



# Thinking to address the SDGs in your ESG initiative? Here is what you need to get right.

## Who are the SDGs for? The SDGs are not for you, but they are for you, too.

The Agenda 2030 – Sustainable Development Goals, commonly referred to as SDGs, was adopted at the High-level Political Forum on Sustainable Development at the United Nations Sustainable Development Summit on 25 September 2015.

The agenda's Sustainable Development Goals were in part a continuation as well as an expansion of the preceding Millennium Development Goals (MDGs). During the implementation of the MDGs, it was primarily the development community that directed development efforts, which led to criticisms of lack of ownership to drive the development goals. The following development agenda was henceforth to be perceived differently by seeking ownership from the United Nations' Member States.

The *Resolution adopted by the General Assembly on 25 September 2015* reads: "We, the Heads of State and Government and High Representatives, [...] have decided today on new global Sustainable Development Goals. [...] We commit ourselves to working tirelessly for the full implementation of this Agenda by 2030."<sup>1</sup>

The idea behind taking ownership was to encourage the governments to showcase their capabilities in orchestrating development efforts in any area they chose. In doing so, it was conceivable that more governments would follow suit in the pursuit of demonstrating their values and accumulate prestige, eventually leading to self-sustaining cycle. Well, that

didn't manifest. Given the devastating mid-term evaluation of the SDGs indicating to be failing most if not all the goals, that pledged government commitment to take ownership has failed.<sup>2</sup>

The missing ownership may stem from a sheer lack of human and knowledge capital among governments to feasibly implement development actions that improve human lives, to the inability to direct attention to development effort due to prioritizing concerns about internal political power, and believes of being beyond or afar from requiring development leading to positions of a bystander.

But let's be clear, putting the blame on governments alone is too short sighted. In particular, non-governmental institutions from the civil society and business sector also have their part to play in this holistic agenda. The SDGs in their colourful and thematically diverse appearance have inspired institutions to find avenues to address them. The presentation of the SDGs is attractive from a purpose-driven or just marketing angle, because there is something for everyone in it.

## Are you sure you implement an SDG? Here is the misconception of addressing the SDGs.

Institutions often state their support for the Sustainable Development Goals (SDGs) because they address topics such as "natural conservation," "gender equality," or "sustainable transportation." It is topics like those that allow anyone to associate with the development agenda. However, just because an institution carries out activities that are in the

<sup>1</sup> United Nations, 2015. Transforming our world: the 2030 Agenda for Sustainable Development. Access: <https://sdgs.un.org/2030agenda>

<sup>2</sup> United Nation, 2024. The Sustainable Development Goals Report

2024. Access: <https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf>

broadest sense related to any topic mentioned under an SDG's headline does not by default mean they address the implementation of an SDG.

The way institutions typically explain their approach to addressing an SDG often involves activities that loosely fit the theme of an SDG. For instance, "providing mobile phones to people living below the poverty line with the intention of expanding their reach for selling artisan products" does not necessarily mean working on SDG 1, which focuses on ending all forms of poverty. While it can be related by targeting people at or under a certain poverty threshold, it is not viable to claim that a company is working on "ending all forms of poverty" as explicitly stated in the SDG. Ending poverty as per the SDG is about ensuring rights and protection. But someone wouldn't know that without looking beyond the umbrella formulation.

The issue of whether an institution is actually addressing an SDG arises from the broad and keyword-centric formulation of an SDG. For example, SDG 13 on "Take urgent action to combat climate change and its impacts". Or SDG 8 on "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". Asking anyone on how these SDGs are to be addressed will result in honing in on those key words "climate", "action", "impact", "inclusive", or "decent". While these are guiding key words, taking these by themselves as the direction for action is misleading. They are better understood as a summary.

An example I personally encountered was when a group of company representatives brainstormed ways to alleviate poverty (SDG 1) through a business approach. The idea proposed was to open a five-star hotel in a forest park and employ the local indigenous population, so as to attract international wealthy tourists and provide income opportunities. One may ruminate how many pitfalls that implies. Nevertheless, that moment was an eye opener for realizing how a casual person approaches the SDGs – and how misconceived the resulted corporate Environment, Social, and Governance (ESG) sphere must be.

The most common statement when discussing the SDG framework is that the they are mutually supportive—working towards one goal will support progress towards another. However, this also requires ensuring that addressing one goal does not hinder progress on another. For example, providing leadership opportunities for women (SDG 5) should not lead to a reduction in productive employment and decent work for men (SDG 8).

