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International
Standards of Accounting and Reporting
(ISAR)**

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Morning Session

**Agenda Item 3. Enhancing comparability of sustainability
reporting: Selection of core indicators for company reporting
on the contribution towards the attainment of the Sustainable
Development Goals**

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Funding the SDGs

The role of Corporate Reporting

Gulenn També

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The Financial Services industry has a critical role to play in closing the SDG financing gap

A funding gap of US\$2.5tn exists to achieve the SDGs. With US\$300tn in global capital markets, the financial services industry plays a pivotal role. Without the involvement of the Financial Services, the SDGs simply can't be achieved

Key steps for the Financial Services industry:

1 Come to terms with the risks faced by externalities, new regulation, changing stakeholder demands and identify the SDGs that it can have the most impact on.

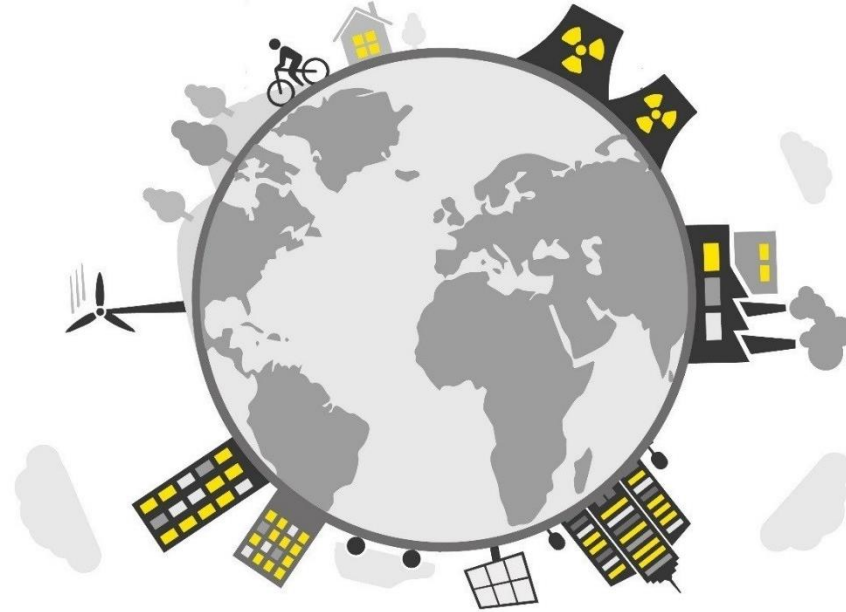
2 Understand the opportunities that funding the SDGs provides, an estimated US\$12tn¹ in opportunities for the global economy is at stake. This could include new financial products and services, impact investing and harnessing technology.

3 Commit to moving from short-termism to long-term value creation through culture change, new reporting mechanisms and collaboration across the industry.

Closing the gap requires the Financial Services industry to seize opportunities and manage risks

1. Take advantage of emerging opportunities

- ▶ The time is ripe for sustainable investment with millennials set to inherit \$30tn by 2040. 84% say environmental, social and governance impact is a central goal
- ▶ Firms worth \$6.6tn have committed to accelerating SDG financing through the UNEP FI Principles for Positive Impact Finance
- ▶ The potential value of SDG investment is estimated at \$12tn to the global economy
- ▶ Investors with assets of \$2.6tn support the Financial Stability Board's Task Force on Climate-Related Financial Disclosures



2. Address risks to the business and industry

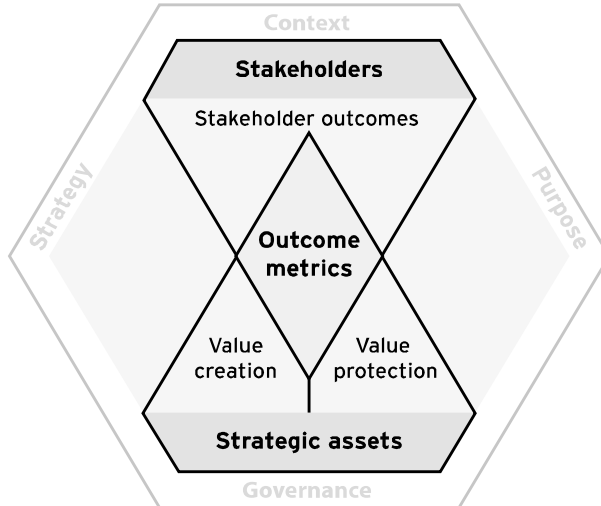
- ▶ Despite regulation and compliance, corruption, bribery and fraud cost \$1.26tn in developing countries
- ▶ New EU pension rules on ESG requirements will affect a \$3.5tn pension market
- ▶ Investors worth \$5.2tn have committed to divestment due to increasing concerns about climate risk
- ▶ Climate change could cut the world's financial assets by \$2.5tn

