achieve gender equality and empower all women and girls.* It also supports the achievement of *SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all* and *SDG 10: Reduce inequality within and among countries.* Five different contribution channels can broadly be distinguished:

- **Data centers energy consumption.** Data centers are significant primary energy users and now consume in the order of 3% of worldwide electricity, and are responsible for 2% of global greenhouse gas emissions – the same as the airline industry. It should thus be a priority to reduce energy consumption in data centers.
- **Digital technology solutions for climate change.** Digital technologies could have a transformational impact on the world's ability to meet the 2030 Agenda. This, however, requires both the IT sector and the key sectors (or 'partner sectors') who deploy these technologies to put the 2030 Agenda more intentionally at the center of who they are and what they do.
- **Digital skilling for students and communities.** Technology has become ubiquitous to every human endeavor. Enabling students and communities with digital skills will provide them access to quality education.
- **Access to work opportunities.** The industry has an opportunity to spread growth beyond urban centers and tap into talent pools from semi-urban and rural centers, enabling decent work and economic growth and well-being. Remote work options also allow the industry to tap into diverse talent pools that have been left out of opportunities for development and advancement.
- **Technology governance.** With IT becoming synonymous with everyday living, it is important for organizations to have a concrete technology governance strategy to deliver 'value' to stakeholders. As machines replace a number of jobs that were earlier performed by humans, it is even more important for AI to be aligned with values and ethics. The question of data privacy and protection is also key in a context where technology is omnipresent.[3]

Women in IT is also a key theme within the industry, but it is adequately covered by sector-agnostic metrics. For instance, companies can use '% of women employees' and '% women employees in management positions' to track internal progress.

[3] https://unsdg.un.org/sites/default/files/UNDG_BigData_final_web.pdf

Figure 1: Impact Areas and the SDGs



3. Core set of IT services and software specific metrics

We started with the identification of authoritative sources of sector-specific metrics. We looked at metrics included in reporting frameworks, such as SASB and GRI, as well as those used by corporate sustainability leaders. We studied the reports of Atos SE, Wipro Ltd., NTT Data, Tech Mahindra, Infosys Ltd., Accenture, Microsoft, SAP, Deloitte, and Salesforce. We also leveraged IRIS+ for SDG mapping. High-level conclusions can be found in Annex I.

The table below provides an overview of possible core metrics to recommend for the IT services and software sector. Note that this list is intended as a draft and will be refined in consultation with industry associations, companies, and standard setters.

Table 1. *Set of sector-specific metrics for Information Technology - Services and Software companies*

Industry	Performance metrics	Type	Contribution	Source
Software & Services	Total energy consumed by data centers (kWh per GB*)	Core	Energy consumption in data centers	Infosys
Software & Services	Reduction in per capita energy consumed (energy consumed/$s revenue) against target	Expanded	Energy consumption in data centers	Infosys
Software & Services	# digital technology solutions created to tackle climate change	Expanded	Digital technology solutions for climate change	Infosys

Software & Services	Revenues from digital technologies that tackle climate change	Expanded	Digital technology solutions for climate change	Infosys
Software & Services	No. of people impacted through using digital technology	Core	Digital technology solutions for climate change	Infosys
Software & Services	% resources saved/conserved	Expanded	Digital skilling for students and communities	Infosys
Software & Services	# students trained through digital skilling programs	Core	Digital skilling for students and communities	Infosys
Software & Services	# students trained from underserved communities	Expanded	Digital skilling for students and communities	Infosys
Software & Services	# digital accessibility solutions created	Expanded	Access to work opportunities	Infosys
Software & Services	# people skilled/reskilled (internal and external) for opportunities in the sector	Core	Access to work opportunities	Infosys
Software & Services	% of employees from non-urban locations	Expanded	Access to work opportunities	Infosys
Software & Services	# of current cyber security 'vulnerabilities' and their severity	Expanded	Technology governance	Infosys
Software & Services	# data privacy incidents	Core	Technology governance	Infosys
Software & Services	Amount of fines/penalties for data privacy-related incidents	Expanded	Technology governance	Infosys
Software & Services	#technology partnerships for social good	Core	Technology governance	Infosys
Software & Services	Amount of fines/penalties paid for violating responsible technology development& use principles*	Expanded	Technology governance	Infosys

Source: Infosys materiality exercise through stakeholder consultations as part of the exercise to create Infosys' ESG Vision 2030, https://www.infosys.com/content/dam/infosys-web/en/about/corporate-responsibility/esg-vision-2030/esg-priorities.html

4. Implications

Standard setters are encouraged to incorporate these metrics into their frameworks. With a few exceptions (e.g. SASB), reporting frameworks rely on sector-agnostic metrics. Complementing these with sector-specific metrics increases understanding of the impact of business practices on people and planet. When these frameworks do include sector-specific metrics, there is considerable divergence on the metrics that are included and how they are defined. This reduces the value of data for investors and other third parties, and increases the burden on corporate reporters.

Companies are encouraged to adopt these metrics in their sustainability and/or integrated reporting. Companies already advanced in sustainability reporting benefit from increased comparability of their performance. Companies not as advanced can adopt metrics that reflect years of evolving best practices.

Annex I: Highlights of the study of 10 companies in this industry

1. Atos SE

Social	Environmental	Governance
Talent & Skills Management - Average hours of training that employees have undertaken during the year - Percentage of employees with an Individual Development Plan - Number of digital certifications obtained per year	**Sustainable technologies and Solutions** - Offsetting of all datacenters GHG emissions (%)	**Corporate Governance** - Percentage of females within the Board of Directors - Attendance rate at Board meetings
Diversity - Percentage of females within Atos - Percentage of women identified in talents pool	**Carbon impact and climate change** - Energy intensity by revenue - Energy intensity by employee - GHG emissions by revenue - GHG emissions by employee - Number of offices and datacenters ISO 14001 certified" - Percentage of offices and datacenters ISO 14001 certified	**Compliance and business ethics** - Percentage of employees who successfully completed the 'Code of Ethics' e-learning - Number of significant fines (higher than 100k EUR)
Employees' engagement and well-being - Atos Trust Index® informed by Great Place to Work (GPTW) - Absentee Rate (%)	**Natural disaster** - Percentage of core datacenters that have synchronous data replication capacities	**Supply chain** - Percentage of strategic suppliers evaluated by EcoVadis - Total percentage of spend assessed by EcoVadis
Local impact and communities - Total number of employees recruited - Percentage of graduates recruited		
Security and data protection - Percentage of coverage of ISO 27001 certifications		
Innovation and digital responsibility - Client Innovation Workshops delivered		

2. Wipro Limited

Social	Environmental	Governance
Human Capital - Total Employees - Women Employees (%)	- Total GHG Emission (tons of CO2 eq.)	**Corporate Governance** - Percentage of females within the Board of Directors

- Persons with Disabilities - Nationalities in Workforce - Localization in On-shore Workforce	- Savings due to environmental initiatives (in Mn USD)" Water Recycled (as % of total water consumption) - Waste sent to Landfill**	- Attendance rate at Board meetings
Social & Relationship Capital - Active customers - Revenue from Existing Customers - Community Partners - CSR Spend (` million) - Increase in Customer Net Promoter Score (basis points) - Total Employees Engagedwith Wipro Cares	-	**Intellectual Capital** - *R&D Expenses (` million) - *"Patents Filled Cumulatively till date" - * Patents Granted till Date

3. NTT Data

Social	Environmental	Governance
Secure and develop IT human Resources - Number of digital personnel, number of experienced employees, improvements in personnel system - Career interview implementation rate - Number of digital training sessions (related to advanced technologies) - Self-innovation time uptake hours	**Respond to climate change** - Number of orders received to address customers' environmental issues - Reduction of greenhouse gas emissions based on SBT and TCFD initiatives	**Ensure compliance** - ・Implementation of measures to strengthen global compliance
Promote diversity and inclusion - Number of measures taken to ensure the advancement of diverse human resources - Increase in the number of female executives and managers - Improvement in our One Voice (employee engagement survey) score	**Respond to disaster risks** - ・Number of orders received for BCP-related solutions - ・Improvement of the BCP plan for disaster risk	**Promote a responsible supply chain** - Increase in coverage of suppliers who provide a written pledge to comply with the NTT DATA Guidelines for CSR in the Supply Chain
Promote workstyle innovation - Number of proposals and orders for customers' workstyle innovation - Number of workstyle innovation measures and organizational improvement measures taken - Digital Work Place utilization rate		**Build and ensure stable management/operation of IT Infrastructure** - Number of improvements in operational and maintenance processes - System utilization rate

Ensure information security and **Protect data privacy** - Number of orders received for projects that enhance customer security - Number of secure public clouds provided - Number of measures taken to strengthen internal security levels		**Offer social infrastructure and business category–specific solution** **based on advanced technologies** - Number of new and wide-ranging businesses created to address social issues - Number of orders received for solution proposals to resolve social issues, value of such orders received and number of service starts.
Promote IT education - Number of contribution activities resulting from the provision of IT education opportunities in local communities - Creation of IT opportunities in primary education through NTT DATA Academia (total number of participants andnumber of forums held)		