**What you are supposed to do, you are asking? Understand the composition of an SDG.**

To better understand how and if an institution is positioned to support an SDG, one must understand how an SDG is composed. Through years of

observation, it became evident that only specialists working in specific areas of sustainable development are commonly aware of the targets under an SDG, and even they do not usually know all the targets under a single relevant SDG. Additionally, only specialists engaged in monitoring and statistics are typically aware of an SDG's indicators, or more precisely, the indicator under a target under an SDG. In short, every SDG is a layered composition of subgoals and measurements.

Every SDG has a subset of goals called 'Targets.' These Targets are what in project planning, would be described as 'objectives' that enable achieving the overarching outcome. The number of Targets varies by each SDG, ranging from as few as five (SDG 13 and 7) to as many as 19 (SDG 17). It is the Target that further specifies what is actually meant to be achieved under an SDG.

Figure 1: Number of Targets by SDG



To give an example, SDG 3 aims to "ensure healthy lives and promote well-being for all at all ages," whereas its Targets specify what that implies. That means, for instance with Target 3.1, to "reduce the global maternal mortality ratio to less than 70 per 100,000 live births." Similarly, SDG 7 aims to "ensure access to affordable, reliable, sustainable and modern energy for all" and specifies this with Target 7.2 to "increase substantially the share of renewable energy in the global energy mix."

As a mid-conclusion, focusing on the theme of an SDG provides only a surface-level understanding of what the goal aims to accomplish. While this leaves room for inspiration, it also leaves room for *not* addressing the SDG.

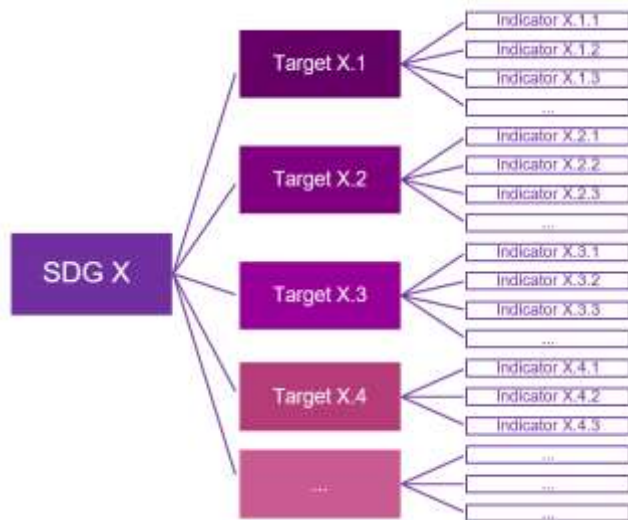
Then there is the arguably most important component of each SDG: its indicators. Each target of an SDG contains a number of indicators, which can be limited or ample in scope.

Did you know that SDG 1 on “ending poverty in all its forms everywhere” includes, among others, the Indicator 1.3.1 “population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims, and the poor and the vulnerable”?

Or did you know that SDG 5 on “achieving gender equality and empowering all women and girls” includes the Indicator 5.1.1 “whether or not legal frameworks are in place to promote, enforce, and monitor equality and non-discrimination on the basis of sex”? Also, the emphasis on “the basis of sex” includes boys and men, and the focus is on sex, not gender.

Similarly, SDG 15 on “protecting, restoring, and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss” includes the Indicator 15.9.1, which specifies “progress towards national targets established in accordance with Aichi Biodiversity Target 2 of the Strategic Plan for Biodiversity 2011-2020.” That is rather specific, isn't it?

Figure 2: Illustration of the SDG composition



The point is that each indicator spells out the direction to go or means to take up to address each Target that composes an overarching SDG. Any institution seeking to address an SDG should consult the indicators. An SDG itself only serves to provide orientation where to look into.

This is especially important for institutions aiming to address ESG in their operations, as the indicators can

directly specify relevant activities and can be utilized to find related indicators in other management frameworks, such as the Global Reporting Initiative (GRI).