3. Embed existing opportunities into business as usual

- ▶ Islamic finance predicted to grow to \$3.4tn by 2018
- ▶ Impact investments reported: \$77.4bn
- ▶ Green bonds could reach \$130bn by end of 2017
- ▶ Blended finance market worth \$14.9bn

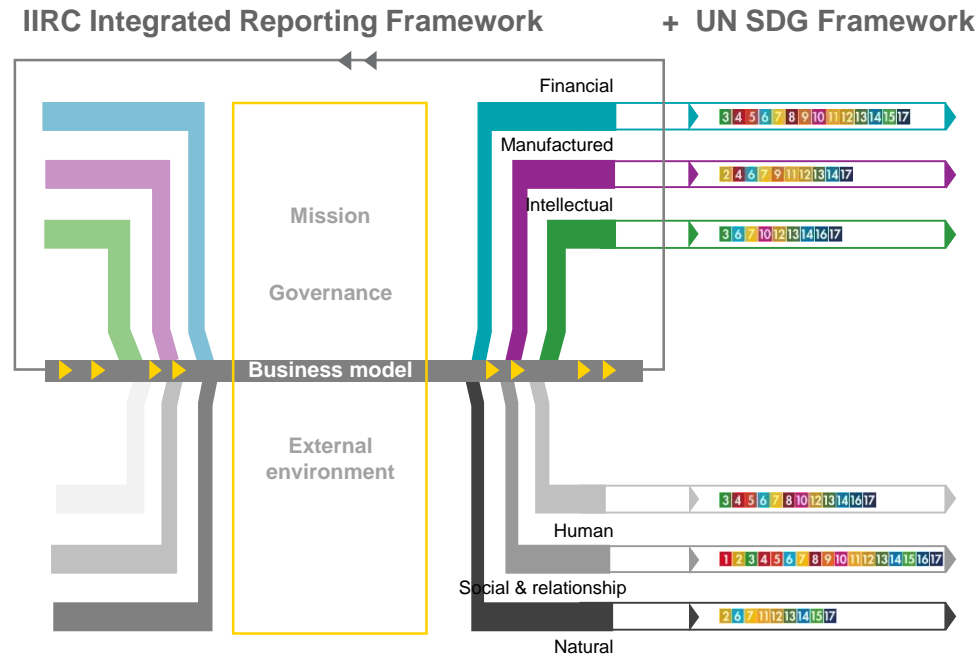
A 3 step strategic approach focussed on the long-term and embedded in the SDGs is essential to drive progress

1 Understand and define long term value creation



- ▶ Understand what 'inclusive capitalism' means to the organisation
- ▶ Define what long term value means for all of the stakeholders

2 Embrace a strategic framework for SDG integration



- ▶ Establish integrated thinking. Recognising all types of capitals and stakeholders
- ▶ Identify SDGs material to the business model and map SDGs to the organisation's capitals
- ▶ Embed into strategy: opportunities (new business models, new products, etc.) and risks (implementation, reputation, etc.)

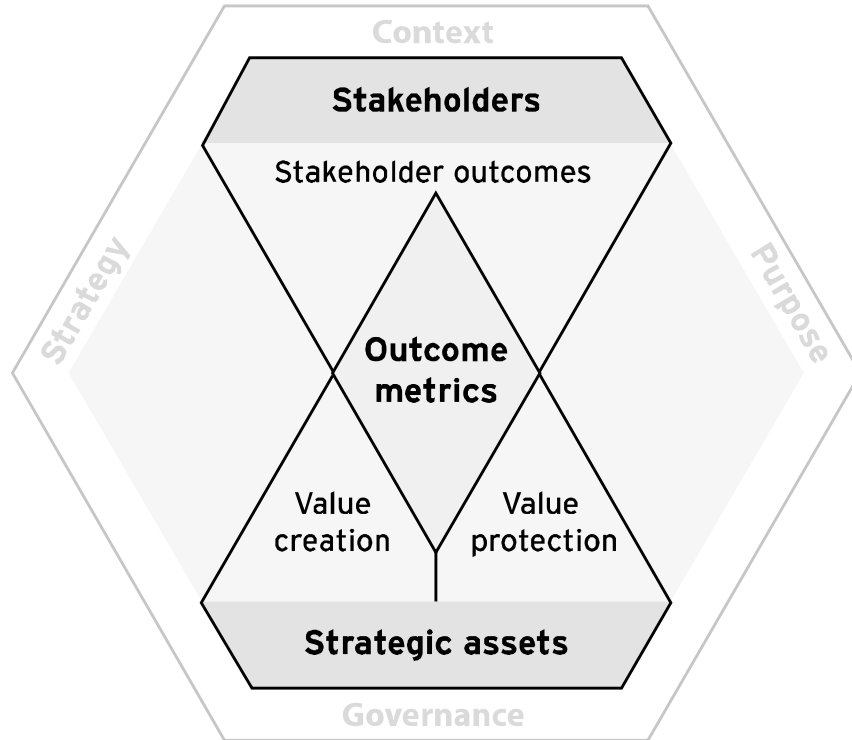
3 Develop targets, take action and report

