

Family Business for Sustainable Development

Sustainability Indicators for Family Business

CASE STUDIES

Overview and Approach



Family Business for Sustainable Development

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INTRODUCTION

The Sustainable Development Goals (SDGs), launched in 2015 are humanity's shared vision to build a just and equitable world, where all life on our planet will flourish across generations. Five years into the implementation, there is recognition that to meet these ambitious targets, more of the private sector needs to be activated.

To this end, Family Business Network (FBN) and United Nations Conference on Trade and Development (UNCTAD) have developed the Family Business for Sustainable Development (FBSD) global initiative to advance sustainability practices for family businesses and create a shared prosperity for all. A critical deliverable of this partnership is a set of Sustainability Indicators for Family Businesses (SIFB). The SIFB aims to facilitate reporting on and contribution to the SDGs by identifying those aligned with each family business, measuring impacts, and advancing transparency.

To determine the composition, practicability, and relevance of the SIFB, three family businesses were invited to participate as pilot cases to test and provide input. The purpose, scope, methodology and outcomes of these pilot cases are distilled into five publications in a format accessible to family business owners, executives, and members of the family business ecosystem. They are designed to enable learning and to encourage family businesses to embark on the FBSD journey.

Volume 1 – Overview and Approach outlines the purpose, objectives, scope, methodology and the global sustainable development context.

Volume 2 – Forbes Marshall, India provides a deeper dive into this third-generation family business's approach to sustainability, practices that embed sustainability into the business, and reporting norms.

Volume 3 – Royal Van Wijk, the Netherlands examines this fourth-generation family business's approach to sustainability, practices that embed sustainability into the business, and reporting norms.

Volume 4 – Sun Tekstil, Turkey provides a deeper dive into this second-generation family business's approach to sustainability, practices that embed sustainability into the business, and reporting norms.

1. FAMILY BUSINESS FOR SUSTAINABLE DEVELOPMENT – AN OVERVIEW

2020 marks the start of a decade of decisive action to achieve humanity's shared vision – the SDGs. While progress¹ is being made in many areas, there is recognition that to meet these ambitious targets, more of the private sector needs to be activated.

Worldwide family businesses account for two-thirds of all enterprises, employ 60 per cent of the workforce and contribute over 70 per cent to global GDP.² Given these significant statistics, family businesses have the potential to lead responsible capitalism by educating employees, encouraging responsible consumerism, and engaging suppliers in ethical practices.

Family Business Network (FBN), the world's leading network of business families, brings together over 4,000 business families across 65 countries. Founded in 1989, FBN is a safe, shared learning space for enterprising families to flourish through the exchange of innovative and impactful practices. To this end, FBN developed Polaris, a sustainability initiative that champions a more purpose-driven model of capitalism that delivers for all stakeholders.³ Named for the North Star, Polaris is a global movement of business families focussed on maximising positive societal and economic impact. Since its launch in 2014, Polaris has built tools for family businesses to measure, benchmark and improve their impact, published close to 50 case studies on members aligning purpose with profit and created learning programmes to help members deliver inclusive growth, better manage risk and foster resilience.

Recognizing the potential of family businesses to drive long-term systemic and positive change, UNCTAD invited FBN to the 2018 World Investment Forum (WIF). At this event, six businesses families from across Asia, Europe, and Latin America, shared how the tenets of long-termism and legacy enable family businesses to be agents of economic and social inclusion.

Building on their joint aspiration to achieve the 2030 Agenda⁴, FBN and UNCTAD have embarked on a partnership to advance sustainability practices for family businesses. This first of a kind collaboration between the United Nations and the family business community, led to the development of the global initiative *Family Business for Sustainable Development (FBSD)*. Key components include:

- > [Family Business Sustainability Pledge \(FBSP\)](#)
- > [Sustainability Indicators for Family Businesses \(SIFB\)](#)

The *Family Business Sustainability Pledge* builds upon the experience of the 2011 FBN Pledge – A Sustainable Future. The process of developing the FBSP commenced in January 2020 and encompassed pledge drafting sessions with UNCTAD and different stakeholders of the family business ecosystem – Next Generation Members, Directors, Ambassadors, the Polaris Committee and Board Members - to ensure an inclusive approach. This joint FBN and UNCTAD global statement is both aspirational in its vision and strategy as well as actionable and deliverable in line with the SDGs (see Annex 1).

The pledge is a global call to action for business-owning families, their firms, and the wider family business ecosystem to adopt a more purpose driven business model therefore contributing to global sustainable development, inclusive growth, and prosperity for all. Signatories pledge to promote sustainable growth, environmental stewardship, social inclusion, and good governance.

Sustainability Indicators for Family Business provide a framework for business families and their firms to assess, track and report their contribution to the SDGs, thereby measuring impacts and advancing transparency.