4. Tech Mahindra

Social	Environmental	Governance
Employee Engagement and Retention -Employee Engagement Score	**Reducing Carbon Footprint in Supply Chain** Engaging with IT suppliers to estimate GHG emission from products manufactured for TechM	**Promote Innovation** - Number of Innovation contests and events per year - Number of ideas incubated in Labs per year
Gender Diversity -Women in Senior Management	**GHG Emissions** Reduction in Scope 1 - 2 GHG emissions in MTCO2	**Realization of Innovation Opportunities** - Revenues from Innovative Solutions(USD in Million
Integrating Sustainability into Business -Sustainability training of total associates	**PUE (Power Usage Efficiency)** Reduction in Power Usage Effectiveness of Data Centers (%)	**Supply Chain** - Number of top Suppliers to be audited yearly on Sustainability parameters
Talent Retention -IT Attrition rate	**Renewable energy** Renewable energy as percentage of total electricity used	

Learning and Development -Continuous Learning for all Associates (Hours Per Person Per Year)	**Water** - Reduction in per capita fresh water consumption (kl/employee) - Number of rain water harvesting units	
Health & Safety - Health, Safety and Ergonomics Trainings at locations.. - Telephonic and Face to face Counselling facility	**Waste Management** - Reduction in Paper - Composting food waste at owned - locations	
CSR - Direct & indirect beneficiaries of Tech Mahindra+N11:N12 Foundation (Figures in Lakh) - TechM Foundation SMART Vocational Training centers across all locations of operations with 80% placement		

5. Infosys Limited

Social	Environmental	Governance
Enabling digital talent at scale Extending digital skills to 10 Mn+ people, including employees, client's workforce, students, teachers and communities (2025)	**Climate Change** - Maintaining carbon neutrality across Scope 1, 2 and 31 emissions every year - Reducing absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 75%2 - Reducing absolute Scope 3 GHG emissions by 30%3 - Engaging clients on climate actions through our solutions	**Corporate governance** - Bringing interests of all stakeholders to the fore through our empowered, diverse and inclusive Board - Building sustainable and responsible supply chains Ensuring robust compliance and integrity practice - Engaging with stakeholders through various channels and earning trust through transparent communication
Tech for good Empowering 80 Mn+ lives via tech for good programs in e-governance, healthcare and education (2025)	**Water** Maintaining 100% wastewater recycling every year	**Data privacy** Adopting leading data privacy standards across all global operations
Diversity and inclusion Creating a gender-diverse workforce at Infosys, with 45% women	**Waste** Ensuring zero waste to landfill	**Information management** Being recognized as industry leader in our information security practices
Energizing local communities		

Delivering 33% of work by leveraging flexible/remote work options		
Employee wellness and experience Facilitating best-in-class employee experience and being recognized among the best employers in our key operating regions		

6. Accenture

Social	Environmental	Governance
Demand-led Skilling Equip people with the skills to get a job or build a business	**Climate change** Reducing Greenhouse Gases—Our science-based target	**Ethics Training** Ethics & Compliance training each year for employees
Employment & Entrepreneurship Outcomes Increase our focus on the successful transition from skill-building programs to sustainable jobs and businesses, and improve our collective ability to measure and report on these outcomes.	**Renewable Energy** Procuring 100% renewable energy across our global facilities by 2023 as part of RE100	**Supplier Sustainability** expand to 75% the percentage of our key suppliers who disclose their targets and actions toward emissions reduction**.**
Collaboration for Systemic Change Bring together organizations across industries to create large-scale, lasting solutions aimed at closing global employment gaps.	**Enabling Client Sustainability** begin to measure and report the impact of our work with clients in key areas of sustainability	**Supplier Inclusion & Diversity** Developing small, medium and diverse suppliers through Diverse Supplier Development Program (DSDP),
Inclusion & Diversity - gender-balanced workforce. - increase the diversity of our leadership by growing our percentage of women managing directors to at least 25% worldwide - Increase our workplace accessibility to 100%.		

7. Microsoft

Social	Environmental	Governance
Promoting accessibility and inclusion - AI for accessibility: investing $25 million to support change makers through grants, investments of technology, and	**Environmental sustainability: carbon, water, waste, and ecosystems** - *Be carbon negative by reducing our carbon emissions by half and removing the rest	**Maintaining an ethical supply chain** - Social and Environmental Accountability (SEA) Academy - Workers' Voice Hotline - Supplier diversity

expertise to amplify the capabilities of people with disabilities. - Accessibility of products and services - Employees with disabilities - Accessibility evolution model	from the environment, including for our supply and value chains. - *Be water positive for our direct operations, meaning we will replenish more water than we use. - *Be zero waste for direct operations and products, and eliminate single use plastics in packaging by 2025. - *Remove from the environment all the carbon the company has emitted directly or by electrical consumption since its founding. - *Protect more land than we use for our direct operations by 2025 and we will also build a new Planetary Computing platform to help monitor, model, and manage Earth's natural systems.	- * Zero tolerance of forced or bonded labor
Closing the broadband gap - Eliminating the rural broadband gap in the United States - Expanding access to broadband for communities of color - Closing the gender digital divide - closing the global digital divide	**Continue to invest our $1 billion Climate Innovation Fund to accelerate the development of climate technologies.**	**Defending democratic institutions** - Protecting campaigns - Defending against disinformation - * Securing elections
Building skills for employability - Enable job seekers - Expand our reach with customers and partners - Close the computer science education gap in the US	**Use our voice to advocate for public policy initiatives that address climate change.**	**Strengthening digital safety** - Countering online child sexual exploitation and abuse - Combating terrorism and violent extremism online - Promoting digital civility
Promoting more equitable access to data - Data collaborations - * Unlocking data while respecting privacy		**Advancing cybersecurity** - Partnering with the multi-stakeholder community - Generating insights that fuel security
		Respecting privacy - Giving customers transparency and control - Preserving privacy while addressing COVID-19 - * Advocating for privacy legislation and standards

8. SAP

Social	Environmental	Governance
Employee Engagement - *Number of employees - *Number of employees, annual average - *Number of employees in research and development - *Personnel expenses - *Personnel expenses – excluding share-based payments - *Personnel expenses per employee – excluding share-based payments - *Operating profit per employee (in € thousands) - *Women working at SAP (in %) - *Women in management7) (total, in % of total number of employees) - *Women managing managers6), 7) (in %) - *Women managing teams6), 7)(in %) - *Employee Engagement Index (in %) - *Business Health Culture Index (BHCI, in %) - *Leadership Trust Index (LTI, as NPS) - *Employee retention (in %) - *Total turnover rate (in %)	**Net greenhouse gas emissions** - Net greenhouse gas emissions (in kilotons) - Greenhouse gas emissions per employee5) (in tons) - *Greenhouse gas emissions per € revenue (in grams) - *Total energy consumption (in GWh) - *Energy consumed per employee5) (in kWh) - *Total data center electricity (in GWh) - *Data center energy per € revenue8) (in Wh) - *Renewable energy sourced (in %)	**Growth** - Cloud revenue - Cloud and software revenue - Total revenue **Profitability** Operating profit **Customer Loyalty** Customer Net Promoter Score

9. Deloitte

Social	Environmental	Governance
Talent - Total Head count - Headcount by gender- Percentages of women in leadership and governance bodies - Headcount by Region - Total new hires - Attracting top talent - Developing top talent - Turnover- By region, level and gender - Recruiting and learning	**WorldClimate** - Cut emissions- Net-zero by 2030 - Operate green-Address internal policies and practices - Empower individuals- Educate and inspire Deloitte people to act on climate change - Engage ecosystems- Engage with ecosystems to address climate change	- Total revenue - Revenue by business - Revenue by industry - Revenue by region

Society *Societal investments -Monetary value of community investments -Hours of community investments (Total hours of volunteer and pro bono work by Deloitte people) *Community response to COVID-19	**Net-zero carbon emissions by 2030** - Significantly reduce Deloitte's greenhouse gas travel emissions - Source 100% renewable energy for Deloitte facilities by 2030 - Switch fleets to 100% electric vehicles - Engage Deloitte's supply chain to set science-based carbon reduction targets - Invest in meaningful carbon offset projects to compensate for remaining emissions	
	Material usage - Paper usage - Percent of recycled input materials used based on - estimate of recycled content paper - Non-renewable materials used - Renewable materials used	

