



SDG Measurement and Disclosure 2.0 A study of ASX150 companies

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RESEARCH REPORT

SDG MEASUREMENT AND DISCLOSURE 2.0

A study of ASX150 companies

AUGUST 2020



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FOREWORD

The United Nations 2030 Agenda for Sustainable Development, agreed to by Australia and 192 other Member States in 2015, sets forth a collective vision and path for a more equitable and sustainable world. The Agenda encompasses 17 Sustainable Development Goals (SDGs) which reflect global development priorities such as the eradication of hunger and poverty, enhancement of peace and prosperity, and the protection of the planet. The SDGs are framed with quantitative and qualitative targets that provide an overarching framework for governments, not for profits and businesses to shape and align their strategies to achieve the 2030 Agenda.

In October 2019, an inaugural research report was released on SDG measurement and disclosure by the top 150 Australian publicly-listed companies (ASX150).¹ An analysis of annual corporate sustainability reports from 2018 revealed only approximately one third of the ASX150 companies mentioned SDGs in their reports, and only a quarter had formally prioritised SDGs by aligning their operations and strategies to meet the various targets. The study called for greater disclosure on how companies were aligning SDGs within their reporting frameworks and as part of their business strategy.

This report is the second in this research series. Presented within is an analysis of the integration of the SDGs by the companies comprising the ASX150 index (by market capitalisation as at 1 July 2019). Research priorities included understanding the extent of SDG awareness within corporate Australia and gaining a sense of the commitment and corresponding corporate governance present within the ASX150. This report also highlights the evolving quality of SDG reporting between 2018 and 2019 and identifies the Top 20 performing companies for SDG integration and disclosure for the 2019 reporting period. Lastly, we have individually analysed each of the 17 SDGs within the context of ASX150 corporate reporting to identify how they are being prioritised by varying industries and the actions that are being taken to address each goal.

This project is a collaboration between RMIT University and the United Nations Association of Australia (UNAA). Our common overarching goal is to stimulate discussion and enhance understanding on how businesses can better engage with the SDGs which will have a positive flow-on effect on meeting the global 2030 Agenda. We believe the insights presented by this report will be valuable for investors, regulators, employees and other stakeholders to reflect on the progress made by many Australian businesses. The critical challenge remains – “How can Australian businesses better leverage the many opportunities offered by the UN SDGs?”

Research Team:

Nava Subramaniam; Renzo Mori Jnr.; Suraiyah Akbar; Sophia Ji and Hui Situ

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¹ Subramaniam, N, Mori Jnr, R, Akbar, S, Hui, S & Ji, S (2019) SDG Measurement and Disclosure by ASX150, RMIT University. This report was a collaboration between RMIT University and the Global Compact Network of Australia (GCNA). https://unglobalcompact.org.au/wp-content/uploads/2020/04/SDG-Measurement-and-Disclosure-by-ASX150_GCNA-and-RMIT.pdf



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ABOUT THE UNAA

The UNAA works to inform, inspire and engage Australians on the work, goals, and values of the United Nations to create a safer, fairer, more sustainable world. We promote the UN's critical role in striving to maintain international peace and security, human rights and sustainable development. In particular we focus on promoting the Sustainable Development Goals (SDGs) and the issues affecting Australians and Australia, such as climate change, the rights of Aboriginal and Torres Strait Islander Peoples, gender equality and refugees. <https://www.unaa.org.au>



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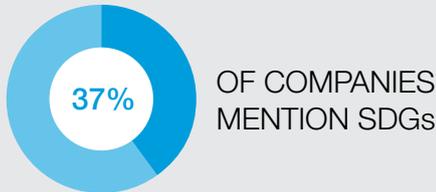


CONTENTS

Foreword	3
Summary Findings	4
Background	5
Research Overview	10
SDG Awareness and Commitment	11
Integrating SDGs into Strategic Decisions	19
SDGs and Performance Measurement	20
Top 20 Performing Companies	22
Concluding Remarks	23
APPENDIX	
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Individual SDG Profiles	25

SUMMARY FINDINGS

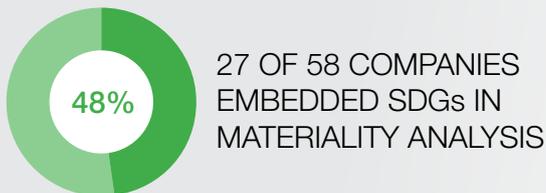
2018



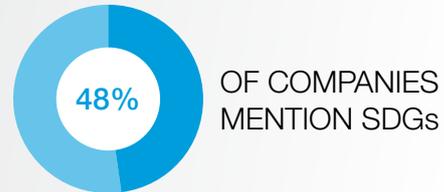
3 MOST COMMON SDGs PRIORITISED



3 LEAST COMMON TYPES OF SDGs PRIORITISED



2019



3 MOST COMMON SDGs PRIORITISED



3 LEAST COMMON TYPES OF SDGs PRIORITISED



TOP 3 FASTEST GROWING SDGs PRIORITISED BY COMPANIES



BACKGROUND

THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT



“With less than 4,000 days remaining until the 2030 target, the change we need to see in the Decade of Action will not happen through incremental improvements and adjustments to ‘business-as-usual.’ Companies need to step-up and transform their business models to turn policy commitments into action that can lead to actual performance improvements. Now is the time for CEOs to speak up and ensure all companies fully integrate the Ten Principles and raise their SDG Ambition to meet the needs of society and the planet.”

LISE KINGO, CEO OF THE UN GLOBAL COMPACT,
AT THE 20TH-ANNIVERSARY UN LEADERS SUMMIT, 2020. ”

BUSINESS CASE FOR SDGS

While the SDGs were agreed to by all 193 member states, their success is dependent on the action and collaboration of groups outside government. It is widely acknowledged that the private sector will be of crucial importance in achieving the 2030 sustainable development goals. The 2019 Australian Senate Inquiry² into the UN Sustainable Development Goals stated the need to increase awareness of the goals amongst corporates and to enhance their reporting on the goals in a cost-effective manner. The SDGs offer opportunities for companies to identify new business opportunities, strengthen stakeholder relations, advance corporate sustainability, and enhance markets and societies.

RECOMMENDATION 15

7.54 The committee recommends that the Australian Government partners with private and tertiary sector stakeholders to develop and disseminate Australian guidance on reporting against the Sustainable Development Goals in order to ensure consistent and transparent reporting and minimise the reporting burden for businesses.



Business plays a critical role in achieving sustainable development through enacting responsible operations, developing innovative business models, investing in sustainable technology, and more.

² www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/SDGs/Report



Reporting guidelines aim to establish clear and consistent disclosure on the Sustainable Development Goals and the performance of companies in meeting them. Two notable frameworks are the SDG Business Compass Guide³ and the Business Reporting on the SDGs guide⁴, both of which were created by the UN Global Compact in collaboration with the Global Reporting Initiative (GRI). The SDG Business Compass Guide aims to direct companies on how to align their strategy to the SDGs and effectively measure and manage their contribution. It involves a 5-staged process that is shown in Figure 1 below.

OTHER NOTABLE REPORTS THAT GUIDE BEST PRACTICE SDG REPORTING INCLUDE:

- | | | |
|--|---|---|
| <p>1 <i>'SDG Reporting Challenge'</i> by PricewaterhouseCoopers (PWC, 2019) that involved 1,141 companies from 31 countries and territories and seven industry sectors;</p> | <p>2 <i>'How to Report on the SDGs'</i> by KPMG (2018) where the sample was the world's 250 largest companies by revenue based on the Fortune 500 rankings (the G250);</p> | <p>3 <i>'ASX 20 Disclosures on the Sustainable Development Goals'</i> by Think Impact (2018) that examined the largest 20 Australian publicly listed companies (by market capitalisation).</p> |
|--|---|---|

4 The recent Sustainable Development Goal disclosure recommendations by Adams, Druckman, and Picot (2020)⁵ identify four key themes for SDG disclosure:

- **Governance** - the board's governance around sustainable development risks and opportunities and oversight of processes to integrate sustainable development considerations into the organisation's processes.
- **Strategy** – changing both what business is done and how business is done to maximise long term value for both the organisation and society.
- **Management approach** – management's approach to considering sustainable development risks and opportunities across all aspects of the organisation.
- **Performance and targets** – qualitative and quantitative performance and targets.

