



STRENGTHENING CORPORATE REPORTING ON SUSTAINABLE DEVELOPMENT GOAL 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

EXECUTIVE SUMMARY

This document reviews the status of corporate reporting on United Nations Sustainable Development Goal 16 (SDG 16), covering Peace, Justice and Strong Institutions, and provides guidance for further improvements.

This research was commissioned by the PeaceNexus Foundation, in collaboration with the UN Global Compact Action Platform for Peace, Justice, and Strong Institutions. This paper contributes to the Action Platform's objectives of translating the relevance of SDG 16 for the private sector. It also illustrates how businesses can contribute to achieving this Goal, internally through corporate governance and externally through global governance, and demonstrates how companies can document their contributions towards SDG 16 as part of their corporate reporting.

FINDINGS

Drawing on a desk review, interviews with investors, rating agencies, company representatives and a survey, the research has delivered the following key insights:

- Companies see the SDGs as a complementary framework against which they can report, alongside their ESG/Sustainability reporting frameworks.
- On SDG 16, most of the interviewees were '(very) informed' about the Goal and the targets that it seeks to achieve.
- 84% of investors and ratings agencies considered SDG 16 as '(very) relevant' for companies to report on.
- However, the interviewed companies did not view SDG 16 as highly relevant to their businesses, or they felt that other Goals were more important for them and their shareholders. Some also felt that the issues covered by SDG 16 were too difficult to contribute to and report on, or that SDG 16 was the primary responsibility of governments. This matches earlier research highlighting that SDG 16 is among the Goals least reported on by companies.
- Companies that report on issues covered by SDG 16 do not make an explicit link to SDG 16. For example, while companies report on their contribution to human rights,

anti-corruption efforts and adherence to the rule of law, they do not mention this as a contribution to SDG 16.

- Given the perceived difficulty of reporting on SDG 16, companies value practical guidance.

GUIDANCE

Against the background of these findings, this practice paper develops guidance on how to report in a comparable way on what interview partners considered the most operationally relevant SDG 16 targets. While the scope of the report is limited to these specific targets, it does not reflect a greater importance of these targets for companies, nor the role business can play in advancing the other targets under this Goal.

The report identifies three indicators for each target that relate to:

Corporate Governance

1. Commitment of the company (policies)
2. Evidence of implementation of this commitment (including disclosure of incidents of non-compliance)

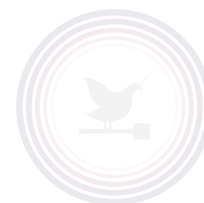
Global Governance

3. How the company engages on the targets with external stakeholders

For illustrative purposes, company examples were provided for each target and indicator.

The proposed indicators have been validated through a survey among interview partners, members of the Action Platform and portfolio companies of the Cadmos Peace Investment Fund. The survey findings include:

- Consensus that the proposed indicators for (1) company commitment and (2) disclosure, are useful and meet the validation criteria.
- Indicators related to (3) company external engagement need to be further developed, as there was a wider divergence of opinion on their relevance and appropriateness.



Proposed indicators for the five most operationally relevant SDG 16 targets, according to interview partners.

16.2

END ABUSE, EXPLOITATION, TRAFFICKING, AND ALL FORMS OF VIOLENCE AGAINST AND TORTURE OF CHILDREN.

Commitment & Statement	1	Availability of a company statement and communication on the commitment and implementation of actions regarding upholding the rights of children.
Disclosure	2	Disclosure of incidents related to child labour and/or hazardous work of young workers in own operations and along the value chain, including suppliers that are considered to pose a risk and measures implemented to address such risks.
Engagement	3	Engagement by the company in public activities against violence against children.

16.3

PROMOTE THE 'RULE OF LAW' AT THE NATIONAL AND INTERNATIONAL LEVEL AND ENSURE EQUAL ACCESS TO JUSTICE FOR ALL.

Commitment & Statement	4	Statement and communication of commitment regarding adherence to and respect for the rule of law (international, home and/or host country, whichever is more extensive).
Disclosure	5	Disclosure of incidents of non-compliance, provision of access to non-judicial grievance mechanisms and remedial action taken for employees, stakeholders in the value chain and affected communities.
Engagement	6	Evidence of engagement in activities or public action to promote the rule of law at the international level and the national level of the countries in which the company operates.

16.5

SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY IN ALL THEIR FORMS.

Commitment & Statement	7	Publication, as well as internal and external communication of a public commitment, stating that (and how) the company works to counter corruption in all its forms, including bribery and extortion.
Disclosure	8	Disclosure of the processes and guidelines in place to identify and mitigate risks relating to all forms of corruption and bribery at all operations and in the value chain, as well as tracking and disclosing respective incidents.
Engagement	9	Evidence of the company's engagement with governments and relevant third parties' respective initiatives aimed at reducing corruption and bribery outside of the company's own operations.



16.6

DEVELOP EFFECTIVE, ACCOUNTABLE AND TRANSPARENT INSTITUTIONS AT ALL LEVELS.

Commitment & Statement	10	A: Publication of the company's corporate governance structure and ownership. B: Publication of the company's responsible tax strategy, including its commitment to paying a fair share of taxes in all countries in which it operates.
Disclosure	11	A: Disclosure of the size, independence, diversity, and adequate experience of the members of the Board of Directors. B: Disclosure of the taxes paid on a country by country basis, types of taxes paid, and exemptions received.
Engagement	12	Private sector contribution and investment in public sector capacities and capabilities.

16.B

PROMOTE AND ENFORCE NON-DISCRIMINATORY LAWS AND POLICIES FOR SUSTAINABLE DEVELOPMENT.

Commitment & Statement	13	Issuance of public commitment, stating that the company will work against any form of discrimination, including accompanying behavioural guidelines and measures to assess risks related to discrimination.
Disclosure	14	Disclosure of the percentage of individuals in each diversity category (gender, age groups, minority/vulnerable groups) per job group/ management level, providing average remuneration and discrimination complaints received.
Engagement	15	Evidence that the company actively engages in activities and speaks out against discrimination in all forms and engages in public action against discriminatory laws in its countries of operation.

CONCLUSION

The research highlights the importance of clarifying what to report on for SDG 16, starting with the targets that were selected as most operationally relevant by interviewees and by providing clear guidance for measuring policy commitments and operational practice in line with them. The research also points to a variety of ways that companies engage outside their core business practices in advancing SDG 16.

NEXT STEPS

These findings will be used to:

- Inform the reporting section of the envisaged Understand, Implement and Report (UIR) framework that will be published by the Action Platform in 2021.
- Inform the UN Global Compact's internal reviews of reporting standards, including its own Communication on Progress.
- Become part of the engagement with the portfolio companies of the Cadmos Peace Investment Fund, with the view that they can set an example for reporting on SDG 16.
- Be presented to the participants of the Action Platform for further discussion around next steps.
- Be shared during the Action Platform's country consultations, to raise awareness and invite for feedback on improving company reporting on SDG 16.