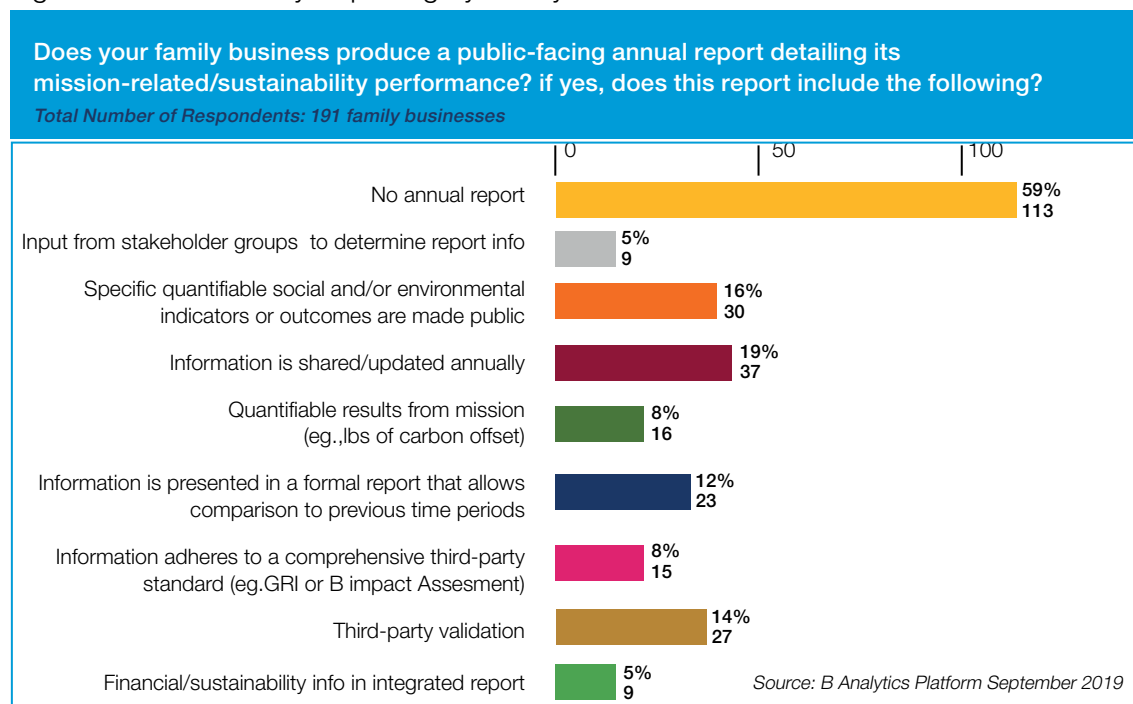
2. OBJECTIVES AND SCOPE OF THE CASE STUDIES

The future of ‘single-bottom line’ companies is increasingly tenuous. This is a welcome development for advocates of a more sustainable and inclusive world. As economist Jeffrey Sachs posits, “For decades, many of America’s top CEOs have pushed for unaffordable personal and corporate tax cuts, a rollback of environmental protections, sky-high salaries for themselves and stagnant wages for their workers” – measures that have exacerbated wealth inequality, accelerated environmental degradation, and triggered unsustainable levels of debt.⁵

In an age of heightened transparency and distributed power, mainstream companies are facing tectonic shifts in social expectations. The public in general, and customers in particular, are putting pressure on businesses to shoulder their share of responsibility – demanding action on climate change, corporate excess, and income inequality. There is a rising insistence for businesses to be transparent about their environmental, social, and governance (ESG) performance, including their contributions to local economies and policies on value chains. Companies worldwide are attempting to respond by increasing their uptake of ‘sustainability reporting’. Enterprises who embrace a more stakeholder vision of business are further challenging themselves as they strive for third-party sustainability certifications ranging from Fairtrade to LEED to B Corp accreditation.

While there are growing numbers of family enterprises who embrace a triple bottom line, external reporting is not a widespread practice for privately held family firms. An analysis by FBN in 2019 indicated that close to 60 per cent of family businesses who took the Polaris Impact Assessment (a customised version of B Lab’s B Impact Assessment) did not produce an annual report (Figure 1).

Figure 1 – Sustainability Reporting by Family Businesses.



FBN and UNCTAD share the view that sustainability reporting and impact measurement are valuable to family businesses. They serve as management tools to help companies innovate products and services, identify operational efficiency improvements, and increase trust and transparency. Transparency is a fundamental component of good corporate governance and serves to deepen engagement with key stakeholders, enhance reputational value and attract top talent and investors.