³ <https://sdgcompass.org/>

⁴ <https://www.unglobalcompact.org/take-action/action-platforms/sdg-reporting>

⁵ <https://www.accaglobal.com/an/en/professional-insights/global-profession/the-sustainable-development-goals/SDGDrecommendations.html>

FIGURE 1 SDG COMPASS FRAMEWORK⁶



THE FIVE STEPS OF THE SDG COMPASS FRAMEWORK⁶

- 1 Understanding the SDGs**
Develop awareness and understanding of the SDGs.
- 2 Defining priorities**
Seize the most important business opportunities presented by the SDGs and reduce associated risks. Define priorities based on an assessment of the positive and negative, current and potential impacts across the company's value chain in meeting the SDGs.
- 3 Setting goals**
Align company goals with the SDGs. Leadership can demonstrate a commitment to sustainable development.
- 4 Integrating**
Integrate sustainability into core business and governance and embed sustainable development targets across all functions within the company. Pursue shared objectives or address systemic challenges, engage in partnerships across the value chain.
- 5 Reporting and communicating**
Report information on sustainable development performance using common indicators and a shared set of priorities. Build the SDGs into the company's communication and reporting with stakeholders.

⁶ <https://sdgcompass.org/>

RESEARCH OVERVIEW

A content analysis was undertaken of ASX150⁴ (by market capitalisation as at 1 July 2019) company reports on corporate sustainability for the year ending in 2019. The analysis focused on identifying patterns in SDG measurement and reporting along three main themes: awareness and commitment to the SDGs, coherence in the integration of the SDGs in the company's strategic materiality analysis, and measurement of the SDGs within their business activities and performance. See Figure 2 for the criteria used.

Board-led initiatives are paramount for fostering awareness and commitment to the SDGs. A transparent process detailing how businesses come about prioritising and integrating the SDGs is also important for aligning stakeholders. As elucidated in Figure 3, SDGs need to be comprehensively integrated into the materiality analysis, also considering key stakeholder perspectives to foster meaningful engagement. It is also likely to lead to more objective goal setting, targets and indicators and promote greater corporate transparency and accountability.

Please Note: This study did not include a review of company websites or other social media outlets where companies may interact with the Sustainable Development Goals. The review perused annual reports and sustainability reports for two years (i.e. years ending 31 December 2018 and 2019).

FIGURE 3 MATERIALITY ANALYSIS PROCESS

Materiality analysis generally involves an internal review, as well as an external analysis of the potential risks and opportunities faced by a company.

Internally, a self-assessment can highlight potential issues that are material to the company and internal stakeholders. This process can include consultations with internal stakeholders (e.g. managers and employees) and be informed by internal performance records. The external analysis begins with engaging with stakeholders outside the company and reflecting on reports produced by external parties (e.g. industry and media).

Outcomes from both assessments can then be brought together into a materiality matrix to prioritise risks and opportunities.

The materiality profile can then be linked to relevant SDGs, and the organization goals and targets prioritized accordingly.

FIGURE 2 CRITERION LIST

The extent of SDG awareness, measurement and disclosure were assessed based on a total of thirteen (13) criteria that fall into 3 broader groups:

Awareness and Commitment to the SDGs

- (i) mention or acknowledgement of the SDGs in either the annual or sustainability reports
- (ii) mention of the SDGs in the Chair or CEO message
- (iii) presence of board members with SDG or sustainability knowledge and expertise
- (iv) presence of a sustainability committee and
- (v) prioritisation of the SDGs

Integration of SDGs into Strategic Materiality Analysis

the integration of SDGs in

- (i) materiality assessment
- (ii) SDGs linked to materiality assessment at the SDG target level
- (iii) SDGs incorporated to stakeholder engagement processes
- (iv) SDGs linked to sustainability initiatives,
- (v) SDGs linked to sustainability initiatives at the SDG target level

SDGs and Performance Measurement

the extent to which SDGs are mapped or linked with

- (i) business performance indicators
- (ii) business performance indicators at the SDG target level,
- (iii) historic performance data demonstrating SDG contribution

A score of one was listed if an item was met.

SDG AWARENESS & COMMITMENT

The contribution of businesses towards meeting the SDGs depends on their awareness of the goals and their willingness to mould their actions to align with the SDGs. Businesses can use the SDGs as a framework to formulate their sustainability goals, strategies, and activities. The SDG Compass guide suggests companies not only develop an awareness and understanding of the SDGs, but also disclose their commitment to sustainable development.⁷ Corporate reporting provides the medium to publicise the SDGs that are most relevant to a company's business model.

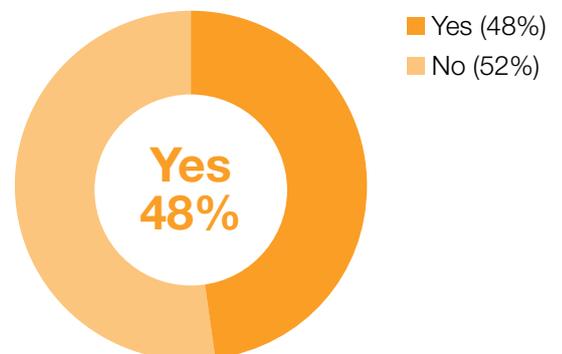
SDG ACKNOWLEDGEMENT IN REPORTS

Our analysis found 72 (48%) of the ASX150 mentioned the UN Sustainable Development Goals in their corporate sustainability reports in 2019, an increase of 11% compared to the 56 companies in the previous year (37%). This indicates a growing interest in the SDGs by the ASX150 companies. Further analysis at the sub-sector level reveals that SDGs are mentioned by the majority of the companies in the Materials, Financials, and Consumer sectors (see Appendix, for the full sectoral classification based Global Industry Classification Standards (GICS), jointly developed by S&P Dow Jones Indices and Morgan Stanley Capital Investment and adopted by the ASX).

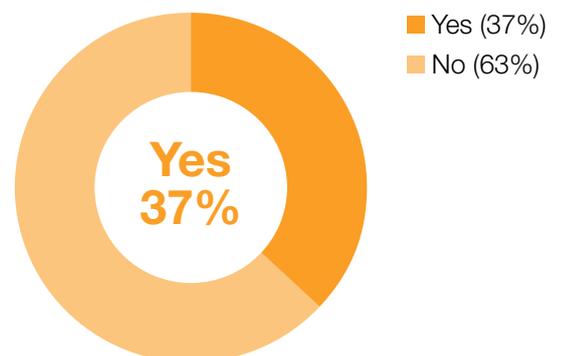
FIGURE 4 GLOBAL INDUSTRY CLASSIFICATION STANDARDS (GICS)⁸

SECTOR	INDUSTRY GROUP
Energy	Energy
Materials	Materials
Industrials	Capital Goods
	Commercial & professional Services
	Transportation
Consumer Discretionary	Automobiles & Components
	Consumer Durables & Apparel
	Consumer Services
	Media
	Retailing
Consumer Staples	Food & Staples Retailing
	Food, Beverage & Tobacco
	Household & Personal Products
Healthcare	Healthcare Equipment & Services
	Pharmaceuticals, Biotechnology & Life Sciences
Financials	Banks
	Diversified Financials
	Insurance
Information Technology	Software & Services
	Technology Hardware & Equipment
	Semiconductors & Semiconductor Equipment
Telecommunication Services	Telecommunication Services
Utilities	Utilities
Real Estate	Real Estate

Companies mention SDGs 2019



Companies mention SDGs 2018



⁷ See: SDG Compass, 2015, p.16. https://sdgcompass.org/wp-content/uploads/2016/05/019104_SDG_Compass_Guide_2015_v29.pdf

⁸ <https://www.msci.com/gics>

TONE AT THE TOP

An explicit acknowledgement of the SDGs by a senior executive or leader (e.g. the Chair or the CEO) makes an important statement about the relevance of sustainability to the organisation. It signals the company's interest and potential to make real commitments and actions to enhance sustainability. A recent PWC study (2019) involving 729 international companies revealed 21% of Chairs or CEOs mention the Sustainable Development Goals in their messages, and almost double that proportion (39%) was found in the KPMG study of the 250 largest global companies (within the G250).⁹