As pointed out earlier, the SDGs are directed at governments, and the indicators specify that notion. The majority of indicators are meant to be operationalized at the national/governmental level as per their definition, such as:

- 1.a.1 Proportion of resources allocated by the government directly to poverty reduction programmes
- 4.7.1 - Extent to which (i) global citizenship education and (ii) education for sustainable development, including gender equality and human rights, are mainstreamed at all levels in: (a) national education policies, (b) curricula, (c) teacher education and (d) student assessment
- 8.4.1 - Material footprint, material footprint per capita, and material footprint per GDP
- 14.a.1 - Proportion of total research budget allocated to research in the field of marine technology
- 15.6.1 - Number of countries that have adopted legislative, administrative and policy frameworks to ensure fair and equitable sharing of benefits
- 16.1.4 - Proportion of population that feel safe walking alone around the area they live
- 17.1.2 - Proportion of domestic budget funded by domestic taxes

Nevertheless, it does not exclude any indicator from being *adapted* to an institutional context. And this is where any institution can take inspiration to support the SDGs. The closer an institution formulates strategies to the SDG indicators, the more they support addressing these indicators, targets, and SDGs. Even when it sounds as a cliché: in support of the country. *That* is the value an institution can provide.

**Overwhelmed by what indicators to prioritize? Think global versus thematic.**

There are 169 Target conceptualized under all the 17 SDGs. Alone the number of global indicators is 241, and including the thematic indicators you can likely quadruple that. The actual number is not clear at the time of writing, as there does not seem to be a single document that tracks all the indicators in one place.

To better address ‘sustainable development’ as an institution, orienting on the indicators is the best place to start. An additional thought should be placed on which indicators are most important. There can be a myriad of indicators, and not every indicator receives the same attention. In short, there are so called ‘global’ indicators as well as ‘thematic’ indicators. And to make it more complicated, even

among that distinction exist other refinements, such as Tier lists indicating their methodological adoption and regional importance. Over the last couple of years, some indicators switched places from thematic to global and vice versa due to their methodological development and regional recognition. Some indicators were removed entirely, and new ones added – though this was more the exception than the norm.

The essence is, in most cases, each SDG Target contains *at least* one ‘global’ indicator recognizable by the X.X.1 structure, such as 8.1.1, 4.3.1, or 16.2.1. These indicators represent the most important areas of monitoring and are expected from all governments of a Member State to be reported on, which in turn *indicates* what means of implementation to prioritize. Some SDG Targets contain more than one global indicator which is in such case typically the indicator X.X.2, such as 4.2.2.

The non-global indicators are called ‘thematic’ indicators. These indicators represent other areas which are desired to be reported on internationally. They provide individual areas for governments to monitor as they consider relevant for their country context. These indicators are also important to recognize countries with similar challenges by means of recognizing those challenges as well as by being able to address them – such as by redirecting funding to those ‘thematic’ areas.

In short, orienting on the global indicators to develop practices that address sustainable development efforts will likely results in highly relevant results and will make planning and decisions easier to narrow down. When in doubt due to not being certain about how to address a global indicator, or because it simply does not align with an institution’s mission, mandates,

code of practice, etc., the thematic indicators provide alternative or additional avenues for inspiration.

### **In Summary: Orienting on the Monitoring Indicators leads to addressing an SDG.**

The SDGs were adopted to advance global development and foster cooperation among UN Member States. These goals build on the MDGs, expanding their scope and encouraging national ownership to enhance commitment and implementation.

Addressing the SDGs requires more than ideating activities in relation to the key words of the goals; it necessitates a deep understanding of their indicators. Each SDG comprises a set of targets with each its respective indicators that provide pathways to achieving the overarching goals. Institutions often claim to support the SDGs through loosely related activities, but true alignment means engaging with the specific measurements outlined within each goal.

Non-governmental institutions can adapt the SDG Indicators to align their strategies and actions better for social, environmental and economic sustainability purposes. Addressing the SDGs effectively in orientation on the indicators means supporting national efforts and contributing to global causes.

As per the 2024 report on the lacking progress towards achieving the SDGs, accelerating on implementing purposeful actions is on the agenda, and that can only be achieved if non-governmental stakeholders from the civil society and private sector better understand how to address the SDGs as feed into the practices that are meant to be monitored, reported, and accomplished.

Ultimately, a construction company cannot develop a house when its inhabitants try to build a playground.

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## Annex

In case you wanted to know what an SDG monitoring indicator framework looks like, the below is the complete indicator framework for SDG 4 on Education. If you think about implementing an education component in your ESG plans, these indicators will help you ideate the appropriate, meaningful strategy.