The FBSD aims to facilitate increased transparency through the development of the SIFB, which incorporates input from two key sources:

- a. The UNCTAD ISAR Guidance on core indicators for entity reporting on contribution towards implementation of the SDGs (UNCTAD GCI)⁶

The UNCTAD GCI are intended as an entry point to sustainability reporting and encompass 33 baseline indicators mapped to 13 specific SDGs. They focus on resource use, for example water, air, energy, and waste reduction; social issues related to human capital development and gender equality; as well as institutional factors such as governance and transparency. The Guidance aligns with existing related reporting frameworks, including the International Integrated Reporting Council (IIRC) reporting framework, the Global Reporting Initiative Standard (GRI) and the Sustainability Accounting Standards Board (SASB).⁷ The Guidance focuses on quantitative data to facilitate comparability and represent minimum disclosures that companies need to provide for governments to evaluate private sector contributions

to the SDGs (see Annex 2).

- b. Family Business Indicators (Section 3.3 outlines the development of the Family Business Indicators)

To determine the composition, practicability, and relevance of the SIFB, three family businesses were invited to participate as case studies to test and provide input to the indicators.

3. METHODOLOGY

3.1 Selection of case studies

Many family businesses are privately held and unlike publicly traded companies, are under no external legal or fiscal obligation to produce a public-facing report. As such, the selection of these pilot cases was strategic as these companies would be 'pioneers' for the network. The pilots needed to be representative of the global family business network, in terms of family business history and relative size. While an imperfect measure, the number of generations is used as a proxy for family business history and a company's employee numbers an indication of size. It was also important to ensure that the pilots represent both emerging and developed markets.

With respect to the disinclination of family businesses to report publicly, it was deliberate to select family businesses who were not yet producing a public facing sustainability report to be pilot case studies. Given the time and resources required for each pilot family business, it was well advised to identify family businesses who were champions of the Polaris movement, supportive of the FBSD initiative and prepared to allocate the requisite resources to participate. Based on these parameters, the following three businesses were invited to be pilot cases:

History	Family Business	Provenance	Employee Size	Industry
4th Generation Est 1916	Royal Van Wijhe Verf	The Netherlands	206 – 22% women	Paints and Coating Solutions
3rd Generation Est 1926	Forbes Marshall	India	2000 – 13% women	Steam Engineering and Control Instrumentation Solutions
2nd Generation Est 1987	Sun Tekstil	Turkey	1852 – 51% women	Textiles – Knitted and woven Fabrics

All three family businesses are active FBN Members that have contributed Polaris cases studies, are members or fervent supporters of the Polaris committee and aligned to the aspirations of FBSD - to advance sustainability practices for family businesses and create a shared prosperity for all.

3.2 Case study process

On acceptance of the invitation to be pilot case studies, an introductory online meeting was scheduled for each of the participating family businesses. Prior to the meeting, the family business received the following:

- > UNCTAD FBN Case Outline on Family Business Contribution to the SDGs
- > UNCTAD ISAR Core Indicators spreadsheet
- > Guidance on core indicators for entity reporting on contribution towards Implementation of the SDGs.⁸

For reference, the complete global indicator framework for the Sustainable Development Goals, targets of the 2030 Agenda for Sustainable Development⁹ and linkage to the Core SDG Indicators Capacity Training manual¹⁰ were shared with the pilot cases.

In addition to the active involvement of the principal owner, each pilot identified a project lead to drive the case study. To facilitate the study, the following steps were taken:

- > **Introduce the purpose of the case study** – this included providing context to the FBSD and the purpose of developing, testing, and providing input to the SIFB.
- > **Determine the company's motivations on sustainability, approach, and practices** – this included examining if the company was leveraging the SDG framework or other tools and assessments to further impact. The process involved interviews with participants and secondary research from websites and articles.
- > **Examining transparency and current sustainability reporting practices** – this included reviewing areas of family governance and current internal and external stakeholder reporting.
- > **Obtaining feedback on the experience and relevance of the SIFB** – participants were asked to provide input on the process, user experience and relevance of the indicators in assessment of the company's contributions towards SDG implementation.

3.3 Development of the family business indicators

Family businesses have distinctive governance structures, ownership norms and family dynamics that have an impact on performance. As such it is critical that sustainability indicators for family businesses recognise the unique attributes of family business models and consider measurements that guide, further advance sustainability practices, and facilitate contributions to the SDGs.

The initial set of family business indicators were developed collaboratively by a group of family business and sustainability experts, using FBN's Polaris Impact Assessment¹¹ (PIA) as a base for their discussions. They incorporate indicators that facilitate sustainability performance for family businesses and are designed to complement the UNCTAD GCI.

