

31 October 2019

Professor Carol Adams
Durham University Business School
Durham

[Via Email](#)

Dear Carol

Submission on Consultation Paper: Recommendations for SDG Disclosures

We welcome the opportunity to provide feedback on the proposed framework for recommended Sustainable Development Goals (SDG) Disclosures (“the Consultation Paper”). The Appendix provides more information about Chartered Accountants Australia and New Zealand (CA ANZ).

General Comments

The accounting profession has a vital role in contributing towards the achievement of the SDGs. We act in the public interest, promoting strong economies and a prosperous society. We support and welcome the alignment and creation of a framework that helps reporting entities develop their SDG reporting as well as to enhance the credibility of SDG disclosures and to embed SDG considerations into strategic business decisions.

We support the development of and convergence towards relevant, reliable, consistent, and comparable narrative information and metrics on which assurance conclusions can be expressed. We support efforts to enhance corporate reporting and at the same time we reiterate the need for better alignment of the various corporate reporting frameworks.

Consultation Questions

1. Are the disclosure Principles selected appropriate to encourage both the integration of SDGs into strategy and transparency in relation to risks, opportunities and impacts?

Some of the selected disclosure Principles are quite complex, for example including reliability, completeness, balance, understanding and verifiability as a single principle. We encourage the authors to focus on the most relevant principles for SDG Disclosures. We recommend further consideration is given to how the bullet points on page 8, which cover what the disclosure Principles reflect, interact with the disclosure Principles themselves. We also suggest that a degree of flexibility is embedded into the recommended disclosures to focus on the needs of the stakeholder (rather than compliance).

3a. Are there additional sources of assurance evidence that could be included?

Given every organisation and their approach to integrating the SDGs is different, we consider it important that whilst the list of audit evidence includes some common examples, it should not be positioned as a complete list. Accordingly, we recommend the title of the second column in table 3 is amended from ‘Evidence’ to ‘Examples of evidence.’

3b. Do you foresee issues in the supply of assurance? Why?

In 2017, The International Auditing and Assurance Standards Board (IAASB) issued a Consultation Paper on ‘Supporting Credibility and Trust in Emerging Forms of External Reporting’ (EER). Our submission highlighted that the acceptance decision is the greatest challenge in relation to assurance over EER, in particular consideration of whether the appropriate pre-conditions for an assurance engagement have

been met. An appropriate scope, suitable criteria and mature governance and internal control processes are essential pre-conditions to an effective assurance engagement. EER frameworks are still maturing and entities often do not have fully developed reporting systems, controls and oversight mechanisms in place. These factors are also likely to impact on the ability to provide a higher level of assurance. We note that, to date, practitioners have primarily provided limited assurance over EER.

Our submission also suggests that the level of maturity of EER frameworks and governance over these is the primary barrier to the level of demand for assurance over EER. To date the uptake of assurance over EER in Australia and New Zealand on a voluntary basis has been slow.

Future oriented and narrative information such as the recommended SDG Disclosures is typically more subjective and of a qualitative nature. As a result, it may be more challenging to verify and provide assurance on these disclosures given the significant levels of judgement and assumptions required by organisations to determine the most appropriate SDGs, actions and negative impacts to report.

3c. Are there alternatives to assurance that could be included to enhance credibility of reporting?

Increased transparency of the judgements and assumptions that are reported to investors will assist in enhancing credibility of reporting. Further, as more entities report, there will be increased comparability between entities and periods, which will further contribute to enhanced reporting.

4. Are there further opportunities for aligning existing frameworks?

There are significant differences in the level of awareness and understanding of SDGs based on jurisdiction. For example, the understanding and awareness of SDGs within the wider Australian community is very limited compared to the commitment of achieving SDGs by the UK Government. For transparency and comparability, it could be useful to map specific jurisdictional reporting frameworks.

The reporting ecosystem, consisting of multiple and competing reporting frameworks, is becoming increasingly complex. Therefore, it is vital that SDG Disclosures are complementary to other reporting frameworks already being used by entities while also allowing for flexibility to respond to the changing business environment.

5. Are there additional matters which should be addressed prior to finalisation?

The Consultation Paper aims to target preparers of reporting organisations and their investors. These two identified audiences are distinct and would require a different understanding and perspective on SDG Disclosures. We suggest that a separate paper is considered for investors as the Consultation Paper, in its current form, appears to predominately focus on preparers of reporting organisations.

Should you have any queries concerning the matters discussed above or wish to discuss them in further detail, please contact Karen McWilliams via email at karen.mcwilliams@charteredaccountantsanz.com or phone (+612) 8078 5451.

Yours sincerely



Simon Grant FCA
Group Executive
Advocacy & Professional Standing



Karen McWilliams FCA
Business Reform Leader
Advocacy & Professional Standing

Appendix

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 125,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents 788,000 current and next generation professional accountants across 181 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications to students and business.