Recommendations for SDG Disclosures

A consultation paper
August 2019

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How to make a submission

Responses to this consultation should be emailed as a Word or PDF attachment to the lead author Carol Adams at carol.adams@durham.ac.uk

The consultation questions are on page 18. The deadline for responses is 31st October 2019. All responses will be made public unless marked confidential.
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Paul Druckman is Chair of the World Benchmarking Alliance. He is a former Board member of the UK’s Financial Reporting Council and was Founding CEO of the International Integrated Reporting Council (IIRC). He is an Honorary Professor at Durham University Business School.

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The authors are grateful to the ACCA, CA ANZ and ICAS for providing in-kind resources to publicise this document and support the consultation process.

Expert Advisory Group

Earlier drafts of this consultation document have benefited from input from the following experts who provided feedback in an individual capacity:

Anne Adrain, Head of Sustainability and Assurance, ICAS

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Olivia Dickson, Non-Executive Director of the UK’s Financial Reporting Council; Co-Chair of Better Reporting Programme of Impact Investing Institute

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John Lelliott, Board Member, The Environment Agency; Chair, Natural Capital Coalition; Chair, ACCA Global Sustainability Forum; Member, HRH The Prince of Wales A4S Advisory Council; former Finance Director, the Crown Estate

Karen McWilliams, Business Reform Leader, Chartered Accountants Australia and New Zealand

Dr John Purcell, Policy Advisor ESG, CPA Australia

Professor Richard Slack, Professor of Accounting, Durham University Business School
The Association of Chartered Certified Accountants
(ACCA), Chartered Accountants Australia and New
Zealand (CA ANZ) and the Institute of Chartered
Accountants of Scotland (ICAS) are delighted to support
the publication of this consultation paper: Recommendations
for SDG Disclosures. The document extends the work
undertaken in a report previously published jointly by ICAS
and the International Integrated Reporting Council (IIRC):
‘The Sustainable Development Goals, integrated thinking and
the integrated report’ and responds to recent national and
international initiatives to assist national governments in
fulfilling their commitment to achieve the UN Sustainable
Development Goals (SDGs).

The 17 SDGs sit at the heart of the 2030 Agenda for
Sustainable Development, which was adopted by all
United Nations Member States in 2015. They represent the
blueprint for a more sustainable future for all by tackling
some of the biggest global challenges we face such as poverty,
inequality, climate, environmental degradation, prosperity,
and peace and justice.

We are grateful to the authors Professor Carol Adams,
Paul Druckman and Russell Picot for developing these
recommendations for a proposed disclosure framework
for organisations reporting on their progress towards the
achievement of the SDGs. The timing of the consultation
paper is key as national and international governments
consider and propose regulatory initiatives to help them
fulfil their commitment to achieving the SDGs.

As chief executives of global professional accounting bodies
representing over 890,000 current and next generation
professional accountants, we recognise the relevance of
this issue to the accounting and finance profession and the
communities they serve.

As such, we welcome the creation of a framework that helps
reporting organisations:
• develop their SDG reporting aligned with the other
reporting frameworks that they use;
• enhance the credibility of their SDG disclosures; and
• embed SDG considerations into their strategic business
decisions to make sure we leave a better planet for future
generations.

We therefore, urge you to read this consultation paper and
provide helpful feedback to inform the future development
of these disclosure recommendations and the final
framework.

Helen Brand, OBE
Chief Executive
ACCA

J Bruce Cartwright,
Chief Executive
ICAS

Rick Ellis
Chief Executive Officer
Chartered Accountants Australia
and New Zealand

Foreword
This consultation document sets out a proposed Framework for recommended Sustainable Development Goal (SDG) Disclosures that support both the:
• identification of material sustainable development risks and opportunities relevant to value creation; and,
• the communication of impact on achievement of the SDGs.

The recommended Disclosures can be aligned to the TCFD’s Climate related Financial Disclosures (TCFD, 2017), targets and indicators proposed by the GRI and UN Global Compact (2017) and the GRI Global Sustainability Standard Board’s (GSSB) Standards. They are compatible with the International <IR> Framework (IIRC, 2013). They are grouped into four themes:
• Management approach
• Strategy
• Governance
• Performance and targets.

