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Financing for Development 4 (FfD4)

PrepCom 3 Side Event

Title: Innovative Approaches to Sustainability Performance Measurement

Format: Hybrid Panel Discussion | UN Conference Room 6 (GA-1B-CR06) | [Zoom Link](#)

Date / Time: February 14, 2025 | 11:30 - 13:00 EST (17:30 - 19:00 CET)

Description: According to the United Nations (UN) [Sustainable Development Goals Report 2024](#), the world is not on track to meet the ambitious Sustainable Development Goals (SDGs) and targets presented at the UN General Assembly in 2015: “Among the assessable targets, only 17 per cent display progress sufficient for achievement by 2030.” Context-based target setting can help narrow this gap.

This FfD4 PrepCom 3 session aims to build on two key 2024 convenings (see the Appendix for more information). The most recent session, *A Call to Action on Sustainability Performance Measurement Standards*, was held as a side event during PrepCom 2.

These recent conversations have reflected a sense of urgency to address topics such as sound metrics, systems, and standards in the broader sustainable development perspective given the current SDG trajectory and that 6 of 9 planetary boundaries have been breached. Some of the focal challenges and opportunities have been summarized below:

- There are notable gaps in today’s entity-level sustainability disclosures that require attention. In particular, the acknowledgement that even though *reporting* standards exist, the absence of sustainability *measurement* standards is problematic, as performance measurement is a logical precursor to reporting.
- Stakeholder alignment is complex because each of the ecosystems has different audiences, methodologies, and materiality focus; but without agreement, there will continue to be myriad interpretations of the same ESG performance data.
- We are at a critical and opportune juncture for the discussion of incorporating thresholds and allocations in measurement and disclosure as we now have the data/evidence and tools to confirm and communicate the strategic value of doing so; i.e., that context-based indicators help companies and investors set meaningful targets that keep society and nature within planetary boundaries, social norms, and away from harmful tipping points.
- Coalescing disparate initiatives, standards and projects related to sustainability measurement and reporting is needed.

As panelists and participants have shared their ideas on ways to shift the paradigm, one message has been echoed: to let the debate continue! There is a need to convene, debate, and agree on more effective and meaningful ways of having the private sector compile, quantify, and report on their sustainability-related performance. This includes constructive deliberation around and toward appropriate thresholds and entity-specific allocations.

The path forward must involve an inclusive co-creation process. To address the importance of bringing in diverse perspectives, this side event intends to invite a fresh set of panelists to provide insights on alternative and innovative approaches to sustainability-related performance measurement. And, in particular, key considerations (e.g., thresholds, tipping points) related to impacts on people and nature.

In reviewing the latest zero draft iteration, relevant paragraphs to this session include those concerned with the private sector – and the following commitments in particular:

- 35l) Private capital mobilization for sustainable development impact “Further improve the availability, quality, and accessibility of data to support additional investments in developing countries, including by working with institutional investors.”
- 36a-g) alignment of private business and finance with sustainable development – incentives along the investment chain, and sustainable business & finance legislation. This includes responsible investing, sustainability measurement standards, internalizing externalities, capacity building, impact management and stewardship, and legislation.

This aligns well with other commitments around enhancing data quality for more useful and effective information toward policy change:

- 27) “High-quality data and statistics enable evidence-based policy decisions and enhance accountability and transparency.”
- 63-64) Investment in data, statistical systems, and (data) frameworks for sustainable development, accessibility, and innovation.

In addition to the private sector, the public sector also has a role to play in ensuring that commercial entities do not contribute to negative impacts on society and nature – and instead help effect positive change toward achieving the SDGs and the 2030 Agenda. This means that existing regulation needs to evolve even more. For example, while the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) do involve a mandatory audit of sustainability data, they are largely about transparency over performance or contextualizing the information.

Ultimately, broad stakeholder acceptance will not be easy and needs to involve the following (among others): awareness and capacity-building, inclusive collaboration, understanding of the science and rationale, merging of disparate initiatives and methodologies, realistic expectations of companies, widening of fiduciary duty aperture, effective organizational governance (indicators) and management systems, persistence in the debate, and more.

The above considered, the concepts to be discussed are aligned with the Addis Ababa Action Agenda’s framework for financing sustainable development by aligning all financing flows and policies with economic, social, and environmental priorities – along with addressing today’s gaps in meeting the 2030 Agenda for Sustainable Development.