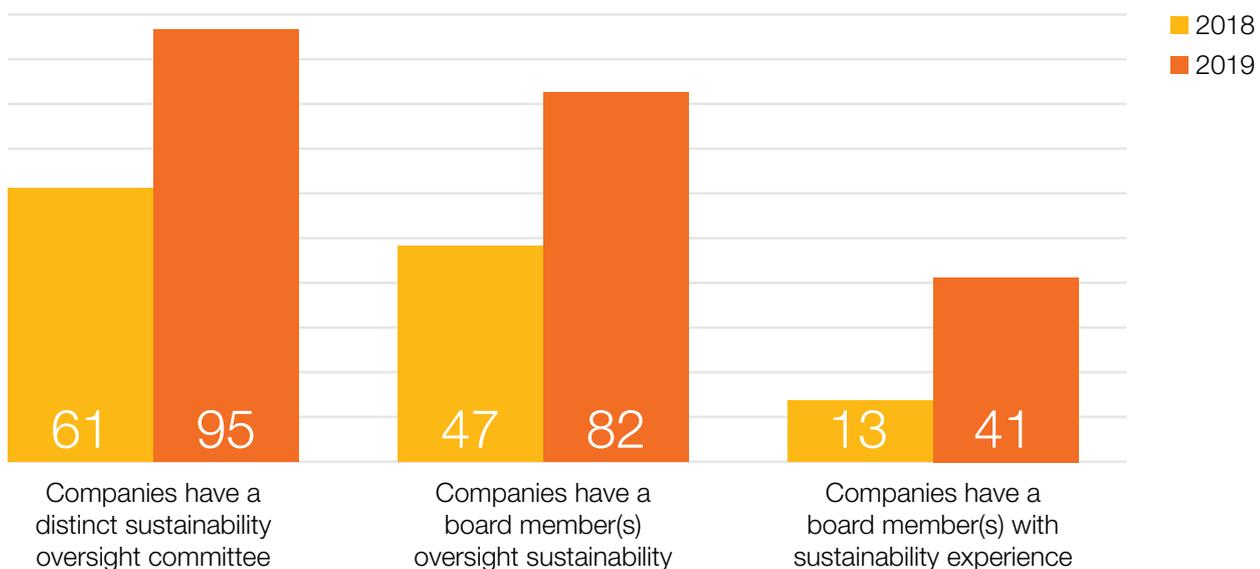
Within the 2019 corporate sustainability reports of the ASX150 companies, only 14 (9%) messages from the Chair or CEO mention the SDGs. This is a downward trend compared to the disclosure of 2018 where 17 (11%) Chair or CEO messages had acknowledged the SDGs. Further analysis indicates while five CEOs mentioned SDGs for the first time in 2019, eight CEOs who mentioned the SDGs in 2018 did not do so in the subsequent year.

GOVERNANCE OVERSIGHT

Governance structures to oversee the SDGs may include a committee or business unit; a board committee, or a specific board member. Generally these structures are built upon the previous corporate responsibility resources. Committing dedicated resources sends a strong signal of commitment to the SDGs and creates accountability.

Our analysis reveals 95 (63%) of the ASX150 disclosed having a distinct sustainability oversight committee in 2019 as opposed to 61 (41%) in the previous year. See Figure 4 below. Furthermore, significant increases were also noted in the number of businesses having board members with responsibility over sustainability matters, as well as, having sustainability and/or SDG expertise. In particular, disclosure of board members specifically having expertise in sustainability or the SDGs was most notable, from 13 (9%) to 41 (27%) companies over the two years i.e. a three-fold increase. These findings clearly indicate increasing levels of commitment and expertise at the board level to corporate sustainability and the SDGs.

FIGURE 5 COMPANY GOVERNANCE SUPPORT FEATURES



⁹ See PWC: <https://www.pwc.com/gx/en/services/sustainability/sustainable-development-goals/sdg-challenge-2019.html>
See KPMG: <https://home.kpmg/au/en/home/insights/2018/02/how-to-report-on-the-sdgs.html>

SDG PRIORITISATION

Prioritisation is a process by which companies selectively prioritise one or more SDGs based on an assessment of risks and benefits to their stakeholders, the surrounding community and the environment.¹⁰ Not all of the SDGs are relevant to all companies. Prioritising SDGs at the organisational level signals to stakeholders that the company is aware of where it has an impact and conveys the focal areas it will direct and commit resources.

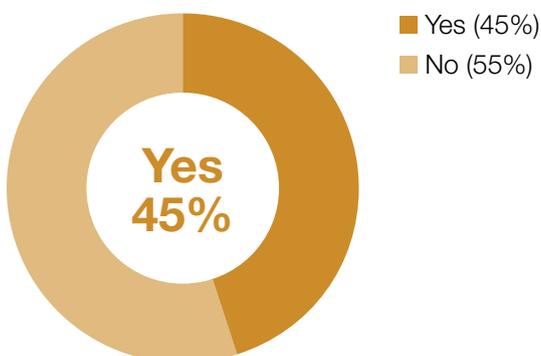
In 2019, 67 (45%) of the ASX150 prioritised one or more of the SDGs. This is almost double the number of companies in the previous year, where only 38 (25%) companies had prioritised one or more SDG. Interestingly, 2 companies stopped reporting their priority SDGs in 2019, but 31 companies started prioritising SDGs in their reports. Of the 67 companies prioritising SDGs, 30% targeted between 1 to 5 goals, 42% of the companies between six to ten SDGs, and 25% targeted 11 to 16 goals. Only two companies (3%) referred to all 17 goals. As shown in Figure 5, reporting patterns in 2019 indicate more businesses are prioritising SDGs.

SDG prioritisation accompanied by specific quantitative or qualitative targets was not commonly seen in the reporting cohort. In 2019, 8 companies disclosed targets and indicators for their prioritised SDGs, which was only 12% of the 72 companies that had mentioned the SDGs in their reports.

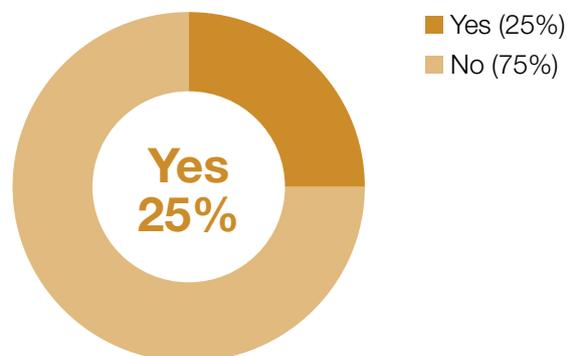
FIGURE 6 COMPARATIVE ANALYSIS OF NUMBER OF SDG PRIORITISED

	1 to 5 SDGs	6-10 SDGs	11- 16 SDGs	17 SDGs	Total
2019	20	28	17	2	67
	30%	42%	25%	3%	100%
2018	11	14	9	4	38
	28%	37%	24%	11%	100%

Companies Prioritising SDGs 2019:



Companies Prioritising SDGs 2018:



¹⁰ See the report titled, Integrating the SDGs into Corporate Reporting: A Practical Guide. https://www.globalreporting.org/resource/library/GRI_UNGC_Reporting-on-SDGs_Practical_Guide.pdf

