

Webinar: Integrating Sustainable Development Goals into Corporate Sustainability

Reporting SDGs: Why and How?

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Remarks:

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Reporting SDGs: Why and How?

Tony Wong



Alaya Consulting
本識顧問

Building Trust Through Narrative

Business Reporting on the SDGs

SDG Compass

Developed in 2016
with UN Global
Compact and WBCSD

It introduces the SDGs and how to align the SDG to your business strategy and reporting. This tool is aimed at new reporters or non experienced reporters.

The Analysis of Goals and Target

Developed in 2017
with UN Global
Compact and PwC

It provides a list of potential business actions and existing disclosure from established sources that business can use to measure and report on their contribution to the SDGs at the level of targets.

Integrating the SDGs into corporate reporting: the practical guide

Developed in 2018
with UN Global
Compact and PwC

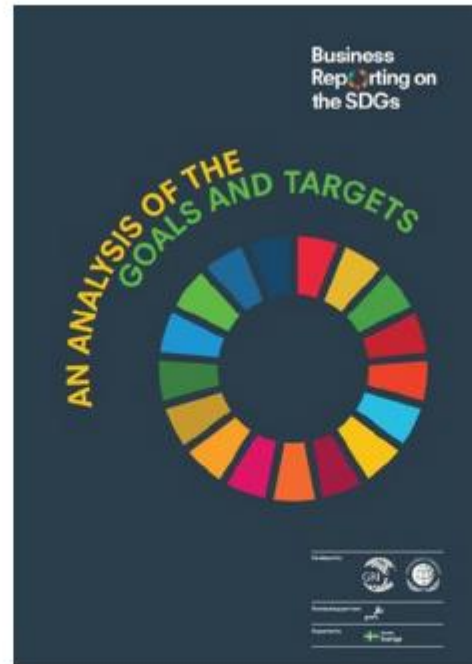
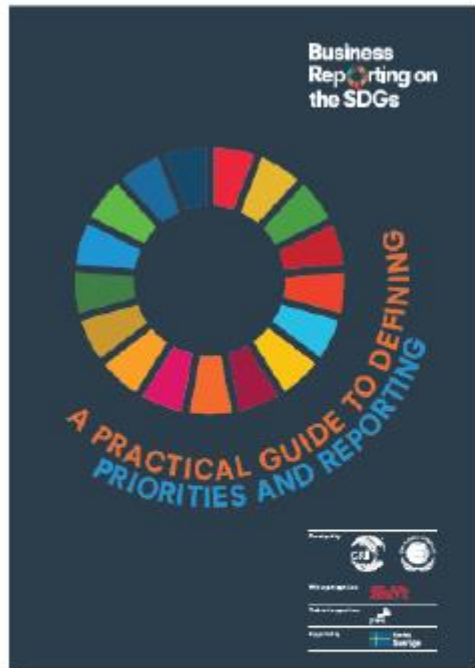
It outlines a three-step process to embed the SDGs in existing business and reporting processes in alignment with GRI Standards and recognized principles.

In Focus: Addressing investors needs into business reporting on the SDGs

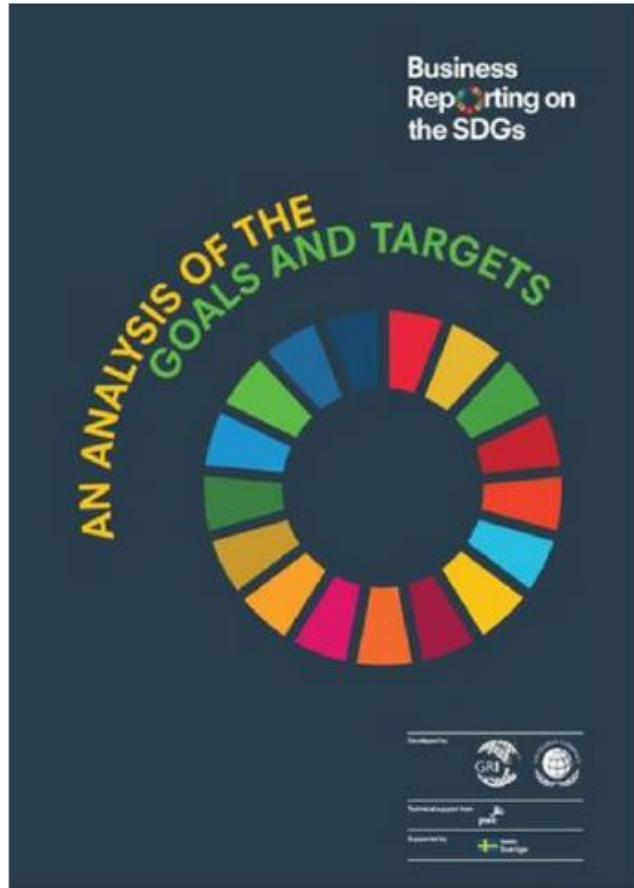
Developed in 2018
with UN Global
Compact and PRI

It aims to provide guidance to business reporting practitioners to better align their SDG-related disclosure with investors' information needs.

Promoting Effective and Principle-Based Reporting on the SDGs: Three Connected Guides



The Analysis of Goals and Targets



- Lists examples of illustrative business actions
- Lists established disclosures business can use to report
- Points to disclosure gaps
- Contributes towards developing a harmonized set of SDG disclosures
- Developed with the support of PwC. Integrates input from around 40 organizations, including 7 UN institutions

Example

Elements for each target:

Possible relevant business actions

Disclosures

Possible gaps

Target 3.1

By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births

Possible relevant business actions to help achieve this target:

- Supporting effective and inclusive national health systems by complementing, rather than substituting government and public sector action. Paying fair share of taxes to help finance national health systems.
- Ensuring that company policies and practices respect reproductive rights. Supporting access to reproductive, sexual, maternal, newborn and child health services, for instance, by providing employees with a list of local trusted healthcare professionals, on-

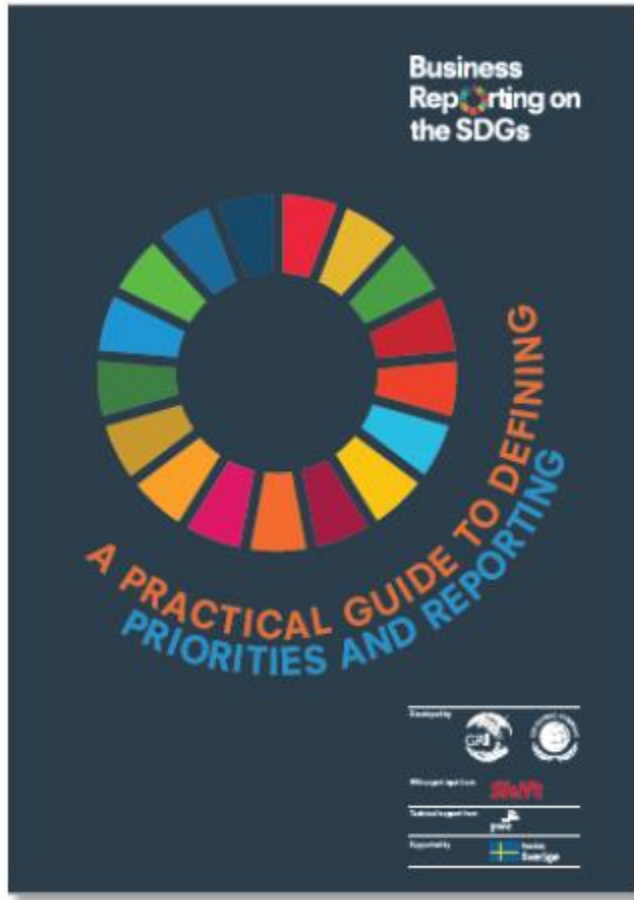
Disclosures 3.1

Business Theme	Available Business Disclosures	Units	Source
Access to medicines	Pregnant women receiving prenatal care (%).	% of pregnant woman workers	World Bank WDI (adapted)

Possible Gaps

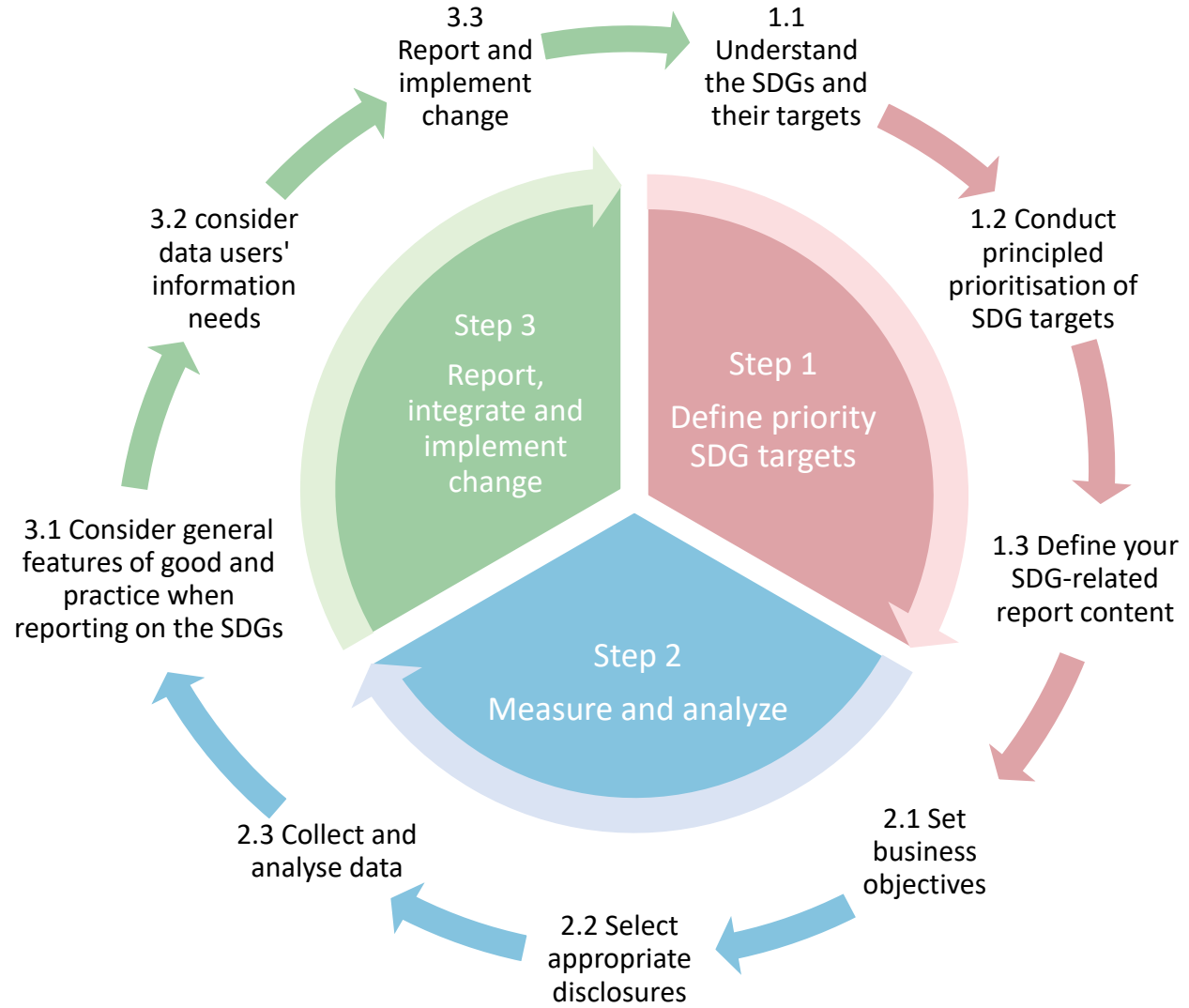
- Women receiving post-natal medical care
- Maternal mortality rate in employees
- Access to health-care for women (employees and families) in supply chain
- Maternity/paternity leave offered to employees
- No discrimination against pregnancy and promote shared responsibility of childcare among the couple
- Effectiveness of existing health and safety policies and programs including sex-disaggregated data