The development of these indicators is an iterative process, and a variation of Deming's Plan-Do-Study-Act (PDSA) Cycle was used to plan, test, and incorporate feedback (Figure 2).¹² The process of continuous improvement incorporated input from the pilot cases on metrics that would harmonize and add value to the UNCTAD GCI, including indicators on:

- > Specific family business governance
- > Ethical sourcing
- > Community impact and philanthropy

To enable a more robust and comprehensive outcome, the family business indicators reviewed existing reporting models and assessment tools and drew insights not only from the PIA but also frameworks like the B Impact Assessment (BIA) from B Lab and Rewiring the Economy from the Cambridge Institute of Sustainability Leadership (CISL).¹³

Deming's Cycle Plan-Do-Study-Act (PDSA) for continuous improvement

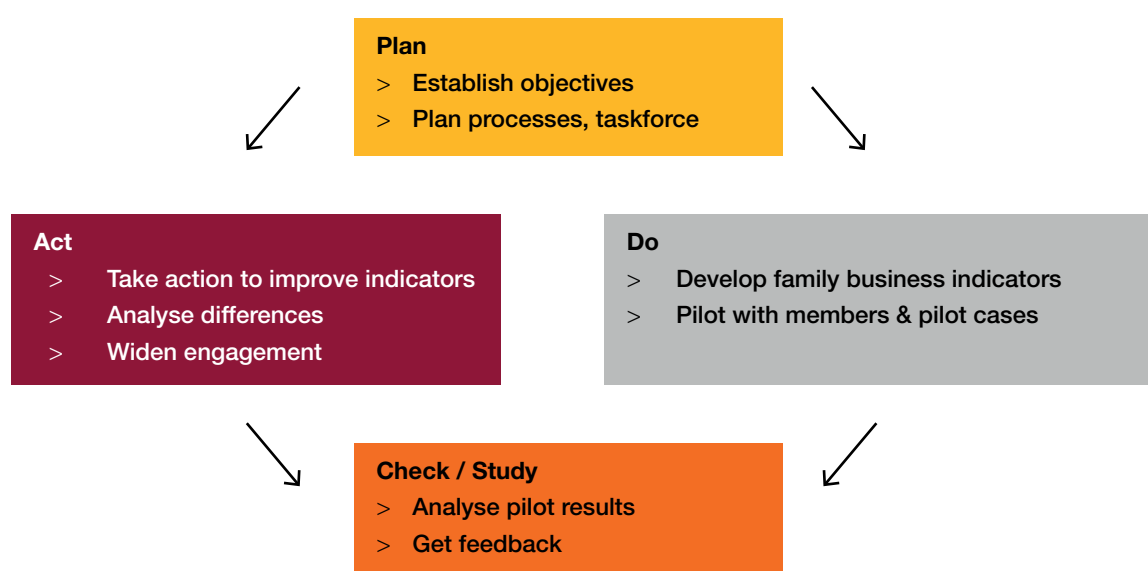


Figure 2 – The FBSD reiterative process (Plan Do Study Act) for developing the family business indicators

3.4 Ethical Considerations

The three family businesses participated in this pilot study to enable UNCTAD and FBN to develop and fine-tune indicators that would be relevant and useful for family businesses globally. They were asked to report on financial information and practices that the company is not legally required to share. To this end the pilot cases were informed not to disclose any information they deemed sensitive, or which may affect their competitive advantage.

Like all businesses, the three pilot cases were impacted adversely by the COVID-19 pandemic – manufacturing plants were closed, customer schedules interrupted, workers needed to be protected and supported, as well as a myriad of other disruptions for the business, employees, and communities in which they operate. As such, despite their willingness to participate, it was

challenging for both business family members and project leads to spend time on the case study, revert on needed information and processes, and meet agreed-to schedules. Given the devastating impact that COVID-19 continues to inflict on businesses and communities, it is important to respect this tension in their schedules, their immediate priorities, and their challenges at times to provide the requisite information requested for the report.

4. THE GLOBAL SUSTAINABLE DEVELOPMENT CONTEXT

2015 was a watershed year for business and the sustainability agenda as we experienced the convergence of critical international agreements on sustainable development culminating in COP21 - the highly acclaimed climate change summit in December of that year. These new frameworks – 2030 Agenda and the Paris Accord created a new development paradigm, a blueprint for shared prosperity to ensure the well-being of societies across the globe.

Alongside policy makers, businesses need to take action and lead change. The CISL has similarly called on leaders in government, business, and finance to work together as partners to enable the economy to deliver the outcomes demanded by the SDGs. The plan, *Rewiring the Economy*, focuses on creating the enabling conditions for sustainable business.¹⁴

The vision of the CISL plan is to lift and tilt the playing field for business such that over time, the economy generates positive outcomes for people within safe environmental limits – driving up positive impacts like decent jobs and driving down negative impacts like inequality, waste, and resource scarcity.

Governments, academia, and civil society actors have cited the central role of business in delivering the SDGs, but this will be challenging in today's business environment. There is a need to create a more enlightened playing field – by incentivising social and environmental innovation and taxing externalities such as pollution and carbon. This will empower all enterprises, including family businesses, to be engines of not just economic growth but, more importantly, of long-term sustainable development – enabling the flourishing of people, communities, the environment, and future generations.