SDG number	Goal	Link with material topic	Link with strategy	Our contribution	KPI
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Learning and development Recruiting and retaining top talent	Talent	Personal talent development Investment in educating EY professionals In cooperation with partners, pro-bono teaching financial skills and coaching young entrepreneurs	Number of training hours / courses spent on training
6	Achieve gender equality and empower all women and girls	Recruiting and retaining top talent	Talent	Embed a thorough diversity policy and SOPs Install several diversity and inclusiveness programs such as Women in Financial Services, the 'EY Women network' and several internal development courses Foster and create a magazine concerning diversity and inclusiveness: 'She's Got It'!	Number of training hours per FTE man and per FTE woman
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Innovation Quality of service Sustainable performance Independence, integrity and ethical standards	Markets, Operations	Contribute to entrepreneurial ecosystems Pro-bono support to partners that reduce youth unemployment and stimulate entrepreneurship Contribute to financial and non-financial performance of organizations Operate in accordance with our EY Code of Conduct	Financial result, revenue
12	Ensure sustainable consumption and production patterns	Sustainable performance	Markets, Operations	Enable clients to deliver sustainable products and services Reduce our environmental footprint and focus on mobility and energy efficient operations and offices Sustainable sourcing Compliance with supplier code processes	CO ₂ emissions per FTE
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Quality of service	Markets, Operations	Contribute to creating trust and confidence in the capital markets Provide services which meet our ethical standards and good-governance practices	Quality of service (QoS)
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	Innovation Responsible citizenship	Markets	Foster stakeholders in order to facilitate sustainable development Support partners with innovations and community investment	Number of hours spent on community investment

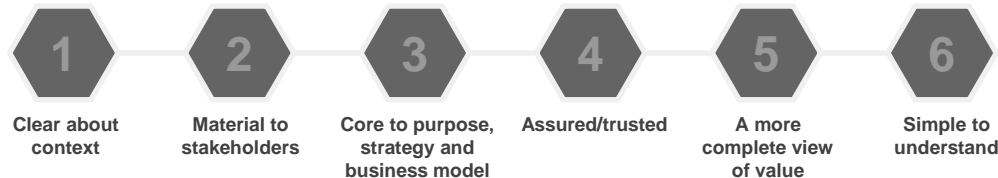
- ▶ Develop targets and KPIs closely aligned with the relevant SDGs and targets
- ▶ Develop systems to integrate the management of SDG issues into everyday business decision-making

Long-term value creation can provide a roadmap towards a more inclusive form of capitalism

1 Understand and define long term value creation



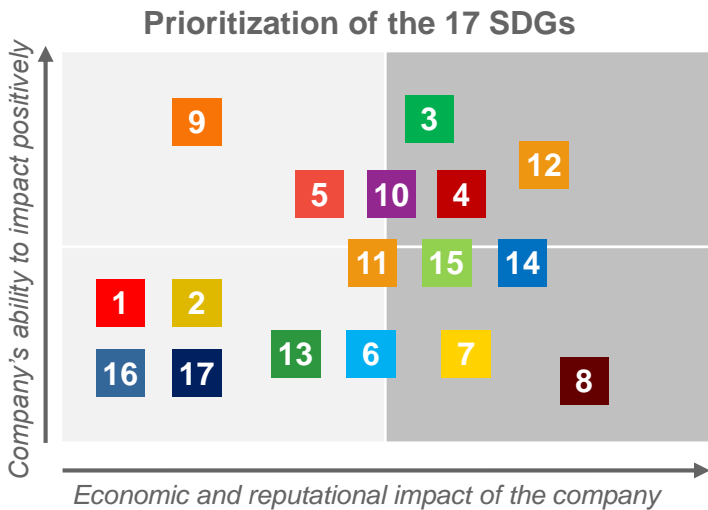
- ▶ **Context, Purpose, Strategy and Governance** determine the outcomes the organisation needs to deliver to its stakeholders
- ▶ **Value Creation levers** define the types of value an organisation creates
- ▶ **Value Protection levers** define the types of risks and threats an organisation manages to protect value
- ▶ **Strategic Assets** are the capabilities and resources that are required to deliver stakeholder outcomes
- ▶ **Outcome Metrics** measure the achievement of stakeholder outcomes



Integrated reporting, combined with the SDGs provides the framework for embedding long-termism