The Practical Guide- Reporting on the SDGs

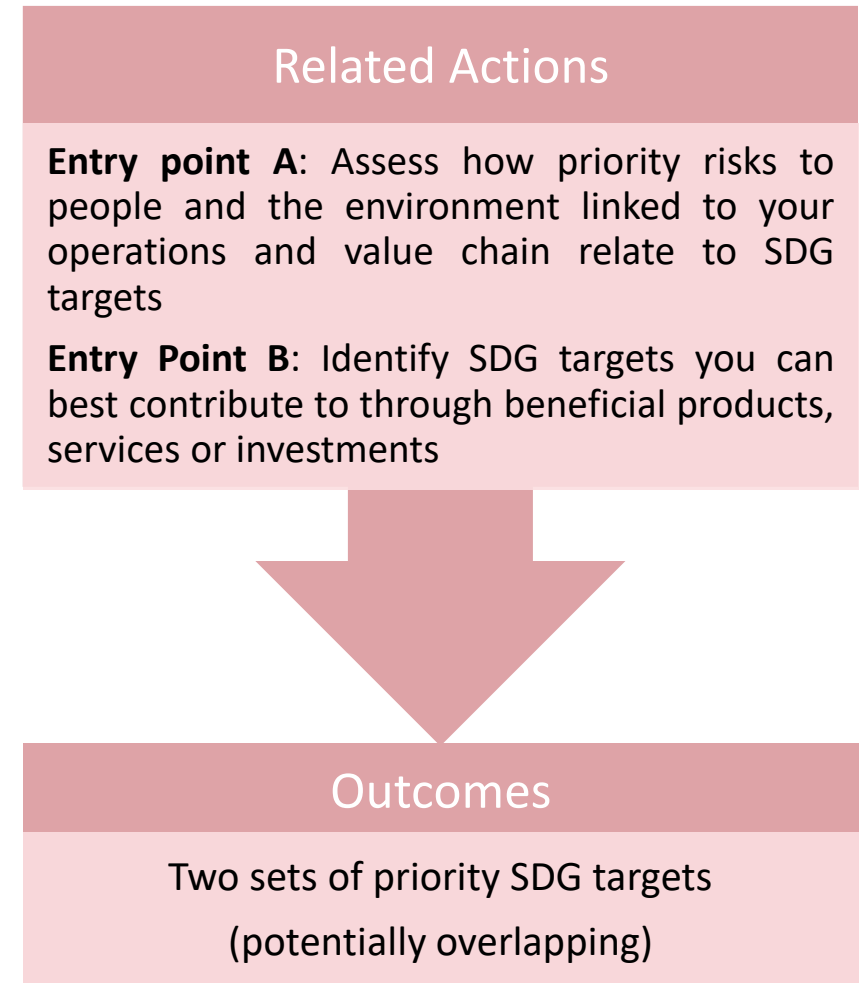
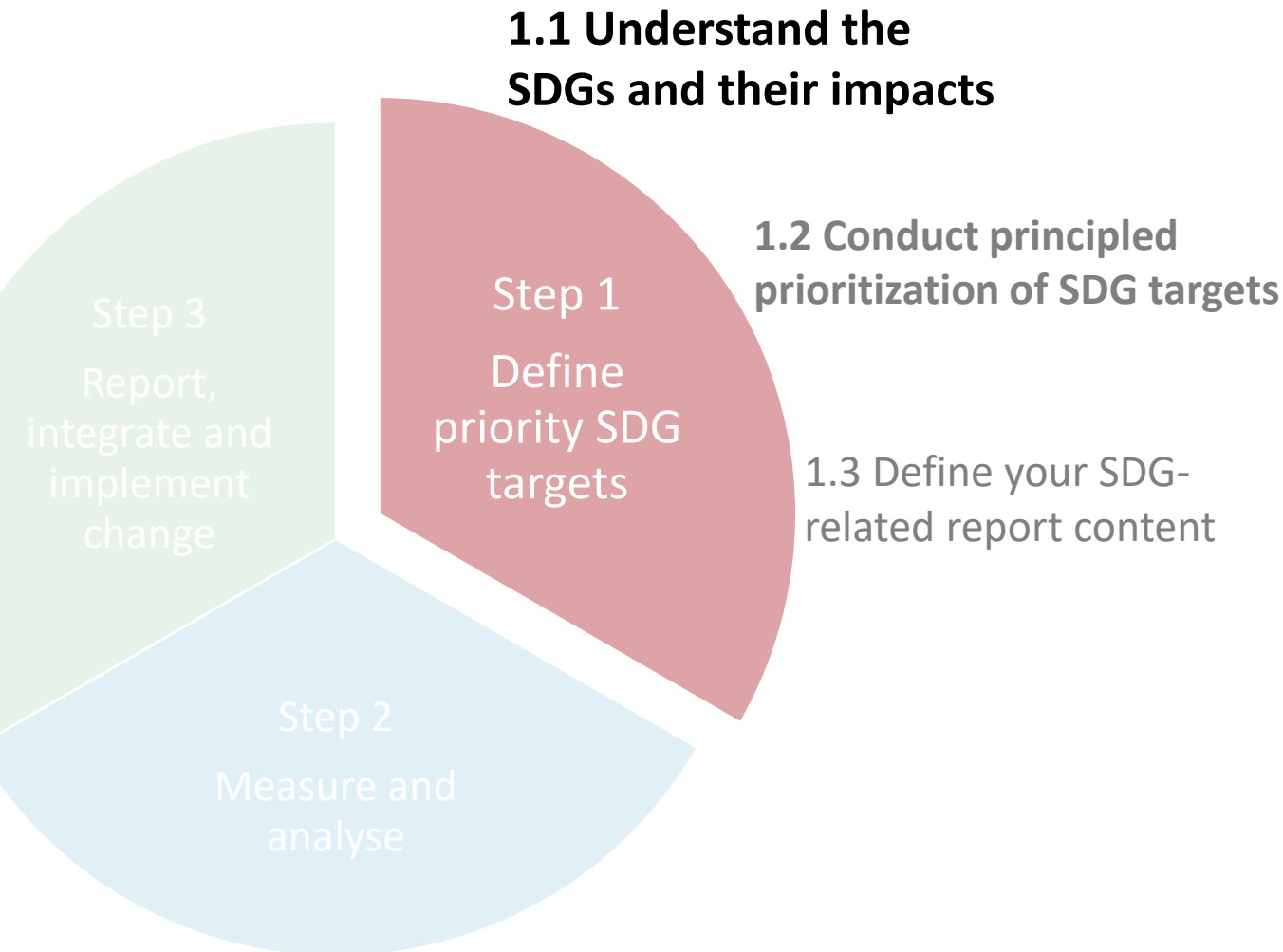


- Outlines a three-step process to embed the SDGs in existing business and reporting processes in alignment with GRI Standards and recognized principles
- Provides illustrative examples
- Developed by GRI and UN Global Compact with support from Shift and PwC