5. HOW CAN FAMILY BUSINESSES NAVIGATE THE NEW NORMAL?

The twin crises that humanity is facing today – COVID-19 and climate change – have accelerated calls for a reset of economic policy, social foundations and even of capitalism itself. Across the globe, government and business leaders are pledging to 'Build Back Better'. COVID-19 has exposed major fault lines in society, underscored the gravity of biodiversity loss and laid bare systemic inequalities. There is widespread consensus that a return to 'business

as usual' must be avoided.¹⁵ Corporations must deliver for all stakeholders, environmentally destructive investment patterns must be avoided, and businesses must be held accountable for the externalities that they generate.¹⁶

These demands by the market and media have fuelled an increased focus on ESG reporting and all businesses are being called to be more transparent and accountable. While listed companies have long experienced this pressure from customers, shareholders, and activists, privately held family businesses have for the most part been shielded from these demands. More so as with their focus on values and long-term orientation, studies have demonstrated that family-led firms are the most trusted form of businesses.¹⁷

Yet there is also evidence that family firms have a 'blind spot' when it comes to translating family core values into concrete actions that demonstrate their commitment to ESG and that many family businesses are behind the curve on knowing how to measure sustainability.¹⁸

The FBSD case studies take a deeper dive into the sustainability performance of three family businesses as they navigate this evolving landscape. The case reports highlight the core values of each company, their motivations on sustainability and how this translates to policies and practices.

ANNEXES

Annex 1 – The Family Business Sustainability Pledge 2020



Defining Success Across Generations

We, a global community of family businesses, commit to build a sustainable future across generations.

Family businesses contribute meaningfully to both economic growth and employment and have the potential to create a more purpose-driven model of business. With our inherent focus on long-term success and responsible ownership, we strive to apply our entrepreneurial know-how and resources to build a just and equitable world, where our planet will flourish across generations.

The Sustainable Development Goals (SDGs) provide family businesses with opportunities to create a shared prosperity for all. We commit to taking action on the SDGs by advocating for and upholding the following principles:

- **Sustainable Growth:** To promote and model business practices and investments that will enable sustainable economic growth and deliver long-term value creation for all present and future stakeholders
- **Environmental Stewardship:** To have a positive long-term impact by taking urgent action on climate change, enabling sustainable production and consumption, and advancing the responsible use of natural resources.
- **Social Inclusion:** To promote inclusive practices in our communities and beyond, including gender equality, diversity and decent work, to ensure that both current and future generations attain dignity and fulfil their potential.
- **Good Governance:** To establish sound family and corporate governance structures that are transparent, inclusive and accountable to stakeholders; to ensure compliance with ethical and corruption-free business practices.

In partnership with the UN, we will identify SDGs aligned to our business, track our progress and assess the impact of our pledge in a transparent manner using the relevant Sustainability Indicators for Family Business as jointly established by FBN and UNCTAD.

We invite you to act now and join us in creating a shared prosperity. Together we will build a sustainable future and define success across generations.

Annex 2 – The UNCTAD ISAR Guidance on Core Indicators for Corporate Reporting (2020)

Table of selected core indicators

A.	Economic area	Indicators	Measurement	Relevant SDG indicator
A.1.	Revenue and/or (net) value added	A.1.1. Revenue	IFRS 15	8.2.1
		A.1.2. Value added	Revenue minus costs of bought-in materials, goods and services (Gross Value Added, GVA)	8.2.1; 9. b. 9.4.1
		A.1.3. Net value added	Revenue minus costs of bought-in materials, goods and services and minus depreciation on tangible assets (Net Value Added, NVA)	8.2.1; 9.4.1
A.2.	Payments to the government	A.2.1. Taxes and other payments to the government	Total amount of taxes paid and payable (encompassing not only income taxes, but also other levies and taxes, such as property taxes or value added taxes) plus related penalties paid, plus all royalties, license fees, and other payments to Government for a given period	17.1.2
A.3.	New investment/expenditures	A.3.1. Green investment	Total amount of expenditures for those investments whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation to the environment in absolute amount and in % terms	7.b.1
		A.3.2. Community investment	Total amount of charitable/voluntary donations and investments of funds (both capital expenditure and operating ones) in the broader community where the target beneficiaries are external to the enterprise incurred in the reporting period in absolute amount and in % terms	17.17.1
		A.3.3. Total expenditures on research and development	Total amount of expenditures on research and development (R&D) by the reporting entity during the reporting period in absolute amount and in % terms	9.5.1
A.4.	Local supplier/purchasing programmes	A.4.1. Percentage of local procurement	Proportion of procurement spending of a reporting entity at local suppliers (based on invoices or commitments made during the reporting period) in % terms and in absolute amount	9.3.1
B. Environmental area				
B.1.	Sustainable use of water	B.1.1. Water recycling and reuse	Total volume of water recycled and/or reused by a reporting entity during the reporting period in absolute amount and in % terms	6.3.1

