

Recommendations for SDG Disclosures

Unilever commentary on the ICAS/ACCA/CA ANZ [Recommendations for SDG Disclosures](#) Consultation Paper, August 2019

In summary

The Sustainable Development Goals reflect the urgent issues society needs to address for a better world for all. Addressing these issues is fundamental to future economic growth, not only to mitigate risk, but to unlock potential market opportunities of a \$12 trillion a year. The issues are complex and interconnected and working out how best to approach them requires new ways of thinking about business models and partnerships. Companies are grappling with the question of how to tackle the SDGs: reporting on how they are doing this and what their impact has been is an evolving field that is in its early days. We welcome initiatives that will help organisations improve their reporting.

However, while the principles and disclosures set out in the Recommendations are reasonable, can the same view be achieved by looking at the SDGs through existing frameworks, ie treating the SDGs as a reflection of any other material business issue rather than creating a specific framework that replicates elements of the many other existing frameworks? How will these Recommendations sit with the work of others, such as the World Benchmarking Alliance for example?

Compatibility

Basing the framework on recognised concepts and themes and ensuring it is compatible with existing frameworks and standards is a sound principle. For example, using the Management Approach, Strategy, Governance and Performance themes; Materiality; and the Principles themselves make the framework familiar for those experienced in those other frameworks. For others who are new to these concepts, they will be straightforward to work through.

Business model

The framework acknowledges that how and what business is done is important for organisations to consider. As more companies look at new ways of doing business and at what being a “business with purpose” means, this is a helpful concept. Similarly, the acknowledgement that disclosures should be expressed in non-financial terms. These should offer useful perspectives from which stakeholders can draw conclusions.

The framework gives a good overview and pointers for how the role of the SDGs in the business model could be articulated.

Will the framework achieve its stated outcome of supporting “the communication of impact on the achievement of the SDGs”?

The framework cites an organisation should state its impact on the SDGs. Genuine impact reporting (v inputs and outputs) is an emerging discipline and given the nature of the SDG issues, this will be difficult for organisations to do in any depth, particularly beyond the organisation’s boundary.

Our own experience of developing and assuring the innovative performance indicators in the Unilever Sustainable Living Plan has shown that this is a resource-intensive task. Assuring impacts will be an equally complex field. However, impact reporting is important and will evolve over time so the aspiration is the right one.

The terms “sustainable development issues”, “SDGs” and “SDG targets” are used throughout the document. As the SDG target indicators themselves are framed for government rather business use, use of these terms should be tightened up.

Assurance

New models of assurance are needed that are more nuanced and pragmatic than the current practices that stem from financial assurance. For many of the SDG topics, it is not straightforward to identify the right non-financial indicators that can track progress effectively and are suitable for assurance. Using respected and well-informed stakeholder panels to take a view on outcomes is a practical option provided organisations set out robust and meaningful objectives as the basis for this assessment.

Looking forward

Many of the practices outlined in the Recommendations are familiar disciplines that Unilever has practised for a number of years - defining materiality is a good example. As we pursue our ambition to become a purpose-led business that makes a positive difference to society, we will need to develop our approach to reporting to capture this. The Recommendations and framework prompt us to review our thinking on topics such as stakeholder engagement and evidencing our impact – both crucial factors in building trust by demonstrating that business can play an effective and positive role in addressing the SDGs.

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