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22 October 2019

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Dear Professor Adams

A response to Recommendations for SDG Disclosures: A consultation paper

I appreciate the opportunity to share my views on the consultation paper on *Recommendations for SDG Disclosures*, jointly published by the Association of Chartered Certified Accountants (ACCA), Chartered Accountants Australia and New Zealand (CA ANZ) and Institute of Chartered Accountants of Scotland (ICAS).

United Nations (UN) Sustainable Development Goals (SDGs) is becoming an increasingly popular topic. The 17 Goals address the global challenges and represent the blueprint to a sustainable future for all. Recently, a growing number of organisations, such as large multi-national companies, have already involved SDG disclosures in their annual (integrated) reports or sustainability/corporate social responsibility (CSR) reports. However, no SDG reporting framework or guidance exists at this moment. Therefore, the *Recommendations for SDG Disclosures* is timely. It will encourage organisations to change their strategy in order to manage their impact on contributing to the SDGs. Meanwhile, it will guide organisations to report their sustainability performance, impacts and targets in a way that enhance organizational transparency and stakeholder accountability.

After reading the consultation paper, I generally support the proposed Framework for recommended SDG Disclosures. Please see below for my response to the consultation questions.

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?

- Yes.
- The Principles of SDG Disclosure are closely in line with those of other major reporting frameworks. No conflict will raise if organisations use the Principles in conjunction with other frameworks.
- I suggest that Table 2: Principles of SDG Disclosure compared with other key frameworks (Page 10) could include a comparison with AccountAbility’s AA1000 Accountability Principles 2018.