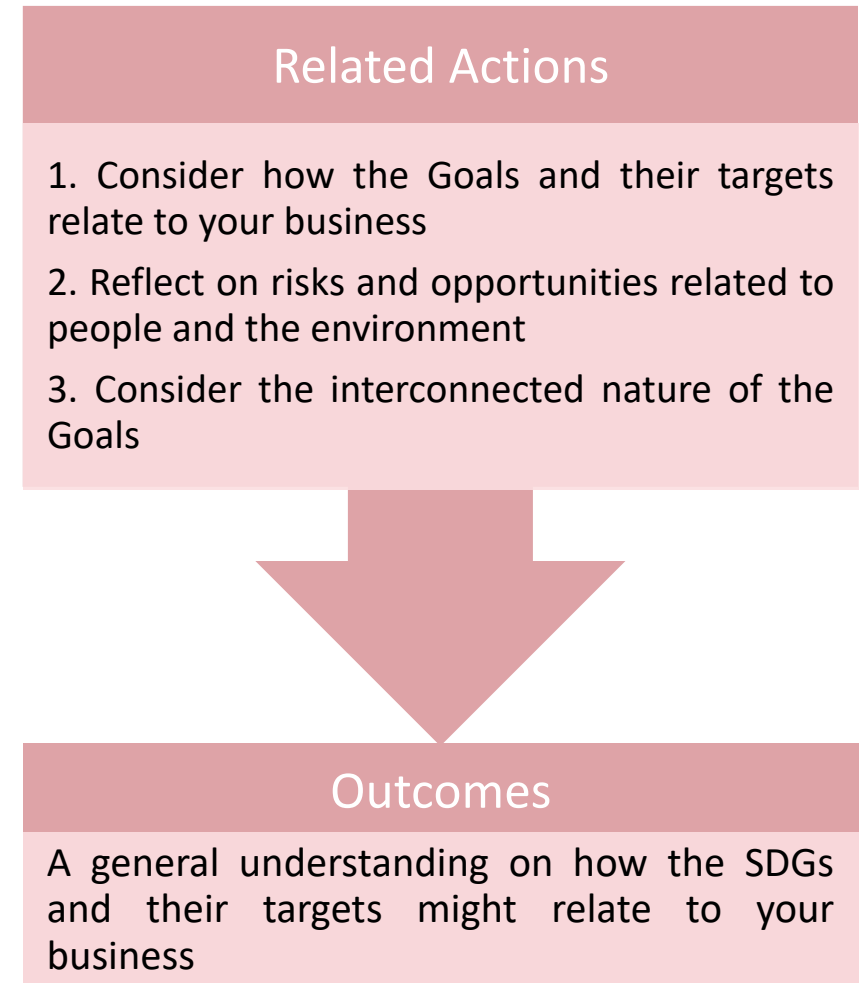
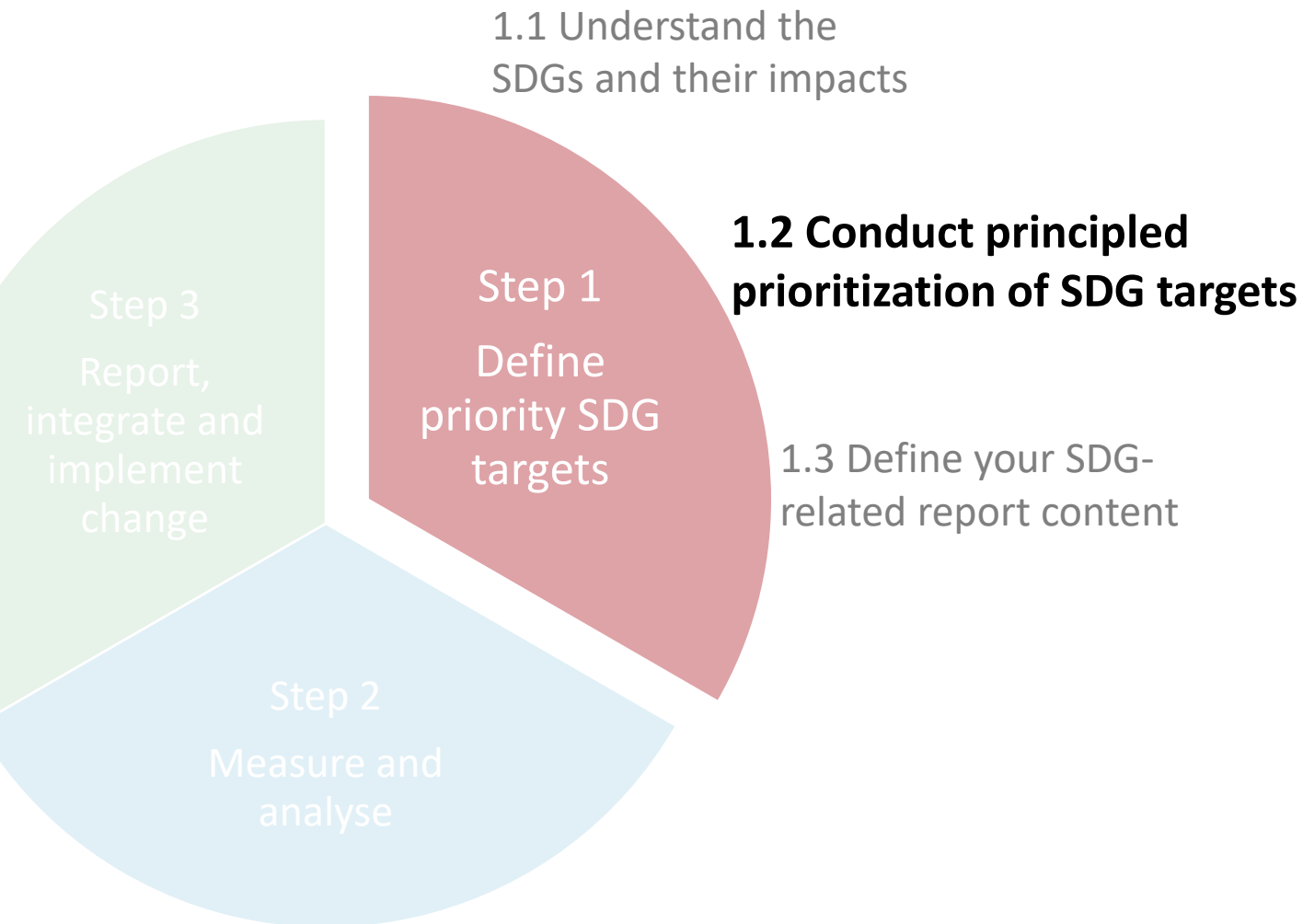
Three-step process



Step 1: Define priority SDG targets

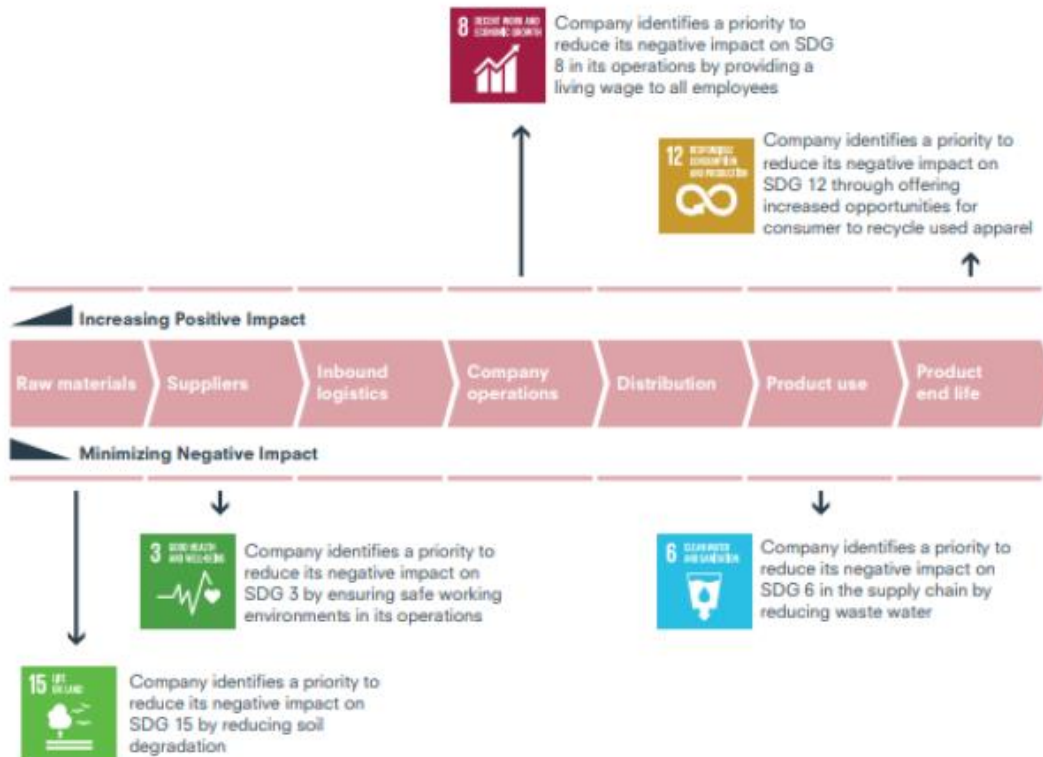


Step 1: Define priority SDG targets



The first set of **priority SDG targets** are based on the priority risks to people and the environment linked to your company's operations and value chain.

Example outlining the identification of risk and interconnectedness of SDGs across an apparel value chain



Example outlining the identification of SDG targets you can best contribute to through beneficial products, services or investments



Tailor existing products or services to meet to needs of the marginalized and discriminated groups who face barriers to access education, jobs and basic services