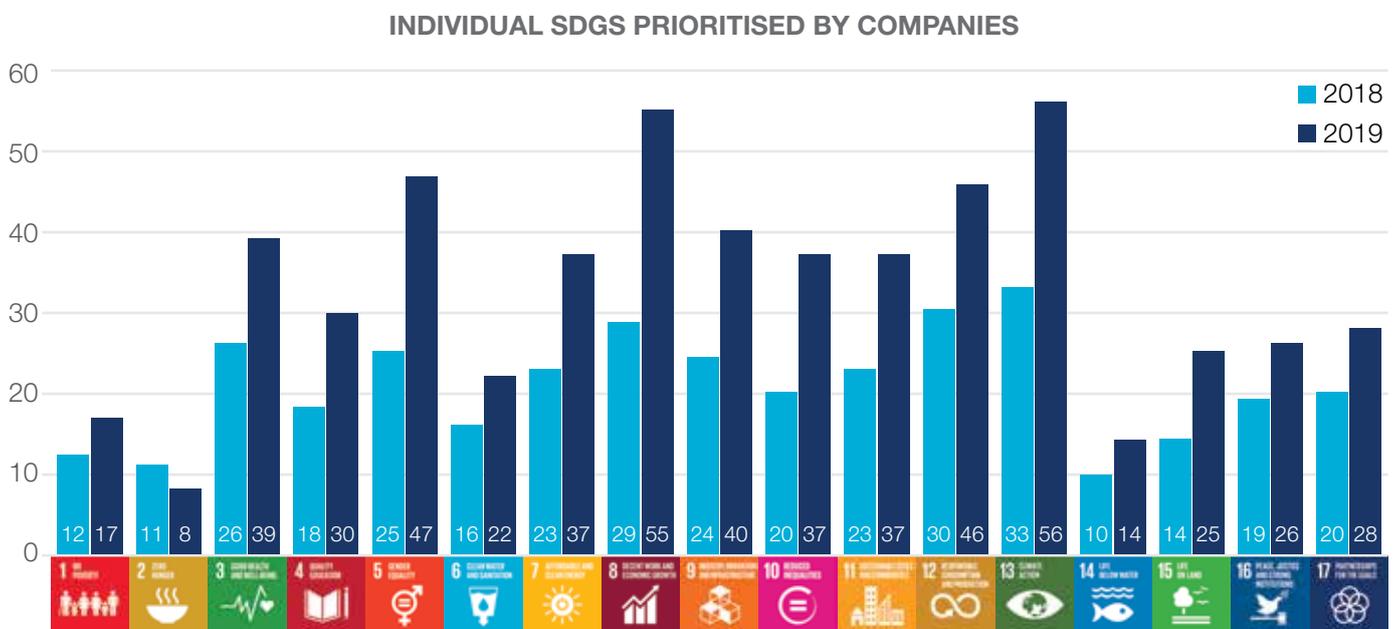
TYPE OF SDGS PRIORITISED

In 2019, the top five SDGs most commonly prioritised (in descending order) were SDG13 Climate Action; SDG8 Decent Work and Economic Growth; SDG5 Gender Equality; SDG12 Responsible Consumption and Production, and SDG9 Industry, Innovation and Infrastructure. The top 5 prioritised SDGs in 2018 were very similar to the result in 2019, with SDGs 13, 12, 8, 3 and 5.

The preference for these goals reflect Australian business concerns that primarily revolve around economic sustainability, industry innovation and responsible practices, particularly in relation to gender equality, sustainable consumption and production.

See Figure 7 which presents a comparative depiction of SDG prioritisation for all 17 SDGs for the years 2018 and 2019.

FIGURE 7 COMPARATIVE ANALYSIS – INDIVIDUAL SDGS PRIORITISED



Analysis was undertaken to identify SDGs that have shown notable growth in priority over the two years. We found SDG 8 Decent Work and Economic Growth to have grown the fastest, from 29 to now 55 companies i.e. almost double the number of companies prioritising the goal. The types of projects that were being associated with SDG 8 were initiatives commonly linked to ‘employee health and safety’, ‘workforce diversity’ and ‘opportunities for indigenous communities’. This change in disclosure signals the mounting pressure on Australian businesses toward more inclusive business models which are considerate of disadvantaged employees and communities.

There was also notable growth in the prioritisation of two other SDGs, with nearly twice as many companies in 2019, as compared to 2018, prioritising SDG5 Gender Equality and SDG10 Reduced Inequalities. Employment targets for females and products and services targeting disadvantaged groups were common initiatives associated with these SDGs.

In the Appendix of this report, we provide a brief profile on each of the 17 SDGs. We report on the number of ASX150 that have prioritised the SDGs, the major industry sectors most closely linked to each SDG, and the activities typically reported in relation to the goal. We also report two case examples that highlight some of the initiatives of selected sample companies. In some cases, companies associate their initiatives across multiple SDGs. For example, helping empower the financial status of women in vulnerable families has been associated with both SDG10 Reduced Inequalities and SDG5 Gender Equality.



MODERN SLAVERY REPORTING REQUIREMENT

As reported in the previous section, there has been a significant increase in companies prioritising SDG5 Gender Equality and SDG10 Reduced Inequalities. We deduce that this increase is related to the introduction of the Modern Slavery Act 2018, which came into effect on 1 January 2019 in Australia.

The Modern Slavery Reporting Requirement mandates entities operating in Australia with more than AUD\$100 million annual revenue to produce an annual public statement describing what they are doing to address modern slavery risks such as human trafficking, slavery, forced labour, child labour, and slavery-like practices. The 2018 Global Slavery Index published by Walk Free Foundation, an arm of the Philanthropic organisation Mindaroo, estimates G20 countries to import around A\$547 billion in goods produced by forced labour each year, and that 40.3 million people globally as of 2016 were in some form of slavery.¹¹

Our data analysis reveals that out of the 67 companies that undertook SDG prioritisation, 58 (87%) companies referred to the Australian Modern Slavery Act. Some of the Australian companies with a global presence had in fact published a Modern Slavery Statement following the introduction of the UK Modern Slavery Act in 2015 e.g. Amcor, Ansell, BHP, Commonwealth Bank, Iress Limited, Orica, Pental, Reliance, Telstra, Wesfarmers, Westpac, and Worley Parsons. These companies are also expected to further align their reporting with the requirements of the Australian Modern Slavery Act 2018 by publishing either a unified or separate statement.

Provided in the illustration below is an excerpt from the corporate sustainability report of Evolution Mining illustrating their Modern Slavery Statement and its connection to SDG8, Decent Work & Economic Growth.

¹¹ <https://www.globalslaveryindex.org/2018/methodology/g20-analysis/#table:3>

DISCLOSURE OF MODERN SLAVERY STATEMENT AND SDG8 DECENT WORK AND ECONOMIC GROWTH

EVOLUTION MINING

Background: Evolution Mining is a global gold exploration and mining company formed in late 2011. It operates six wholly owned mines across Australia and Canada, and holds an economic interest in the Ernest Henry copper-gold mine in Queensland, Australia.

Notable features: The extract, shown below, is taken from the 2019 Sustainability Report of Evolution Mining. This section on human rights not only acknowledges the relevance of Modern Slavery legislation but it also claims that the company has taken steps to prepare for the reporting requirements of the Act. The company explicitly states its commitment to respecting the human rights of all stakeholders and links its approach to human rights with SDG8 Decent Work and Economic Growth. The company also links Target 8.7 with SDG8, stating its aim to end child labour in all its forms by 2025.

HUMAN RIGHTS¹²

Evolution is committed to respecting the human rights of all our stakeholders. This means we engage with employees, business partners, community groups and all other stakeholders in a manner that protects the basic rights and fundamental freedoms to which all human beings are entitled. It also means we must conduct appropriate risk-based due diligence on all relevant business partners in our supply chain to ensure those rights and freedoms are protected.

In FY19 the Australian Government enacted the Modern Slavery Act 2018 under which Evolution will be reporting annually on the risks of modern slavery in our operations and supply chains. It also requires reporting on the action we have taken to assess and address those risks and the effectiveness of our response. The term 'modern slavery' refers to the worst forms of exploitation.

Our inaugural Modern Slavery Statement, approved by our Board of Directors, will be published in H1 of FY21, reporting on the FY20 year. The steps we took in FY19 to prepare for the Modern Slavery legislation include:

- Established a cross functional working group for planning, strategy and execution.
- Including Modern Slavery within the Human Rights Social Responsibility Standard
- Ensuring Vendor compliance:
 1. Discussed Modern Slavery expectations with prospective and current vendors
 2. Updated standard contract clause to address Modern Slavery
 3. Commenced development of a risk assessment to prioritise highest risk vendors
 4. Commenced development of an assurance process for onshore and offshore vendors
 5. Commenced development of vendor communication pack
 6. Commenced development of pre-qualification of non-contract vendors (FY20 completion)
- Developed an education/communication pack to be rolled out across all Evolution assets and more broadly across wider stakeholder group (FY20 completion)
- Discussed development of a remediation plan (FY20 completion)

RESPECT THE HUMAN RIGHTS OF ALL OUR STAKEHOLDERS



GOAL 8:
DECENT WORK AND ECONOMIC GROWTH

8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

¹² <https://evolutionmining.com.au/live-link-to-sep-2/>



In this section we identify patterns in how companies prioritise the SDGs in Australia. We attempted to ascertain whether companies sharing similar characteristics tended to select certain SDGs more commonly than others, and whether certain industries prioritised some SDGs over others.