		B.1.2. Water use efficiency	Water use per net value added in the reporting period as well as change of water use per net value added between two reporting periods (where water use is defined as water withdrawal plus total water received from third party) in % terms, in terms of change and in absolute amount	6.4.1
		B.1.3. Water stress	Water withdrawn with a breakdown by sources (surface, ground, rainwater, waste water) and with reference to water-stressed or water-scarce areas (expressed as a percentage of total withdrawals) in absolute amount and in % terms	6.4.2
B.2.	Waste management	B.2.1. Reduction of waste generation	Change in the entity's waste generation per net value added in % terms, in terms of change and in absolute amount	12.5
		B.2.2. Waste reused, re-manufactured and recycled	Total amount of waste reused, re-manufactured and recycled in absolute amount, in % terms and in terms of change	12.5.1
		B.2.3. Hazardous waste	Total amount of hazardous waste, in absolute terms, as well as proportion of hazardous waste treated, given total waste reported by the reporting entity (in absolute amount, in % terms and in terms of change)	12.4.2
B.3.	Greenhouse gas emissions	B.3.1. Greenhouse gas emissions (scope 1)	Scope 1 contribution in absolute amount, in % terms and in terms of change	9.4.1
		B.3.2. Greenhouse gas emissions (scopes 2)	Scope 2 contribution in absolute amount, in % terms and in terms of change	9.4.1
B.4.	Ozone-depleting substances and chemicals	B.4.1. Ozone-depleting substances and chemicals	Total amount of ozone-depleting substances (ODS) (bulk chemicals/substances existing either as a pure substance or as a mixture) per net value added	12.4.2
B.5.	Energy consumption	B.5.1. Renewable energy	Renewable energy consumption as percentage of total energy consumption in the reporting period	7.2.1
		B.5.2. Energy efficiency	Energy consumption per net value added	7.3.1
C. Social area				
C.1.	Gender equality	C.1.1. Proportion of women in managerial positions	Number of women in managerial positions to total number of employees (in terms of headcount or FTE)	5.5.2
C.2.	Human capital	C.2.1. Average hours of training per year per employee	Average number of hours of training per employee per year (as total hours of training per year divided by total employees) possibly broken down by employee category	4.3.1
		C.2.2. Expenditure on employee training per year per employee	Direct and indirect costs of training (including costs such as trainers' fees, training facilities, training equipment, related travel costs etc.) per employee per year possibly broken down by employee category.	4.3.1

		C.2.3. Employee wages and benefits as a proportion of revenue, with breakdown by employment type and gender	Total costs of employee workforce (wages and benefits) divided by the total revenue in that reporting period	8.5.1; 10.4.1
C.3.	Employee health and safety	C.3.1. Expenditures on employee health and safety as a proportion of revenue	Total expenses for occupational safety and health-related insurance programmes, for health care activities financed directly by the company, and all expenses sustained for working environment issues related to occupational safety and health incurred during a reporting period; divided by the total revenue in that same period	3.8; 8.8
		C.3.2. Frequency/ incident rates of occupational injuries	Frequency rates: number of new injury cases divided by total number of hours worked by workers in the reporting period; incident rates: total number of lost days expressed in terms of number of hours divided by total number of hours worked by workers in the reporting period	8.8.1
C.4.	Coverage by collective agreements	C.4.1. Percentage of employees covered by collective agreements	Number of employees covered by collective agreements to total employees (in terms of headcount or FTE)	8.8.2
D. Institutional area				
D.1.	Corporate governance disclosures[1]	D.1.1. Number of board meetings and attendance rate	Number of board meetings during the reporting period and number of board members who participate at each board meeting during the reporting period divided by the total number of directors sitting on the board multiplied by the number of board meetings during the reporting period	16.6
		D.1.2. Number and percentage of female board members	Female board members to total board members	5.5.2
		D.1.3. Board members by age range	Number of board members by age range (e.g., under 30 years old, between 30 and 50, over 50)	16.7.1
		D.1.4. Number of meetings of audit committee and attendance rate	Number of board meetings during the reporting period and number of Audit committee members who participate at each Audit committee meeting during the reporting period divided by the total number of members sitting on the Audit committee multiplied by the number of Audit committee meetings during the reporting period	16.6

		D.1.5. Compensation: total compensation per board member (both executive and non-executive directors)	Total annual compensation (including base salary and variable compensation) for each executive and non-executive director	16.6
D.2.	Anti-corruption practices	D.2.1. Amount of fines paid or payable due to settlements	Total monetary value of paid and payable corruption-related fines imposed by regulators and courts in the reporting period	16.5.2
		D.2.2. Average number of hours of training on anti-corruption issues, per year per employee	Average number of hours of training in anti-corruption issues per employee per year (as total hours of training in anti-corruption issues per year divided by total employees)	16.5.2

These indicators are not universal, but relevant to publicly listed companies responsible for the use of a highest proportion of natural and human resources. Therefore, they are included as core indicators for that reason.