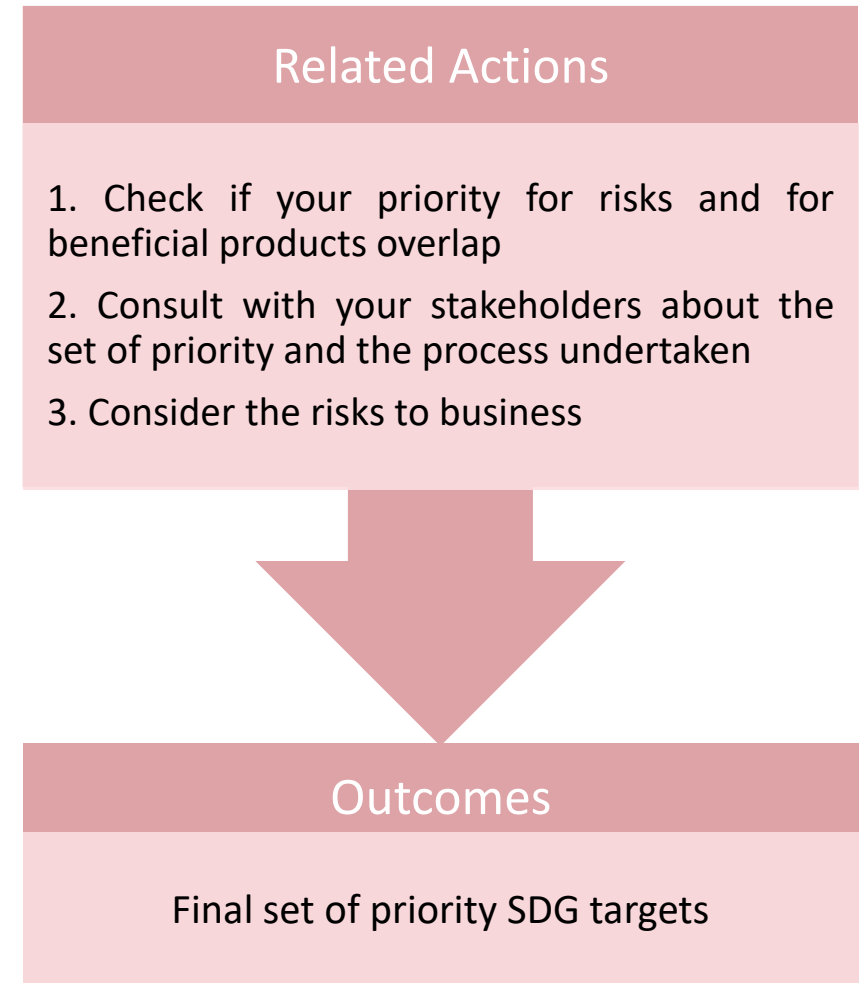
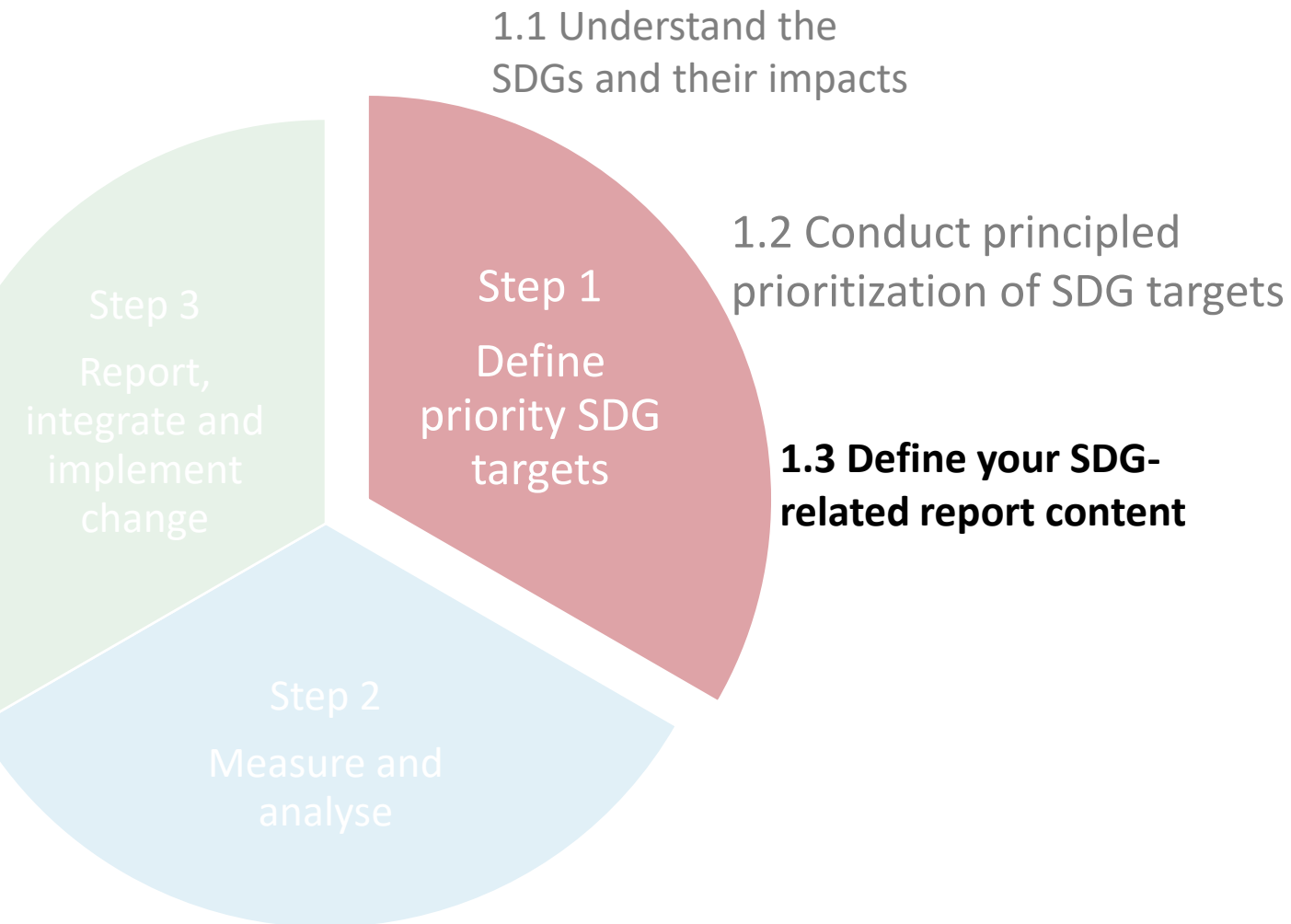
An ICT company could apply its technologies in ways that advance SDG 4 on quality education by making its products available to local schools



Providing technologies to children in remote communities to access education will contribute also to SDG target 8.7 to eradicate child labour and possibly reduction in poverty related to SDG 1



Step 1: Define priority SDG targets



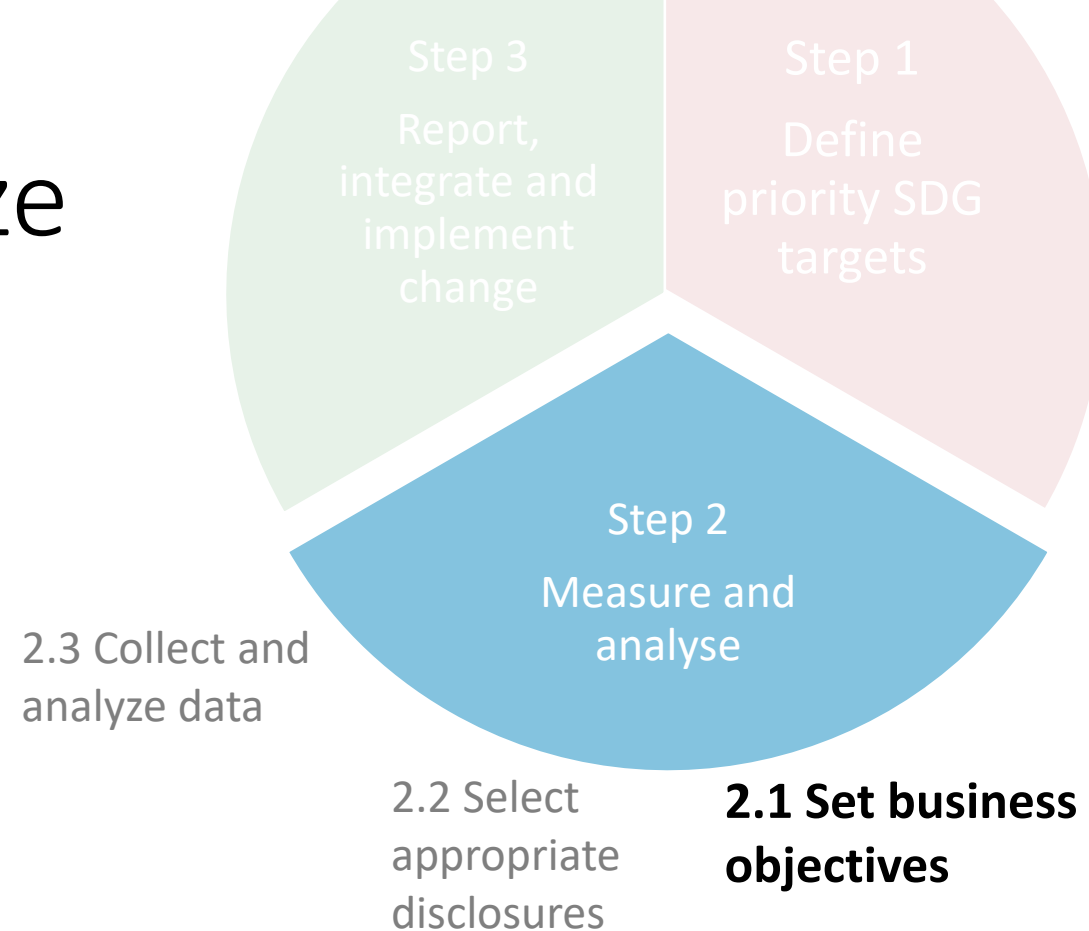
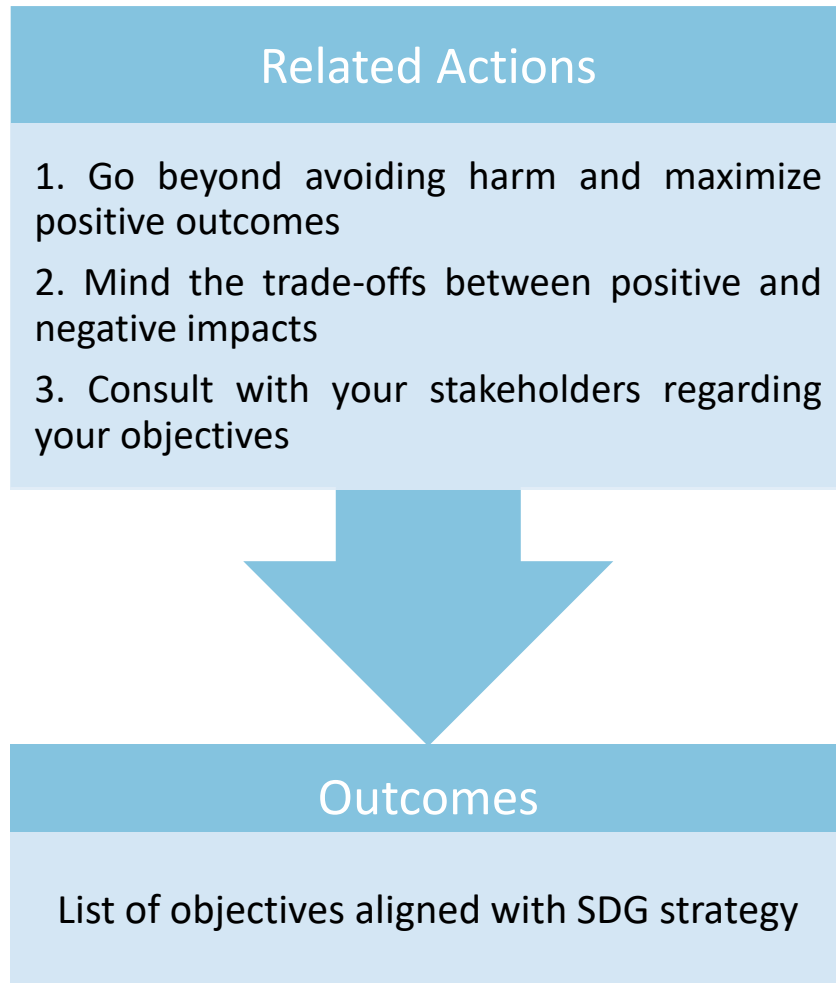
Link between Practical Guide and the GRI Materiality Principle

