

FROM COMMITMENT TO MEASURABLE RESULT



№2

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In the current environment, companies' ability to create a positive impact on the environment and society, and to make a measurable contribution to the Sustainable Development Goals (SDGs), is becoming a key factor of investor trust and competitiveness in the capital market.

The transition from intentions and declarations to real changes in the environmental, social and economic environment requires businesses to introduce tools that enable them to measure progress from implemented sustainability and ESG projects and programmes, and to embed data into planning and management systems in order to improve efficiency and effectiveness.

Plan execution vs. achieved effects: what should be assessed?

Existing approaches and tools that may be used to measure and assess progress towards the Sustainable Development Goals are diverse and depend on a number of factors: the objectives and scope of the assessment, the availability of data, and the resources available to the company.

The simplest approach used by businesses is to measure the direct results of implemented activities, projects and initiatives. Examples of such results include the amount invested, the number of trees planted, the number of employees trained or the number of customers who downloaded an application.

However, such an assessment shows what was done, but does not answer the more important question: did these actions lead to meaningful changes for society, the economy and the environment? It also does not allow the company's real impact to be fully assessed, even where the initiative was originally intended to address a material social, environmental or climate-related issue, such as improving the environmental situation in a city or improving people's quality of life.



Presenting a company's contribution to sustainable development objectives through direct project indicators is less satisfactory for stakeholders, while differences in approaches to assessing contribution or impact may affect rating outcomes and the way the company is assessed by investors and customers.

According to the Theory of Change (ToC), it is important not only to achieve direct results (outputs), but also to ensure that they lead to qualitative changes (outcomes) and ultimately to the expected positive impact (Figure 1).

Figure 1. Part of a simplified OUTPUTS–OUTCOMES–IMPACT logical model under the Theory of Change



Thus, from the perspective of effective progress towards the SDGs, companies need to shift the focus from recording individual actions and activities to assessing the effects and changes created in the social, environmental and economic spheres, including changes in the living conditions of target stakeholder groups and in the state of the environment arising from business activities, programmes and projects.

While the measurement and assessment of direct results (outputs) is practised by a wide range of companies, the assessment of effects is applied to a greater extent by companies with mature sustainability and ESG management practices. The evolution of assessment objects can be traced through the examples presented in Table 2.

Table 1. Characteristics of OUTPUTS–OUTCOMES–IMPACT results by group

Characteristics	Outputs	Outcomes	Impact
Result type			
Definition	Direct results of a project or initiative	Changes in the living conditions of target stakeholder groups and/or in the environment resulting from the implementation of a project or initiative	Final, long-term changes occurring at a broader level: in society, an industry or the environment
Time horizon	Short-term	Medium-term	Long-term
Essence	Shows how much was done during the project or initiative	Shows the value created as a result of the project or initiative	Reflects the global objective of the project
Who controls it	Within the company's direct control	Within the company's direct influence, but not fully under its control	Within the company's indirect sphere of influence

(1) Теория изменений (Theory of Change, ToC) — это подход, который помогает установить взаимосвязь между деятельностью и изменениями, к которым она приведет - [Подробнее](#). Наиболее часто используется для проектирования социальных, экологических и экономических изменений.

Table 2. Examples of the evolution of OUTPUTS–OUTCOMES–IMPACT assessment objects

Example	Outputs	Outcomes	Impact
Result type			
Example 1	Investment amount in a project to modernise gas-treatment systems at the company's production sites	Reduction in harmful substance concentrations in the atmosphere as a result of the modernisation project	Improvement of the environmental situation in the city
Example 2	Number of trees planted as part of a park-zone restoration project	Return of urban birds to the park	Restoration of bird population and species diversity
Example 3	Number of customers who downloaded the bank's mobile application	Increase in the number of people with reduced mobility using the bank's financial services	Improvement in quality of life and access to essential services

Positive changes generated in society and the environment through business activity (impact) represent both the company's expected contribution and its long-term advantage. Assessing social, environmental and economic impact requires a more comprehensive approach, as well as the development of impact-management practices. For this reason, it is becoming increasingly relevant for a broad range of companies implementing sustainability projects and programmes.



Assessment methods

The practice of impact measurement initially developed within the activities of international organisations, financial institutions and charitable foundations. Over time, many approaches, methods and tools were adapted for business as well. Today they are used not only to assess contribution to the SDGs, but also as part of a management system that enables companies to better understand their own results, effects and impact.