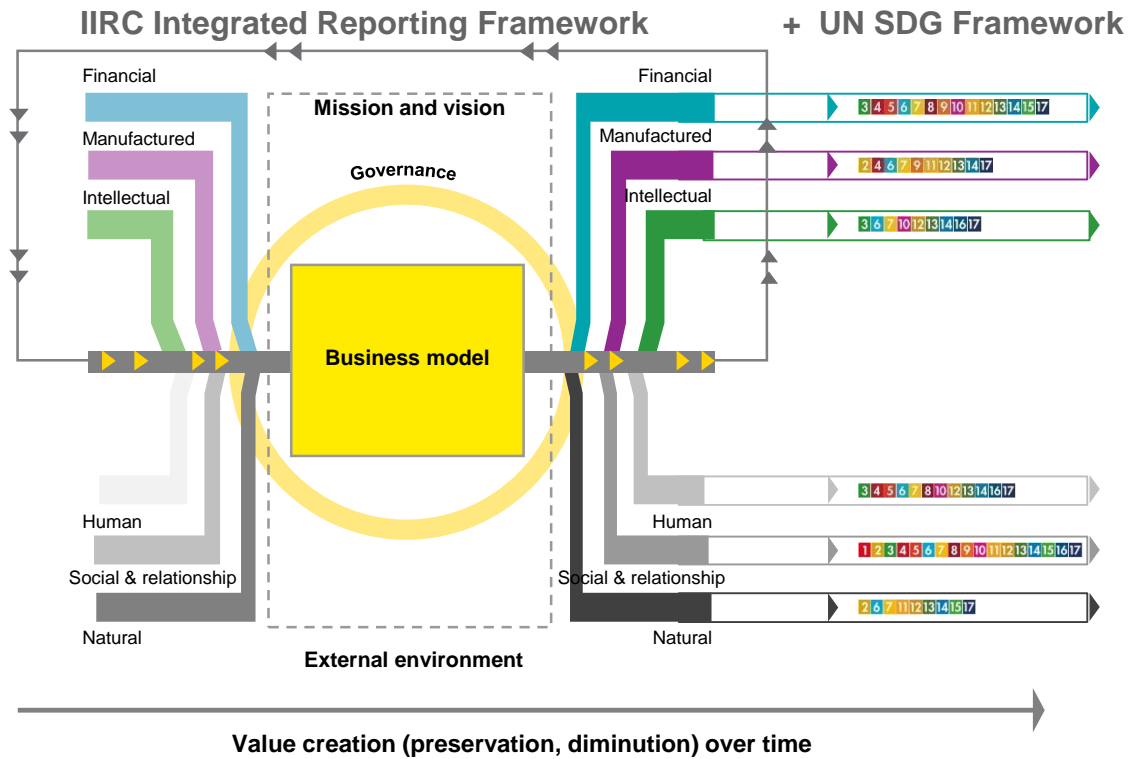
2 Embrace a strategic framework for SDG integration

Materiality mapping allows businesses to be efficient by isolating those SDGs which align to strategy



An example: Material SDGs linked to strategy in a sustainability report

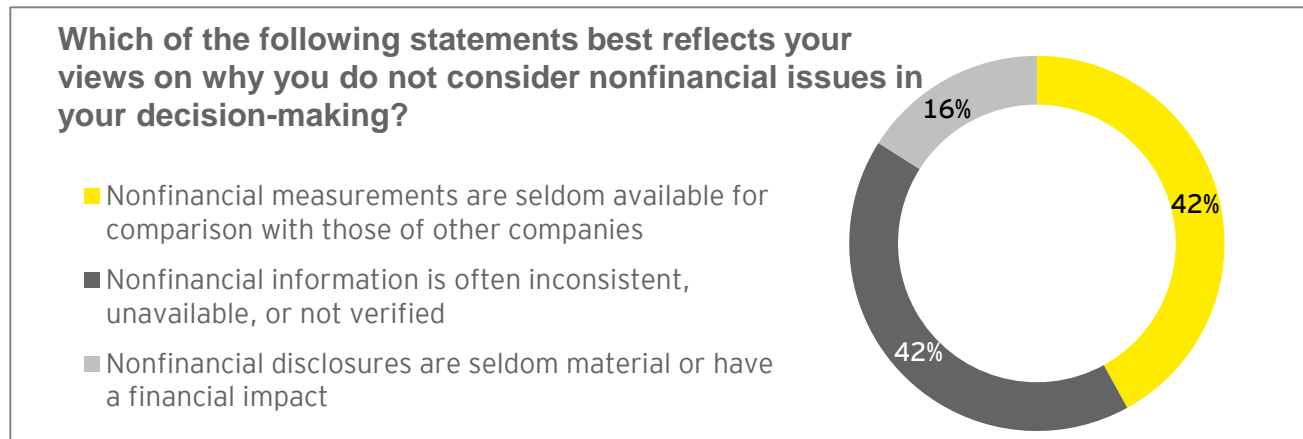
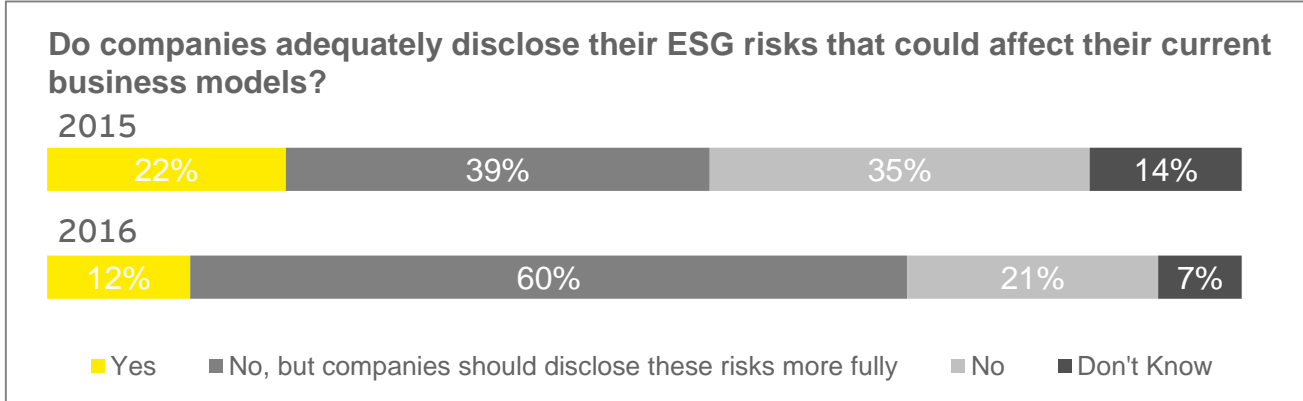
The IIRC Integrated Reporting Framework can be linked to the UN SDG Framework to identify risks and opportunities across all of the organisation's capitals (Financial, Manufactured, Intellectual, Human, Social, Natural)



