

Strategy to Promote Inclusive and Sustainable Business to Achieve the SDGs (ISB Strategy)

Proposal to Develop an intermediary Inclusive Business Assessment Criteria Inclusive Business Assessment Criteria

The definition of an Inclusive Business

The definition of an inclusive business is one that provides goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid; making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers.

Businesses that fulfill the above basic criteria can be further assessed under the following elements to gain deeper insights into the impact of the inclusive business model in meeting its expected social goals¹.

In line with the above definition, the following elements can be considered basic elements of an inclusive business.

1. **Purpose Driven Long-term Value Creation:** Focusing on long-term sustainability rather than short-term profits, aligning business goals with broader social and environmental objectives.
2. **Transparency and Accountability:** Being open about business practices, including environmental and social impact, and holding the organization accountable for its commitments.
3. **Diversity and Inclusion:** Promoting a diverse workforce and inclusive culture where everyone has equal opportunities, regardless of gender, ethnicity, disability, or socioeconomic background.
4. **Stakeholder Engagement:** Actively involving various stakeholders—employees, customers, suppliers, and communities—in decision-making processes.
5. **Sustainable Supply Chains:** Ensuring that supply chains are environmentally responsible and socially equitable, prioritizing ethical sourcing and fair labor practices.
6. **Community Development:** Contributing to the economic and social well-being of communities through investments, partnerships, and programs that support local development.

¹ UN.ESCAP (2023). Promoting inclusive business in Asia - Pacific : regional inclusive business models in agriculture and food systems. Retrieved from: <https://hdl.handle.net/20.500.12870/6665>.

7. **Innovation for improve social impact:** Investing in research and development to create products and services that meet social and environmental challenges.

The following assessment criteria have been developed to provide a framework for recognizing inclusive businesses

Criteria	Definition/ explanation	Indicator	Question	Answer Scale	Score (Weight)
1. Strategic Intent					
1.1 Declaration of strategic intent	The company deliberately seeks to create direct social impact or shared value with low-income people and marginalized groups	The strategic intent to create direct social impact or create shared value with low-income people has been declared in the organizational mission, vision or objectives	Is the business deliberately seeking to create direct social impact or create shared value with low-income people?	a. No intent	0
				b. No intent. However, the business still mobilizes low-income people in the value chain	1.5
				c. Yes, the strategic intent is stated by senior management/ declared in the vision, mission or objectives of the business to serve low-income people	3
				d. The business has provided products, services and enhanced income for low-income people	5
1.2 Impact measurement and management	The business deliberately seeks to measure and manage impact	Strategic intent to measure and manage impact	Is the business measuring and managing impact?	a. Not yet	0
				b. The business intends to develop an impact measurement and managing system	1.5
				c. The business has some basic measures of impact (e.g. number of low-income customers serviced; level of	3

				enhanced income opportunities provided)	
				d. The business has a system to measure and manage impact	5
2. Commercial Viability					
2.1 Commercial Viability of the Company					
2.1.1 Profitability	Gross profit in per cent of net revenue of the company	Gross profit in per cent of net revenue in the last year of the company	What is the gross profit in per cent of net revenue in the last year (%)?	a.0-10%	1
				b. 10%-20%	2
				c. 20%-30%	3
				d. 30%-40%	4
2.1.2 Annual Turnover	Annual turnover of the inclusive business	Annual turnover of the IB model in the last year	What is the annual turnover of the IB model in the last year	a.Low: [TBD]	1
				b. Medium: [TBD]	2
				c. High: [TBD]	3
				d. Very high: [TBD]	4
2.2 Good Governance					
2.2.1 Governance	Compliance with Tax Regulations	Payment of corporate tax in accordance with the law	Has the company ensured compliance with the payment of corporate tax in accordance with the law?	a. Sometimes no. We have outstanding tax for this/last tax period (not eligible)	0
				b. Yes, the company pays corporate income tax in accordance with the law	1