This article identifies five main assessment approaches and methods that have practical application for assessing progress towards the SDGs. In both institutional and business practice, a combined assessment approach using several tools is most often applied.

Brief characteristics of these methods, as well as their capabilities and limitations, are provided below.

1. Reporting content analysis

This method makes it possible to qualitatively assess how companies disclose their sustainability work in non-financial reporting. The focus of such analysis is the mention of the SDGs, the depth of disclosure, management approaches and the description of relevant practices. In terms of assessment objects, the method mainly works with outputs, i.e. the direct results of activities and projects, and partly with outcomes to the extent that they are reflected in reporting.

The main limitation of the method is that it shows, to a greater extent, what a company says about itself rather than what actual impact it creates. In addition, the results of content analysis largely depend on interpretation. Nevertheless, this approach is widely used for benchmarking, for example to identify which SDGs companies in the same sector work with and which practices they use to achieve them.

Content analysis is used, for example, by the UN Global Compact to analyse progress towards the SDGs by participating companies through the Communication on Progress (CoP) reporting mechanism [\(2\)](#).

2. KPI or performance-based approach

This approach focuses on the quantitative measurement of results and their comparison with previously established targets. For businesses, it is one of the most familiar tools, as it is directly linked to strategic planning, performance monitoring and reporting. Under this approach, outputs are most often assessed and, in certain cases, outcomes as well.

The strength of the method lies in its practicality and management applicability. It helps a company track progress against specific objectives and integrate sustainability into its regular management system. At the same time, the method is of limited use for external comparisons, as companies' KPI sets usually differ.

In institutional practice, an illustrative example is the World Bank Results Framework [\(3\)](#) a tool for the assessment and strategic management of large infrastructure projects. Examples of indicators for assessing results include the number of people with access to energy, poverty levels and greenhouse gas emissions.

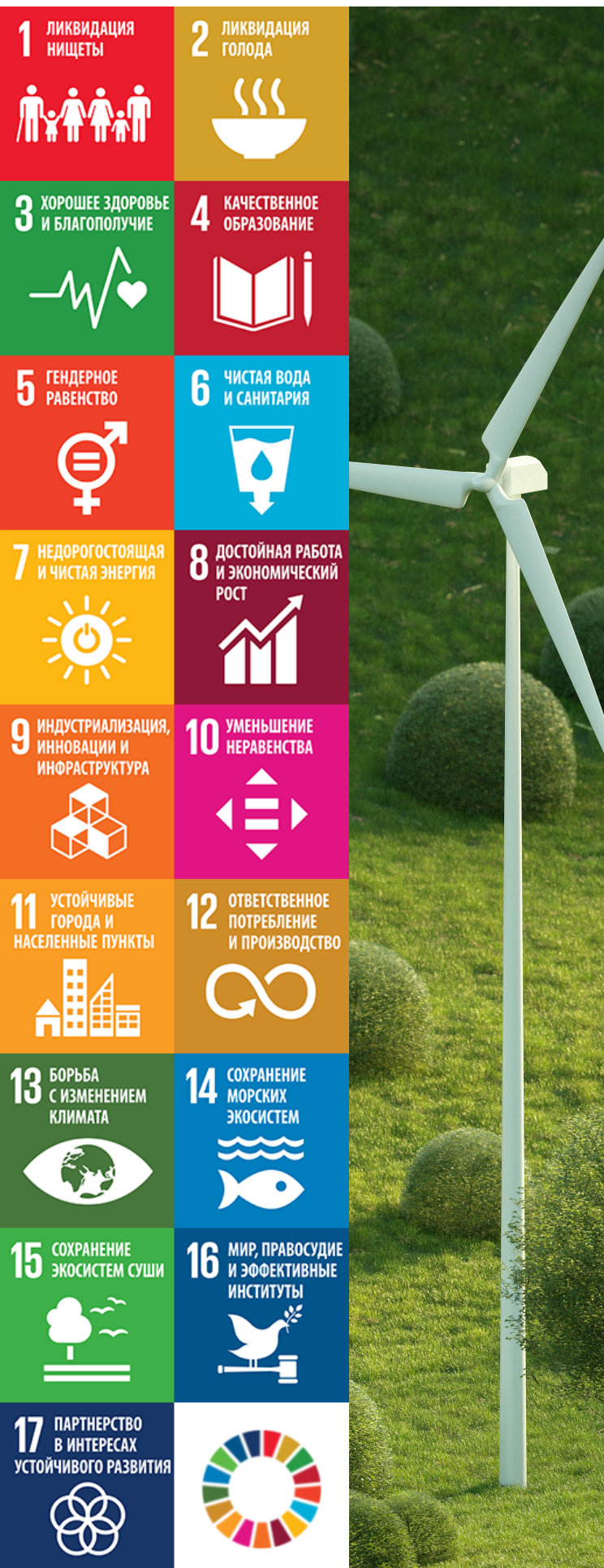
The KPI or performance-based approach is widely used in business to manage progress towards ESG targets and the SDGs. Companies that have not only developed but also actively use their own corporate tools include Unilever (Unilever Compass), Nestlé (Creating Shared Value, CSV), Microsoft (Sustainability Goals) and BP (Sustainability Framework).