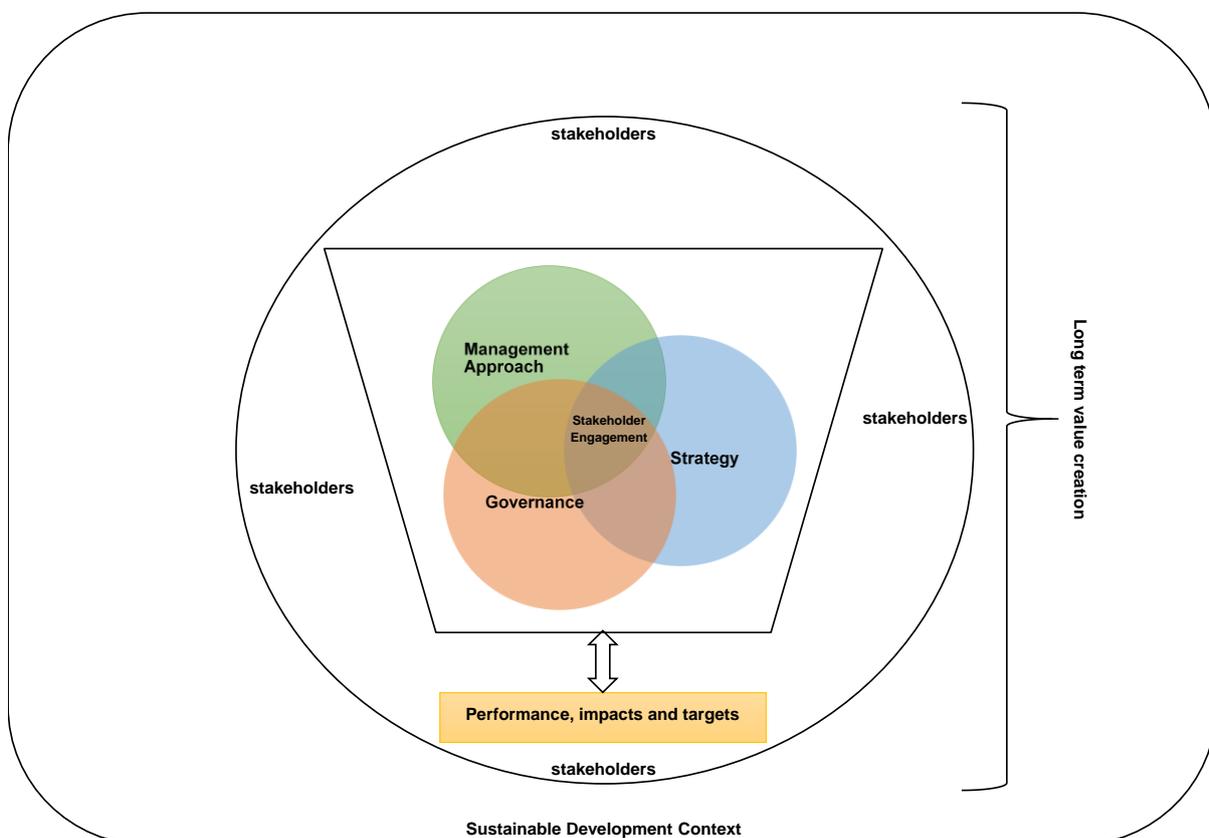
2. Disclosures

Are the recommended Disclosures appropriate and complete?

- The recommended Disclosures are appropriate.
- I suggest adding more elements in “SDG Disclosure themes”, as Figure 1 shows (compared to the figure on Page 6 in the consultation paper). Accordingly, the recommended Disclosures are grouped into five themes:

- Management approach
- Strategy
- Governance
- Stakeholder engagement
- Performance, impacts and targets

Figure 1: SDG Disclosure themes



- There are several reasons for the changes.
 - To develop a strategy to contribute to the SDGs, organisations should first understand their external environment and identify material risks and opportunities. Therefore, Figure 1 highlights that an organisation operates within its sustainable development context.
 - The role of stakeholders is of great significance both in the identification of material sustainable development risks and the communication of impacts on the achievement of the SDGs. Thus, Figure 1 shows that within the context, the organisation is surrounded by stakeholders.
 - The aim of the whole process should be enhanced: to achieve “long term value creation”.
 - To contributing to the SDGs aligned with long term value creation, a five-step process is set out (Page 11). In each step, “stakeholder inclusivity” is highlighted. Therefore, I suggest adding “stakeholder engagement” as a sperate theme/element in the recommended Disclosures. The process of stakeholder engagement should be enhanced and disclosed. Considering the important role of stakeholders, I believe this change would make the recommended SDG Disclosures to be a stakeholder-oriented reporting framework. This is in line with other major reporting frameworks such as AA 1000 Accountability Principles, International <IR> framework, and GRI standards.
 - Reporting/disclosure is not an objective. It is a way to communicate an organisation’s sustainability performance, impacts and targets with its stakeholders, reflecting the outcomes of its business strategy. Externally, the organisation enhance transparency and stakeholder accountability. Internally, SDG reporting facilitates continuous consideration of sustainable development issues and positive changes in the business model over time.

Are you aware of additional good practice examples?

- No comments.

3. Enhancing the credibility of Disclosures

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

- As mentioned above, I suggest adding “stakeholder engagement” as a sperate theme/element in the recommended Disclosures. Therefore, relevant assurance evidence should be included to support the Disclosure. Evidence that can be used by the organisation to support the process of stakeholder engagement includes:
 - General/annual meetings minutes with stakeholders
 - Stakeholders’ responses to surveys/questionnaires
 - Interviews with key stakeholders
 - Records of stakeholders’ site visits.

Do you foresee issues in the supply of assurance? Why?

- Yes.
- There are issues such as:
 - Who is qualified to provide external assurance? Currently, no guidance/requirement exists in terms of the provider of external assurance.
 - How to ensure the independence of the assurance provider? In practice, the independence of the assurance provider is easily compromised because the process of assurance is largely controlled by the management of the reporting entity. The threat of assessor's independence undermines the value of external assurance.
 - Assurance providers face technical difficulties in obtaining sufficient and appropriate assurance evidence. As a result, the scope of many assurance engagements is often limited.

Are there alternatives to assurance that could be included to enhance the credibility of reporting?

- No comments.

4. *Alignment*

Are there further opportunities for aligning existing frameworks?

As mentioned above, there is an opportunity for aligning AccountAbility's AA1000 Accountability Principles 2018.

5. *Other matters*

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

- I suggest considering the applicability of this Recommendation. Relevant issues are:
 - Is it applicable in different nations?
 - Are there opportunities for aligning national/local reporting frameworks?
 - Will there be difficulties in its localisation?

Please do not hesitate to email me if you have further questions regarding my response.

Yours sincerely,

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