10. Salesforce

Social	Environmental	Governance
Diversity - Commitment to Equality - Target for Underrepresented Group representation for U.S. workforce (Women, Black, Latinx, Indigenous, Multiracial, LGBTQ+, People with Disabilities, and Veterans) established - Employees by gender, Ethnicity, Skill	**Strategy and Management** - Environmental policy - Environmental benefits of Salesforce products - Renewable energy goal established - Net-zero emissions goal achieved - Frequency and time horizon for identifying, and assessing climate-related risks - Risk types evaluated - Process(es) for managing climate-related risks and opportunities - Climate change risks and opportunities - Description of identified risks and opportunities - Explanation of how climate-related issues are integrated into your business objectives and strategy - Climate-related scenario analysis	**Governance Structure** - Governance structure - Audit Committee Practices - Board Compensation Practices - Board Nominating Practices - Total Executive and Non-Executive Board Members - Board Average Tenure - Independent Board Members - Board Gender and Ethnic Diversity - Nominating and Governance Committee periodically reviews the - Company's environmental, social, and governance initiatives - Board committee dedicated to privacy and ethical use of technology - Board Remuneration Disclosure - CEO compensation linked to total shareholder return (TSR) - Code of Conduct

	- Discussion of the integration of environmental considerations into strategic planning for data center needs - Emissions reductions initiatives - Engagement with supply chain on climate related issues	- % of employees who read and acknowledged the Code of Conduct
Equal Pay - Completed thorough global equal-pay assessment - % of employees globally requiring pay adjustments - % of employees covered by an independent trade union or collective bargaining agreements	**Science-Based Targets** - Scope 1+2 Emissions Reduction - Scope 3 - Fuel & Energy Related Activities Reduction - Scope 3 - Upstream Suppliers Set Science-Based Target	**Trust and Security** - System performance and security - Commitment to customer privacy - Policies & practices related to user privacy - Compliance Certifications and Attestations - Description of business continuity risks related to disruption of operations
Talent Development - Programs for upgrading employee skills - Employees appraised via management by objectives - Description of organizational alignment strategy - Open positions filled by internal candidates - Employee engagement - Employee satisfaction	**Water** *Total water withdrawn (Million gallons)13, 14 In regions with Extremely High baseline water stress In regions with High baseline water stress In regions with Medium-High baseline water stress In regions with Medium-Low baseline water stress In regions with Low baseline water stress	**Public Policy** - Public policy practices - Political engagement
Community Engagement - Community engagement - Ventures Investment - Employee volunteering hours - Donations to charitable organizations (in partnership with Salesforce.org)8 - Nonprofit & higher education organizations offered services for free or at a discount (in partnership with Salesforce.org)	**Sustainable Built Environment** Percentage of space achieved or pursuing green building certification	
Human Rights - Human rights commitment - Commitment to responsible sourcing - Commitment to supplier diversity - Supplier code of conduct - Health and safety policy	**Net Zero Greenhouse Gas Emissions and Carbon Neutral Cloud** - Scope 1 and 2 Market-Based Emissions-Percentage Offset	

	- Scope 3 Carbon Neutral Cloud-Related Emissions-Percentage Offset	
Ethical Use of Technology - Strategy for ethical use of technology	**Platform Performance** - Average power usage effectiveness (PUE) - Average carbon usage effectiveness (CUE)	
	Greenhouse Gas Emission *Emissions by Scope [MTCO2e] *Scope 1 Emissions *Scope 2 Emissions Business Travel and Employee Commuting Scope 3 emissions Emissions by Source [MTCO2e] Data Centers	
	Energy *100% Renewable Energy Target Set *Employee Commuting20 *Total electricity consumption [MWh] *Electricity Mix Location-Based Methodology (all facilities) - Clean and renewable - Hydro - Nuclear - Natural gas - Coal - Other Fossil Fuels *Electricity Mix Market-Based Methodology (all facilities) - Utility renewable energy tariffs - Supplier-provided renewable energy - Indirect large offsite purchases - Grid-mix renewable energy content - Grid-mix remainder	

Annex II: Overview of sector-specific metrics

SASB- SOFTWARE & IT SERVICES		
Environment	Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable
		(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress
		(1) Greenhouse Gas Emissions Avoided (2) Greenhouse Gas Emissions Mitigated (3) Greenhouse Gas Emissions Reduced (4) Greenhouse Gas Emissions Types
		Discussion of the integration of environmental considerations into strategic planning for data center needs
Social	Customer Privacy	Description of policies and practices relating to behavioral advertising and user privacy
		Number of users whose information is used for secondary purposes
		Total amount of monetary losses as a result of legal proceedings associated with user privacy
		(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure
		List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring
	Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected

		Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards
	Employee Engagement, Diversity & Inclusion	*Percentage of employees that are (1) foreign nationals and (2) located offshore *Person with disability
		Employee engagement as a percentage
		Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees
Governance	Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations
	Systemic Risk Management	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime
		Description of business continuity risks related to disruptions of operations

Annex III: Overview of core sector-agnostic metrics

Theme	Metrics	UNCTAD-ISAR	WEF-IBC
Water	Water recycling and reuse	X	
	Water use efficiency	X	
	Water stress	X	
	Fresh water availability		X
Waste	Reduction of waste generation	X	
	Waste reused, re-manufactured and recycled	X	
	Hazardous waste	X	
Climate change	Scope 1, 2, and 3 emissions	X	X
Air pollution	Ozone-depleting substances and chemicals	X	
Energy consumption	Renewable energy consumption as percentage of total energy consumption	X	
	Energy consumption per net value added	X	
Nature loss	Land use and ecological sensitivity		X
Employment	Net number of jobs created		X
	Diversity and inclusion (%)		X
	Wage level (%)		X
	Risk for incidents of child, forces or compulsory labor (#, %)		X
Gender equality	Proportion of women in managerial positions	X	
	Gender pay equality (%)		X
Human capital	Average hours of training per year per employee	X	X
	Expenditure on employee training per year per employee	X	X
	Employee wages and benefits as a proportion of revenue	X	
Employee health & safety	Expenditures on employee health and safety as a proportion of revenue	X	
	Frequency/incident rates of occupational injuries	X	
	Health and safety (%)		X
Collective agreement	Percentage of employees covered by collective agreements	X	
Net economic contribution	Revenue and/or (net) value added	X	
	Direct economic value generated and distributed		X
Tax	Payments to the Government	X	
	Country by country tax reporting		X
Investment	Net investment		X
	Green investment	X	
	Community investment	X	X
	Total amount of expenditures on research and development (R&D)	X	
	R&D spend ratio (%)		X
Anti-corruption	Amount of fines paid or payable due to settlements	X	
	Average number of hours of training on anti-corruption issues, per year per employee	X	
	Total percentage of governance body members, employees and business partners who have received training on the		X

	organization's anti-corruption policies and procedures, broken down by region		
	Total number and nature of incidents of corruption confirmed during the current year but related to previous years		X
	Total number and nature of incidents of corruption confirmed during the current year, related to this year		X
Governance	Number of board meetings and attendance rate	X	
	Number and percentage of female board members	X	
	Board members by age range	X	
	Number of meetings of audit committee and attendance rate	X	
	Total compensation per board member	X	

GISD Global Investors for Sustainable Development Alliance 

Sector-Specific Metrics: Real estate sector

May 2021

Summary

This report on the Real Estate sector is one of several sectoral deep-dives convened by the Global Investors for Sustainable Development (GISD) to promote harmonized sector-specific metrics. These sector-specific metrics should help assess the contributions to the SDGs of products and services from companies active in this sector. They should complement sector-agnostic (and mainly operational) metrics that every company regardless of it sector should report on.

To identify sector-specific metrics, the report considers the main contribution channels of the Real Estate sector to the achievement of SDGs 1, 6, 7, and 11. It then recommends a shortlist of sector-specific metrics, which are adapted from existing reporting frameworks and company reports. The objective is to identify sector-specific metrics that are implementable by companies and useful for investors and other stakeholders in their decision-making processes.

1. Scope of the project

The remit of this report is the real estate sector. As defined by MSCI's Global Industry Classification Standard, the real estate sector "contains companies engaged in real estate development and operation. It also includes companies offering real estate related services and Equity Real Estate Investment Trusts (REITs)." [1] The sector is divided into one industry group (i.e. real estate) and two industries (i.e. Equity Real Estate Investment Trusts (REITS) and Real Estate Management & Development companies). The two industries are further divided into 12 sub-industries by MSCI's classification.

This initial report includes sector-specific impact metric for six of the twelve sub-industries in the real estate sector. The sub-industries that are included in this report are those that, based on the type of the property, may have a positive impact on the housing status of individuals and communities. Annex I includes a chart of the real estate sub-industries covered in this report, and which six industries are currently excluded. While positive contribution to achieving the SDGs may be possible through the six excluded sub-industries, they are not the focus of this report. In some instances like companies managing properties serving the healthcare industry, we believe impact on the end stakeholder (patients) may be

[1] https://www.msci.com/documents/1296102/11185224/GICS+Sector+definitions+Sept+2018.pdf/afc87e7b-bbfe-c492-82af-69400ee19e4f

more effectively measured by another entity or company engaged in the value-chain (e.g., the company providing health care services).

2. SDG alignment of the real estate sector

The real estate sector has a significant role to play in the achievement of the Sustainable Development Goals, specifically SDG 11: *Make cities and human settlements inclusive, safe, resilient and sustainable,* as well as *SDG 1: No poverty*, *SDG 6: Clean water & sanitation*, and *SDG 7: Affordable & clean energy*.