But better non-financial information is required for more transparent reporting, to meet investors expectations and to channel capital

3 Develop targets, take action and report

EY Survey Tomorrow's Investment Rules 2017 highlights investors' demand for better disclosures:



Effective disclosures need to respond to the following criteria:

1 Materiality
Material trends and business and industry relevance

2 Comparability
Leveraging existing standards, that need to be mapped and enhanced rather than inflated with additional reporting burdens

3 Reliability
Through internal controls and systems, management of big data, external assurance

A common framework for SDG indicators is key to reducing reporting burden and to enhance comparability

3 Develop targets, take action and report

Reporting the SDGs is crucial to keeping making progress in the right direction towards achieving the goals.

However for an integrated framework to work, material, comparable and reliable indicators are required. To foster this, a clear standard framework of reporting is essential.

What options are available to help to develop this standard?



SDG Index Initiative



Local Government initiatives



TCFD Recommendations



SASB



UNCTAD



SDG Compass and GRI

Connecting the dots:
Examples of initiatives
and involved bodies

There are Financial Services organizations taking on that challenge and are responding to SDG reporting in different ways

Global Insurer

Context and highlights | Strategy and approach | Performance by key issue | Governance

Sustainable business strategy | Sustainable Development Goals (SDGs) | Our SDG focus

Our focus

on the UN's Sustainable Development Goals (SDGs)

At Aviva, we're focused on helping to meet the Sustainable Development Goals that we feel most align with our business strategy and core strengths. We're doing this through using the bright ideas outlined on this page.

GOOD THINKING FOR TODAY

- 1 PEOPLE**: We are one of the largest micro-life insurers on the Indian subcontinent, and in 2015 alone covered more than 50,000 of the country's rural poor. Our carbon offsetting has also directly improved the lives of 870,000 people globally since 2012 through health, sanitation, women's empowerment, and livelihoods.
- 3 GOOD HEALTH AND WELL-BEING**: Our UK essential health cover provides affordable insurance focused on cancer, children and physiotherapy. Plus, the Aviva-COPCO Health and Wellness Platform features the Churny Online Doctor, the first 24-hour online medical consultation service available across China.
- 4 QUALITY EDUCATION**: We have worked with charities, governments and the UK to help catalyze cross-sector action supporting the Committee on the Rights of the Child to advance their General Comment to provide authoritative guidance to nation states on street child issues including an education for all.
- 8 DECENT WORK AND ECONOMIC GROWTH**: In the UK we are offering no excess contents insurance for people in social housing, helping them stay out of debt. Also, everyone who works in a UK Aviva office location, whether employed directly or subcontracted, earns at least the real UK Living Wage and we encourage our employees, and companies we invest in, to do the same.