The Framework has been developed for the following stakeholders:
• Reporting organisations\(^1\) – to develop their SDG reporting aligned with other reporting frameworks that they use and to guide their approach to the SDGs.
• Investors – to obtain reliable and credible information relevant to long term value creation.
• Assurance providers – to obtain relevant evidence.
• Reporting organisations and their stakeholders – to enhance the credibility of SDG Disclosures.
• National governments – to understand the impact that organisations have on the SDGs.
• All stakeholders – to facilitate the involvement of organisations in the achievement of the SDGs.

\(^1\) Includes public, private and not for profit organisations that report on the SDGs (as distinct from governments who are signatories to the SDGs and prepare reports on progress).
A shift in investment and capital markets is required to achieve the SDGs. This has been recognised in numerous initiatives and supra-national, government, regulatory and stock exchange interventions. Examples include the EU Sustainable Finance initiative\(^2\), the UK Government’s Green Finance Inquiry\(^3\) and its Implementation Taskforce for Impact Investing\(^4\), the UK’s Financial Reporting Council\(^5\), the Australian Senate Inquiry on the SDGs\(^6\) and the focus on the SDGs by UNCTAD-ISAR. Organisations such as the Taskforce on Climate related Financial Disclosure (TCFD), the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the UN Global Compact and the World Business Council for Sustainable Development (WBCSD) have developed tools and resources to facilitate this shift (see, for example, GRI and UN Global Compact, 2017 and TCFD, 2017).

The shift will only be achieved by involving the accounting/finance, sustainability and strategy functions. Corporate reporting frameworks that require Board engagement lead to change (Adams, 2017a). By involving the accounting/finance, sustainability and strategy functions and requiring Board engagement, it is hoped that the Disclosures proposed in this document will facilitate a shift in organisations’ business models and investment decisions.

Target audience

The target audience for this Framework is reporting organisations and their investors, other key stakeholders and assurance providers. It is also relevant to national governments seeking to enlist the support of organisations and capital markets in order to realise their commitment to the UN SDGs.

Within reporting organisations, it is expected that implementing the Framework will involve a multi-disciplinary approach involving finance, accounting, strategy and sustainability expertise/professionals.
The fundamental Principles of SDG Disclosure set out in Table 1 column 1 underpin the specific disclosure recommendations for the SDGs.

The Principles of SDG Disclosure reflect the following:

• SDG Disclosures must include reference to the sustainable development issues that the SDGs seek to address.
• The sustainable development issues that are relevant and material to an organisation’s ability to create value (or prevent value destruction) present risks and/or opportunities for its providers of finance, stakeholders and society more broadly.
• The sustainable development issues which led to the development of the SDGs are interdependent in ways which are impossible to predict and over which an organisation has limited control.
• Organisations must acknowledge their impact on the achievement of sustainable development both outside and within the organisation’s boundary.
• SDG Disclosures cannot and should not be in expressed only or even primarily in financial terms.

The Principle of Sustainable Development context and relevance
GRI 101 (Global Reporting Initiative 101) defines sustainability context as ‘presenting the reporting organisation’s performance in the wider context of sustainability’. The definition in this Framework recognises that the sustainable development context has implications for strategy and the business model. That is, an organisation’s presentation of sustainable development issues should go beyond their relationship to performance to consider their implications for how business is done – and what business is done.

Materiality
The organisation’s approach to materiality might follow the approach set out in GRI 101 supplemented by management and Board consideration of those issues which are material to value creation.

The Principle of Sustainable Development context and relevance and the Principle of Materiality shall always be applied even where in conflict with other Principles.

7 Value creation is the creation of value broadly defined (i.e. beyond financial value). Creating value involves avoiding value destruction.
Table 1: Definitions of the Principles of SDG Disclosure