Across these four Global Goals we have identified three themes that are important to consider and measure as one seeks alignment and contribution to the SDGs. The three themes are affordability, access and environmental impact. Each of these issues are outlined below. The full list of recommended metrics (core) and additional metrics (expanded) associated with these themes are included in Section 3 of this report.

- **Affordable Housing Stock**: Access to decent, affordable housing is fundamental to the health and wellbeing of individuals and a necessity for growing, functioning economies. However, advanced and developing economies alike continue to struggle to provide housing at a reasonable cost, particularly for low and middle-income populations.[2] The problem is particularly acute in rapidly developing urban areas. To achieve the SDGs, the real estate sector must include affordable housing stock, alongside market-rate opportunities. Recommended measures associated with this theme include percentage of affordable housing units created or preserved (core) and number of years the housing stock is expected to remain affordable (expanded). These measures help investors and companies track progress toward *SDG 11.1: Proportion of urban population living in slums, informal settlements or inadequate housing*.

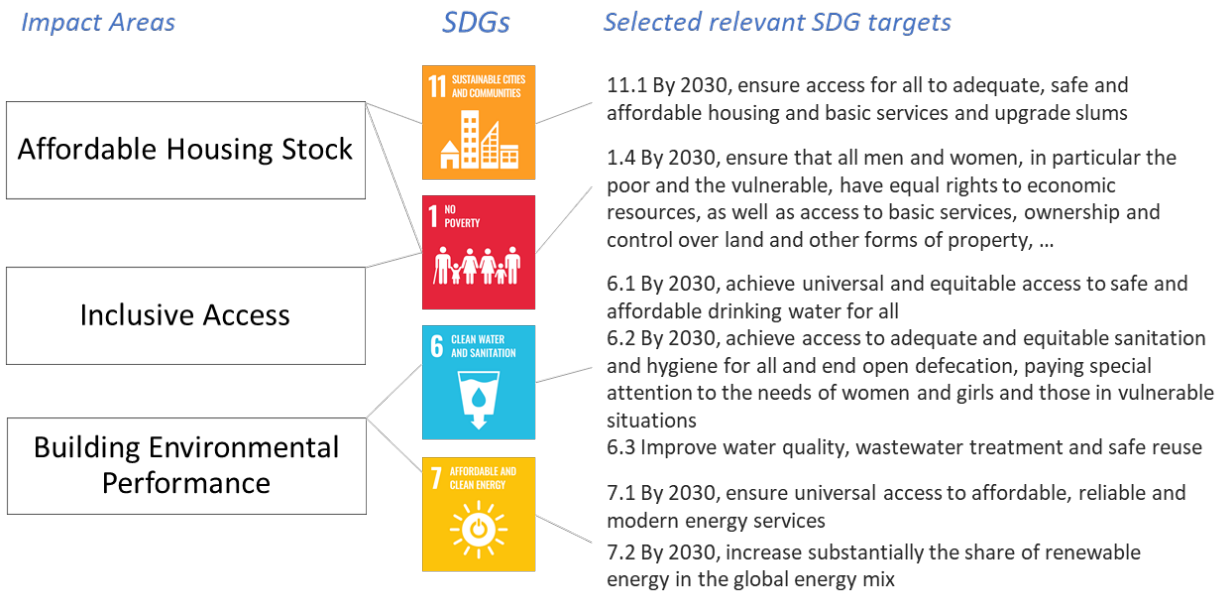
- **Inclusive Access:** The housing system has historically excluded the poor and other marginalized communities. The real estate sector has a role to play in addressing disparities in terms of access, as the sector is critical to where and what function buildings serve. The real estate sector can measure the impact on this issue tracking demographic information of communities where facilities are built and/or information on the population served in the building. For example, housing providers can measure how many low-income individuals are currently housed in their properties. These measures help track progress related to *SDG 1.4: Equal rights to economic resources*.

- **Building environmental performance:** The real estate sector has a clear and obvious impact on the environmental goals outlined in the SDGs. Many of the sector-agnostic impact frameworks include environmental metrics that can and should be applied in the real estate sector context. Examples of these include carbon emissions and water used. In an effort to not duplicate those efforts, this report focuses on environmental measures that are relevant to investors and operators in the real estate sector, specifically those working to expand access to affordable housing, in developed and emerging economies. For example, we recommend residential real estate providers in emerging markets to measure the number of individuals who may have access to clean water and energy through their buildings. These measures are related to *SDG 6.1: Universal access to drinking water*, *SDG 6.2: Access*

[2] McKinsey, Affordable Housing Executive Summary, 2014.

to sanitation and hygiene, *SDG 7.1: Universal access to energy services*, and *SDG 7.2: Increasing the share of renewable energy*.

Figure 1: Impact Areas and the SDGs



3. Core set of real estate-specific metrics

To determine the recommended core set of impact metrics, common frameworks and taxonomies were reviewed, including the Principle of Responsible Investment (PRI), GRESB Real Estate Investment (*Global ESG Benchmark for Real Assets*), World Green Building Council: for Health and Wellbeing Framework, Sustainability Accounting Standards Board (SASB), IRIS+, and the SDGs Scorecard.

We also reviewed reports published by leading real estate investors and companies, as ranked by third-party researchers and indices, including Sustainalytics (Real Estate), Dow Jones Green Index (Real Estate), World Benchmark Alliance (Real Estate), and MSCI ACWI Sustainable Impact Index Methodology (Affordable Housing section). Our initial research revealed that many real estate companies ranked as high-performers on ESG indices do not publicly report on the issues outlined in this report. For those that did, Annex III provides an overview of commonly reported metrics.

Next we cross-referenced these reports with the frameworks and taxonomies created by standard setters and industry leaders, which resulted in our core set of recommended metrics, listed Table A. These metrics are organized by relevant industry within the real estate sector, with a particular focus on impact metrics for the residential related sub-industries. Our intention was to keep the list of core metrics short and actionable, and they reflect measures we believe are already being implementing by leading investors and corporations in the sector.

Table 1. *Set of core and expanded real estate-specific metrics*

Industry	Performance metrics	Type	Contribution	Source
All Real Estate	Target Demographic: Describes the demographic groups of stakeholders targeted by the organization.	Core	Inclusive Access	IRIS+
Residential	Percentage Affordable Units: Percentage of housing units projected to be constructed or preserved as a result of expenditures made by the organization during the reporting period that will be considered to be affordable housing[3]	Core	Affordable Housing Stock	IRIS+
Residential	Number of housing unit constructed: Number of housing units constructed by the organization during the reporting period.	Core	Affordable Housing Stock	IRIS+
Residential	Number of Housing Units Improved: Number of housing units improved or refurbished by the organization during the reporting period	Core	Affordable Housing Stock	IRIS+
Residential	Number of years for which housing is expected to remain affordable	Expanded	Affordable Housing Stock	
Residential	Tenant turnover rate (%)	Expanded	Inclusive Access	
Residential	Indicate whether the building has achieved sustainable or green building certifications, such as LEED Certification.	Expanded	Building environmental performance	IRIS+ and PRI Impact Investing Market Map
Residential	Additional condition: comply with national regulation and/or national certification bodies	Expanded	Building environmental performance	PRI Impact Investing

[3] Organizations should footnote assumptions for defining affordable housing. In the U.S., the U.S. Department of Housing and Urban Development defines this as housing for which the occupant(s) is/are paying no more than 30% of his or her income for gross housing costs including utilities. More information can be found here: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/

				Market Map
Residential	Eviction rate (%)	Expanded	Inclusive Access	

4. Implications

As mentioned previously, affordable, safe housing a significant issue for the health and well-being of people and our communities. Good housing drives access to basic services, contributes to inclusive growth, supports the development of a sustainable future, and has a direct impact on factors that contribute the effects of climate change, as well. As the trend toward increased urbanization continues, the lack of well-located urban housing that is adequate, secure, and affordable remains acute. Against this backdrop, standard setters, investors, and corporations in real estate must commit to a common set of measures that allow us to monitor how this sector contributions to the SDGs.

Adopting a common set of impact metrics could help companies identify and track their contribution to the SDGs. Adopting a common set of real estate impact metrics would also make it easier to communicate sustainability progress and impact to relevant stakeholders. Including the metrics in annual reports also provides the reliability and accuracy of the impact by incorporating the standard metrics. The metrics also provide added value creation to the sustainability objective and output offered by the companies in Real Estate sector[4].