How these steps relate to the GRI Standards

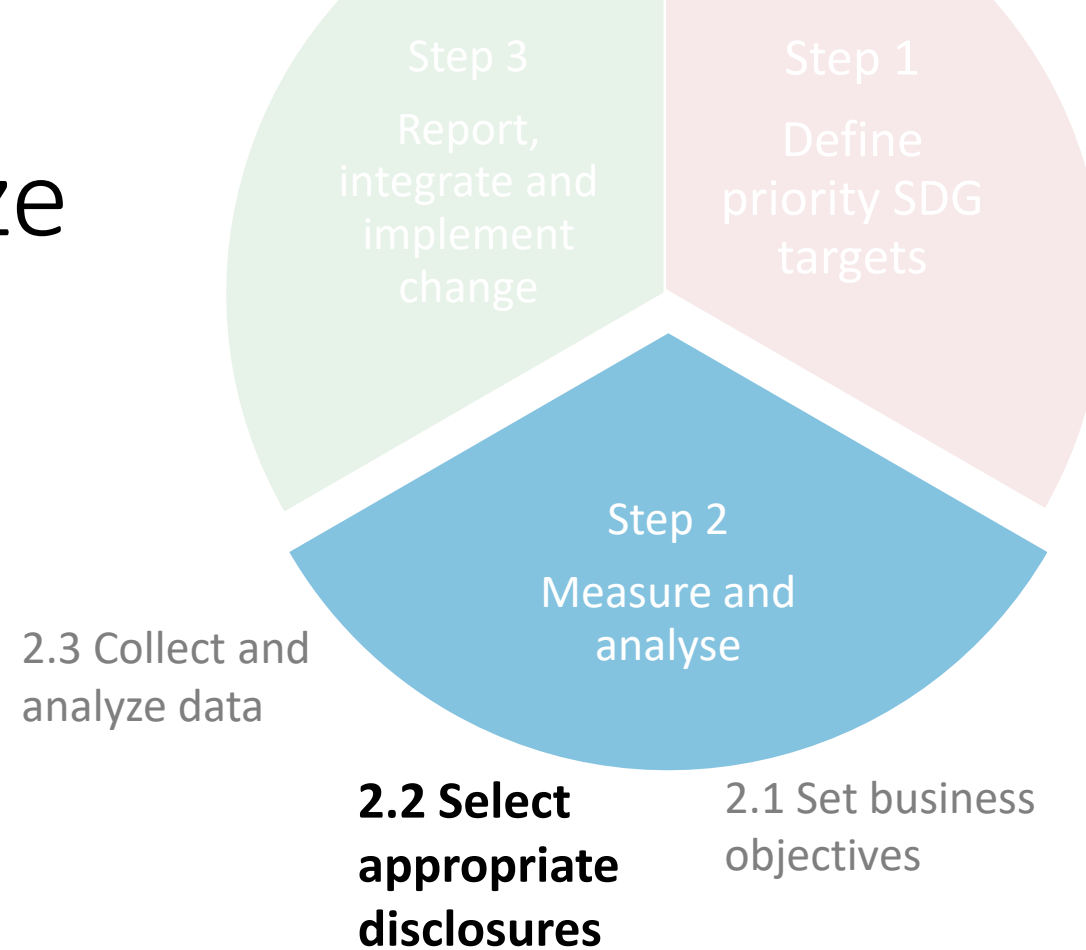
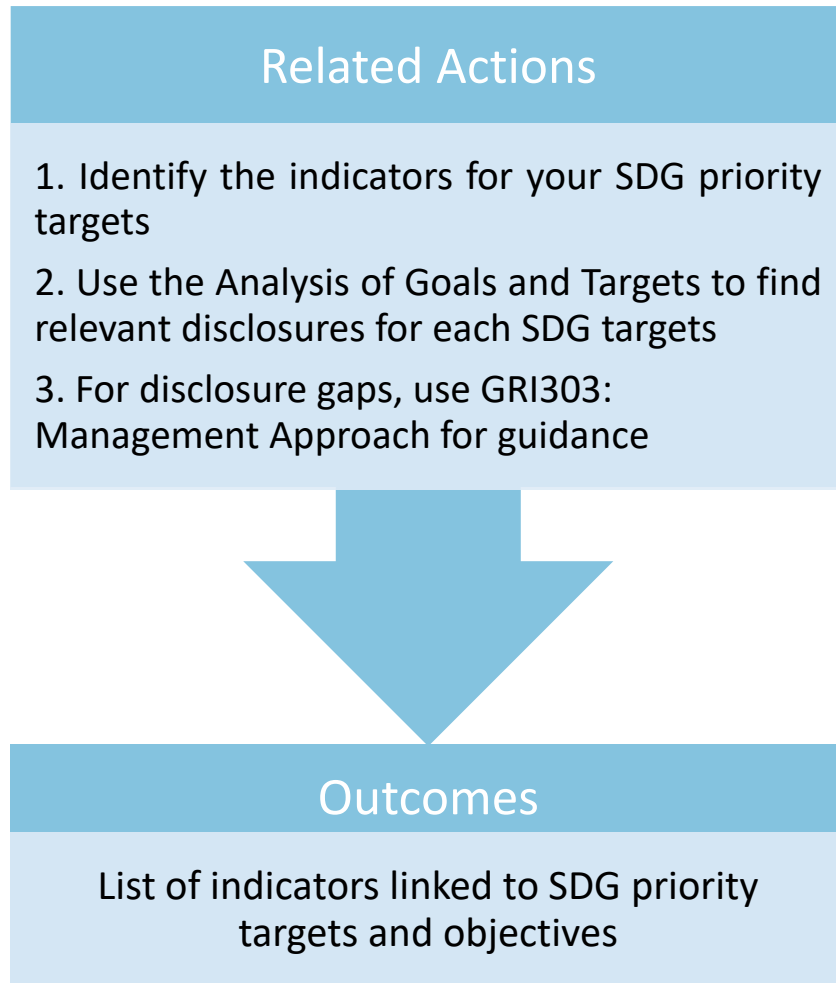
These steps are in line with expectations set out in the GRI Standards and generate input for the process of defining report content based on the GRI Reporting Principles, including the application of the **GRI Materiality principle**. As such, they do not represent a separate or additional process, but assist companies in integrating connections to SDG targets in their existing reporting process based on the GRI Standards.

The definition of materiality in the GRI Standards requires that the report cover topics that reflect the reporting organization's significant economic, environmental, or social impacts, or that substantively influence the assessments and decisions of stakeholders. A topic can be material based on any one of these dimensions. The most severe potential and actual negative SDG-related impacts will typically be considered 'significant impacts' in a materiality assessment in line with the GRI Standards.

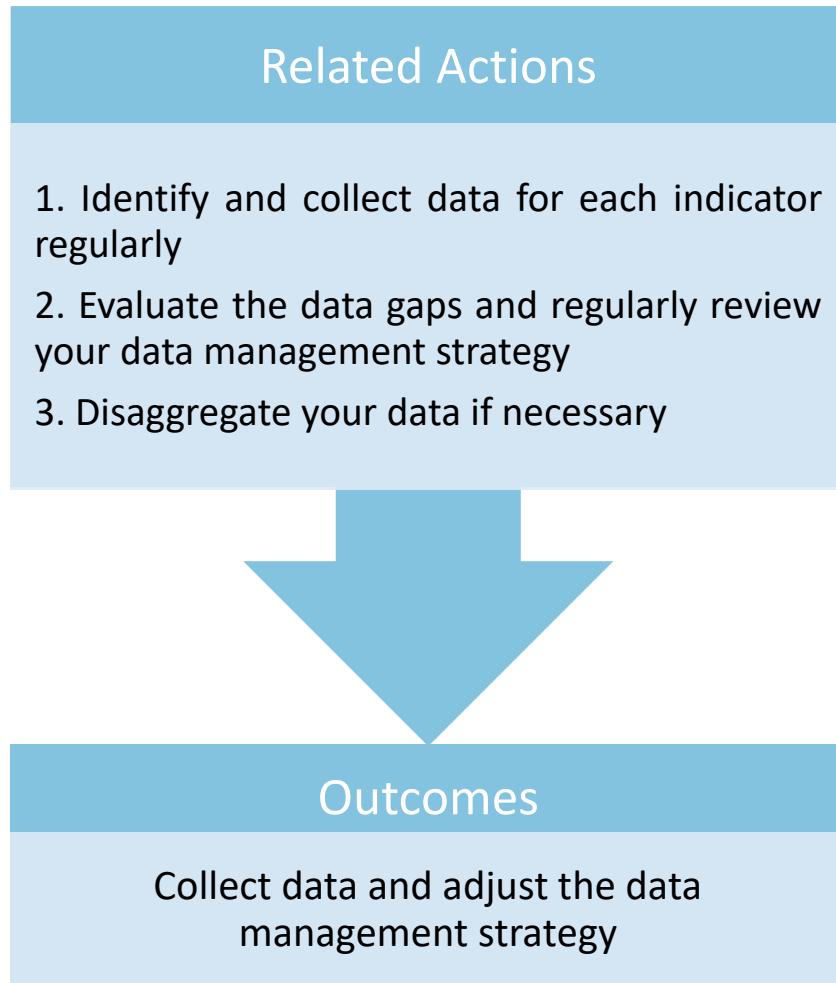
Step 2: Measures and Analyze



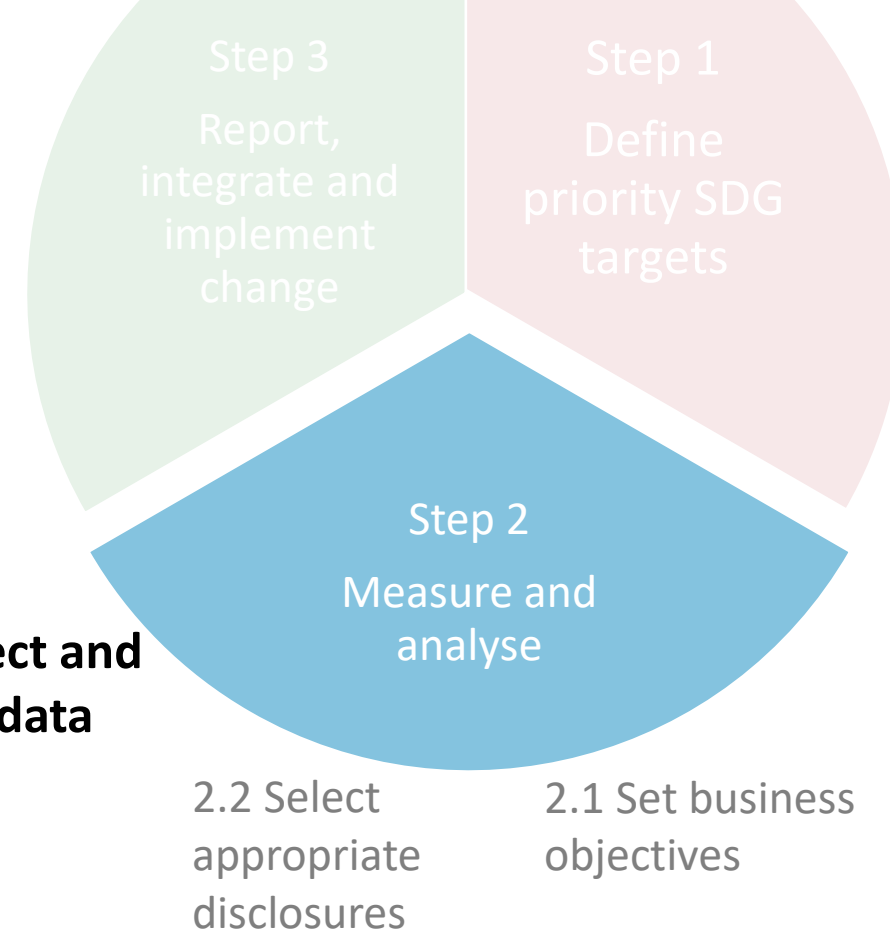
Step 2: Measures and Analyze



Step 2: Measures and Analyze



2.3 Collect and analyze data





Step 2: Measure and analyze



Example of indicators relating to water purification at different levels of a company's operations