<table>
<thead>
<tr>
<th>Principles of SDG Disclosure</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable Development context and relevance</strong></td>
<td>SDG Disclosures shall reflect the sustainable development context of the organisation and its industry/sector and be relevant to that context.</td>
</tr>
<tr>
<td><strong>Materiality</strong></td>
<td>The organisation shall disclose material sustainable development information. Material sustainable development information is any information which is reasonably capable of making a difference to the conclusions drawn by: a) providers of finance concerning the ability of the organisation to create value in the short, medium and long term; and b) reasonably informed stakeholders concerning the impact of the organisation on the achievement of the SDGs.</td>
</tr>
<tr>
<td><strong>Strategic focus and future orientation</strong></td>
<td>Consideration of the SDGs, and the sustainable development issues that they address, shall be integrated into the organisation’s business model and strategy to create value in the short, medium and long term.</td>
</tr>
<tr>
<td><strong>Stakeholder inclusiveness</strong></td>
<td>The reporting organisation shall identify its stakeholders and explain how it has responded to their reasonable expectations and interests. (Source: GRI, 101)</td>
</tr>
<tr>
<td><strong>Conciseness</strong></td>
<td>SDG Disclosures shall be concise so that relevant information is not obscured.</td>
</tr>
<tr>
<td><strong>Connectivity of information</strong></td>
<td>SDG Disclosures shall demonstrate that consideration of sustainable development issues and impact on the achievement of the SDGs is integrated into the organisation’s: • business model • consideration of the external environment • strategy to create value • risk management, and • other key organisational processes. SDG Disclosures shall convey the interrelatedness of the SDGs and the interdependencies between the sustainable development issues that affect the organisation’s ability to create value, particularly in the long term.</td>
</tr>
<tr>
<td><strong>Comparability</strong></td>
<td>Changes that occur through the application of these principles shall be disclosed so that the SDG Disclosures are comparable over time.</td>
</tr>
<tr>
<td><strong>Reliability, completeness, balance, understandability and verifiability</strong></td>
<td>SDG Disclosures shall be reliable and complete including all material impacts on the achievement of the SDGs in a balanced way and without material error. In order for SDG Disclosures to be complete and comply with the Principle of Sustainable Development context and relevance and the Principle of Materiality, they may need to address issues and impact in the organisation’s value chain but outside its boundary. SDG Disclosures shall be understandable and verifiable.</td>
</tr>
<tr>
<td><strong>Timeliness</strong></td>
<td>SDG Disclosures shall be provided on a timely basis.</td>
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Table 2 demonstrates that Principles of SDG Disclosure align closely with those of other major reporting frameworks and, as such, can be used in conjunction with them.

**Table 2: Principles of SDG Disclosure compared with other key frameworks**

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<tr>
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<tbody>
<tr>
<td>Sustainable Development context and relevance</td>
<td>Sustainability context</td>
<td>Disclosures should present relevant information</td>
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<tr>
<td>Strategic focus and future orientation</td>
<td>Strategic focus and future orientation</td>
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<td>Stakeholder inclusiveness</td>
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<td>Materiality</td>
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<td>Conciseness</td>
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<td>Connectivity of information</td>
<td>Connectivity of information</td>
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<tr>
<td>Comparability</td>
<td>Consistency and comparability</td>
<td>Comparability</td>
<td>Disclosures should be consistent over time</td>
</tr>
<tr>
<td>Reliability, completeness, balance, understandability and verifiability</td>
<td>Reliability and completeness</td>
<td>Completeness</td>
<td>Disclosures should be specific and complete</td>
</tr>
<tr>
<td>Reliability</td>
<td>Reliability</td>
<td></td>
<td>Disclosures should be clear, balanced and understandable</td>
</tr>
<tr>
<td>Accuracy</td>
<td>Accuracy</td>
<td></td>
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<tr>
<td>Balance</td>
<td>Balance</td>
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<tr>
<td>Clarity</td>
<td>Clarity</td>
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<tr>
<td>Timeliness</td>
<td>Timeliness</td>
<td></td>
<td>Disclosures should be reliable, verifiable and objective</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Disclosures should be provided on a timely basis</td>
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</table>
This section sets out the steps for developing strategy to contribute to the SDGs and related recommended Disclosures. The recommended Disclosures should be included in the annual report, annual integrated report or strategic report. All Disclosures should be made with reference to the Principles of SDG Disclosure.