[4] https://unhabitat.org/topic/housing

Annex I: Industry coverage

GICS INDUSTRY	GICS CODE	GICS DESCRIPTION	DESCRIPTION
Real Estate (601020): Real Estate Management & Development			
	60102010	Diversified Real Estate Activities	Companies engaged in a diverse spectrum of real estate activities including real estate development & sales, real estate management, or real estate services, but with no dominant business line.
	60102020	Real Estate Operating Companies	Companies engaged in operating real estate properties for the purpose of leasing & management.
	60102030	Real Estate Development	Companies that develop real estate and sell the properties after development. Excludes companies classified in the Homebuilding Sub-Industry.
	60102040	Real Estate Services	Real estate service providers such as real estate agents, brokers & real estate appraisers.
Real Estate (601010): Equity Real Estate Investment Trusts (REITs)			
	60101010	Diversified REITs	A company or Trust with significantly diversified operations across two or more property types.
Excluded	60101020	Industrial REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of industrial properties. Includes companies operating industrial warehouses and distribution properties.
Excluded	60101030	Hotel & Resort REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of hotel and resort properties.
Excluded	60101040	Office REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of office properties.
Excluded	60101050	Health Care REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of properties serving the health care industry, including hospitals, nursing homes, and assisted living properties.
	60101060	Residential REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of residential properties including multifamily homes, apartments, manufactured homes and student housing properties
Excluded	60101070	Retail REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and

			operation of shopping malls, outlet malls, neighborhood and community shopping centers.
Excluded	60101080	Specialized REITs	Companies or Trusts engaged in the acquisition, development, ownership, leasing, management and operation of properties not classified elsewhere. Includes trusts that operate and invest in storage properties. It also includes REITs that do not generate a majority of their revenues and income from real estate rental and leasing operations.

Annex II: SDG contributions

SDG 11: To make cities and human settlements inclusive, safe, resilient and sustainable	
Target 11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Indicator 11.1.1	Proportion of urban population living in slums, informal settlements or inadequate housing
SDG 1: End poverty in all forms everywhere	
Target 1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
Indicator 1.4.1	Proportion of population living in households with access to basic services
SDG 6: Ensure availability and sustainable management of water and sanitation for all	
Target 6.1	By 2030, achieve universal and equitable access to safe and affordable drinking water for all
Indicator 6.1.1	Proportion of population using safely managed drinking water services
Target 6.2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations
Indicator 6.2.1	Proportion of population using safely managed sanitation services, including a hand-washing facility with soap and water
Target 6.3	Improve water quality, wastewater treatment and safe reuse
Indicator 6.3.1	Proportion of wastewater safely treated
SDG 7: Ensure access to affordable, reliable and modern energy for all	
Target 7. 1	By 2030, ensure universal access to affordable, reliable and modern energy services
Indicator 7.1.1	Proportion of population with access to electricity
Target 7.2	By 2030, increase substantially the share of renewable energy in the global energy mix
Indicator 7.2.1	Renewable energy share in the total final energy consumption

Annex III: Metric usage by companies

Company & Source	Reported Metrics
Vonovia SE *Combined Managed Report 2019*	• Number of residential unit build for specific tenants: senior citizen and special needs people • Average rent per sqm • Investment volume (fiscal year) for neighborhood development project

Nuveen
 	
Successful Impact Investing (October 2020)
	• Number of new affordable housing
	• Number of unit build for specific tenant:
	  ○ Underserved (% female)
	  ○ Seniors
	  ○ Immigrants/single parents/disabled
	• Number of unit build for low income tenant
	• Percentage of below market rent costs

China Overseas Land and Investment *ESG Report 2019*	• Number of newly affordable housing (in sqm) • Percentage of total affordable housing to residential project (in floor area)

Korea Land and Housing Corporation
 	
Sustainability Report 2016
	• Number of affordable housing unit
	• Percentage of below market rent cost
	• Number of unit targeted for:
	  ○ College students
	  ○ Newly employed
	  ○ Newly married couples

Bridges Fund Management *2019/2020 Annual Report*	• Number of Units Built • Emissions Reduced

GISD Global Investors for Sustainable Development Alliance

Sector-Specific Metrics: Telecommunication Services

June 2021

This draft report seeks to provide a harmonized and coordinated approach for entities in the telecommunications services industry to measure and track their impacts. The metrics will also provide a guiding framework for the entities in the industry to measure and report on their contributions to the Sustainable Development Goals. The sector specific metrics have been drawn from a number of existing frameworks that are already in use for corporate sustainability report such as GRI standards, CDP, and SASB, among others, through a consultative process by a working group comprised of sector members convened by GSMA. The indicators developed under this initiative do not in any way replace the existing standardized frameworks, but draw from them and provide a filtered set of metrics that are specifically relevant to the industry. The report then filters this list down into a concise set of sector-specific metrics. Lastly, the report discusses possible actions from GISD to disseminate this set of metrics and facilitate adoption by stakeholders to drive improvements in sustainability reporting and ultimately contributions to the 2030 Agenda.

1. Scope of the project

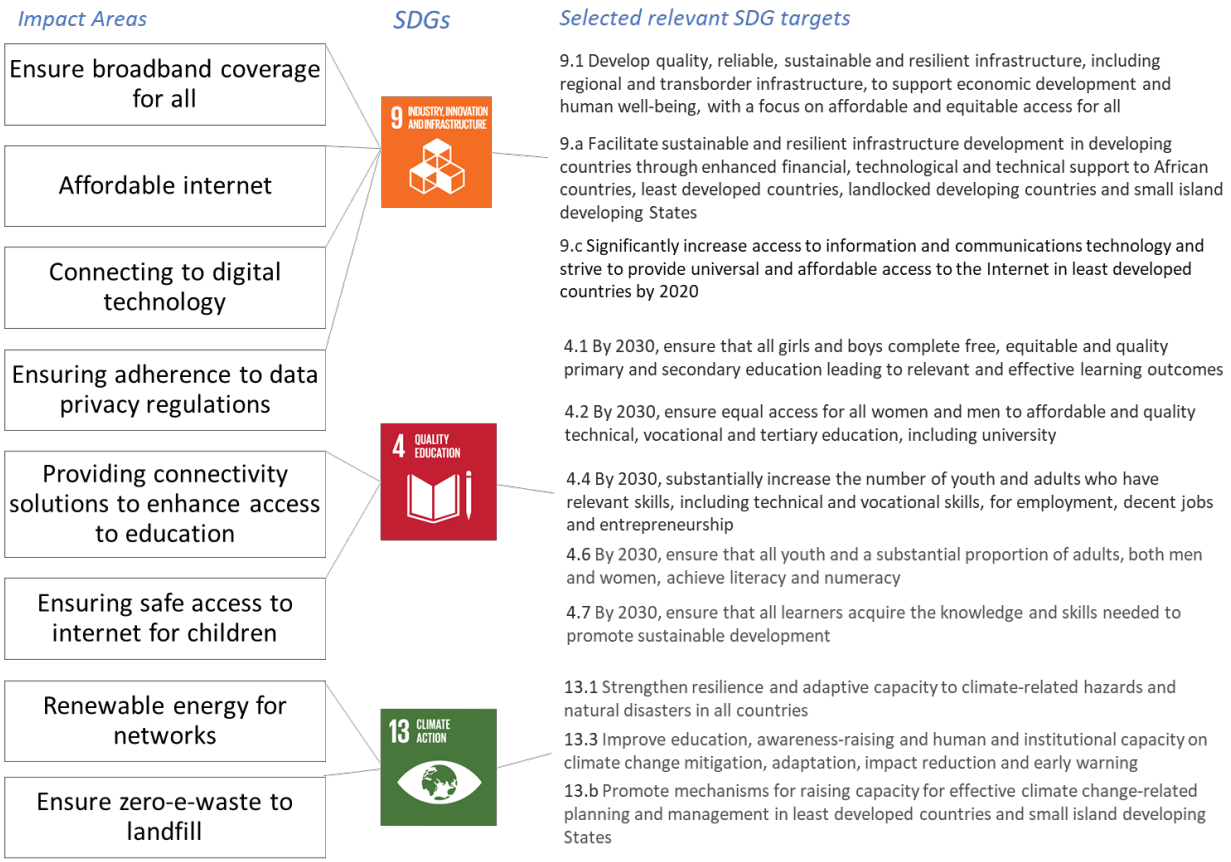
The remit of this report is the telecommunication services industry group. As defined by MSCI's Global Industry Classification Standard, the communication services sector includes companies that facilitate communication and offer related content and information through various mediums. It encompasses telecom and media & entertainment companies, including producers of interactive gaming products and companies engaged in content and information creation or distribution through proprietary platforms. This report will specifically focus on the telecommunications services industry group. Under the remit of telecommunications, the metrics developed in this report will also cover the support sectors such as device and equipment manufacturers.

This subject of this report is sector-specific impact metrics. Sector-specific metrics are metrics that only apply to a specific sector or industry. This differentiates them from sector-agnostic metrics, such as those proposed by UNCTAD-ISAR[1], WEF-IBC[2], GRI and SASB. This report also borrows heavily from the sector specific sustainability frameworks such as those developed by the mobile industry convening body GSMA.

[1] https://unctad.org/system/files/official-document/diae2019d1_en.pdf
[2] http://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf

The metrics applied in this report will be applied together with core sector agnostic metrics such as those that relate to the broader ESG topics and have not been included in this report to avoid repetition.