Using cluster analysis, we explored how the 17 SDGs and 11 industry classifications were interrelated. The results indicate three distinct clusters in SDG prioritisation in the ASX150. In each of the three, the following three SDGs were commonly prioritised: SDG13 Climate Action; SDG8 Decent Work and Economic Growth, and SDG12 Responsible Consumption and Production.

Further cross-comparative analysis suggests that companies in the first cluster tended to be more focused on SDG9 Industry, Innovation and Infrastructure and SDG11 Sustainable Cities and Communities. Cluster Two companies were more concerned by social issues, namely SDG5 Gender Equality and SDG3 Good Health and Well-Being. Cluster Three companies were a lot more eclectic in their choice of SDGs and tended to prioritise a larger number of SDGs on average. Companies in Cluster One tended to disclose 5 SDGs on average whereas companies in Cluster Three disclosed 14 goals on average.

CLUSTER ONE: SDG PRIORITISATION RELATED TO INDUSTRY INNOVATION AND INFRASTRUCTURE

27 COMPANIES FELL INTO THIS GROUP.

5 THE NUMBER OF SDGS PRIORITISED ON AVERAGE.

THE TOP 5 SDGS DISCLOSED:



The majority of companies were from the following industry sectors: Consumer Staples, Information Technology and Financials.

CLUSTER TWO: SOCIALLY FOCUSED SDG PRIORITISATION

28 COMPANIES WERE CLASSIFIED IN THIS CLUSTER.

10 THE NUMBER OF SDGs PRIORITISED ON AVERAGE.

THE TOP 5 SDGS DISCLOSED:



The majority of companies were from the following industry sectors : Financials, Banking, Utilities and Telecommunications Services.

CLUSTER THREE: BROAD-BASED APPROACH TO SDG PRIORITISATION

12 COMPANIES COMPRISED THIS GROUP.

14 THE AVERAGE NUMBER OF SDGs PRIORITISED.

THERE WAS NO DISTINCT PATTERN OF SDGS CHOSEN BY THE COMPANIES WITHIN THIS CLUSTER. Instead, companies chose more SDGs relative to those in Clusters One and Two and, as such appear, to take a more broad-based approach in prioritizing the SDGs. For instance, 11 companies chose SDG13 Climate Action, and as many companies had also chosen SDG14 Life Below Water and SDG15 Life on Land.



The companies in this cluster were from a wide range of industry sectors.

INTEGRATING SDGS INTO STRATEGIC MATERIALITY ANALYSIS

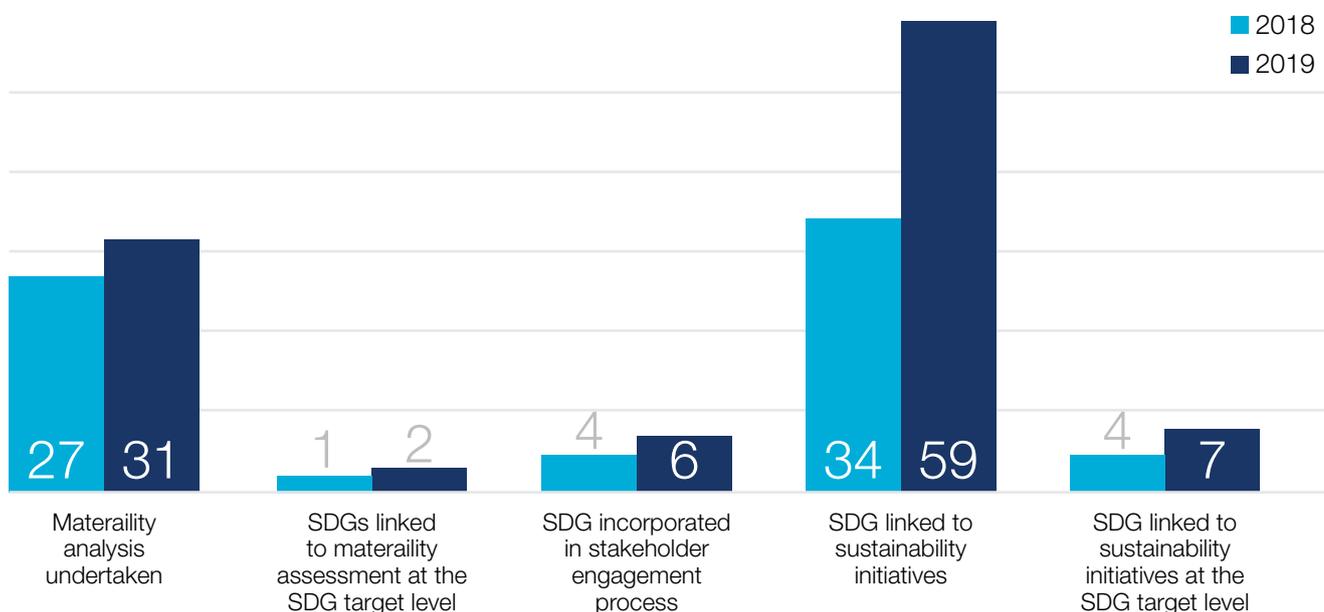
Prioritisation of the SDGs alone does not necessarily translate into meaningful action. To be most effective, the sustainability goals of a company should be integral in company strategy. While the SDGs may present many opportunities for businesses to improve their sustainability, a company first needs to identify where it has impact so that efforts can be focused on the most pertinent goals and activities. The SDG Compass Guide states that an initial step for a company in integrating the SDGs is to conduct a value chain assessment of the current, potential, positive and negative impacts that the business has on each of the SDGs. A strategic materiality analysis is a systematic process available to companies to identify these impacts, often with the eyes of both internal and external stakeholders.

ARE SDGS CONSIDERED IN THE STRATEGIC MATERIALITY ANALYSIS?

Out of the 72 companies that mention the SDGs in their 2019 corporate sustainability reports, 31 (43%) disclosed their materiality analysis with SDGs embedded. In 2018, 27 (48%) companies had embedded SDGs in their materiality review. Further analysis found that the 7 companies that reported materiality analyses in 2018, did not do so in 2019. Eleven (11) companies had for the first time reported their materiality review and had embedded SDGs in the review. We also found 24 (77%) of the companies undertaking a materiality analysis also employed the GRI reporting framework, suggesting reporting frameworks such as GRI have a complementary effect on SDG accountability and reporting.

We further reviewed whether companies undertaking a materiality analysis had specified targets for the prioritised SDGs and found only two companies that reported that detail. In terms of disclosing stakeholder engagement in the materiality analysis process, six companies disclosed how they had integrated the interests of stakeholders in 2019 compared to 2018 where only four companies had done so. Further, while a relatively large proportion of companies (87%) that prioritised SDGs had linked their goals to their other sustainability initiatives, only a very small proportion (10%) of such companies disclosed the linkage between their sustainability initiatives and their prioritised SDGs with targets. See Figure 8 below.