Table: Example SDG Monitoring Indicator Framework by Target: The SDG 4 – Education 2030 Agenda

Target	Indicator	Relevance
<b>Target 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</b>	<b>4.1.1 Proportion of children and young people (a) in Grade 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex</b>	<b>Global</b>
	<b>4.1.2 Completion rate (primary education, lower secondary education, upper secondary education)</b>	<b>Global</b>
	4.1.3 Gross intake ratio to the last grade (primary education, lower secondary education)	Thematic
	4.1.4 Out-of-school rate (1 year before primary, primary education, lower secondary education, upper secondary education)	Thematic
	4.1.5 Percentage of children over-age for grade (primary education, lower secondary education)	Thematic
	4.1.6 Administration of a nationally representative learning assessment (a) in Grade 2 or 3; (b) at the end of primary education; and (c) at the end of lower secondary education	Thematic
	4.1.7 Number of years of (a) free and (b) compulsory primary and secondary education guaranteed in legal frameworks	Thematic
<b>Target 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</b>	<b>4.2.1 Proportion of children aged 24-59 months of age who are developmentally on track in health, learning and psychosocial well-being, by sex</b>	<b>Global</b>
	<b>4.2.2 Participation rate in organized learning (one year before the official primary entry age), by sex</b>	<b>Global</b>
	4.2.3 Percentage of children under 5 years experiencing positive and stimulating home learning environments	Thematic
	4.2.4 Gross early childhood education enrolment ratio in (a) pre-primary education and (b) early childhood educational development	Thematic
	4.2.5 Number of years of (a) free and (b) compulsory pre-primary education guaranteed in legal frameworks	Thematic
<b>Target 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</b>	4.3.1 Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex	Global
	4.3.2 Gross enrolment ratio for tertiary education, by sex	Thematic
	4.3.3 Participation rate in technical and vocational programmes (15- to 24-year-olds), by sex	Thematic
<b>Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</b>	<b>4.4.1 Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill</b>	<b>Global</b>
	4.4.2 Percentage of youth/adults who have achieved at least a minimum level of proficiency in digital literacy skills	Thematic
	4.4.3 Youth/adult educational attainment rates by age group and level of education	Thematic
<b>Target 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</b>	<b>4.5.1 Parity indices (female/male, rural/urban, bottom/top wealth quintiles and others such as disability status, indigenous peoples and conflict-affected, as data become available) for all education indicators on this list that can be disaggregated</b>	<b>Global</b>
	4.5.2 Percentage of students in a) early grades, b) at the end of primary, and c) at the end of lower secondary education who have their first or home language as language of instruction	Thematic
	4.5.3 Existence of funding mechanisms to reallocate education resources to disadvantage populations	Thematic
	4.5.4 Education expenditure per student by level of education and source of funding	Thematic

	4.5.5 Percentage of total aid to education allocated to least developed countries	Thematic
<b>Target 4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy</b>	<b>4.6.1 Proportion of population in a given age group achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex</b>	<b>Global</b>
	4.6.2 Youth/adult literacy rate	Thematic
	4.6.3 Participation rate of illiterate youth/adults in literacy programmes	Thematic
<b>Target 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and nonviolence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development</b>	<b>4.7.1 Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies, (b) curricula, (c) teacher education and (d) student assessment</b>	<b>Global</b>
	4.7.2 Percentage of schools that provide life skills-based HIV and sexuality education	Thematic
	4.7.3 Extent to which the framework on the World Programme on Human Rights Education is implemented nationally (as per the UNGA Resolution 59/113)	Thematic
	4.7.4 Percentage of students in lower secondary education showing adequate understanding of issues relating to global citizenship and sustainability	Thematic
	4.7.5 Percentage of students in lower secondary showing proficiency in knowledge of environmental science and geoscience	Thematic
	4.7.6 Extent to which national education policies and education sector plans recognize a breadth of skills that needs to be enhanced in national education systems	Thematic
<b>Target 4.a Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</b>	<b>4.a.1 Proportion of schools offering basic services, by type of service</b>	<b>Global</b>
	4.a.2 Percentage of students experiencing bullying in the last 12 months in a) primary, and b) lower secondary education	Thematic
	4.a.3 Number of attacks on students, personnel and institutions	Thematic
<b>Target 4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries</b>	<b>4.b.1 Volume of official development assistance flows for scholarships by sector and type of study</b>	<b>Global</b>
<b>Target 4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States</b>	<b>4.c.1 Proportion of teachers with the minimum required qualifications, by education level</b>	<b>Global</b>
	4.c.2 Pupil-trained teacher ratio by education level	Thematic
	4.c.3 Percentage of teachers qualified according to national standards by education level and type of institution	Thematic
	4.c.4 Pupil-qualified teacher ratio by education level	Thematic
	4.c.5 Average teacher salary relative to other professions requiring a comparable level of qualification	Thematic
	4.c.6 Teacher attrition rate by education level	Thematic
	4.c.7 Percentage of teachers who received in-service training in the last 12 months by type of training	Thematic