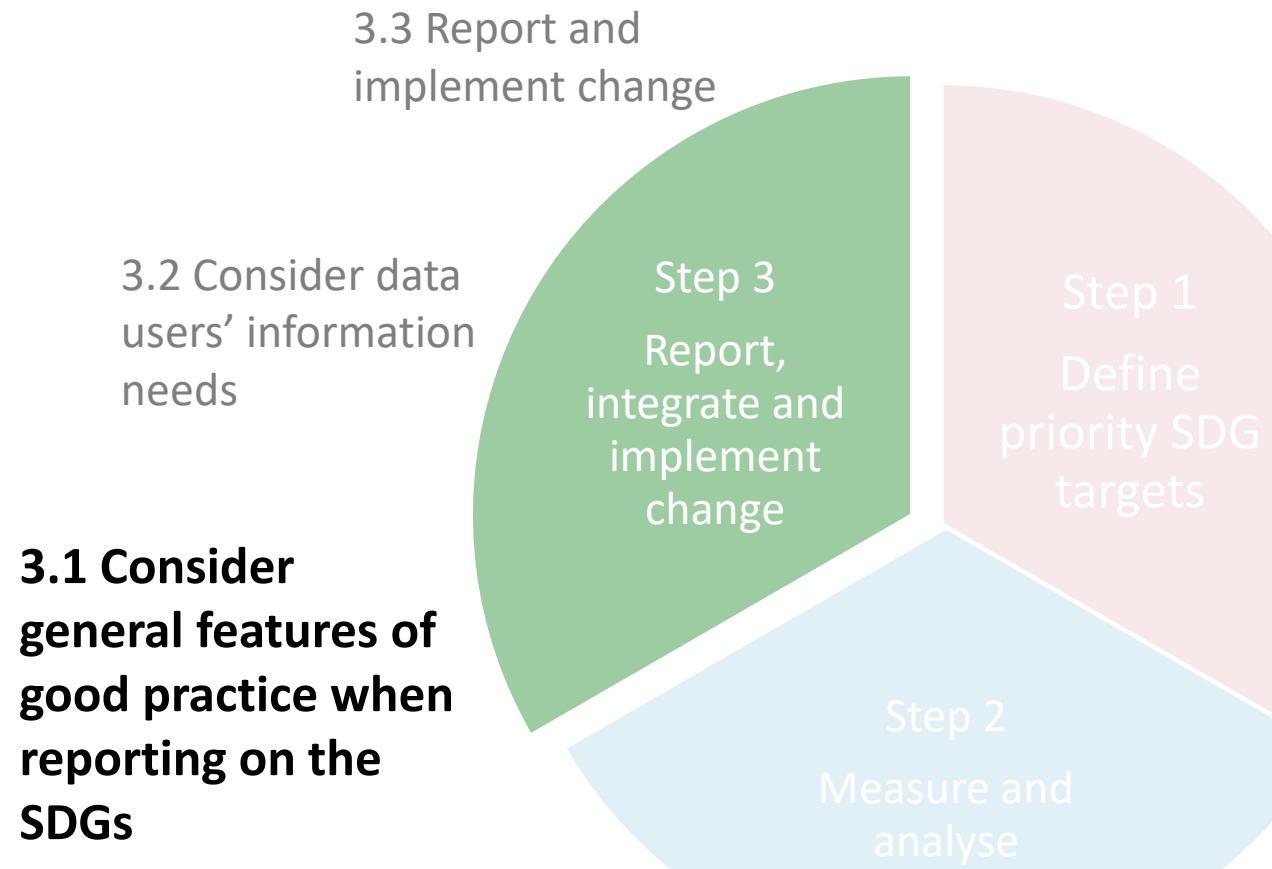
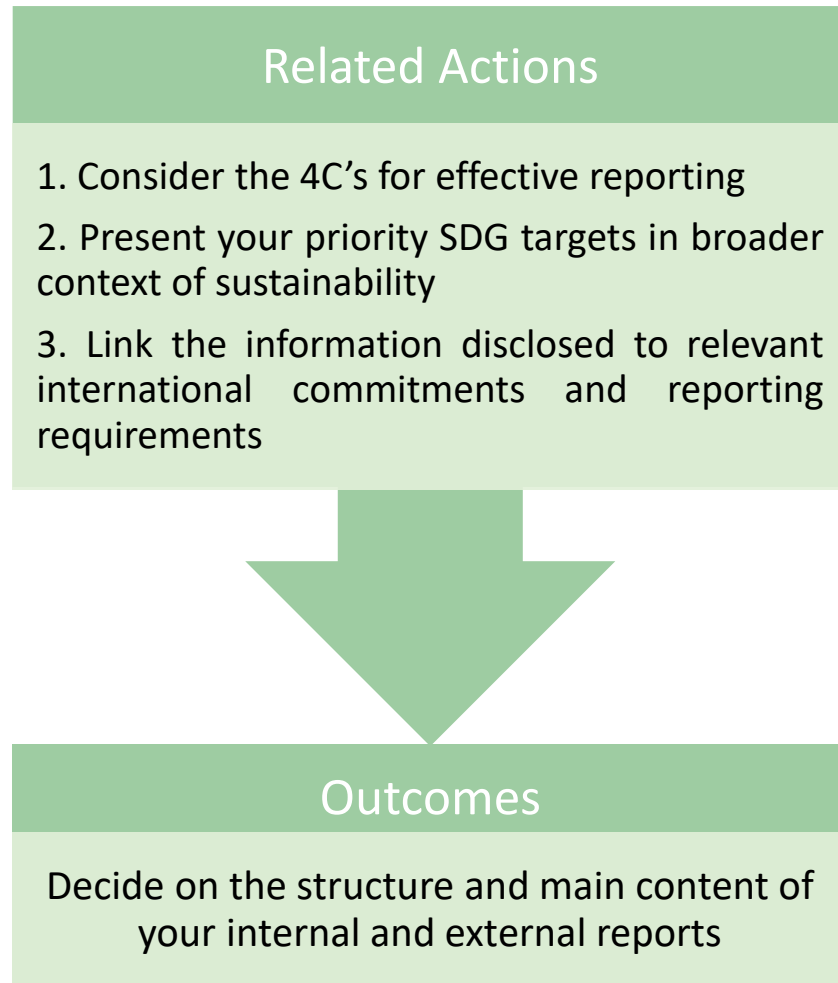
Inputs	Activities	Outputs	Outcomes	Impacts
What resources that go in could positively or negatively affect the SDG targets?	What activities are undertaken?	What is generated through those activities	What changes have occurred in the target population?	What are the changes as a result of those outputs?
Money spent on manufacturing and R&D	Water purification tablet sales (qualitative description)	Number of water purification tablets sold and consumer information provided	Purified water consumed in percentage	Reduction in the incidence of water-borne diseases in percentage

Example of data collection in relation to SDG 8 on decent work and economic growth, including an assessment of data sources and follow-up of actions planned