2.2.2 Distribution of benefits	A policy of equitable distribution of benefits in the value chain	Existence of a policy of equitable distribution of benefits in the value chain	Does the company have a policy of equitable distribution of benefits in the value chain?	a. No	0
				b. Planning to do	0.5
				c. Yes	1
2.2.3 Transparency	Establishing transparency by collecting information and publishing an online report on the social impact of the business	Collection and publication of information on the website related to reporting of social impact	Does the company collect and publish information related to reporting on its social impact on its website?	a. No	0
				b. Yes [in English]	0.5
				c. Yes[in all three languages]	1
2.2.4 . Management practices	Issuing and publishing a Code of Conduct	Issuance and publication of a Code of Conduct	Has the company issued and published a Code of Conduct?	a. No	0
				b. Planning to do	0.5
				c. Yes	1
2.2.5 . Anti-Corruption	Development of anti-corruption policies or related mechanisms	The availability of anti-corruption policies or related mechanisms and whether a formal anti-corruption policy is supported by awareness programs	Does the company have an anti-corruption or anti-bribery policy in place?	a. No	0
				b. Yes	0.5
			Are employees provided with training or guidelines on anti-bribery or ethical conduct?	a. No	0
				b. Yes	0.5

2.3 Environmental Standards and Social Safeguard Standards

2.3.1 Freedom of association and the effective recognition of the right to collective bargaining	Compliance with the labour law to ensure freedom of association and recognition of the right to collective bargaining in accordance with international labour standards	The company is fully compliant and has signed a declaration of compliance with the labour law to ensure freedom to join associations or unions and engages in meaningful collective bargaining discussions	Does the company fully comply, and has it signed a declaration of compliance with the labour law to ensure freedom to join associations or unions, and does it engage in meaningful collective bargaining discussions?	a. No (Not eligible)	0
				b. Yes (Eligible)	1
2.3.2 Elimination of all forms of forced or compulsory labour	Compliance with the labour law to prohibit any form of forced or compulsory labour	The company is fully compliant and has signed a declaration of compliance with the labour law to prohibit any form of forced or compulsory labour	Does the company fully comply and has it signed a declaration of compliance with the labour law to ensure that any forms of forced or compulsory labour are prohibited?	a. No (Not eligible)	0
				b. Yes (Eligible)	1

2.3.3 Environmental Management System/ Policy	Related to environmental safeguarding policies, system, associated activities, behaviours to avoid, and mitigation of adverse environmental impacts	Existence of Environmental Management System, environmental safeguard policies, related activities, knowledge of behaviours to avoid to mitigate adverse environmental impacts	Does the company have the Environmental Management System/ any environmental safeguarding policy, and related procedures and measures?	a. No, we have not applied them yet	0
				b. Yes, already in place,	1
2.3.4 Environmental law violation	Environmental law violation	Violation of environmental laws	Does the company violate any environmental law or currently face administrative sanctions for environmental law violation?	a. Yes, within the last 24 months** (not eligible)	0
				b. No	1
2.3.5 Energy	The transition to energy-efficient technologies and renewable energy	Adoption of renewal energy and initiatives for saving energy	Does the company have adopted renewable energy sources as part of the total energy consumption and does it implement any solutions to achieve energy saving?	a. No	0
				b. Yes	1

3 Social Impact/ Shared Value					
3.1 Targeting groups					
3.1.1 Type of engagement of low-income people	The different roles in which low-income people are engaged in the business: as labour, suppliers, distributors, consumers and shareholders	The role of the low-income people involved in the business	What is the role of the low-income people involved in the business?	Possible to check more than one option	
				a.Low-income people involved as labour	1
				b. Low-income people involved as suppliers, retailers/distributors	2
				c. Low-income people involved as consumers	2
				d. Low-income people involved as shareholders	3
3.1.2 Number of low- income people	The number of low-income people involved in the business as labour, suppliers, distributors, consumers, shareholders	Number of low-income people involved in the business	What is the number of low-income people involved in the business?	a. 1-50	2
				a. 50-100	4
				b. 100-500	6
				c. above 500	8
3.1.3 Targeting of women	Percentage of women engaged in the business	Percentage of women engaged in the business (as employees, suppliers, consumers, etc. as percentage of total number of people engaged in the business)	What percentage of women (as employees, suppliers, consumers, etc) are engaged in the business?	a. Less than 10%	0
				b. 10–40%	2
				c. Above 40%	4