Figure 1: Impact Areas and the SDGs



2. SDG alignment of the telecommunications industry

The telecommunications services industry plays a key role in supporting the SDGs. The sector impacts all 17 SDGs, reflecting the influence of an industry that connects almost two-thirds of the world's population trough mobile technology. The impact of the industry is primarily driven through connectivity to voice services and the internet and through access to specific services and content provided by mobile network operators and the broad analysis of the impact across the mobile value chain and the directness of influence of that impact. The primary impact is on SDG 9: Industry, Innovations and Infrastructure through providing connectivity through the networks and devices that connect people to people, people to knowledge and people to opportunities. The impact on the other SDGs is primarily driven by innovations on solutions based on connectivity through GSM, broadband and fibre optics.

Below are some of the examples of the metrics used by industry members to report on their impacts on the SDGs:

SDGs and Target Impacted	Sectoral Contributions	Indicators Used
SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation **Targets 9.1, 9.a, 9.c**	**Ensure broadband coverage for all** **Affordable internet** **Connecting to digital technology** **Ensuring adherence to data privacy regulations** *through* • Development and upgrade of infrastructure	• Mobile infrastructure – 2G, 3G, 4G and 5G network coverage; • % of the population covered by the mobile network; • Number of M2m connections; • Quality of service (including average download speed and average latency).
SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all **Targets 4.1, 4.3, 4.4, 4.6, 4.7**	**Providing connectivity solutions to enhance access to education** **Ensuring safe access to internet for children** *through* • Provision of suitable connectivity infrastructure; • Affordable connectivity; • Creation and of mobile content and platforms for e-learning**.**	• Affordability of Basic Services (including average costs for Pre-paid data, Mobile bundles, Voice minutes and Handset price); • Mobile in schools (including Internet penetration in Schools and Impact of ICTs on access to basic services); • Availability of local content (including social media penetration, websites accessible and Wikipedia articles in local language).
SDG 13: Take urgent action to combat climate change and its impacts **Targets 13.1, 13.3, 13.b**	**Renewable energy for networks** **Ensure zero-e-waste to landfill** *through* • Increasing landmass coverage; Provision of robust and secure infrastructure; • Enabling access to government services; • Enabling technologies for environmental monitoring, based on IoT/M2M or other solutions.	• Mobile Infrastructure; • Number of M2M Connections; • Government use of ICT to provide services and access to services (including the UN Online Service Index, ICT use & government efficiency and the Impact of ICTs on access to basic services).

3. Core set of telecommunication services-specific metrics

The telecommunication industry-specific metrics development is currently being spearheaded by GSMA, the telecommunications industry convening body. GSMA convened different members of the industry to

form the working group on developing sector-specific indicators to ensure more consistent disclosures from members in their reporting. Safaricom is one of the members of the working group. The working group started off with research and consultation to identify with most widely used sustainability reporting frameworks and classified the frameworks into four categories:

a. Frameworks with metrics – GRI, SASB, IRIS+, CDP, S&P DJSI
b. Frameworks with indexed indicators – SDGs, WEF, WBA Digital inclusion etc.
c. Frameworks without indicators – UNPRI, IIRC, Capitals Coalition
d. Data analytics (Score Cards) – Sustainalytics, MSCI and ISS Oekom

After agreeing on the industry-specific indicators the working group will develop a metrics framework that maps each indicator identified to the various reporting frameworks in use. After the development of the framework, GSMA will embark on pilot testing and engagement with the members for the adoption of the framework in reporting. **The sample industry specific metrics contained in the table below will serve as a placeholder to allow the GSMA-convened working group complete its work after which the final draft of the metrics framework will be shared with GISD.**

GICS Industry	Metrics	Type	Contribution	Source
Telecommunciations Services	Proportion of population covered by a mobile network, by technology	Core	Ensure broadband coverage for all	AIEG- SDGs
Telecommunciations Services	Average rate of reduction per MB (cost YoY)	Core	Affordable internet	GSMA Sustainability
Telecommunciations Services	Number of people supported in accessing digital technology and disaggregated by gender	Core	Connecting to digital technology	WBA Digital Inclusion
Telecommunciations Services	Amount of energy consumed per MB of data transmitted	Expanded	Renewable energy for networks	UNCTAD-ISAR
Telecommunciations Services	Number of substantiated complaints on customer data breaches or loss of data	Core	Ensuring adherence to data privacy regulations	GRI 418-1
Telecommunciations Services	Amount of e-waste collected and recycled	Core	Ensure zero-e-waste to landfill	GRI 306
Telecommunciations Services	Number of learners accessing education through connectivity	Expanded	Providing connectivity solutions to enhance access to education	WBA Digital Inclusion
Telecommunciations Services	• Operations with controls applied in line	Core	Ensuring safe access to internet for children	GSMA Sustainability

	with minimum age policy (%) • Children reached by child online safety education and awareness raising programmes (number) • Operations blocking child sexual abuse content (%)			

4. Implications

Standard setters are encouraged to incorporate these metrics into their frameworks. With a few exceptions (e.g. sector supplements of GRI and SASB), reporting frameworks rely on sector-agnostic metrics. Complementing these with sector-specific metrics increases understanding of the impact of business practices on people and planet. When these frameworks do include sector-specific metrics, there is considerable divergence on the metrics that are included and how they are defined. This reduces the value of data for investors and other third parties, and increases the burden on corporate reporters.

- **Companies are encouraged to adopt these metrics in their sustainability and/or integrated reporting.** Companies already advanced in sustainability reporting benefit from increased comparability of their performance. Companies not as advanced can adopt metrics that reflect years of evolving best practices.

- **Standard setters and companies are encouraged to explore additional sector-specific metrics.** Two areas which can be considered as emerging lack standardized metrics. One of such areas is cybersecurity which has emerged in recent years as a material concern for stakeholders in the telecommunications industry. The existing metrics are based on the recommendation by GSMA. Secondly, the area on safeguarding freedom of expression which has seen increased relevance given the critical role internet plays in enabling access to information lacks clear guidelines on which metrics to use in reporting. More concise metrics on these areas will enhance the quality of reporting by companies in the communications sector.

Annex I: Overview of core sector-agnostic metrics

Theme	Metrics	UNCTAD-ISAR	WEF-IBC	GRI	GSMA Sustainability
Digital Inclusion	Network coverage			X	X
	Adapted price plans, low-cost handsets				X
	CAPEX on network expansion/upgrade		X	X	X
Waste	Waste collection, reduction and disposal	X		X	
	Waste reused, re-manufactured and recycled	X		X	
	E-waste and hazardous waste	X		X	X
Air Quality	Mobile mast emissions and ODS	X		X	X
Climate change	Scope 1, 2, and 3 emissions	X	X	X	
	Progress against science-based target	X			X
	Exposure to climate risk			X	X
Energy consumption	Energy (fuel) use	X		X	X
	Renewable energy consumption as percentage of total energy consumption	X		X	
	Energy consumption per net value added	X			
Employment	Net number of jobs created		X	X	X
	Diversity and inclusion (%)		X	X	
	Wage level (%)		X	X	
Gender equality	Proportion of women in managerial positions	X		X	X
	Gender pay equality (%)		X		
Human capital	Average hours of training per year per employee	X	X	X	
	Expenditure on employee training per year per employee	X	X	X	X
Employee health & safety	Training for employee safety, health and well-being				X

	Frequency/incident rates of occupational injuries	X		X	
	Health and safety (%)		X	X	
Collective agreement	Percentage of employees covered by collective agreements	X		X	X
Net economic contribution	Revenue and/or (net) value added	X		X	X
	Direct economic value generated and distributed		X	X	X
Tax	Payments to the Government	X			X
	Country by country tax reporting		X	X	X
	Community investment	X	X	X	
Anti-corruption	Amount of fines paid or payable due to settlements	X		X	
	Average number of hours of training on anti-corruption issues, per year per employee	X		X	
	Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region		X	X	
	Total number and nature of incidents of corruption confirmed during the current year but related to previous years		X	X	
	Total number and nature of incidents of corruption confirmed during the current year, related to this year		X	X	
Governance	Number of board meetings and attendance rate	X			
	Number and percentage of female board members	X		X	
	Board members by age range	X			

	Number of meetings of audit committee and attendance rate	X			
	Total compensation per board member	X			

Private Business and Finance

GISD Global Investors for Sustainable Development Alliance

Sector-Specific Metrics: Utilities Sector

May 2021

Summary

This report on the utilities sector is one of several deep-dives convened by the Global Investors for Sustainable Development (GISD) to promote harmonized sector-specific metrics. These metrics should enable a better measurement of the product and service contribution to the SDGs of companies active in this sector. To this end, the report first considers the main contribution channels of the utilities sector to the achievement of the SDGs. It then examines a long list of sector-specific metrics derived from existing reporting frameworks. It also reviews reports from sustainability leaders in the utilities sector to assess existing practices. The report then filters this list down into a concise set of sector-specific metrics. Lastly, the report discusses possible actions from GISD to disseminate this set of metrics and facilitate adoption by stakeholders to drive improvements in sustainability reporting and ultimately contributions to the 2030 Agenda.