FIGURE 8 SDG INTEGRATION AND MATERIALITY ANALYSIS



SDG TARGET SETTING AND PERFORMANCE MEASUREMENT

For a company to successfully develop and integrate SDG targets and indicators it should consider business strategy, stakeholder expectations, results of materiality analyses, and a holistic approach to sustainability. To ensure transparency, key performance indicators of the company should be designed to measure performance quantitatively and/or qualitatively. Indicators should be specific, measurable, achievable, relevant and time-bound (SMART)¹³. It is also important to review data collection and management processes and constantly review the appropriateness of the indicators.¹⁴

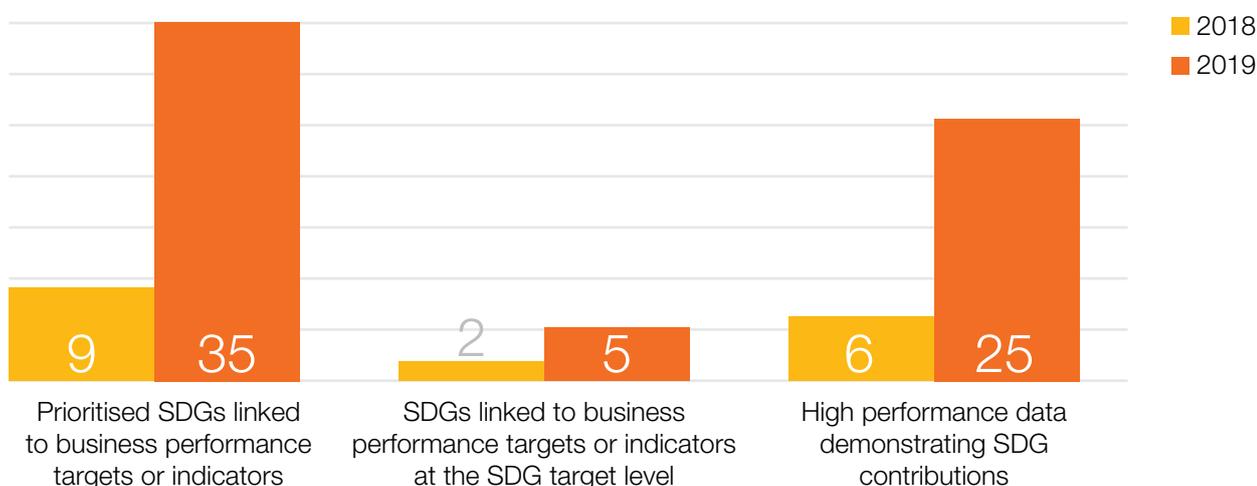
2019 ANALYSIS - TARGET SETTING

Our analysis shows that in 2019, 35 companies (48% of those prioritising SDGs) had aligned their prioritised SDGs with business performance targets and indicators. This is a substantial change from the previous year where only nine (16%) companies publicly aligned SDGs with their business goals. However, only five (14%) of the 35 companies had set quantitative or qualitative targets for the SDGs that were linked to their business goals. This lack of firm targets indicates commitment needs to improve in the future. See Figure 8.

The results indicate that having dedicated governance mechanisms in place and utilising other reporting frameworks may contribute to qualitative and quantitative targets being set to meet the SDGs. Out of the 35 companies aligning business targets with the SDGs, 30 of them (85%) had a distinct sustainability committee or a board member with experience and responsibility for sustainability. Twenty-five (71%) of the 35 companies which disclosed the link between their prioritised SDGs and their business had adopted the GRI guidelines.

Given the lack of disclosure on how companies will meet their prioritised SDGs and hold themselves accountable with qualitative and quantitative targets, there is a risk that the value of SDG reporting is diluted. While there are encouraging signs of organisations starting to link business goals and targets with the SDGs, there is still large scope for improvement. Efforts that are based on quantitative and qualitative performance can lead to more meaningful contributions to the global sustainable development agenda.

FIGURE 9 COMPARATIVE ANALYSIS - SDG PERFORMANCE DATA DISCLOSURE



¹³ Doran, G. T. (1981). "There's a S.M.A.R.T. way to write management's goals and objectives". *Management Review (AMA FORUM)* 70 (11): 35–36.

¹⁴ GRI and UNGC, (2015) Integrating the SDGs into Corporate Reporting: A practical Guide, p.21. <https://sdghub.com/project/integrating-the-sdgs-into-corporate-reporting-a-practical-guide/>

HISTORIC PERFORMANCE DATA ASSOCIATED WITH SDGS

Transparent and ongoing disclosure of data is important for generating credible contributions to the Sustainable Development Goals. Reporting historical performance is useful for demonstrating trajectory, reviewing the effectiveness of past actions and adjusting future plans. Demonstrating credibly how a company has contributed to the SDGs also improves the confidence of stakeholders who have vested interests in the company's sustainability.

We found, of the 72 companies that mention SDGs, 25 (35%) provided historic performance data on how they were meeting the SDGs in 2019, which is an improvement compared to the previous year when only six (11%) companies had disclosed such information (see Figure 8).

Further analysis of governance support mechanisms within the 25 companies that reported historic performance data, showed 22 (88%) companies have a sustainability committee, and 18 (72%) followed the GRI guidelines. These findings flag the importance of both internal governance structures and external reporting frameworks such as the GRI in supporting more advanced and detailed SDG reporting.

The results demonstrate that despite there being a significant increase in the reporting of historical information on how they meet the SDGs by the ASX150 companies, there is still material room for improvement.



TOP 20 PERFORMING COMPANIES

The top twenty (Top20) companies within the ASX150 based on the quality of reporting and commitment to the SDGs are listed below. The assessment relied upon 13 criteria as described under the preceding section titled 'Research Overview'. The total market capitalisation of the Top20 companies is 32% of the ASX150 (as at 1 July 2019) with half of the companies from the financial and industrial sectors. There were seven new companies in the list for 2019 as compared to 2018.

2018 TOP20 Performing Companies

2019 TOP20 Performing Companies

AGL Energy Limited

Amcor PLC

ANZ Banking Group Limited

Aurizon Holdings Limited

Brambles Limited

Downer Group

Fortescue Metals Group Limited

Goodman Limited

Insurance Australia Group Limited

National Australia Bank

Northern Star Resources Limited

QBE Insurance Group Limited

Rio Tinto Limited

Sydney Airport

Telstra Corporation

Transurban Group

Westpac Banking Corporation

Woodside Petroleum Limited

Woolworths Group Limited

Worley Parsons Limited

Ansell Limited ANN

ANZ Banking Group Limited

Boral Limited BLD

Brambles Limited

Challenger Limited

Downer Edi Limited

Fortescue Metals Group Limited

Goodman Limited

Insurance Australia Group Limited

National Australia Bank

Northern Star Resources Limited

Orica Limited

Origin Energy

SOUTH32 Limited

Sydney Airport

Telstra Corporation

Transurban Group

Treasury Wine Estate

Westpac Banking Corporation

Worley Parsons Limited

Further analysis of the Top20 in 2019 indicates that 85% report against the GRI framework. By contrast, only 64% of the 72 companies that mentioned SDGs in their report follow the GRI framework. This data suggests that adopting the GRI framework continues to provide a strong guidance for companies to measure and report on the SDGs. Similar to our findings in 2018, the Top20 performing companies in 2019 had more easily defined sustainability governance mechanisms compared to the rest of the cohort. This was concluded by a higher proportion of the Top20 companies having a distinct sustainability committee, or board members with oversight responsibility or experience with sustainability.

CONCLUDING REMARKS

The findings of this study are encouraging as the level of corporate disclosure from the ASX150 companies formally addressing the SDGs has improved since the last report. It is inspiring to see significant growth in the number of companies acknowledging and prioritising the SDGs in their 2019 annual corporate sustainability reports, along with a stronger presence of governance mechanisms to support sustainability. However, the presence and quality of SDG reporting by Australian companies is in infancy – integration of the SDGs in corporate strategy and stakeholder engagement in a systematic and transparent manner is required. Very few of the ASX150 companies disclose measurable business performance targets related to the SDGs, and similarly very few can provide credible historical context on how they are addressing their prioritised SDGs.

Having buy-in from key stakeholders remains at the heart of best-practice governance and there should be no exception when applied to meeting the SDGs. The continuing challenge however is to narrow the variability in how companies report on the SDGs and improve the reporting quality. Unfortunately there is no disclosure standard or a universally accepted reporting framework for the SDGs. Thus, it becomes vital that best practice is developed through iteration, building on presently popular and well-accepted frameworks for sustainability reporting such as the GRI.



LOOKING AHEAD

The enormity of the challenge to meet the 2030 Agenda for sustainable development should not be underestimated, and neither should the role of corporates in meeting that agenda. While businesses have been continuously investing in more responsible and sustainable practices, the SDGs are accelerating the need to revise, reimagine and redefine their vision to drive more equitable and sustainable outcomes. The burgeoning pressure for greater accountability and transparency on the SDGs is arising not only through stakeholder request, but also from increasing regulatory disclosure requirements brought about by initiatives such as by Australia's Modern Slavery Act 2018 and the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD). These developments behest Australian businesses to measure and disclose their footprint on a number of issues closely tied to the SDGs including human rights, climate change, inequality, and many other social and environmental developments.