GOOD THINKING FOR TOMORROW

- 7 AFFORDABLE AND CLEAN ENERGY**: We're committed through RE100 to purchasing 100% electricity from renewable sources by 2022 and had achieved 61% by the end of 2016. Aviva therefore manages funds that invest in portfolios of 24,000 residential solar installations across England and Wales and insured £15.4 million with the Green Investment Bank into Toyota Primary Healthcare Trust to provide efficient energy centres that help support an energy-efficient NHS.
- 11 SUSTAINABLE CITIES AND COMMUNITIES**: Aviva signed the UN Principles for Sustainable Development "United for Disaster Resilience" statement in March 2015. The same year, Aviva Canada was the first-to-market in the provision of an Overland Water Coverage option for home insurance, to provide water damage coverage for certain categories of claims not previously covered by the Canadian insurance industry.
- 13 CLIMATE ACTION**: Aviva's strategic response to climate change supports strong policy action on climate change, including active engagement with companies and disinvestment where we consider insufficient progress being made. We have reduced our own emissions by 46% since 2010 and have a long term target carbon reduction target of 50% by 2020 and 70% by 2050.
- 16 LIFE BELOW WATER**: We have had a human rights policy for more than 10 years and in 2015 launched a refreshed policy based on the UN Guiding Principles on Business and Human Rights. We are a founding partner in the Corporate Human Rights Benchmark for business, which ranks the top 500 globally listed companies on human rights, process and performance.
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**: We're committed to investing £2.5 billion in low carbon infrastructure over the next years with a carbon savings target of 100,000 tonnes of CO₂e annually. In 2016, Aviva Investors signed 1450 million of new investment in wind, solar, biomass and energy efficiency.
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**: Aviva Investors signed the Montreal Pledge to measure the carbon footprint of our investment funds. We set on the insurers' call for securing G20 Commitment to the removal of fossil subsidies by 2020. We also achieved our zero landfill target for UK operations by the end of 2015 and are working towards our group-wide target by 2020.
- 17 PARTNERSHIPS FOR THE GOALS**: Aviva's CEO, international insurance, Maurice Tulloch, is on the steering committee of the Insurance Development Forum, a new United Nations and World Bank based organization which seeks to reduce the use of insurance-related facilities to protect developing countries against natural and man-made disasters. Overall, we aim to improve the lives of more than two million people in our communities through partnerships by 2020.

INITIATIVES FOR A CHANGING WORLD



Developing 'green' finance

In November 2016 BNP Paribas issued its first green bond for a total amount of €500 million. The issue marked a new step in promoting market solutions in the area of sustainable development. The bonds were issued in line with the Green Bonds Principles and met with strong investor demand, which enabled the bank to set an attractive price. The bonds will help finance renewable-energy projects in Europe.

OPENUP: MAKING THE BANK MORE OPEN TO INNOVATION

Technology startups can now use the BNP Paribas 'Openup' app to get in touch with the Group's business and enable the bank to respond faster to the need for financial innovation. Three months after Openup's launch, over 500 startups and 500 bank staff had registered, and six prototypes are being developed around the world. Under the Group's 'Open Innovation' strategy, BNP Paribas provides comprehensive support to promising startups, from steering business partnerships to enabling 'test-and-learn' development.



Helping to achieve the United Nations SDGs

The aim of the 17 Sustainable Development Goals (SDGs) established by the United Nations is to help build a prosperous, fair world while safeguarding the planet's resources. BNP Paribas is playing its part in helping to attain these goals through its CSR policies, which address the requirements of economic growth, ensure the social inclusion of the most disadvantaged, and protect the environment. To take these policies further, the Group called an extra-financial ratings specialist Vigor Eiris to help measure the proportion of its loans that makes a direct contribution to reaching the SDGs. The Vigor Eiris indicator covers

sectors from healthcare to water management, public transport, energy efficiency and microfinance. BNP Paribas is also developing specific products to help both private and institutional investors direct their investments to companies and sectors that contribute most effectively to reaching SDG goals. These products include themed funds on water management, sustainable cities and the food chain, together with a new index—the Stativie Sustainable Development Goals World Index—which is specifically linked to the SDGs. In addition, a number of Group subsidiaries have entered into partnerships with corporate clients and public institutions with a view to raising awareness of the SDGs and showing how everyone can play a part in attaining them.