The recommended Disclosures build on the framework for contributing to the SDGs aligned with long term value creation in Adams’ (2017b) report. The report set out a five-step process:

1. Understand the Sustainable Development issues relevant to the organisation’s external environment
2. Identify material Sustainable Development issues that influence value creation
3. Develop strategy to contribute to the SDGs through the business model
4. Develop integrated thinking, connectivity and governance

8 Or other similar report.
Management approach

Steps to contributing to the SDGs aligned with long term value creation

1. Understand sustainable development issues relevant to the organisation’s external environment

“Consideration of the SDGs, and the sustainable development issues that they address, should be incorporated into the wider consideration of the external environment relevant to the organisation’s ability to create value.”*

Practical implementation

“Organisations typically scan the external environment to identify short, medium and long-term risks and opportunities which need to be considered when developing strategy and evolving the business model. This process should include the identification of risks and opportunities associated with sustainable development. In practice, the identification of relevant external factors including those relevant to the SDGs... should involve stakeholder engagement. Organisations should consider how they can contribute to the sustainable development issues that the SDGs address through their own operations.”*

2. Identify material sustainable development issues that influence value creation

“When planning their approach to the SDGs, organisations seeking to reassess their mission and purpose and/or to reduce corporate risk and increase opportunities arising from sustainable development issues should identify, evaluate and prioritize which sustainable development issues maximize outcomes for... multiple capitals and hence their contribution to the SDG targets.”*

Practical implementation

“Few organisations can or should aim to contribute to all 17 SDGs. Not all SDGs will be material to an organisation’s value creation process. An organisation will not make a material contribution to (or negative impact on) the achievement of all SDGs.

Further, a number of the SDG targets will not be applicable to some types of organisations. Organisations typically engage with external stakeholders in identifying appropriate sustainability and other disclosures. Some organisations develop a materiality matrix (showing materiality to both value creation and stakeholder groups) which might include sustainable development issues relevant to the SDGs.

Sound governance is critical throughout this process in order to ensure completeness with respect to both positive and negative issues (see also Step 4).”*

Recommended Disclosures

The organisation should disclose management’s role in integrating sustainable development issues and the SDGs into all aspects of the organisation including the organisation’s processes for:

• Ensuring stakeholder inclusivity;
• Determining relevant and material sustainable development issues;
• Identifying SDGs on which the organisation has the greatest impact on achievement;
• Assessing, prioritising and managing risks posed by sustainable development issues; and
• Changing the organisation’s business model to take advantages of opportunities for creating long term value through impacting on the achievement of the SDGs.

* (Source: Adams, 2017b)
Strategy

Steps to contributing to the SDGs aligned with long term value creation

3 Develop strategy to contribute to the SDGs through the business model

“Organisations should set out their strategic objectives and strategies to support relevant and significant SDGs through their business model. This should incorporate resource allocation plans and specific, quantified short, medium and long-term targets.”

Practical implementation

“Having identified sustainable development issues relevant to an organisation’s external environment (step 1) and material issues that could affect value creation (step 2), an organisation should develop a strategy that addresses them. This should align with the business model... Resource allocation plans can then be developed to ensure achievements of the strategic objectives, including outcomes for the SDGs.”

Recommended Disclosures

The organisation shall describe how consideration of sustainable development issues has influenced strategy and its impact on the achievement of the SDGs and shall disclose:

• The impact of risks and opportunities on the organisation’s business model, strategy and financial planning (where such information is material).
• The resilience of the organisation’s strategy, taking into account the likelihood and magnitude of sustainable development risks and opportunities.
• Value created for the organisation and its stakeholders through the organisation’s approach to sustainable development issues and its impact on achieving the SDGs.

* (Source: Adams, 2017b)
Governance

Steps to contributing to the SDGs aligned with long term value creation

4 Develop integrated thinking, connectivity and governance

“Those charged with an organisation’s governance should satisfy themselves that:

- the processes of building relationships with stakeholders will: identify material sustainable development issues; that these are incorporated into strategy; and, that appropriate goals and targets have been developed;
- the organisation develops and nurtures relationships with and between stakeholders in order to enhance collective well-being;
- the organisation’s business model considers all material sustainable development issues impacting on inputs and outcomes in terms of... multiple capitals;
- the organisation’s strategy and business model evolve to reflect past performance with respect to the SDGs.”*

Practical implementation

“This step includes ensuring sound governance with respect to the processes set out in steps 1-3. It also includes embedding material SDG considerations (identified through Steps 1 and 2) and resulting strategies and expected outcomes (Step 3) into the fibre of the organisation through integrated thinking.