Finally, the 2020 COVID-19 induced pandemic has had unprecedented impact on the global economy and has resulted in many shifted priorities. The global community, however, cannot afford to downgrade or ignore the SDG Agenda. Businesses play a vital role in the recovery from the pandemic, and must continue to leverage the opportunities offered by the SDGs to ensure a more equitable and sustainable world.



The year 2020 marks the start of the Decade of Action to deliver the Sustainable Development Goals by 2030.

Lessons learnt from efforts to address the global pandemic must be used to “do things right for the future”

UN SECRETARY-GENERAL
ANTÓNIO GUTERRES, 2020.



APPENDIX: INDIVIDUAL SDG PROFILES

SDG 1 – No Poverty	26
SDG 2 – Zero Hunger	27
SDG 3 – Good Health and Well-being	28
SDG 4 – Quality Education	29
SDG 5 – Gender Equality	30
SDG 6 – Clean Water and Sanitation	31
SDG 7 – Affordable and Clean Energy	32
SDG 8 – Decent Work and Economic Growth	33
SDG 9 – Industrial, Innovation and Infrastructure	34
SDG 10 – Reduced Inequalities	35
SDG 11 – Sustainable Cities and Communities	36
SDG 12 – Responsible Consumption and Production	37
SDG 13 – Climate Action	38
SDG 14 – Life Below Water	39
SDG 15 – Life On Land	40
SDG 16 – Peace, Justice and Strong Institutions	41
SDG 17 – Partnerships For The Goals	42



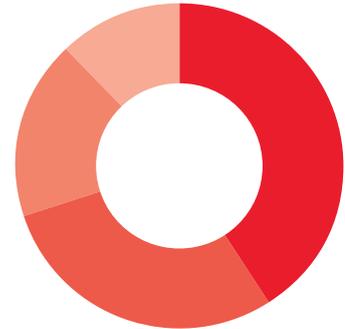
SDG1 NO POVERTY

AIM: To end poverty in all its forms everywhere

17 NUMBER OF COMPANIES PRIORITISING SDG1

SDG1 MOST MENTIONED IN SECTORS:

- Financials (41%)
- Materials (29%)
- Consumer Discretionary (18%)
- Other (12%)



TYPICAL INITIATIVES

Financial management skill building; Payroll giving; Fundraising event support; Creating job opportunities

EXAMPLES

The **Australia and New Zealand Banking Group Limited** (ANZ) is an Australian multinational banking and financial services company and one of the largest banks in Australia. ANZ's core business strategy 'financial wellbeing' aligns with SDG1 and focuses on financial inclusion, employment and community programs, and targeted banking products and services, to help customers, employees, and the community.

Financial inclusion and education programs reach out to participants to ensure that vulnerable and lower-income participants have equal rights to economic resources, as well as access to basic services and financial services. Programs include:

- MoneyMinded – providing education sessions to develop financial skills
- Saver Plus – assisting low income people to build savings behaviour.

NIB Holdings Limited (NHF) is an Australian health insurer providing health and medical insurance. SDG1 is linked with its sustainability principles under two areas:

- Economic Development and Employment: NIB makes significant community contributions by providing employment in six different countries and investing in local communities.
- Community spirit and cohesion: NIB gives back to the communities in which it operates, in Australia and across the world, through initiatives such as the: NIB charitable foundation; Good Cause Grants program – helping employees support causes close to them; The Footprints Network – enabling customers to donate to community development projects; Make a Difference (MAD) Fundraising Committee, payroll deductions via Small Steps program; volunteering with nibGIVE; and various corporate, sponsorship, and community partnerships.



SDG2 ZERO HUNGER

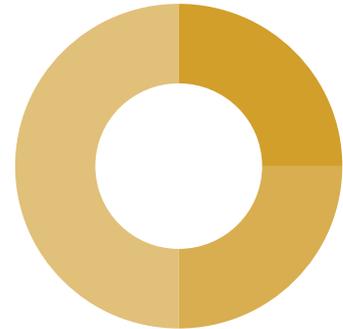
AIM: To end hunger, achieve food security and improved nutrition and promote sustainable agriculture

8

NUMBER OF COMPANIES PRIORITISING SDG2

SDG2 MOST MENTIONED IN SECTORS:

- Materials (25%)
- Consumer Staples (25%)
- Others (50%)



TYPICAL INITIATIVES

Community food security programs; Community-based food projects; School food service schemes

EXAMPLES

Coles Group Limited (COL) is one of Australia's leading retailers of food, groceries, liquor and petrol. The Group has committed to alleviate hunger in communities by donating unsold, edible food. It supports SDG2 through community contribution programs such as:

- Second Bite - delivering food to people in need
- Little Athletics Australia – providing sports equipment grants and donating bananas
- Coles Nurture Fund - supporting drought affected farmers.

Northern Star Resources Limited (NST) is a global-scale Australian gold producer deriving revenue from gold mining and exploration operations in Australia and North America. NST aligns several community programmes with SDG2, which highlight the company's sustainability vision and include:

- Support for remote Aboriginal community school healthy food and nutrition programs, ensuring students receive sufficient nutrition/sustenance/food to support learning and development
- Ongoing contributions to the Red Cross Soup Patrol which provides a hot evening meal to some of the most vulnerable and marginalised people in the community
- Support for the Salvation Army Christmas Food Drive which provides Christmas hampers to struggling families over the festive period.



SDG3 GOOD HEALTH AND WELLBEING

AIM: To ensure healthy lives and promote well-being for all at all ages

39 NUMBER OF COMPANIES PRIORITISING SDG3

SDG3 MOST MENTIONED IN SECTORS:

- Materials (28%)
- Financials (18%)
- Industrials (13%)
- Other (41%)



TYPICAL INITIATIVES

Physical activity enhancement strategies; Healthy eating plans; Social and emotional wellbeing workplace policies and support programmes

EXAMPLES

Medibank Private Limited (MPL) is one of Australia's largest private health insurance providers. Its business practices are directly aligned with SDG3. The company discloses the implementation of several health and wellbeing initiatives with quantitative data on the activities or outcomes, signalling their contributions to SDG3. These include:

- Young adult discounts on private health automatically applied to 150,000 customers aged 18-29
- Launch of the free Live Better program to help people make healthy choices, with over 185,000 people reported as having participated in Live Better community activities
- \$4.5 million in community investment for health and wellbeing.

Sydney Airport (SYD) is Australia's largest international airport. The company aspires to manage health and safety risks, maintain a strong safety culture, and provide a work environment that protects the health and wellbeing of all airport users. The company discloses several targets focusing on SDG3 to increase uptake and awareness around wellbeing and mental health which include:

- Improving safety performance and supporting a reduction in employee injuries
- Strengthening the safety culture across the airport community through launch of SYD Safety Rules
- Focusing on passenger safety and first aid and reduction in passenger incident rate
- Focusing on mental health and wellbeing programs (e.g. RU OK? Day)
- Focusing on aviation safety performance through minimising serious risks such as Foreign Object Debris.



SDG4 QUALITY EDUCATION

AIM: To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

30 NUMBER OF COMPANIES PRIORITISING SDG4

SDG4 MOST MENTIONED IN SECTORS:

- Materials (27%)
- Financials (20%)
- Energy and Industrials (27%)
- Other (26%)



TYPICAL INITIATIVES

Educational support for employees and community groups; Employee training schemes; Local community training programmes; Financial support for School programmes

EXAMPLES

Northern Star Resources Limited (NST) is a global-scale Australian gold producer deriving revenue from gold mining and exploration operations in Australia and North America. The company aligns its sustainability vision with SDG4 at SDG target and indicator level. It supports education projects through the Clontarf Foundation and 39% of its \$1.5 million community investment has focused on community education. Some of the company initiatives aligned with SDG4 include:

- Donations and support to local schools in remote areas and educational support to indigenous people
- Scholarship and support to universities and vocational education
- Employee training
- Local community training

Sydney Airport (SYD) is Australia's main international airport. The company identifies a specific target related to SDG4 - Target 4.5 which relates to equal access to all levels of education and vocational training for the vulnerable. The company's educational support policy includes:

- Scholarship and community development programs to support the increase in the number of young people who have access to relevant skills
- Ongoing development of employee capability through external tertiary programs
- LinkedIn Learning for all employees
- Subscription to the Australian Institute of Management for leadership and professional development programs.