Annex 3 – The Family Business Indicators

Family businesses have distinctive governance structures, ownership norms and family dynamics that have an impact on performance. As such it is critical that sustainability indicators for family businesses recognise the unique attributes of family business models and consider measurements that guide, further advance sustainability practices, and facilitate contributions to the SDGs.

The Family Business Indicators examine a family business' performance on specific sustainability practices and are designed to complement the UNCTAD Core Indicators. They explore the company's culture, policies and practices on specific governance, supply chain, environmental and community practices, and aim to measure their impact on the wider ecosystem. The Family Business Indicators are developed by FBN and leverage the Polaris Impact Assessment, B Corp's B Impact Assessment and the CISL Rewiring the Economy framework.

The indicators are grouped into four areas – governance, supply chain, environmental performance, and community impact. The Polaris Indicators provide a suggested mapping of the SDGs to a company's products, services, and operations. The mapping is by no means exhaustive, and companies may identify additional or alternate SDGs that are more relevant to the enterprise.

Collectively the Family Business Indicators and UNCTAD Core Indicators inform the Sustainability Indicators for Family Businesses (SIFB).

SDG Focus Areas	Supporting Information	Relevant SDG Target
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E.1 Governance Area

E.1.1. Advocacy for Social and Environment Standards	Does your company work with policy makers and/or stakeholders to develop or advocate for increased adoption of ESG standards?	Yes / No	SDG 17.17
E.1.2. Review of Social / Environmental Performance	Does the Board review the social and environmental performance of the company at least annually to determine if the company is meeting social and environmental objectives?	Yes / No	SDG 16.6
E.1.3. Transparency of Sustainability Performance	Is the review made available in a report to relevant stakeholders e.g., employees, suppliers, customers, and owners?	Yes / No	SDG 16.6
E.1.4. Independent Directors	Does the Board include Independent Directors?	Yes / No	SDG 16.7
E.1.5. Family Governance	Is there a family constitution (rules of engagement) to ensure good governance of the business and family for the long term?	Yes / No	SDG 16.6
E.1.6. Responsible Ownership	As a family business, do you use resources and provide guidance to promote development-oriented policies and prepare the next generation to be responsible owners?	Yes / No	SDG 8.3 - 8.8

E.2 Supply Chain

E.2.1. Ethical Supply Chain Policies	<p>Does your company have a formal written supplier code of conduct that encourages ethical sourcing or holds suppliers accountable for social and environmental performance? This may include sourcing from social enterprises, women or minority owned businesses or policies on Fairtrade, anti-slavery, forced labour, child labour, anti-corruption etc. Please tick where applicable</p> <table border="1"> <tr> <td></td> <td>Yes</td> <td></td> <td>No</td> </tr> </table> <p>If 'yes', please provide more information _____</p>		Yes		No	SDG 8.7
	Yes		No			
E.2.2. Ethical Supply Chains Practices	<p>What is the estimated percentage of materials or products purchased or sourced sustainably by your company as outlined in E.2.1.? _____</p>	SDG 8.7				
Comments:						

E.3 Community Impact

E.3.1. Philanthropy SDG 17.7	Do you use family business or family funds (for e.g., through a family foundation) to support the local community or communities where you operate?		
Yes / No	1. Basic Needs – Food, water, energy, shelter, sanitation, communications, transport, credit, and health for all	SDGs 1, 2, 3, 6, 7, 10	
Yes / No	2. Well-Being – Enhanced health, education, justice, and equality of opportunity for all	SDGs 3, 4, 5, 10, 11, 16	
Yes / No	3. Decent Work – Secure, socially inclusive jobs and working conditions for all	SDGs 8, 9, 10	
Yes / No	4. Resource Security – Preserve stocks of natural resources through efficient and circular use	SDG 12	
Yes / No	5. Healthy Ecosystems – Maintain ecologically sound landscapes and seas for nature and people	SDGs 14, 15	
Yes / No	6. Climate Stability – Limit GHG levels to stabilise global temperature rise under 2° C	SDGs 9, 13	
Quantifying Philanthropy	If 'Yes' for E.3.1., please indicate or quantify impacts and outcomes attained If available.		
Description of impacts and outcomes:			
Source of funds	Please indicate source of funds - Family Foundation / Family Business / Other		
	Family Funds		
	Family Business Funds		
	Other		

E.4 Sustainable Products and Services (Optional Questions)