Global Banking Group

Global Banking Group

SUSTAINABILITY ASPIRATIONS

Sustainability Aspirations

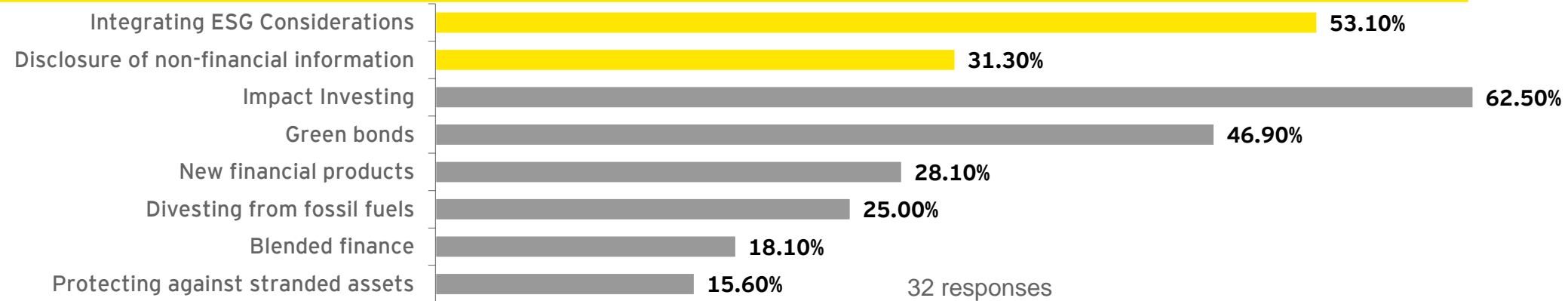
Our Aspirations build on our three sustainability priorities with measurable targets to demonstrate how we are achieving sustainable outcomes across our business. These also allow us to measure our contribution to the UN Sustainable Development Goals.

Aspiration	Target	Timeline
Pillar 1: Contributing to sustainable economic growth	We'll work with our clients to:	
Infrastructure - Everyone should have access to safe, reliable and affordable power and infrastructure which transforms lives and strengthens economies	Provide advisory, financing, debt structuring services and policy advice for \$25 billion of infrastructure projects, including \$4 billion toward clean technology	Jan 2017 - Dec 2019 (Infrastructure) Jan 2018 - Dec 2020 (clean technology)
Climate - Climate change is one of today's greatest challenges and addressing it is essential to promote sustainable economic growth	Introduce criteria to assess alignment to a 1.5 degree climate scenario for energy sector clients and transactions Expand the climate assessment criteria to other high-emitting sectors	May 2016 - Dec 2017 Jan 2018 - Dec 2019
Entrepreneurs - Entrepreneurs are the heart of local economies, creating jobs and empowering people	Provide \$6 billion to Business Banking clients Grow our lending to smaller business clients in our Commercial Bank by 20%, as measured by assets	Jan 2017 - Dec 2019 Jan 2017 - Dec 2019
Digital - Everyone should have access to digital banking products enabling safe, efficient and inclusive banking	Continue to provide 'last-mile' payments and collections to clients in our footprint through our Straight2Bank wallet	Jan 2017 - Dec 2019
Commerce - Trade creates jobs and contributes to economies by enabling people to connect across borders	Bank 8,000 of our clients' international and domestic networks of suppliers and buyers through banking the ecosystem programmes	Jan 2017 - Dec 2020
Impact and sustainable finance - Innovative financial products and partnerships can help us solve global development challenges and improve the lives of millions in our markets	Provide \$1 billion of financing to microfinance institutions to extend access to finance Facilitate opportunities for our Private Bank clients to invest in impact investing funds in our markets Continue to promote blended finance capabilities	Jan 2016 - Dec 2020 Jan 2016 - Dec 2020 Jan 2016 - Dec 2020

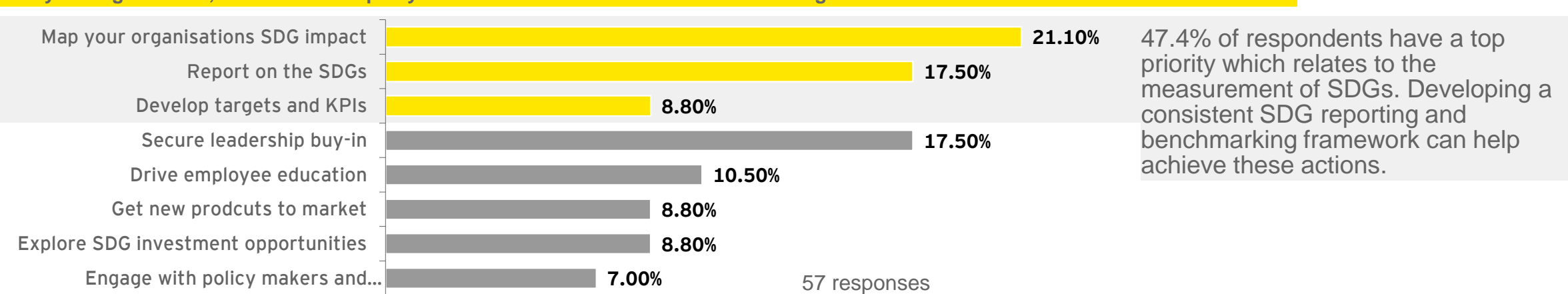
EY FS is addressing the challenge through research around SDGs to inform strategy and reporting

During EY’s recent webinar “How do you fund a sustainable tomorrow?” the following survey was conducted among participants from leading Financial Services organisations:

What do you think are the key ways financial services can innovate to achieve the SDGs? (Select your top 3)



In your organization, what is at the top of your action list in order to further the SDG agenda?