Governance processes should be able to deal with conflicting stakeholder needs, the interrelationship between capitals relied upon and the interdependency of the SDGs.”*

Recommended Disclosures

Describe the Board’s integration of sustainable development issues into overall governance processes including oversight of:

- The sustainable development context and relevant sustainable development issues.
- Material sustainable development issues.
- Risks and opportunities associated with sustainable development issues.
- Stakeholder inclusivity, the process of stakeholder engagement and key stakeholder relationships in enhancing the organisation’s impact on the achievement of the SDGs.
- The integration of sustainable development issues into strategy.

Describe the Board’s competencies concerning sustainable development issues and the mechanisms (such as internal audit, performance incentives, etc.) used by the Board to effect oversight of processes to drive progress.

* (Source: Adams, 2017b)
Performance and targets

Steps to contributing to the SDGs aligned with long term value creation

5. Prepare the report

“Organisations should report on key sustainable development issues which impact on stakeholders and the organisation to influence value creation in the short, medium and long term. Organisations should report their contribution to SDG targets.”*

Practical implementation

“The organisation should disclose how sustainable development issues limit the availability of one or more capitals, how they have been considered in the development of strategy and how they impact value creation.”*

Recommended Disclosures

Describe the connection between the organisation’s approach to sustainable development and its vision and mission.
Disclose the organisation’s impacts on the achievement of the SDGs. [See GRI and UN Global Compact (2017) An Analysis of the Goals and Targets and the GRI Standards for appropriate metrics].
Describe the targets used by the organisation to inform changes to the organisation’s business model and to develop strategy.
Report performance against targets.
Describe how the organisation’s approach to sustainable development has contributed to value creation for the organisation and its stakeholders.

* (Source: Adams, 2017b)
Lack of assurance and the limited scope of many current assurance engagements can be a barrier to the information being used by investors in their decisions about capital allocation.

Table 3 details evidence that can be used by the organisation to support their Disclosures. Maintaining documentary evidence adds credibility and robustness to the organisation’s approach. It may also be used by assurance providers.

As an alternative to assurance, which can be costly particularly for smaller organisations, and in the spirit of SDG 17, an organisation might consider appointing a panel of independent experts and representatives of key stakeholders to provide comment on the recommended narrative Disclosures in the first column.