Format: This session will open with 30 minutes of prepared remarks which will be followed by an interactive discussion with all attendees. It will address questions such as the following:

- What are some alternatives to, and innovations in, sustainability measurement that should be considered?
- What are the pros and cons of certain approaches?
- What are some potential challenges in gaining consensus on the appropriate sustainability measurement standards, including thresholds and allocations?
- How does each approach align with today's most relevant standards, frameworks and/or legislation (e.g., GRI, ISSB, CSRD)?
- What other forward-looking considerations should inform the recommended process toward developing disclosure legislation in tandem with appropriate target-setting guidance, considering gaps to the SDGs, other material areas of impact, and corresponding local and global thresholds?

Panelists

- Michael Peck, Co-founder and Executive Director, 1worker1vote
- Delilah Rothenberg, Co-Founder and Executive Director, The Predistribution Initiative (PDI)
- Ilcheong Yi, Senior Researcher, United Nations Research Institute for Social Development (UNRISD)
- Ibon Zugasti, International Manager, Prospektiker-LKS Mondragon

About the SDPI Project

Launched in 2018 as a [UNRISD](#) initiative, the SDPI project *“aims to assess and improve methodologies and indicator systems that measure and evaluate the performance of a broad range of economic entities in relation to the vision and goals of the 2030 Agenda.”*¹ As the main output of the project, a user [Manual](#) was developed based on the findings from a pilot test of 61 indicators that showed that implementing the SDPI approach is both feasible and desired by economic entities, standard setters, and framework providers. The SDPIs address gaps in traditional metrics, providing a framework aligned with the SDGs and supporting context-based sustainability measurement. Further, an [Online Platform](#) was launched in 2023 to help users measure sustainability performance – and its work continues. More information can be found on the [SDPI website](#).

In addition to the 55 broad indicators, SDPI has six specific to the Social and Solidarity Economy (SSE) – which further supports UNRISD's ongoing SSE research and advocacy work, which encompasses economic activities prioritizing social and environmental objectives over pure profit motives, often involving cooperative and participatory practices by citizens to democratize the economy and society.

¹ [UNRISD source](#)

Appendix

Montreal Convening (May 2024)

In May 2024, UNRISD hosted a **“Deepening Sustainability Assessment Initiatives: Exploring Ways to Enhance Sustainability Measurement and Reporting Methods”** [workshop](#) at Concordia University in Montreal. The two days were focused on current sustainability-related methods and standards, exploring innovative approaches to expanding measurement and disclosure practices, and developing adaptable indicators to enhance sustainability reporting and drive progress given some of today’s greatest challenges and toward achieving the SDGs. Highlights, outcomes, and next steps have been summarized in this UNRISD [Linked post](#). Additionally, given that the workshop closed with a sense of urgency on convening stakeholders on improving the SDG trajectory through enhanced sustainability measurement principles and practices – the group subsequently collaborated on and submitted a letter to focal UN agency representatives on this pressing matter.

The letter – **“A Call to Action on Sustainability Measurement Standards”** – was addressed to Members of the UN Inter-Agency Discussion Group on Sustainability Reporting Methodologies and Indicators. This was prepared by the post-Montreal Workshop Letter Drafting Committee and approved by the full Montreal Workshop. This has since garnered some interest from within the UN system, and where FfD4 may be an ideal convening to bring these concepts to light.



FfD4 PrepCom 2 Side Event – “A Call to Action on Sustainability Measurement Standards”

The December 5 (2024) panel discussion sought to inform the recommended process toward developing disclosure legislation in tandem with appropriate target-setting guidance, considering gaps to the SDGs, other material areas of impact, and corresponding local and global thresholds.

Sustainability measurement, which should precede reporting, should not occur in a vacuum; it should be grounded in (a) what is material to the entity, and (b) the SDGs and their related (or associated) sustainability norms as a global benchmark, with nuanced application. Given the finite nature of planetary resources and other social and environmental tipping points, organizations should report on how their activities contribute to the achievement of global and local targets—whether positively or negatively. Voluntary frameworks, such as the Sustainable Development Performance Indicators (SDPI), provide valuable guidance for this. These frameworks help entities evaluate how products, services, and operations are aligned with the most urgent sustainable development needs while incorporating context, materiality, and stakeholder concerns. Such measurement considerations should be used alongside and complement existing disclosure standards, providing guidance for upstream target-setting that organizations can report against using existing disclosure frameworks like the ISSB and GRI.

The session’s summary takeaways can be found [here](#).