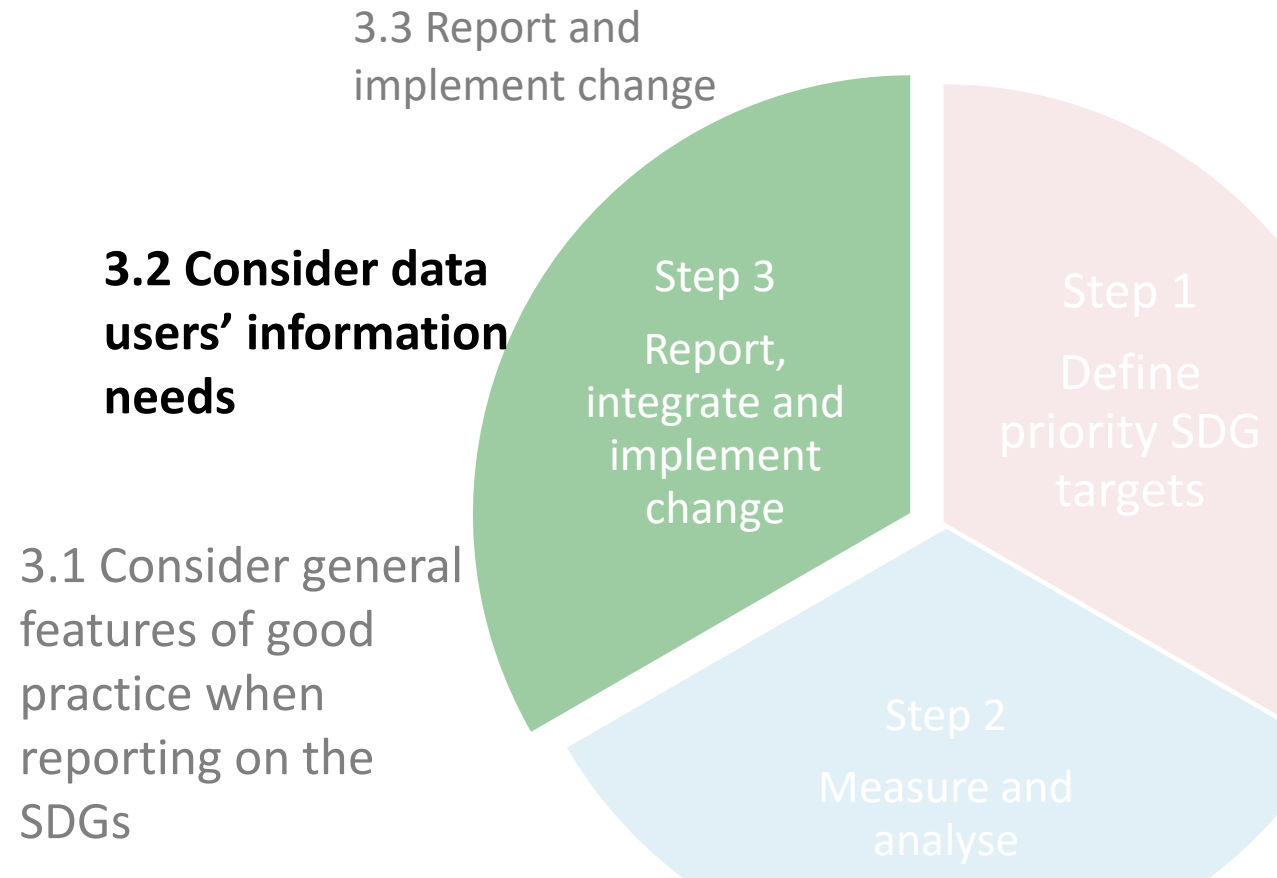
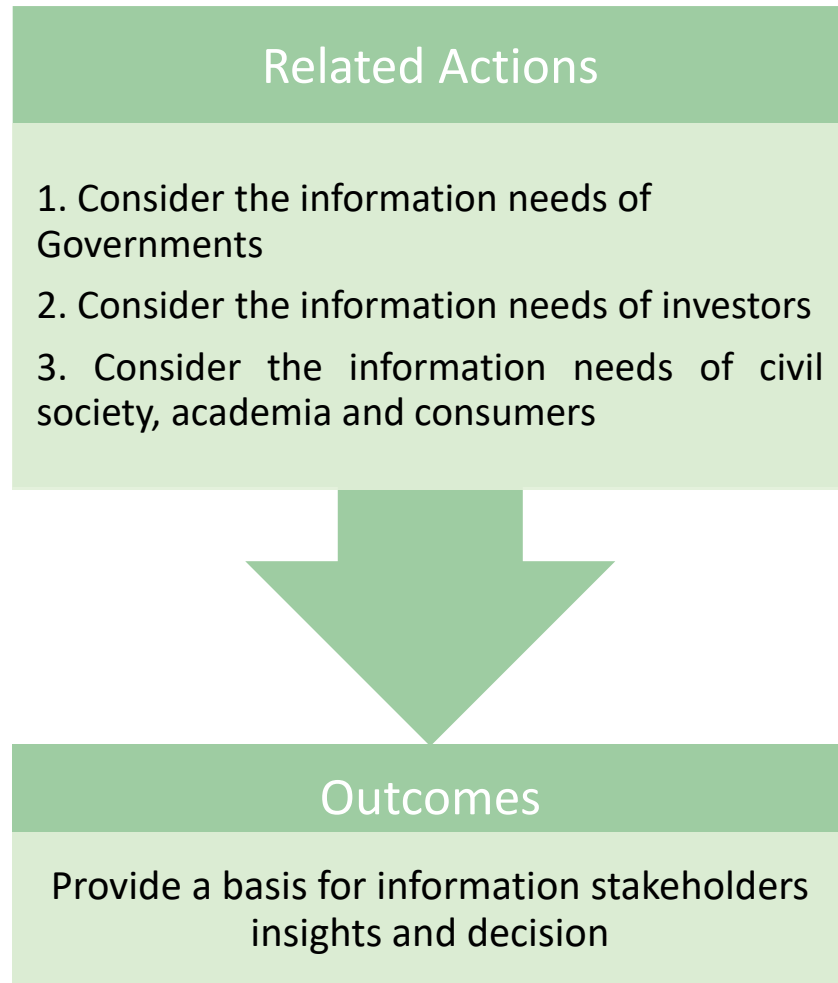


Disclosure for SDG target 8.5						
Disclosure	Disclosure unit	Data availability	Data quality	Extra resources required	Management ambition related to data quality	Stop/Start/Improve/No action
Total number and rate of new employees hires during the reporting period, by age group, gender and region	Number and %	Yes	Medium	Improve data specificity	High	Improve
Total number of employees, disaggregated by female and male employees	Number and %	Yes	High	Monitor process and set up controls	High	No action
Explicit recognition of living wage payment	\$ currency	No	N/A	Start measuring and monitoring	High	Start

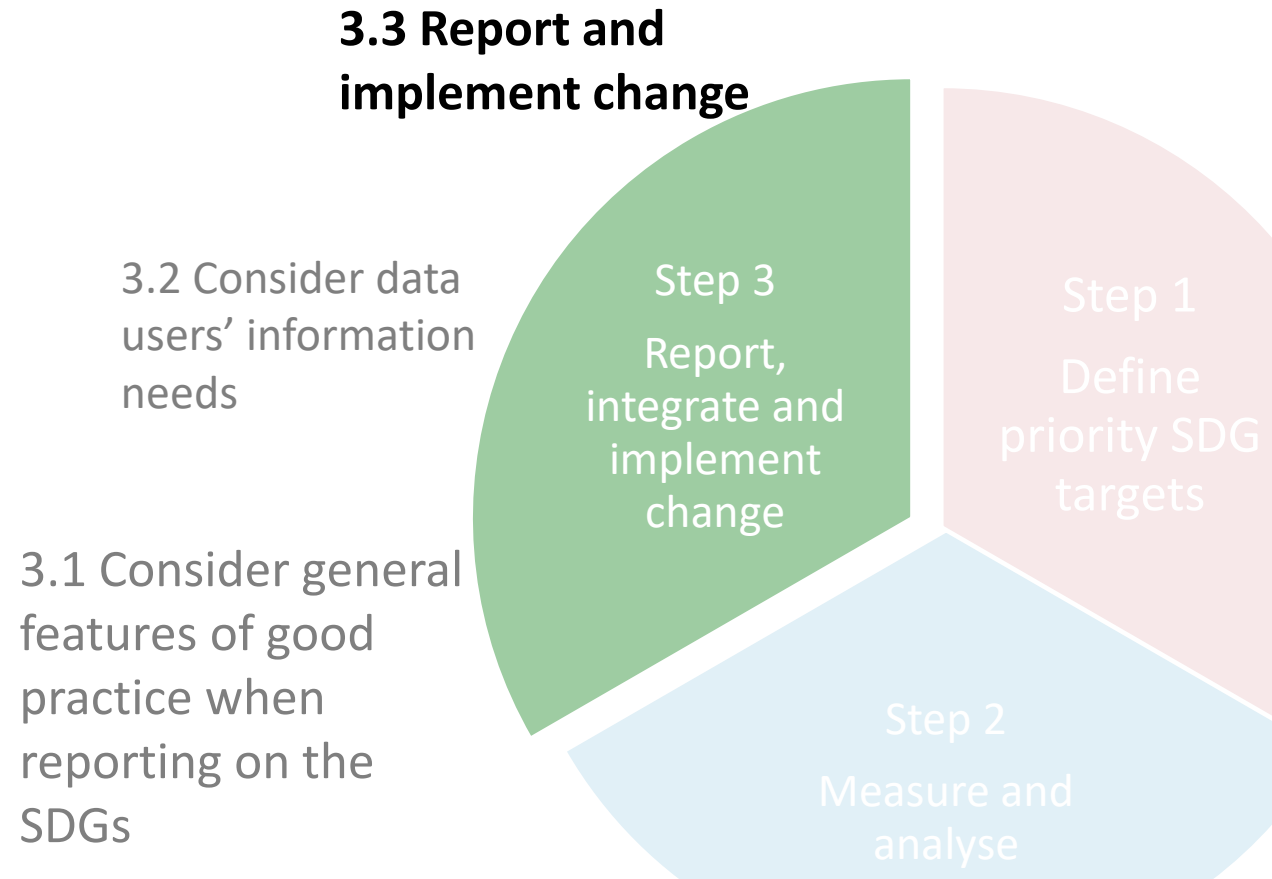
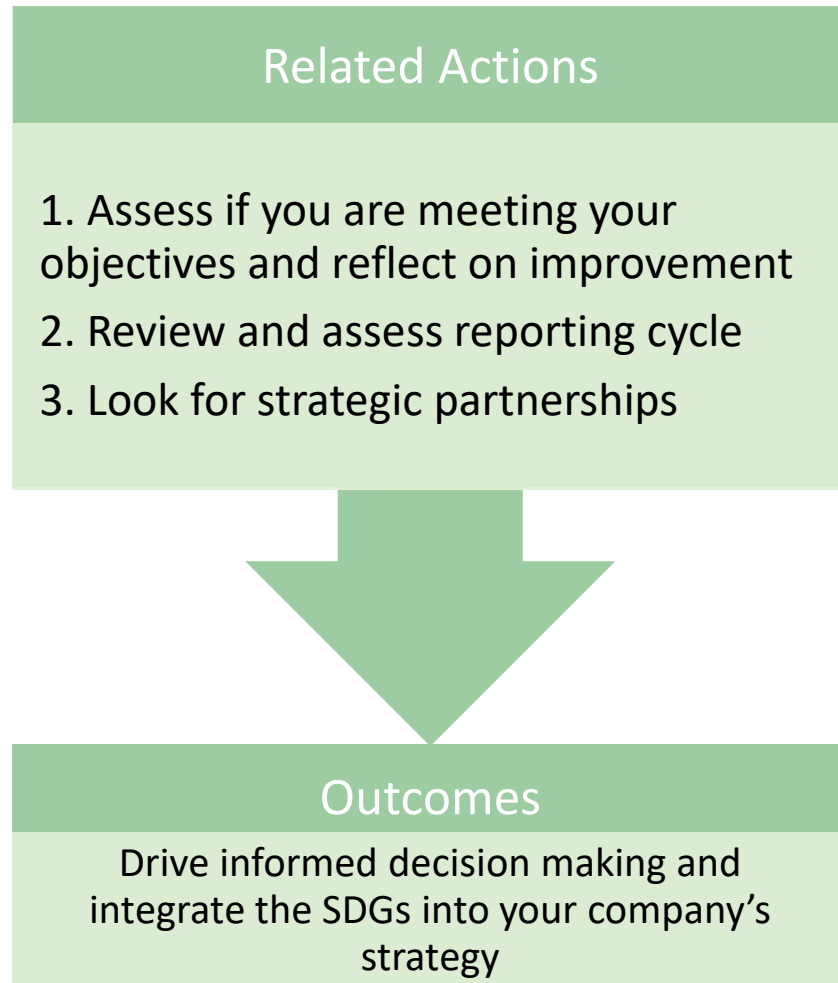
Step 3: Report and implement change



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Step 3: Report and implement change



Checklist – What to set out in your report?