**Table 3: Evidence supporting recommended Disclosures**

<table>
<thead>
<tr>
<th>Recommended Disclosures</th>
<th>Evidence</th>
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<tbody>
<tr>
<td><strong>Management approach</strong></td>
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<tr>
<td>The organisation should disclose management’s role in integrating sustainable development issues and the SDGs into all aspects of the organisation including the organisation’s processes for:</td>
<td></td>
</tr>
<tr>
<td>• Ensuring stakeholder inclusivity</td>
<td>Terms of reference for Executive Team meetings</td>
</tr>
<tr>
<td>• Determining relevant and material sustainable development issues</td>
<td>Papers provided to senior management team meetings and minutes of those meetings</td>
</tr>
<tr>
<td>• Identifying SDGs on which the organisation has the greatest impact on achievement</td>
<td>Terms of reference of Audit and Risk Committee</td>
</tr>
<tr>
<td>• Assessing, prioritising and managing risks posed by sustainable development issues</td>
<td>Internal documents concerned with monitoring risk and opportunity including relevant policies</td>
</tr>
<tr>
<td>• Changing the organisation’s business model to take advantage of opportunities for creating long term value through impacting on the achievement of the SDGs</td>
<td>Interviews with the internal auditors</td>
</tr>
<tr>
<td></td>
<td>Examination of internal controls, procedures and processes</td>
</tr>
<tr>
<td></td>
<td>Documented process of stakeholder engagement and meetings with stakeholders to identify risks and opportunities</td>
</tr>
<tr>
<td></td>
<td>Documented materiality process</td>
</tr>
<tr>
<td></td>
<td>Documentation supporting the organisation’s approach to identifying the SDGs on which it has the greatest impact</td>
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<tr>
<td></td>
<td>Interviews with management</td>
</tr>
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<td></td>
<td>Interviews with key stakeholders</td>
</tr>
<tr>
<td>Recommended Disclosures</td>
<td>Evidence</td>
</tr>
<tr>
<td>------------------------</td>
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<tr>
<td><strong>Strategy</strong></td>
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</tbody>
</table>
| The organisation shall describe how consideration of sustainable development issues has influenced strategy and its impact on the achievement of the SDGs and shall disclose: | Presentations to investors  
Papers provided to Board strategy meetings  
Documented outcomes of Board strategy meetings  
Strategic plan and supporting documents  
Papers provided to senior management team meetings and minutes of those meetings  
Interviews with Board Chair, chairs of relevant board sub-committees, CEO and members of the senior management team  
Documented review of external research, industry, competitor and media documents to check completeness of risk and opportunity identification  
Documented process of stakeholder engagement and meetings with stakeholders to identify risks and opportunities |
| • The impact of risks and opportunities on the organisation’s business model, strategy and financial planning (where such information is material) |          |
| • The resilience of the organisation’s strategy, taking into account the likelihood and magnitude of sustainable development risks and opportunities |          |
| • Value created for the organisation and its stakeholders through the organisation’s approach to sustainable development issues and its impact on achieving the SDGs |          |
| **Governance**         | Terms of reference for Board and Board sub-committees  
Interviews with Board members  
Board meeting minutes and minutes of the Audit and Risk Committee  
Board meeting minutes and minutes of any relevant Board sub-committee concerned with CSR/climate change/sustainability issues  
Interviews with Board Chair, chairs of relevant board sub-committees, CEO and members of the senior management team  
Board skill’s matrix  
Remuneration policy |
| Describe the Board’s integration of sustainable development issues into overall governance processes including oversight of: |          |
| • The sustainable development context and relevant sustainable development issues |          |
| • Material sustainable development issues |          |
| • Risks and opportunities associated with sustainable development issues |          |
| • Stakeholder inclusivity, the process of stakeholder engagement and key stakeholder relationships in enhancing the organisation’s impact on the achievement of the SDGs |          |
| • The integration of sustainable development issues into strategy |          |
| Describe the Board’s competencies concerning sustainable development issues and the mechanisms (such as internal audit, performance incentives, etc) used by the Board to effect oversight of processes to drive progress |          |
| **Performance and targets** | Presentations to investors  
Board papers and management meeting papers.  
Data sources, data protocols and documents justifying choice of indicators  
Interviews with internal auditors  
Examination of internal controls  
Documented approach to developing the targets included basis for target determination  
Interviews with responsible managers, investors and key stakeholders |
| Describe the connection between the organisation’s approach to sustainable development and its vision and mission |          |
| Disclose the organisation’s impacts on the achievement of the SDGs. [See GRI and UN Global Compact An Analysis of the Goals and Targets and the GRI Standards for appropriate metrics] |          |
| Describe the targets used by the organisation to inform changes to the organisation’s business model and to develop strategy |          |
| Report performance against targets |          |
| Describe how the organisation’s approach to sustainable development has contributed to value creation for the organisation and its stakeholders |          |
Consultation questions

The consultation questions are:

1. Principles
   • Are the disclosure Principles selected appropriate to encourage both the integration of SDGs into strategy and transparency in relation to risks, opportunities and impacts?

2. Disclosures
   a. Are the recommended Disclosures appropriate and complete?
   b. Are you aware of additional good practice examples?

3. Enhancing the credibility of Disclosures
   a. Are there additional sources of assurance evidence that could be included?
   b. Do you foresee issues in the supply of assurance? Why?
   c. Are there alternatives to assurance that could be included to enhance credibility of reporting?

4. Alignment
   • Are there further opportunities for aligning existing frameworks?

5. Other matters
   • Are there additional matters which should be addressed prior to finalisation?

See page 3 for details of how to make a submission.
Examples of reporting on the SDGs

Additional examples are sought through the consultation. A good source of examples covering SDG reporting using a star rating is at https://www.supportthegoals.org/businesses/ It covers the FTSE 250 and ASX 100 companies.