E.4.1. Creating Societal Benefits	In what way(s) does your company's services or products benefit society. Please indicate Yes or No for each option.		
Yes / No	1. Provision of basic services, health care or health products to improve health & wellbeing in the community	SDGs 2, 3	
Yes / No	2. Education (general, technical), support of knowledge, arts, cultural heritage	SDGs 4, 5, 11	
Yes / No	3. Improved economic opportunity or social economic empowerment	SDGs 1, 5, 8, 10	
Yes / No	4. Market access through previously unavailable infrastructure	SDGs 9, 11, 16	
Yes / No	5. Capacity Building for non-profit, social enterprises	SDGs 4, 16, 17	

Quantifying Impacts	If 'Yes' for E.4.1., please indicate or quantify impacts and outcomes below if available																			
Description of impacts and outcomes:																				
E.4.2. Improving your Customers' Environmental Performance	<p>In what way or ways do your services or products enable your clients and customers to protect the environment or improve their environmental performance.</p> <p>Please indicate Yes or No for each option.</p> <table border="1"> <tr> <td>Yes / No</td> <td>1. Provides or is powered by renewable energy or cleaner-burning energy than market alternatives e.g., solar panel manufacturers, hybrid vehicles</td> <td>SDGs 7,9</td> </tr> <tr> <td>Yes / No</td> <td>2. Conserves resources e.g., water recycling systems, energy efficient appliances</td> <td>SDGs 6, 11, 12,</td> </tr> <tr> <td>Yes / No</td> <td>3. Reduces waste e.g., recycling technologies/services</td> <td>SDGs 9, 12</td> </tr> <tr> <td>Yes / No</td> <td>4. Conserves land, biodiversity, wildlife e.g., sustainably harvested agricultural products</td> <td>SDGs 14, 15</td> </tr> <tr> <td>Yes / No</td> <td>5. Reduces or is made of less toxic/hazardous substances</td> <td>SDGs 11, 14, 15</td> </tr> <tr> <td>Yes / No</td> <td>6. Educates, measures, researches, or provides information to solve environmental problems e.g., sustainability consulting</td> <td>SDGs 9, 11, 13</td> </tr> </table>		Yes / No	1. Provides or is powered by renewable energy or cleaner-burning energy than market alternatives e.g., solar panel manufacturers, hybrid vehicles	SDGs 7,9	Yes / No	2. Conserves resources e.g., water recycling systems, energy efficient appliances	SDGs 6, 11, 12,	Yes / No	3. Reduces waste e.g., recycling technologies/services	SDGs 9, 12	Yes / No	4. Conserves land, biodiversity, wildlife e.g., sustainably harvested agricultural products	SDGs 14, 15	Yes / No	5. Reduces or is made of less toxic/hazardous substances	SDGs 11, 14, 15	Yes / No	6. Educates, measures, researches, or provides information to solve environmental problems e.g., sustainability consulting	SDGs 9, 11, 13
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Yes / No	6. Educates, measures, researches, or provides information to solve environmental problems e.g., sustainability consulting	SDGs 9, 11, 13																		
Quantifying Customer's Impact	If 'Yes' for E.4.2., please indicate or quantify impacts and outcomes if available																			
Description of Impacts and Outcomes:																				

NOTES AND REFERENCES

- ¹ [Sustainable Development Report 2020](#) – The Sustainable Development Goals and Covid-19, Cambridge University Press.
- ² FFI Global Data points 2017.
- ³ FBN and the [Polaris movement](#)
- ⁴ [2030 Agenda](#) is a plan of action for a shared prosperity and available in the five UN languages.
- ⁵ Sachs, 2019. CEOs are finally admitting to short-changing society.
- ⁶ UNCTAD, 2019. Guidance on core indicators for entity reporting on contribution towards implementation of the Sustainable Development Goals.
- ⁷ UNCTAD; UN environment, May 2019 Methodology for SDG indicator 12.6.1.
- ⁸ UNCTAD, 2019.
- ⁹ [The Global Indicator framework](#).
- ¹⁰ UNCTAD, 2020. [Core SDG Indicators for Entity Reporting: Training Manual](#).
- ¹¹ The Polaris Impact Assessment (PIA) is a customised version of B Lab's B Impact Assessment (BIA) developed by B Lab and FBN specifically for family businesses.
- ¹² The Deming Institute. [PDSA Cycle](#) accessed Oct 2020.
- ¹³ CISL (2015, July; updated 2017, Nov). Rewiring the Economy: Ten tasks, ten years. Cambridge, UK.
- ¹⁴ CISL (2015, July; updated 2017, Nov). Rewiring the Economy: Ten tasks, ten years. Cambridge, UK.
- ¹⁵ UNESCO, 2020. [Covid-19 and its link with biodiversity](#).
- ¹⁶ OECD, June 2020. [Building Back Better](#) A sustainable, resilient recovery after COVID-19.
- ¹⁷ Edleman, 2020. Edelman Trust Barometer 2020.
- ¹⁸ PwC, 2021. 10th Global Family Business Survey 2021.



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