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- ✓ Your company’s significant impacts, whether based on risks to people or environment or on beneficial products, services and investments.
- ✓ How your analysis of these impacts has informed your identification of priority SDG targets.
- ✓ How stakeholder feedback informed your conclusions.
- ✓ Your strategy, including objectives (goals) and measurement (indicators) for contributing to the priority SDG targets, recognizing that positive contributions can result from both tackling risks and providing beneficial products or services. This may include a description of relevant company policies, systems and processes, including your engagement with stakeholders.
- ✓ Instances where your company has caused or contributed to actual negative impacts, and the action(s) you have taken to enable effective remedy to anyone whose human rights were harmed.
- ✓ Indicators and data that demonstrate how your company is progressing towards its objectives for contributing to its priority SDG targets and any setbacks it has encountered.
- ✓ Your future plans for achieving further progress.

Example of general features of good practices when reporting on the SDGs



Align with global frameworks:
 Demonstrate how your efforts to help mitigate climate change contribute to the Paris Agreement and the TCFD recommendations



Align with local and national policies:
 A context based approach to corporate water stewardship can contribute to reduce water risk and to long-term water security by aligning to local and state water policy connected to the SDGs



In Focus: Addressing Investor Needs in Business Reporting on the SDGs



- Provides guidance to better align corporate SDG-related disclosures with investors' information needs
- Includes reporting recommendations intending to stimulate more investment in business solutions to help advance the SDGs
- Developed together with PRI and UN Global Compact

Business Reporting on the SDGs Enabling Sustainable Development



- Investors as Universal Owners
- Fiduciary Duty and ESG

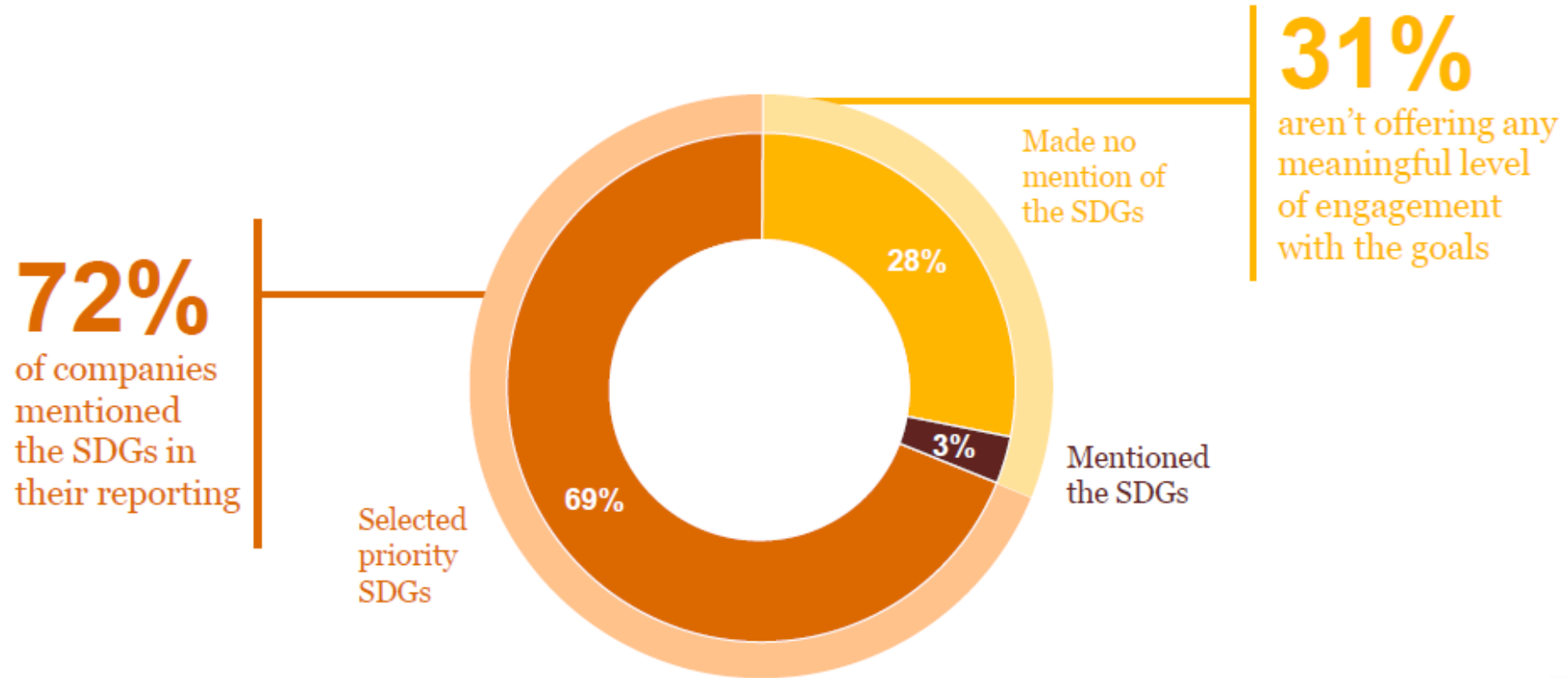
Elements of Investor-Relevant Business Reporting on the SDGs

Key Recommendations to Develop Investor-relevant Reporting	
Message and Approach	<ol style="list-style-type: none">1. Consistency of message2. Integrated approach across financial and ESG reporting
Strategy and Governance	<ol style="list-style-type: none">3. Identify how SDG trends are linked to the key factors driving corporate strategy4. Management approach, policies and their implementation5. Indicate how SDG target-related performance is appraised and rewarded
Report Content	<ol style="list-style-type: none">6. Analysis of risks and opportunities towards the SDGs7. Quality and balance8. Facilitate forecasts by demonstrating the cause-and-effect relationships that exist between SDG contributions and business performance
Data Format	<ol style="list-style-type: none">9. Provide data that is standardized and comparable across time and companies, utilizing internationally recognized disclosure standards10. Link to data in raw form and allow analysts to choose how to normalize it

Elements of Investor-Relevant Business Reporting on the SDGs

	Company perspective	Investor perspective	
		Screening/ Integration	Engagement
Understand & prioritize SDGs	<ul style="list-style-type: none"> - Explain why SDGs are relevant - Engage stakeholders - Set baseline, objectives & targets 	Establish and communicate criteria for screening/ integration	Direct engagement with company
Set objectives/ benchmarks	<ul style="list-style-type: none"> - Benchmark with peers - Identify new business opportunities 	Identify what insights are sought after based on mandates, investment strategies and beliefs	Establish and communicate clear ground rules to evaluate the success of engagement
Report	<ul style="list-style-type: none"> - Describe management systems - Tie real world impact into business strategy 	<ul style="list-style-type: none"> - Understand investee management systems in place for SDGs and assess its fitness - Explore measuring SDG-related investment impact across portfolios 	
Use of SDG information	<ul style="list-style-type: none"> - Use report to engage with investors on results, implement change and as input for next reporting cycle - Act on new business opportunities 	<ul style="list-style-type: none"> - Compare results of reporting entities with their peers - Normalize & interpret data to inform investment decisions 	<ul style="list-style-type: none"> - Use the report as means to discuss progress periodically - Identify innovative investment solutions to advance the SDGs

SDG are on the Business Rader



Business and Citizens Priorities are Misaligned

Most popular business priorities



8 DECENT WORK AND ECONOMIC GROWTH



13 CLIMATE ACTION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Most popular citizen priorities



2 ZERO HUNGER



1 NO POVERTY



3 GOOD HEALTH AND WELL-BEING

Least popular business priorities



1 NO POVERTY

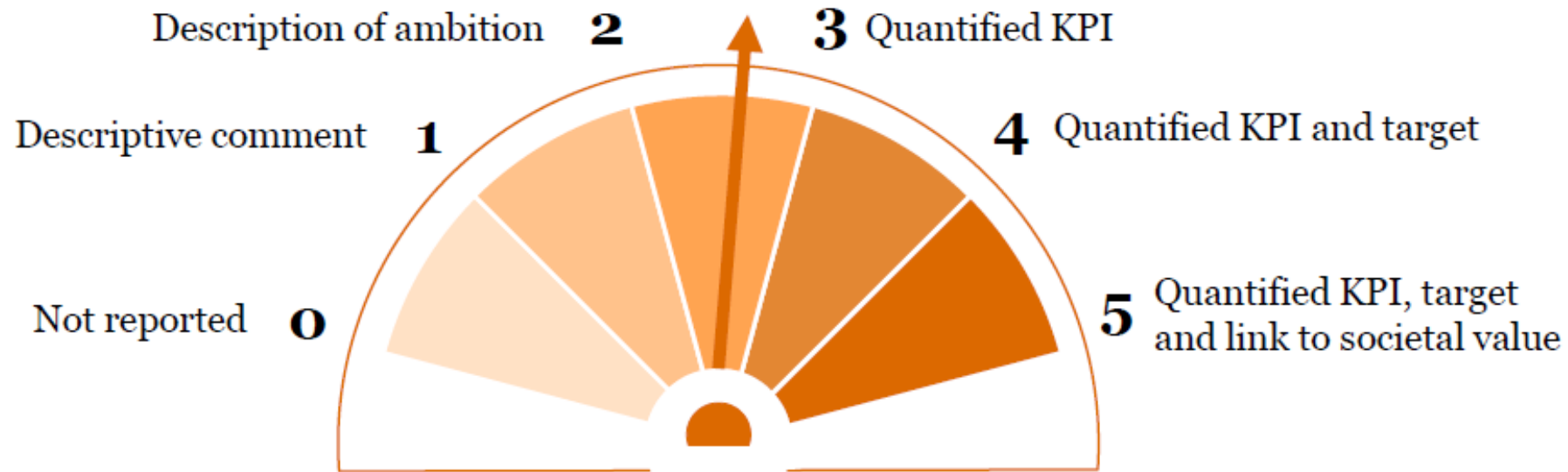


2 ZERO HUNGER



14 LIFE BELOW WATER

Most SDG Reporting is still at a Qualitative Level Only



Average reporting quality

2.71/5

Key Takeaways

- ✓ The SDGs provide a common language for stakeholders, reflecting material ESG issues which help us to focus and coordinate
- ✓ SDG reporting is an iterative process that supports good management and helps engage stakeholders, among other benefits
- ✓ Measuring and disclosing SDG performance should support the integration of the SDGs into strategy and operations, backed by ambitious goal setting
- ✓ Aligning the company's strategy with the SDGs has many benefits including maintaining license to operate, open up new business opportunities, enhance reputation and help attract and retain talent

Stronger engagement of business is required to achieve the 2030 Agenda and the time is of the essence!