The SDGs, business models and multiple capitals
The examples showcased here challenge current business models in order to enhance contribution to the SDGs. Some good examples are emerging which stretch corporate strategic thinking and challenge business models. Many organisations are selecting SDGs that are material to their strategy to create value. The seafood company Sanford selected eight particularly relevant SDGs noting:

*The SDGs have continued to challenge us to stretch our aspirations further, particularly in areas such as healthy oceans and climate action.* [Sanford’s annual report 2018](https://www.sanford.co.nz/investors/reports-1/company-reports/2018/2018-annual-report/), page 15

In a double page spread, too big to replicate here, Sanford’s [annual report 2018](https://www.sanford.co.nz/investors/reports-1/company-reports/2018/2018-annual-report/), pages 16-17 links their value creation outcomes with the SDGs they claim to make a material contribution to.
The diagram below from Adams (2017b) is adapted from a diagram in IIRC (2013).
Dutch Bank, Van Lanschot Kempen identified five SDGs to which they contribute through their core business and set out these contributions here. They produced a diagram similar to that in Adams (2017b) linking the SDGs to value creation. They report their negative social and environmental impacts using the GRI Standards. Indeed, it makes sense to use the detailed work of the GRI and UN Global Compact in determining metrics showing contributions to, and negative impacts on, achieving the SDGs. To facilitate this the GRI is linking indicators in its Standards with the SDGs.

Unilever has long linked its sustainability strategy and accompanying detailed targets with its growth mission. This diagram clearly links its core value creation outcomes with specific SDGs. Contributing to the SDGs helps ensure the continued availability of multiple capitals that the business depends on and in this diagram Unilever has highlighted its contribution to SDG 17, partnerships for the goals as an important contributor to its business success.

SDG reporting by asset owners and asset managers

Reporting by asset owners and asset managers is critical to shifting investment to contribute to the SDGs.

Baillie Gifford’s Impact Report13 for their Positive Change strategy highlights issues on which Baillie Gifford seeks better performance aligned with the SDGs which are flagged for discussion through active engagement with the companies. Their Positive Change strategy aims to deliver on two objectives simultaneously i.e. delivering attractive long-term returns and contributing to a more sustainable and inclusive world. They use ‘logic models’ to articulate business inputs, activities, outputs, outcomes and impacts in much the same way as the ‘business models’ of integrated reporting. The outcomes and impacts of the ‘logic models’ are linked with contributions to the Sustainable Development Goals.

Cbus Superannuation Fund’s Annual Integrated Report 201714 includes a timeline showing how their focus on being a responsible investor has increased over a relatively short period of time. They began to incorporate Environmental, Social and Governance (ESG) issues into fund manager and investment manager agreements in 2002 and appointed their first ESG manager in 2009. A few years later in 2017 with a responsible investment team in place they publicly supported the recommendations of the Task force on Climate-related Financial Disclosures (TCFD) and set about developing an active engagement and investment strategy to contribute to the SDGs. Extending this focus to SDGs Cbus selected a number of SDGs which are particularly relevant to them and continue to report on how they integrated these SDGs into their strategy and policies.

Hermes Investment Management launched the Hermes SDG Engagement Equity Fund in 2018. Their first annual report15 notes (p2) their aim of achieving “positive social and environmental change by engaging with companies to help deliver the Sustainable Development Goals (SDGs)” and sets out their approach to engaging with companies and measuring impact.

Norges Bank Investment Management (NBIM) manage the Norwegian Government Pension Fund Global. In late 2018 they published a ten page report16 on the relevance of the SDGs to their management of that fund. They acknowledge their significance and approach to contributing to the achievement of the SDGs (p5): “Our main contribution to a more sustainable global economy will be through our investments in public markets. Due to our size and presence in financial markets, our diversified investments may contribute directly or indirectly to many SDGs. Beyond providing long-term capital to companies, we relate to the SDGs in four main ways: i. by promoting long-term value creation in companies, ii. by investing in developing markets, iii. by investing in companies providing environmental solutions, and iv. by divesting from unsustainable businesses.”

Summa Equity’s report17 integrates the SDGs throughout linking contributions to the SDGs with value creation. Like Baillie Gifford they do this on an individual company basis.

In contrast to Baillie Gifford and Summa Equity, the WHEB Group’s impact report18 sets out the contribution to SDGs and specific targets in total across 60 listed companies. WHEB’s investment strategy supports 7 SDGs and they report quantified positive metrics over a number of measures related to their SDGs.


VicSuper’s 2018 report19 page 18 set out the amount invested to contribute to each SDG and components of it.’

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13 Baillie Gifford’s summary impact report for 2017 can be requested from impactreport@bailliegifford.com
16 https://www.nbim.no/contentassets/092e192d14d34d8eaf6110b76a27977c/nbim_amp_1_18_the-sdgs-and-the-gpfg.pdf
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