Our EY member firms are also applying the SDG framework to their own reporting and making constant progress on the agenda

Example of SDG framework applied to the annual report of an EY member firm

	Markets	Talent	Operations
	<ul style="list-style-type: none"> Quality of service Innovation Responsible citizenship 	<ul style="list-style-type: none"> Recruiting and retaining top talent Learning and development 	<ul style="list-style-type: none"> Sustainable performance Independence, integrity and ethical standards
SDG			
Vision 2020 Ambition	<ul style="list-style-type: none"> No. 1 or 2 in terms of market share in our chosen services Best Brand Positive and strong relationships with our stakeholders 	<ul style="list-style-type: none"> The most favoured employer 	<ul style="list-style-type: none"> Leading growth and competitive earnings to attract and retain world-class talent
Vision 2020 Strategy	Focus on winning in the market <ul style="list-style-type: none"> Deliver exceptional client service Maximize opportunities in markets and services 	Create highest performing teams <ul style="list-style-type: none"> Attract, develop and inspire the best people Commit to a culture of world-class teaming 	Strengthen global, empower local <ul style="list-style-type: none"> Emphasize global advantage Empower local teams by enabling their success
Strategic Priorities 2016/2017	<ul style="list-style-type: none"> Deliver exceptional client service Grow revenue Invest in innovation Invest in brand Foster stakeholders relationships 	<ul style="list-style-type: none"> Execute teaming programs Invest in talent recruitment, retention and development Accelerate diversity and inclusiveness Implement workplace of the future 	<ul style="list-style-type: none"> Maintain operational excellence Promote culture of quality and integrity Focus personal independence compliance Minimize carbon in operations

Created a visual link with goals, outlining the business topic to which they relate

Incorporated goals into Vision 2020 – EY long term ambition and strategy

Defined the organization's contributions and the related KPIs - measure the firm's impact and benchmark its performance

4. EY's contribution to the SDGs

SDG number	Goal	Link with material topic	Link with strategy	Our contribution	KPI
4	QUALITY EDUCATION Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Learning and development Recruiting and retaining top talent 	Talent	<ul style="list-style-type: none"> Personal talent development Investment in educating EY professionals In cooperation with partners, pro bono teaching financial skills and coaching young entrepreneurs 	Number of training hours / euros spent on training
5	GENDER EQUALITY Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Recruiting and retaining top talent 	Talent	<ul style="list-style-type: none"> Embed a thorough diversity policy and KPIs Install several diversity and inclusiveness programs such as 'Women in Financial Services', the 'EverWomen network' and several internal development courses Publish and circulate a magazine concerning diversity and inclusiveness: 'Verschil moet er zijn' 	Number of training hours per FTE man and per FTE woman
8	DECENT WORK AND ECONOMIC GROWTH Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> Innovation Quality of service Sustainable performance Independence, integrity and ethical standards 	Markets, Operations	<ul style="list-style-type: none"> Contribute to entrepreneurial ecosystems Pro-bono support to partners that reduce youth unemployment and stimulate entrepreneurship Contribute to financial and non-financial performance of organizations Operate in accordance with our EY Code of Conduct 	Financial result, revenue
12	RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Sustainable performance 	Markets, Operations	<ul style="list-style-type: none"> Enable clients to deliver sustainable products and services Reduce our environmental footprint with focus on mobility and energy efficient operations and offices Sustainable sourcing Compliance with supplier code procedures 	CO ₂ emissions per FTE
16	PEACE AND JUSTICE STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> Quality of service 	Markets, Operations	<ul style="list-style-type: none"> Contribute to creating trust and confidence in the capital markets Provide services which meet our ethical standards and good governance practices 	Quality of service (QRM)
17	PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> Innovation Responsible citizenship 	Markets	<ul style="list-style-type: none"> Involve stakeholders in order to facilitate sustainable development Support partners with innovations and community investment 	Number of hours spent on community investment

About EY

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EY is a leader in serving the Financial Services (FS) industry.

We understand the importance of asking great questions. It's how you innovate, transform and achieve a better working world. One that benefits our clients, our people and our communities. Finance fuels our lives. No other sector can touch so many people or shape so many futures. That's why globally we employ 26,000 people who focus on financial services and nothing else. Our connected financial services teams are dedicated to providing assurance, tax, transaction and advisory services to the banking and capital markets, insurance, and wealth and asset management sectors. It's our global connectivity and local knowledge that confirms we provide the insights and quality services to help build trust and confidence in the capital markets and in economies the world over. By connecting people with the right mix of knowledge and insight, we are able to ask great questions. The better the question. The better the answer. The better the world works.

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