3. ESG-рейтингование

This approach is based on assessing companies against a set of environmental, climate, social and corporate-governance criteria, followed by the assignment of a rating or score. Such input-based criteria may account for more than 50% of the assessment structure [\(4\)](#), while the remaining part relates to direct results (outputs) and effects (outcomes).

The advantage of rating methodologies is their higher degree of formalisation and comparability, as well as the ability to take into account a company's ESG risks. This makes them useful for benchmarking and investment decision-making. However, as a tool for assessing progress towards the SDGs, such methodologies have a limitation: the link between ESG criteria and the SDGs themselves is most often indirect, since the company's actual contribution is not measured within rating methodologies; progress is assessed by mapping ESG scores to SDG equivalents.

Among rating agencies that demonstrate a link with the SDGs, the following may be noted: MSCI, whose methodology maps companies' products and revenue to the SDGs; Sustainalytics with its SDG Impact Dashboard; S&P Global, where SDGs are mapped to questions in the CSA questionnaire; and Moody's ESG rating.



4. Impact assessment

Assessment of real impact is the key approach that makes it possible to assess a business's actual impact on society, the environment and the achievement of specific SDGs.

However, this approach also has limitations: it is highly complex to implement because effects in society, the environment and the economy are difficult to measure. It is also often difficult to isolate the influence of a specific company or project and to obtain the necessary body of data for measurement.

The approach is used by international organisations, large corporations and impact investors.

IFC (International Finance Corporation) uses impact assessment in its internal system for evaluating financed projects, where contribution to the SDGs is calculated by comparing achieved project results with quantified expected impacts. For example, the assessment may measure the number of jobs created, access to finance or infrastructure, emissions reductions, or market-development effects.

SDG Compass is a management “navigator” for assessing progress towards the SDGs, in which a set of ESG and business metrics has been developed for each SDG. For example, for SDG 8 — Decent Work and Economic Growth — the proposed metrics include employee turnover and wage levels.

Danone is one of the first corporations with an impact-oriented assessment model for its One Planet. One Health ecosystem. The assessment is based on the B Impact Assessment (B Corp) tool.

Impact-assessment practices for individual projects or programmes are also used by Unilever, Microsoft, Google, Walmart, Chloé and Bayer.

Companies participating in the Science Based Targets Network (SBTN) initiative and implementing science-based impact assessment should be highlighted separately. Those measuring impact on water and biodiversity include Kering, Holcim and GSK.

Chobani has institutionalised the impact-assessment function by creating the position of Chief Impact Officer within its structure.

5. Index and MCDM methods

These methods are based on multicriteria analysis of indicator sets using weighting coefficients. Assessment using this group of methods is highly complex, which is one of its material limitations. At the same time, the methods allow all three levels of SDG progress assessment to be evaluated: direct results (outputs), changes (outcomes) and impact. Other advantages include the ability to rank assessed companies and to conduct deeper analytics.

Index and MCDM methods are used for academic research, public policy analytics and international comparisons.

The best-known study applying an index-based approach is the global SDG Index project, one of the key tools for assessing country-level progress towards the SDGs, developed by the Sustainable Development Solutions Network. The assessment uses more than 100 indicators covering all 17 SDGs. Relevant data sources (UN, World Bank, OECD and others) are selected for each goal and normalised by source and by country to ensure comparability.

Another example is the academic study Central Asia SDG Assessment, which used a combination of the index-based approach and multicriteria analysis. The assessment criteria corresponding to the SDGs at the global level were developed by the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs). The assessment was conducted for Kazakhstan and Kyrgyzstan across 209 indicators, with the findings grouped into the blocks of economy, society and environment.