1. Scope of the project

The remit of this report is the utilities sector. As defined by MSCI's Global Industry Classification Standard, the utilities sector "comprises utility companies such as electric, gas and water utilities. It also includes independent power producers & energy traders and companies that engage in generation and distribution of electricity using renewable sources."[1] This sector is subsequently divided into one industry group (i.e. utilities) and five industries (i.e. multi-utilities, electric utilities, gas utilities, water utilities, and independent power and renewable energy producers).

This subject of this report is sector-specific impact metrics. Sector-specific metrics are metrics that only apply to a specific sector or industry. This differentiates them from sector-agnostic metrics, such as those proposed by UNCTAD-ISAR[2], WEF-IBC[3] and GRI. For example, the carbon emission of a product or service is important for assessing the sustainability performance of a utility company's energy services. However, it is not sector specific as it applies to a consumer goods company that manufactures washing machines as much as it does to a utility company that produces and sells electricity. The sector-specific metrics are expected to be used in addition to core sector-agnostic metrics, which all companies should be reporting

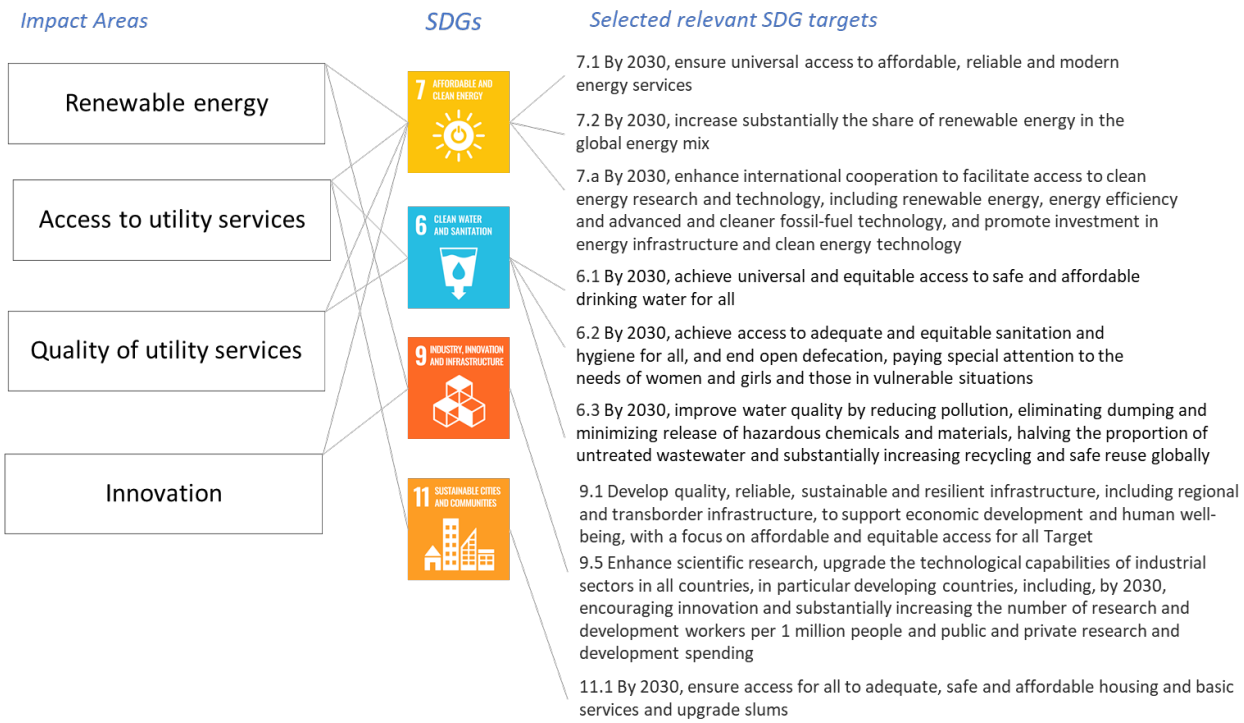
[1] https://www.msci.com/gics
[2] https://unctad.org/system/files/official-document/diae2019d1_en.pdf
[3] http://www3.weforum.org/docs/WEF_IBC_ESG_Metrics_Discussion_Paper.pdf

on. Sector-agnostic metrics are not included in this review to avoid repetition, but an overview of these metrics is included in Annex II.

2. SDG alignment of the utilities sector

The utilities sector is well-placed to help achieve the SDGs. The sector's main contribution is towards *SDG 13: Take urgent action to combat climate change and its impacts* but to reach this final goal, utilities need to contribute to other SDGs, such as *SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation* and *SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable*. Moreover, the sector is the primary focus of *SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all* and *SDG 6: Ensure availability and sustainable management of water and sanitation for all.* Four different contribution channels can broadly be distinguished. In this section, we introduce these contributions and discuss existing impact measurement and reporting practices under each. Note that the examples chosen aim to provide an illustrative overview of current reporting practices in most cases already widely adopted by the utility sector, therefore this selection is distinct from the key metric recommendations introduced in the next section.

Figure 1: Impact Areas and the SDGs



- **Renewable energy.** Increasing renewable energy production and sales is key to achieving *SDG 7.2 (Increasing the share of renewable energy).* Reporting frameworks and corporates currently measure this acceleration with metrics on:
    a) the volume of renewable energy produced and/or sold (e.g. renewable energy generated for sale, used in IRIS+),

b) the relative share of renewable energy out of total energy (e.g. green energy share, used by Ørsted and others), and
c) emissions associated with the energy (e.g. CO2 emission reduction rate for power generation, used by ENGIE).

- **Access to utility services.** Increasing access to energy services – through extending electricity grids or implementing mini-grid and off-grid solutions – is key to achieving *SDG 7.1 (Ensuring universal access to affordable, reliable and modern energy services)*. Similarly, increasing access to drinking water and wastewater services is key to *SDG 6.1 (Achieving universal and equitable access to safe and affordable drinking water)* and *SDG 6.2 (Achieving universal access to adequate and equitable sanitation and hygiene).* Reporting frameworks and corporates currently measure this expansion with metrics on:
  a) the number of beneficiaries of utility services (e.g. number of beneficiaries with access to affordable, reliable and clean energy, used by ENGIE; and number of individual connections, used in IRIS+),
  b) number of hard-to-reach beneficiaries provided access (e.g. bottom of the pyramid beneficiaries of sustainable energy access programs, used by ENGIE), and
  c) maintaining access through difficult times (e.g. customers in difficulty receiving assistance, used by United Utilities and Vattenfall).

  Another way to estimate this contribution could include measuring the revenues / number of individual connections generated by companies in countries where access to utility services is particularly constrained.

- **Quality of utility services.** Access to utility services is an important contribution but one that can be undermined by outages and other delivery failures. In the absence of reliable energy, only some people and companies can resort to expensive and dirty back-up generators. Similarly, in the absence of dependable water and wastewater services, people revert to less safe alternatives. Improving the quality of energy and water provision is key to *SDGs 6.1, 6.2, and 7.1* as well as *SDG 6.3 (Improving water quality by reducing pollution, eliminating dumping, and minimizing hazardous release).* Reporting frameworks and corporates currently measure this improvement with metrics on:
  a) the frequency of outages (e.g. power outage frequency, used by Iberdrola),
  b) the length of outages (e.g. customer minutes lost, used by SSE), and
  c) increase in the resilience of service provision (e.g. resilience of impounding reservoirs, used by United Utilities).

- **Innovation.** The above contributions benefit from the development and deployment of new clean energy technologies. Increased investment by utility companies in their development and deployment is critical to *SDG 7.a (Cooperating on clean energy research and technology).* This contribution has been measured through metrics on:
  a) research expenditure (e.g. R&D in climate change mitigation technologies related to energy generation, transmission or distribution, used by WBA),
  b) deployment of green car technology (e.g. charging points installed, used by most utility companies),

c) deployment of meter technology (e.g. end users with smart meters, used by Enel), and
d) improvement of battery storage (e.g. average storage capacity of batteries, used by SASB).

The lack of harmonization across this reporting landscape inhibits third parties from distinguishing "leaders from laggards".[4] The next section sifts through reporting practices to arrive at a set of core metrics that can improve the understanding of the utility sector's main contributions to the SDGs. Combined with core sector-agnostic metrics, these metrics will help third parties (such as investors and financial institutions) create the right incentives and realize the sector's potential.

3. Core set of utilities-specific metrics

We started with the identification of authoritative sources of sector-specific metrics. We looked at metrics included in reporting standards, such as GRI and SASB, and their sector-specific supplements (i.e. GRI G4 Electric Utilities Sector Disclosures). Moreover, we looked at metrics included in other frameworks, such as IRIS+, as well as those used by corporate sustainability leaders. As a proxy for the latter, we used the top ten performers in WBA's Electric Utilities Benchmark.[5] As of October 2020, these were: Ørsted, ENGIE, EDP, Iberdrola, EDF, SSE, Vattenfall, Xcel Energy, E.ON, and Enel. Most of these companies are diversified multi-utilities that cover the GICS industries apart from water and to a lesser degree gas. We therefore added three water utilities rated highest by Sustainalytics (Severn Trent, United Utilities, and Pennon Group) and one gas utility company (Enagas). Removing the metrics that apply to other sectors, we created a long list of 100+ utilities-specific metrics. High-level conclusions can be found in Annex I and the long list itself is housed in an Excel sheet.

