

SDG Impact Team
United Nations Development Programme
One United Nations Plaza, DC1-1938
New York, NY 10017

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Re: UNDP SDG Impact Standards for Enterprises and the Requirement for Effective Grievance Mechanisms

To the UNDP SDG Impact Team:

We write once again to applaud the governance features of the Private Equity, Bonds, and Enterprise SDG Impact Standards. As is true for private equity investors and bond issuers, enterprises that wish to further the Sustainable Development Goals (SDGs) must have a clear understanding of their net impact. By requiring a managerial approach that includes establishing or participating in effective grievance and reparation mechanisms for affected stakeholders, the draft Enterprise Standards help fill an accountability gap that has long existed in the field of impact investing.

The lack of an accountability framework for other impact measurement standards and principles has enabled an environment for investors to disclose impacts without necessarily having the full picture. Encouraging signatories to establish effective grievance mechanisms is a necessary check on the risk of unintentional “SDG-washing” in this regard.

Enterprise Standards

We are pleased that the draft Enterprise Standards continue to recognize that SDG commitments must be reinforced by an enterprise’s governance practices, and we urge that language describing due diligence for accountability remain in the final version. Specifically with respect to the practice indicators for Standard 2, i.e., effective mechanisms and processes to deliver on strategy and impact goals, the following language should be preserved:

The Enterprise . . . embeds in its policies and practices the UN Guiding Principles for Business and Human Rights and Ten Principles of the UN Global Compact, including . . . establishing or participating in effective grievance and reparation mechanisms for affected Stakeholders (including for the avoidance of doubt, whistleblowing safeguards).

The following language of Standard 4, i.e., reinforcing commitments to contribute positively to sustainable development and achieve the SDGs through governance practices, should likewise be preserved:

The Enterprise’s governing body has active oversight of matters relating to . . . its policies concerning respect for human rights and

other responsible business and impact management policies, including its grievance and reparation mechanisms for affected Stakeholders and performance and conformance (including progress on and process for continuous improvement) against those policies and associated practices.

With this particular provision, we recommend including the word “effective” before “grievance and reparation mechanisms,” as it has a universally recognized legal meaning.¹

Assurance and Implementation

As you move from finalizing the Standards to implementation phases, we again would like to refer you to Accountability Counsel’s [guide for impact investors](#),² which provides deeper analysis of Principle 31’s effectiveness criteria. Additionally, we have developed and continue to update a database containing comprehensive benchmark analyses of best practices in accountability policies and procedures in the context of major development finance institutions, available at accountabilityconsole.com. We welcome the SDG Impact Team and SDG-focused enterprises to use the database, as both a guide for designing effective grievance mechanisms and as a due diligence tool.

Further, as you develop an assurance model for the Standards, we recommend you consider the potential impact of an accountability mechanism that applies across all signatories. A shared accountability mechanism available to signatories that could provide compliance and dispute resolution services when communities raise issues about environmental and social risks would not only be efficient but also would help ensure the legitimacy of the Standards themselves. UNDP could look to its own mechanisms, the Social and Environmental Compliance Unit and Stakeholder Response Mechanism, for guidance.

Congratulations for moving the needle on accountability with these Standards and thank you for the opportunity to comment.

Sincerely,



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¹ To be “effective,” grievance mechanisms must meet Principle 31 of the United Nations Guiding Principles on Business and Human Rights, which advises that effective grievance mechanisms must be: (1) legitimate; (2) accessible; (3) predictable; (4) equitable; (5) transparent; (6) rights-compatible; (7) a source of continuous learning; and (8) based on engagement and dialogue.

² “Accountability Mechanisms: Benefits and Best Practices for Impact Investors,” *available at* <https://www.accountabilitycounsel.org/wp-content/uploads/2019/05/5-22-19-impact-investing-ams-benefits-w-best-practice-examples.pdf>.