Investment company Robeco developed its own SDG Framework for selecting companies for ESG and impact portfolios and for constructing investment strategies. A company's products, services and revenue structure are assessed against approximately 200 sector-specific KPIs linked to SDG targets.

To compare the approaches and methods described above, their main characteristics are summarised in Table 3.

Thus, the practical task for business is not to find a single "correct" method, but to build a consistent assessment system that enables a transition from statements and individual indicators to impact measurement, quantification and the use of impact data in management and in progress disclosure to stakeholders.

Table 3. Methods for assessing progress toward the SDGs and their comparative characteristics

Methods / Characteristics	1. Reporting content analysis	2. KPI / performance-based approach	3. ESG rating	4. Impact assessment	6. Index and MCDM methods
The essence of the method	Analysis of companies' non-financial reports for references to the SDGs and the extent of disclosure regarding the SDGs	Assessment of the company's progress toward achieving the KPIs established for each SDG	ESG assessment with the assignment of ratings and scores, and the alignment of ESG results with relevant SDGs	Assessment of the company's impact on the environment and society, and progress toward the SDGs	Assessment using integrated indices based on a set of indicators, weighting coefficients and multicriteria analysis
Assessment type	High-quality	Quantitative	Point-based	Impact	Comprehensive
Link with SDGs	Indirect	Partial	Indirect	Direct	Direct
What is being evaluated	Level Type	Level Type	Level Type	Level Type	Level Type
	Outputs ✓✓✓ (main focus)	Outputs ✓✓✓	Outputs ✓✓	Outputs ●	Outputs ✓✓
	Outcomes ● (if described in reports)	Outcomes ✓ (partially)	Outcomes ● (with proxies)	Outcomes ✓✓	Outcomes ✓✓
	Impact x	Impact x	Impact x	Impact ✓✓✓	Impact ● (not causal, but aggregated)
Who uses it	UN Global Compact - Communication on Progress (CoP)	- World Bank: Results Framework - Unilever: Unilever Compass - Nestlé: Creating Shared Value (CSV)	- MSCI ESG Research - CSA S&P - Sustainalytics	- IFC: AIMM (Anticipated Impact Measurement & Monitoring) - SDG Compass	- Robeco (SDG Framework) - MSCI: SDG Alignment Methodology - SDG Index (SDSN / UN)
Focus of the Method	Reporting	Results	ESG metrics	Real Contribution	Composite Index
Advantages of the method	Ease of use, data accessibility	Quantifiable, linked to corporate governance, trackable	High comparability, investor-friendly, standardized methodology	Focus on real impact, alignment with sustainable development, and consideration of the entire value chain	Comprehensive evaluation, ranking capabilities, analytical depth

Net Positive — net positive effect

One of the reference points in the development of sustainability is the Net Positive concept formulated by Paul Polman, former CEO of Unilever and an active sustainability leader. In the book *Net Positive: How Courageous Companies Thrive by Giving More Than They Take*, Polman argues that it is no longer sufficient for business simply to reduce its negative impact. Companies should seek to create more benefit than harm: restoring resources, improving people's lives and contributing to the well-being of the planet.

Although the systematic measurement of “net” impact has not yet become a widespread practice, the overall direction of development is already clear: the focus is gradually shifting from the assessment of KPIs and direct results to the assessment of effects (outcomes) and impact.

Future issues will examine in more detail how international and Kazakhstani companies apply methods for assessing progress towards the SDGs in practice.





For reference:

Kazakhstan Stock Exchange JSC (KASE) is the leading stock exchange in the Central Asian region. KASE ranks second among CIS exchanges by securities trading volume and fifth by equity market capitalisation among FEAS exchanges, based on 2024 results.

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Sustainability Solutions has been operating in the management consulting market for more than 14 years. Since 2023, the company has been implementing projects to introduce sustainability and ESG tools and practices in Central Asia. Members of the Sustainability Solutions team hold international certifications in corporate governance, ESG risk analysis, climate responsibility and non-financial disclosure standards (GRI, SASB, TCFD, IFRS S1 and S2). The team's sector expertise covers the financial and banking sector, industry, agriculture, construction and other areas.

Partner of the Kazakhstan chapter of the World Business Council for Sustainable Development (BCSD Kazakhstan) and of the Sustainable Development Academy under the Union of Banks of Kyrgyzstan.

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