The table below provides an overview of possible core metrics to recommend for the utilities sector. Applying several criteria to the long list of sector-specific metrics, we identified sixteen metrics that cover the utility sector's four contributions. Note that this list is intended as a draft and will be refined in consultation with industry associations, companies, and standard setters.

Table 1. *Set of core and expanded utilities-specific metrics*

Industry	Performance metrics	Type	Contribution	Source
All Utilities	Greenhouse gas emissions of energy generated for sale	Core	Renewable energy	IRIS+
All Utilities	Number of household and business connections to utilities and services	Core	Access	IRIS+
All Utilities	"Bottom of the pyramid" beneficiaries of sustainable energy access programs	Core	Access	ENGIE
All Utilities	Customers in difficulty receiving energy and water assistance	Expanded	Quality of services	EDF, Vattenfall
All Utilities	Weather-related resilience expenditure	Expanded	Quality of services	SSE

[4] http://ccsi.columbia.edu/files/2019/08/ELECTRIC-UTILITY-ALIGNMENT-WITH-THE-SDGs-THE-PARIS-CLIMATE-AGREEMENT.pdf
[5] https://www.worldbenchmarkingalliance.org/publication/electric-utilities/rankings/

All Utilities	Investment in developing countries to increase RES deploy and grid quality	Expanded	Innovation	Enel
All Utilities	Number of end users with new services such as charging point and smart meters	Expanded	Innovation	Enel
Electric Utilities	Renewable generation capacity	Core	Renewable energy	SSE
Electric Utilities	Investment in technologies to support RES hybridization of renewables such as battery storage and hydrogen	Expanded	Innovation	Enel
Gas Utilities	Methane emissions across the entire natural gas supply chain	Core	Renewable energy	X.Cel Energy
Gas Utilities	Share of renewable gases (e.g. biomethane, hydrogen) in the energy mix	Expanded	Renewable energy	Enagas
Water Utilities	Volume of potable water provided	Core	Quality of services	IRIS+
Water Utilities	Per household consumption of water	Expanded	Access	United Utilities
Electric Utilities/Independent Power and Renewable Energy Producers	Renewable energy generated for sale	Core	Renewable energy	IRIS+
Electric Utilities/Independent Power and Renewable Energy Producers	Green energy share	Expanded	Renewable energy	Ørsted, Iberdrola
Electric Utilities/Independent Power and Renewable Energy Producers	Innovation (discovery, incubation and acceleration) expenses for climate change mitigation technologies related to energy generation, transmission, or distribution	Expanded	Innovation	GISD

4. Implications

Standard setters are encouraged to incorporate these metrics into their frameworks. With a few exceptions (e.g. sector supplements of GRI and SASB), reporting frameworks rely on sector-agnostic metrics. Complementing these with sector-specific metrics increases understanding of the impact of business practices on people and planet. When these frameworks do include sector-specific metrics, there is considerable divergence on the metrics that are included and how they are defined. This reduces the value of data for investors and other third parties, and increases the burden on corporate reporters.

Companies are encouraged to adopt these metrics in their sustainability and/or integrated reporting. Companies already advanced in sustainability reporting benefit from increased comparability of their performance. Companies not as advanced can adopt metrics that reflect years of evolving best practices. Annex III introduces a list of possible companies to engage sorted by market capitalization.

Standard setters and companies are encouraged to explore additional sector-specific metrics. Two areas can be highlighted. Firstly, smart meters, charging points, and smart grids are industry-led innovations able to drive energy efficiency and access improvements. As these and other innovations mature, sector specific metrics can be added to capture their impact. Secondly, few metrics exist to assess alignment with certain SDGs (e.g. *7.a. and 7.b*, which cover partnerships and developing countries). Collaboration with the intent of defining further metrics would be beneficial.

Annex I: Highlights from the repository

Table 1. *Origin of sector-specific metrics among reporting frameworks*

Organization	Source of metrics	Number of metrics
GIIN	IRIS+	17
SASB	Codified Standards Level II	26
PRI	Impact Investing Market Map	0
IFI Partnership	Harmonized Indicators for Private Sector Operations (HIPSO)	4
WBA	Electric Utilities Benchmark	2
GRI	Global Sustainability Standards Board (GSSB) 2016	1

The great majority of metrics derive from two reporting frameworks, namely IRIS+ and SASB. Other reporting frameworks either use sector-agnostic metrics to assess the sustainability of business practices or only prescribe a small number of metrics.

Table 2. *SDG strength of sector-specific metrics*

SDGs	Target	Occurrence
7.1	By 2030, ensure universal access to affordable, reliable and modern energy services	11
7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	7
7.3	By 2030, double the global rate of improvement in energy efficiency	8
7.a	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	0
7.b	By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support	0

Among the metrics that have been mapped against the SDGs, most align with SDG Targets 7.1, 7.2, and 7.3. SDG Targets 7.a and 7.b entirely lack metrics.

Table 3. *Utilities-specific metrics by industry*

Industry	Number of metrics
Multi-Utilities	30
Electric Utilities	8
Gas Utilities	3

Water Utilities	39
Independent Power and Renewable Energy Producers	28
Total	**108**

Disaggregating by industry, the water industry accounts for the most metrics. The broad utilities sector (captured by multi-utilities) comes second followed by the independent power and renewable energy producer industry. Electric utilities are underrepresented given their cross-cutting importance, while gas utilities are similarly underrepresented given their importance to the energy transition.

Annex II: Overview of core sector-agnostic metrics

Theme	Metrics	UNCTAD-ISAR	WEF-IBC
Water	Water recycling and reuse	X	
	Water use efficiency	X	
	Water stress	X	
	Fresh water availability		X
Waste	Reduction of waste generation	X	
	Waste reused, re-manufactured and recycled	X	
	Hazardous waste	X	
Climate change	Scope 1, 2, and 3 emissions	X	X
Air pollution	Ozone-depleting substances and chemicals	X	
Energy consumption	Renewable energy consumption as percentage of total energy consumption	X	
	Energy consumption per net value added	X	
Nature loss	Land use and ecological sensitivity		X
Employment	Net number of jobs created		X
	Diversity and inclusion (%)		X
	Wage level (%)		X
	Risk for incidents of child, forces or compulsory labor (#, %)		X
Gender equality	Proportion of women in managerial positions	X	
	Gender pay equality (%)		X
Human capital	Average hours of training per year per employee	X	X
	Expenditure on employee training per year per employee	X	X
	Employee wages and benefits as a proportion of revenue	X	
Employee health & safety	Expenditures on employee health and safety as a proportion of revenue	X	
	Frequency/incident rates of occupational injuries	X	
	Health and safety (%)		X
Collective agreement	Percentage of employees covered by collective agreements	X	
Net economic contribution	Revenue and/or (net) value added	X	
	Direct economic value generated and distributed		X
Tax	Payments to the Government	X	
	Country by country tax reporting		X
Investment	Net investment		X
	Green investment	X	
	Community investment	X	X
	Total amount of expenditures on research and development (R&D)	X	
	R&D spend ratio (%)		X
Anti-corruption	Amount of fines paid or payable due to settlements	X	
	Average number of hours of training on anti-corruption issues, per year per employee	X	
	Total percentage of governance body members, employees and business partners who have received training on the		X

	organization's anti-corruption policies and procedures, broken down by region		
	Total number and nature of incidents of corruption confirmed during the current year but related to previous years		X
	Total number and nature of incidents of corruption confirmed during the current year, related to this year		X
Governance	Number of board meetings and attendance rate	X	
	Number and percentage of female board members	X	
	Board members by age range	X	
	Number of meetings of audit committee and attendance rate	X	
	Total compensation per board member	X	

Annex III. Possible utility companies to engage

#	Company	Market Cap (on Nov 11)	Country
1	Enel	$95.38B	Italy
2	Iberdrola	$79.84B	Spain
3	Orsted	$70.76B	Denmark
4	American Electric Power	$44.80B	USA
5	National Grid	$43.25B	UK
6	EDF	$43.02B	France
7	ENGIE	$33.74B	France
8	PSEG	$30.54B	USA
9	Endesa	$30.29B	Spain
10	E.ON	$29.25B	Germany
11	RWE	$26.62B	Germany
12	Consolidated Edison	$26.54B	USA
13	CLP Group	$23.79B	Hong Kong
14	Saudi Electricity	$22.68B	Saudi Arabia
15	Verbund Ag	$22.44B	Austria
16	PPL	$22.10B	USA
17	EDP Group	$20.70B	Portugal
18	Pacific Gas & Electricity	$20.67B	USA
19	Ameren	$20.52B	USA
20	Adani Green Energy	$19.05B	India