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Professor Carol Adams  
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Dear Professor Adams

## Re: Recommendations for Principles of SDG Disclosures

Thank you for the opportunity to offer feedback on the proposed *Framework for Sustainable Development Goal Disclosures*. Our observations are based on extensive experience as a user of corporate reporting in Australia, dating from 2001.

For context, we are vocal advocates of Integrated Reporting, and participated in its early pilot project. Extended reporting is highly relevant for long term investors, and the economic emphasis (for instance recognising intangible 'capitals') has greatly aided corporate and investor understanding of how ESG matters can affect enterprise value.

We commend the authors' intention to offer guidance on reporting against SDGs and the decision to contextualise this guidance with frameworks such as Integrated Reporting ('<IR>').

## Value versus virtue

We particularly welcome the following distinction made by the author in the Principles (page 8):

- (a) The impact of sustainable development issues **on** the organisation (on the organisation's value, risk, opportunities etc);

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- (b) The impact **of** the organisation on sustainable development, both within and outside its own boundaries.

In our experience, this distinction is central to understanding how SDGs differ from other frameworks. The defining feature of the SDGs is their grounding in 'real-world' outcomes rather than corporate performance or investment value. SDG reporting must therefore address organisations' *contributions* to the achievement of the Sustainable Development Goals. We strongly recommend that the Guide emphasise this focus for SDGs, **to the exclusion of alternative objectives**.

SDG-related topics can have relevance for corporate value, risk, and opportunity. We see this as necessary to address, however see this as better addressed elsewhere (e.g. within an Integrated Report) for several reasons:

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1. To avoid contributing to widespread confusion resulting from the wishful or cynical conflation of corporate virtue with enterprise value.
2. To emphasise the distinct content, objectives, proof points and audiences for SDG versus <IR> reporting.
3. To ensure complete and rigorous treatment of corporate virtue, and enterprise value, through via separate documentation.
4. To avoid violating the principle of conciseness if information concerning value, risk and opportunity were included alongside *contributions* to SDGs.

## The Guide

In our view, the distinction described above warrants sustained treatment throughout the Guide. For instance,

- In Table 1 (page 9) the Materiality principle is described with reference to both (a) impact **on** the organisation and (b) impact **of** the organisation on the achievement of SDGs. While the former has relevance, elsewhere (e.g. in an Integrated Report) it is the latter that is relevant for SDGs. The inclusion of both here weakens clarity about what ‘materiality’ means in the differentiated SDGs context.
- Table 2 (page 10) explicitly compares SDG, <IR> and other frameworks. The distinguishing feature of SDGs, being an emphasis on sustainable development *outcomes*, should be apparent within the table.

We again commend the authors’ intentions to clarify SDGs for corporate reporters. We hope that our perspectives have been useful in this regard. We would be very happy to discuss as appropriate.

Yours sincerely

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