3.1.4 Targeting of other marginalized groups	Percentage of marginalized groups engaged in the business	Percentage of marginalized groups engaged in the business as percentage of total number of people engaged	What percentage of relevant marginalized groups are engaged in the business?	a. Less than 10%	0
				b. 10–25%	2
				c. Above 25%	4
3.2 Relevance of the product/service for low-income people					
3.2.1 Relevant design	The product or service is specifically designed to be relevant for low-income people	Relevance for low income people	Has the product/ service been specifically designed to be relevant for low-income people?	a. Under research	0.5
				b. Somewhat but can be further adapted to better meet the needs of low-income people	1
				c. Yes, strongly	2
3.2.2 Affordability of product	Measures taken to make the product affordable to low-income people	Existence of means of making the product affordable to low-income people	Have any methods been introduced to make the product affordable to low-income people?	Possible to check more than one option for this criterion	
				a. None of the below	0
				b. Reduced sale price	1
				c. Clear pricing communication, lower than competitors	1
				d. other means of making the product affordable (e.g. payment in instalments)	1
				e. Affordable price within most low-income people's budget	2
3.2.3 Delivery mode	Methods to speedily	Existence of means to	Are there any cost effective means to	Possible to check more than one option for this criterion	
				a. None of the below	0

	reach the low-income customers	quickly reach the low-income customers	speedily reach the low-income customers?	b. Delivery close to low-income people, optimized delivery cost	1
				c. Partnership with distributors enables the business to reach target customers	1
				d. Technology leveraged to reach customers	2
3.3 Social Standards for Employees					
3.3.1 The elimination of discrimination in respect of employment and occupation	Taking active measures to eliminate discrimination with respect to employment and occupation	The company is fully compliant with the labour law and takes active measures to eliminate discrimination in employment and occupation	Does the company fully comply and has it signed a declaration of compliance with the labour law, and does it take active measures to eliminate discrimination with respect to employment and occupation?	a. No (Not eligible)	0
				b. Yes (Eligible)	1
	Taking active measures to eliminate workplace harassment	Availability of anti-harassment policies and mechanisms	Does the company have a system to monitor, investigate, and resolve reports of harassment effectively?	a. No	0
				b. Yes	1

	Including gender-diverse individuals in the decision-making process	Inclusion of gender diversity in the decision-making structure	Does the company have at least 30% women engaged in decision-making at the senior and corporate management levels?	a. No	0
				b. Planning to do	0.5
				c. Yes	2
	Disability inclusive workplace	Inclusion of differently-abled individuals in employment and provision of a disability-friendly work environment	Does the company employ differently-abled individuals and provide a disability-friendly work environment?	a. No	0
				b. Yes	1
3.3.2 A safe and Healthy working environment	Compliance with the labour law and maintenance of a safe and healthy working environment for all	The company is fully compliant with safety standards to ensure and maintain a safe and healthy working	Number of fatal occupational injuries	a. If any fatal injury Reported	0
				b. No injuries Reported	2
			Non-fatal occupational	a. Above 5%	0
				b. 1%-5%	1

	employees	environment for all of its employees	injuries as a percentage of total employees	c. 0%-1%	2
		Exposure to harmful substances such as smoke, chemicals, and radiation in the production process	What measures does the company have in place to monitor and control employees' exposure to harmful substances such as smoke, chemicals, and radiation in the production process, and how does it ensure the safety and well-being of workers in these environments	a. No measures have taken	0
				b. Measures have been taken, and the details of these are attached	2
3.3.3 Employee benefits	Access to Child Care services/	Availability of childcare facilities or any provisions to	Has the company established a child care center or made provisions	a. No	0

		obtain such services outside	for employees to obtain such services externally?	b. Yes	1
		Availability of Women's Feeding Rooms/ sick rooms that are fully accessible to all women, including those with disabilities	Has the company provided Women's Feeding Rooms or sick rooms for employees, and are these rooms fully accessible to all women, including those with physical disabilities?	a. No	0
				b. Feeding rooms/sick rooms are available; however, they are not accessible to all women, including those with physical disabilities	0.5
				c. Yes, those facilities are accessible to all women, including those with physical disabilities	1
	Quality Transportation	Availability of Transport facilities	Has the company provided safe and reliable transport for its employees?	a. No	0
				b. Yes	1
3.3.4 Child protection	Evaluate whether the company has comprehensive strategies to prevent, identify, and remediate	Availability of child protection mechanisms	Does the company have a formal child labor prevention and remediation policy in place?	a. No	0
				b. Yes	1

	child labor within its operations and supply chain networks		Does the company conduct regular audits or assessments of its supply chain to identify instances of child labor	a. No	0
				b. Yes	1
3.4 Supplier Selection					
3.4.1 Key performance Indicators to measure supplier selection	Developing social norms for suppliers and applying these criteria in the supplier/supply chain selection process	Existence of social norms for suppliers and application of these criteria in the supplier/supply chain selection process	Does the company have social norms for suppliers and does it apply these criteria in the supplier/supply chain selection process?	a. No	0
				b. Yes	2
3.4.2 Local Sourcing	Procuring goods and services directly from smaller and local producers rather than larger corporations	Proportion of goods and services sourced locally from small holders versus non local suppliers	What percentage of the total procurement comes from local smallholders compared to non-local suppliers	a. Up to 20%	1.5
				b. Up to 40%	3
				c. Up to 60%	4.5
				d. Above 60%	6
4. Innovation					
4.1 .1Innovation in business model or product and/or service	Introduction of an innovation in the business process to:	Innovation in the business model, products, services for benefiting low-	Has the company introduced any innovation in business model, products and	a. None introduced/not applicable	0

