



RESPONSE FROM ICAS TO PROFESSOR CAROL ADAMS

**RECOMMENDATIONS FOR SDG DISCLOSURES: A CONSULTATION
PAPER**

29 OCTOBER 2019

Background

ICAS is a professional body for more than 23,000 world class businessmen and women who work in the UK and in more than 100 countries around the world. Our members have all achieved the internationally recognised and respected CA qualification (Chartered Accountant). We are an educator, examiner, regulator, and thought leader.

Almost two thirds of our working membership work in business; many leading some of the UK's and the world's great companies. The others work in accountancy practices ranging from the Big Four in the City to the small practitioner in rural areas of the country.

We currently have around 3,000 students striving to become the next generation of CAs under the tutelage of our expert staff and members. We regulate our members and their firms. We represent our members on a wide range of issues in accountancy, finance and business and seek to influence policy in the UK and globally, always acting in the public interest.

ICAS was created by Royal Charter in 1854.

General comments

The ICAS Corporate & Financial Reporting and Sustainability Panels welcome the opportunity to respond to the Consultation Paper: Recommendations for SDG Disclosures. We commend the authors and the Expert Advisory Group for their initiative and insight in the development of a straightforward and concise framework that assists organisations in the reporting of their contributions to the achievement of the UN Sustainable Development Goals (SDGs).

We believe that there is a need, eventually, for a single authoritative global framework for SDG disclosures. The challenge for the authors will be how to ensure that this guidance can become such a framework, or at least help us to move towards that objective. Perhaps obtaining UN endorsement of the framework would be a powerful initial step towards achieving that ambition.

We are supportive of the overall objective of the paper but would welcome greater clarification over the intended audience for the recommendations and an indication of the types and nature of the organisations to which they should apply.

Our responses to the consultation questions are detailed below.

Responses to consultation questions

1. Principles

Question

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

Response

Although we are supportive of the overall objective of greater integration of the SDGs at a strategic level, we note that the fundamental principles of SDG disclosure in Table 1, in some cases, go beyond the principles of disclosure and may need to be rephrased. For example, the principle on 'Strategic focus and future orientation' states that 'consideration of the SDGs ... shall be integrated into the organisation's business model and strategy'. A true principle of disclosure should require disclosure of 'the extent to which consideration of the SDGs ... is integrated into the organisation's business model and strategy'. A similar point applies to the principle of 'Connectivity of information'. These points also flow through to some of the recommended disclosures on pages 12 to 15.

2. Disclosures

Question

2a. Are the recommended Disclosures appropriate and complete?

Response

2a. The Materiality Principle perhaps needs further explanation as the reference to using *GRI 101: Foundation* could lead to a different assessment from that which might arise from the description of Materiality in Table 1 on page 9. The latter is focused on investors and value creation, and the impact of the organisation on achieving SDGs, whereas the GRI principles link the determination of materiality more broadly to societal expectations, environmental impacts and the organisation's influence on upstream or downstream entities such as suppliers and customers.

We also refer you to the point made in our response to question 1 above which flows through to some of the recommended disclosures on pages 12 to 15.

Question

2b. Are you aware of additional good practice examples?

Response

2b. We are not aware of any additional good practice examples.

3. Enhancing the credibility of Disclosures

Question

3a. Are there additional sources of assurance evidence that could be included?

Response

3a. It is not entirely clear within this section whether the assurance referred to includes only external assurance or both external and internal sources of assurance/evidence. The introductory section on pages 6 and 7 suggests a focus on external assurance, but Table 3 refers to the internal sources of evidence in support of the disclosures reported. In 2015, ICAS produced a paper 'Towards Transparency: Assurance on KPIs – a practical guide for audit committees and boards'. The assurance matrix in Chapter 3 of this paper, and the supporting narrative, might offer a useful framework for the different sources of assurance that could be adopted.

Question

3b. Do you foresee issues in the supply of assurance? Why?

Response

3b. We believe that the need to consider how assurance might be provided over non-financial information will become increasingly important in the future. The International Auditing and Assurance Standards Board (IAASB) are currently undertaking a project on Assurance on Extended External Reporting (EER) which will be extremely relevant for practitioners, and others, requested to provide assurance on SDG disclosures.

There are already issues in relation to user understanding of the nature and scope of the current assurance framework, in particular, with the different levels of assurance that can be provided. As stated in our response to question 3a, the ICAS paper, *Towards Transparency*, might help to better explain and articulate the various types of assurance that can be provided.

Question

3c. Are there alternatives to assurance that could be included to enhance credibility of reporting?

Response

3c. Please refer to our response to question 3a above.

4. Alignment

Question

Are there further opportunities for aligning existing frameworks?

Response

We are concerned about the increasing number of frameworks and initiatives in existence in this space. Providing more explanation of how this framework could be used to supplement existing frameworks would be useful, currently there is significant overlap between this proposed framework and those listed in Table 2, but this doesn't provide practical advice on how one or more of these frameworks could be reported upon.

As stated in our general comments, we believe that there is a need, eventually, for a single authoritative global framework for SDG disclosures. The challenge for the authors will be how to ensure that this guidance can become such a framework, or at least help us to move towards that objective. Perhaps obtaining UN endorsement of the framework would be a powerful initial step towards achieving that ambition.

5. Other matters

Question

Are there additional matters which should be addressed prior to finalisation?

Response

We have not identified any additional matters which should be addressed prior to finalisation.