Agenda item 4. Enhancing the role of reporting in attaining the Sustainable Development Goals: Integration of environmental, social and governance information into company reporting

Presented by

Jessica Fries
Executive Chair
Accounting for Sustainability

This material has been reproduced in the language and form as it was provided. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
To inspire action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy
Our objectives

Established by HRH The Prince of Wales in 2004 “to help ensure that we are not battling to meet 21st century challenges with, at best, 20th century decision-making and reporting systems”

• Inspire finance leaders

• Transform financial decision making

• Scale up action
We work with the whole finance community:

- Chief Financial Officers (CFOs) & finance teams
- Global accounting community
- Investors, capital markets & the wider finance community
- Governments, regulators & policy makers
- Business schools
A4S CFO Leadership Network

£224bn
the combined revenue of the A4S CFO Leadership Network

£300bn
the total assets of the A4S CFO Leadership Network

CFO Leadership Network members have a presence in
190 countries

2/3 accountants globally are represented by Accounting Bodies Network members

176 countries Represent by ABN

Accounting Bodies Network

73% of CFOs agree there is a link between sustainability and business performance²

80% of CFOs expect their involvement in sustainability to increase in the future¹

¹ Data taken from 2013 survey, CFOs and Sustainability: Shaping their roles in an evolving environment, Deloitte, 2014
² CFOs and Sustainability: Shaping their roles in an evolving environment, Deloitte, 2014
Measure What Matters: A framework for action

• Three year partnership project between A4S, GEC, GRI, IIED, SEI

Key questions asked:
• What shared information needs are there between different actors – IGOs, governments, companies, investors, civil society – and at different scales – global, national, local?

• Will greater alignment between reporting standards used by statisticians and accountants support measurement of progress towards the SDGs?

• What opportunities are there for increased multi-stakeholder partnership and collaboration to accelerate action?
Opportunities for alignment?

Figure 2: Aligning metrics of progress across global, national and corporate levels.

**Global Indicators**
- UN
- Other international organisations

**National & regional indicators**
- Governments
- Regional institutions

**Business indicators**
- MNEs
- SMEs

**Sustainable development goals**

- **SOCIAL** (human, social capital)
  - E.G. Global Inequality; Poverty; Happiness; Civic engagement; Governance; etc.

- **ECONOMIC** (manufactured, financial capital)
  - E.G. Gross World Product; Financial stability; Economic risk; Global trade; etc.

- **ENVIRONMENTAL** (natural capital)
  - E.G. Ecosystem change; Marine systems; Forest systems; Dryland systems; etc.

**Beyond GDP**

**Corporate sustainability & reporting**

- E.G. Health; Education; Living standards; Inequality; Crime; etc.
- E.G. Gross domestic product; Unemployment; Debt; Exchange rates; Domestic credit; etc.
- E.G. Ecosystem change; Marine systems; Forest systems; Dryland systems; etc.
- E.G. Labour practices; Equal opportunity; Health and safety; etc.
- E.G. Share price; Profit; Capital; Assets etc.
Capitals framework provides a good starting point – explicitly recognises impacts and dependencies between actors.
Increase in number of measures, but still huge gaps

RISE IN NUMBER OF WAYS TO MEASURE SUSTAINABLE DEVELOPMENT NATIONALLY

Economic Composite Indicators measure SD in a single index, by “correcting” aggregates from the national accounts (examples: GPI, ISEW, SNI, MEW). Non-economic Composite Indicators are also single indices which are constructed by using mathematical weighting techniques (example: CIW, HDI). The philosophy behind the Sustainable Development Indicator (SDI) Sets is that SD is considered to be a multidimensional phenomenon which therefore requires a suite of indicators rather than a single number (examples: Eurostat’s SDI set and sets for Switzerland, France, Australia, Germany and the Netherlands).

Incentives to align strategy with the SDGs: opportunity and risk

What do you see as the most important reason to align strategy/policies with the Goals?

- Opportunities: 27%
- Managing risks: 30%
- Showing global leadership: 17%
- Building a strong reputation: 6%
- Engaging citizens and consumers: 20%
Organisations starting to benchmark strategy and policies against the SDGs

To what extent have you benchmarked your organisation’s strategy/policies and activities against the SDGs?

- Fully: 30%
- Partially: 53%
- Not yet, but planning to: 12%
- No, and don’t plan to: 5%
Multi-stakeholder partnerships vital for SDG measurement

How important will multi-stakeholder partnerships be for measuring progress against the Goals?

- Extremely important: 71%
- Quite important: 20%
- Moderately important: 6%
- Slightly important: 2%
- Not at all important: 1%
Five cross cutting themes

1. **Set the direction** – align strategy and policies with the SDGs

2. **Connect and collaborate** – bring together multi-stakeholder partnerships to create a shared understanding of the Goals and identify opportunities for collaboration

3. **Share information and build capacity** – identify common data needs, develop open data frameworks and common standards

4. **Integrate** – understand interdependencies across Goals and create an integrated decision-making framework

5. **Communicate progress to drive action** – set clear targets, use visualisation, and enable benchmarking
Key recommendations for Governments

1. **Benchmark national plans** against the SDGs to identify gaps, alignments and priorities

2. **Convene stakeholders** including national statistical bodies, business, investors, civil society, local authorities and cities to build consensus across priorities and the measurement of progress

3. **Strengthen the role and mandate of national statistical offices** to help convene public and private organisations

4. **Create an enabling policy environment** for sharing data across business, government and civil society

5. **Publish a multi-stakeholder national report** on progress towards the SDGs

*See full report for recommendations for business, investors and civil society*
A4S CFO Leadership Network Case study: SSE
Options analysis – major infrastructure project

Option 1: Widen and repair existing road
- Lower upfront costs
- Higher community disruption, but lower environmental impacts

Option 2: Build new road
- Higher upfront costs, but lower operating costs
- Higher environmental damage, but greater economic benefits
Get in touch or find out more:

@PrincesA4S

The Prince’s Accounting for Sustainability Project (A4S)

accountingforsustainability@royal.gsx.gov.uk

www.accountingforsustainability.org