	1. Benefit low-income people (increased number of low-income participants and/or social impact for them [in terms of income or improved product/service]) 2. Improve economic performance of the company (increase revenue, investment, market, profitability or bankability)	income people and improved economic performance	services to benefit lowincome people or to improve the economic performance of the company?	b. Intend to introduce, have documentation to support this intent	1
				c. Planned to introduce it next year – there is written documentation to support this claim	2
				d. Already in place with performance results recorded	3
4.1.2 Technological innovation for improved social performance	Introduction of technological innovation to improve social impact (increased income for low-income people, reduced costs for low-income people, improved relevance/affordability/	Technological innovation introduced to improve social impact	Has the company introduced any technological innovations to improve social impact?	a. None introduced/not applicable	0
				b. Intend to introduce, have documentation to support this intent	1
				c. Planned to introduce it next year – there is written documentation to support this claim	2

	accessibility of product and service for low-income people, etc.)			d. Already in place with performance results recorded	3
4.1.3 Investing in social innovation	Social innovations introduced to enable low-income groups to engage in the supply chain of the business; to improve the welfare and well-being of individuals and communities; to improve working conditions, education, community development; or to create intellectual property that can benefit the indigenous and local communities	Investing in social innovations	Is there any social innovation introduced by the company or in which the company is investing?	a. None introduced/not applicable	0
				b. Intend to introduce, have documentation to support this intent	1
				c. Planned to introduce it next year – there is written documentation to support this claim	2
				d. Already in place with performance result recorded	3
4.1.4 Environmental Innovation for green production	Introduction of innovations in production process to	Environmental innovation in production to transform to green	Is there any innovation introduced to reduce	a. Not implemented/not applicable	0

	reduce pollution, waste and carbon emissions; to use fewer natural resources; to improve biodiversity; and/or to recycle and reuse materials	production	pollution, waste and carbon emissions; to use fewer natural resources; to improve biodiversity; and/or to recycle and reuse materials?	b. Intend to introduce, have documentation to support this intent	1
				c. Planned for next year, have written documentation to support this	2
				d. Introduced and impact documented	3
Total score					100

* Developed based on Inclusive Business Accreditation System Manual: A guide for establishing an inclusive business accreditation system²

Glossary of Terms

Term	Definition
Strategic Intent	A clear, overarching goal or purpose that an organization aims to achieve over the long term.
Shared Value	The concept where businesses create economic value in a way that also generates value for society by addressing social and environmental challenges.
Low-Income People	Individuals or households whose income is below a certain threshold, often defined by national or regional standards, making it difficult for them to meet basic needs such as housing, food, healthcare, and education.

² <https://repository.unescap.org/bitstream/handle/20.500.12870/7120/ESCAP-2024-MN-inclusive-business-accreditation-system-manual.pdf?sequence=2&isAllowed=y>

Marginalized Groups	Individuals or communities that are excluded, disadvantaged, or discriminated against within a society due to factors such as race, ethnicity, gender, disability, sexual orientation, socioeconomic status, or other characteristics.
Impact Measurement	The process of assessing and evaluating the effects, outcomes, and changes resulting from a specific action plan, strategy, or initiative.
Code of Conduct	A set of guidelines, principles, and rules established by a company to govern the behavior of its employees, management, and other stakeholders.
Right to Collective Bargaining	The legal right of employees, often represented by trade unions, to negotiate with employers regarding terms and conditions of employment.
Social Norms for Suppliers	The shared expectations and unwritten rules that guide the behavior of suppliers in their business relationships. These norms often include ethical practices, respect for human rights, environmental responsibility, fair treatment of workers, and adherence to legal standards.
Local Sourcing	The practice of procuring goods, services, or materials from suppliers or producers that are located within a specific geographic area.
Social Innovation	The development and implementation of new solutions, strategies, or approaches that address social challenges and improve well-being in communities.
Social Impact	The effect or influence that an action, initiative, project, or organization has on the well-being of individuals, communities, or society as a whole.