SDG5 GENDER EQUALITY

AIM: To achieve gender equality and empower all women and girls

47 NUMBER OF COMPANIES PRIORITISING SDG5

SDG5 MOST MENTIONED IN SECTORS:

- Financials (26%)
- Materials (23%)
- Industrials (13%)
- Other (38%)



TYPICAL INITIATIVES

Workplace gender equality and inclusive workplace policies; Gender-based scholarships; Financial support for women in vulnerable communities

EXAMPLES

Fortescue Metals Group (FMG) is a global leader in the iron ore industry. The company addresses SDG5 through its workplace diversity policy. Corporate targets and indicators include:

- Achieving a female employment rate of 25% by 2020. The company has so far achieved a 19.4% female employment rate.
- Achieving an employment rate of 30% women in manager and above roles by 2020. The company reported achieving 22.4% female employment in manager and above roles and 25.5% female employment in senior management positions.
- Supporting annual community led programs empowering women and ending discrimination. The company has White Ribbon Accreditation and supports Port Hedland and Roebourne Women's refuge.

Telstra Corporation (TLS) builds and operates telecommunications networks and other products and services and is Australia's largest telecommunications company. TLS identifies SDG5 as a top priority goal and is a signatory to the UN Women's Empowerment Principles. It discloses implementation of a range of policies to help achieve gender equality through creating a diverse and inclusive workforce, and promoting inclusive teams, diverse perspectives, flexibility and fairness. Some of these initiatives include:

- A Recruitment Equality Procedure which mandates a minimum female representation of 50 per cent on shortlists and interview lists for all roles
- Continuously looking to identify, target and reduce any sizeable gender pay gaps that exist within the organisation
- Support for LGBTIQ+ inclusion through event sponsorship such as Wear it Purple Day, International Day Against Homophobia, Biphobia and Transphobia and the Midsumma queer arts and entertainment festival. It also helps to maintain Spectrum, a network for LGBTIQ+ employees and allies' with over 1,800 members.



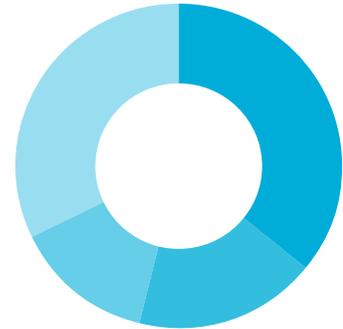
SDG6 CLEAN WATER AND SANITATION

AIM: To ensure access to water and sanitation for all

22 NUMBER OF COMPANIES PRIORITISING SDG6

SDG6 MOST MENTIONED IN SECTORS:

- Materials (36%)
- Industrials (18%)
- Energy (14%)
- Other (32%)



TYPICAL INITIATIVES

Invention of new water conservation technologies; Recycling wastewater; Improving irrigation and agricultural practices; Developing energy efficient desalination plants.

EXAMPLES

Treasury Wine Estates (TWE) is an Australian global winemaking and distribution business and one of the world's largest wine companies. TWE's Sustainable Future program acknowledges that water availability, use and conservation are ongoing challenges and embraces an adaptive and agile approach to mitigating such challenges. TWE focuses on SDG6 through water efficiency projects including:

- Installing technologies that enable major water savings, infrastructure upgrades designed to replace less efficient equipment and rainwater capture and storage
- Drone technology to complement existing aerial imagery at selected vineyards to locate zones of water stress, leaks, and soil variation easily and accurately, allowing for rapid response to manage water related incidents
- Collaboration with research institutes, universities and industry peers on an array of monitoring, adaptation and mitigation efforts to evaluate and select vineyards experiencing years of varying climate including wet decades (1970s) and dry decades (1980s) for adaptation and tolerance to drought.

Fortescue Metals Group (FMG) is a global leader in the iron ore industry. FMG supports SDG6 through its policies related to 'safeguarding the environment' and managing water responsibly. The Group's SDG6 related objectives include:

- Leading a better understanding of regional hydrogeological systems where the company operates, through initiating, hosting and coordinating a series of Mine Water Management Forums about the Pilbara region of Western Australia to encourage the sharing of learnings for practitioners and regulators
- Improving water use efficiency and minimising water loss through surface water discharge and evaporation, and annually ensuring at least 75% of water at the Cloudbreak and Christmas Creek mine sites is used for beneficial purposes or recharged via the Managed Aquifer Recharge program.



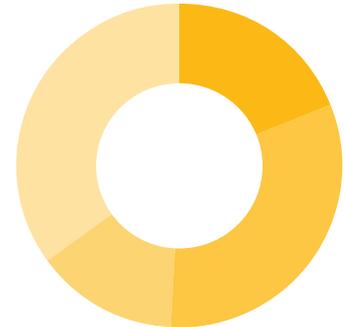
SDG7 AFFORDABLE AND CLEAN ENERGY

AIM: To ensure access to affordable, reliable, sustainable and modern energy for all

37 NUMBER OF COMPANIES PRIORITISING SDG7

SDG7 MOST MENTIONED IN SECTORS:

- Industrials (19%)
- Financials and Materials (32%)
- Energy (14%)
- Other (35%)



TYPICAL INITIATIVES

Investment in energy-efficient infrastructure projects; Research partnerships in clean energy technology including fossil fuel technologies; Zero-carbon electricity system development; Low-carbon energy transition schemes

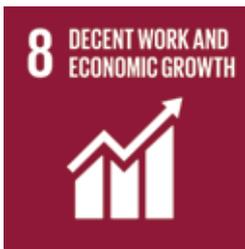
EXAMPLES

Worley Limited (WOR) supplies professional services to help its customers meet the world's changing energy, chemicals and resources needs. Worley contributes to SDG7 by supporting energy transition. The company links its business performance with SDG7 targets, namely target 7.1 (ensuring universal access to affordable, reliable and modern energy services); target 7.2 (increasing renewable energy) and target 7.3 (doubling the global rate of improvement in energy efficiency). Worley's initiatives in addressing SDG7 include:

- Providing technical advice and support to customers to deliver lower carbon intensity outcomes
- Providing sustainable and proactive low-carbon technological solutions to at-risk communities
- Battery energy storage solutions projects

National Australia Bank (NAB) is one of the top four banks in Australia offering banking, financial and related services. SDG7 was declared as one of the five priority SDGs for the company, with the company recognising the risks posed by carbon emissions to society and outlining its role providing finance for companies wanting to transit to a low-carbon economy. NAB provides a scorecard outlining its quantified performance in 2019 with comparison data in 2018 and progress trends. The quantified performance data includes:

- Providing \$70 billion environmental financing over 10 years (by 2025), with \$33.6 billion provided in 2019
- Energy use (E.g. Percentage of electricity from renewable sources)



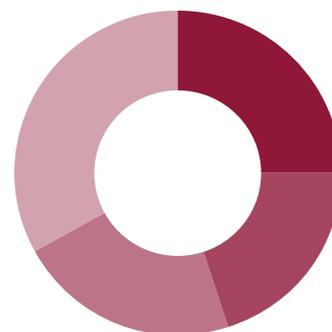
SDG8 DECENT WORK AND ECONOMIC GROWTH

AIM: To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

55 NUMBER OF COMPANIES PRIORITISING SDG8

SDG8 MOST MENTIONED IN SECTORS:

- Materials (25%)
- Financials (20%)
- Industrials and Real Estate (22%)
- Other (33%)



TYPICAL INITIATIVES

Youth and Inclusive employment schemes; Health and workplace safety enhancements; Employee development and promotion plans; sustainable procurement through sourcing ethical supply chains

EXAMPLES

Boral Limited (BLD) manufactures and supplies high-quality sustainable building and construction materials. Boral incorporates SDG8 into its business strategy with a strong focus on employee skills development and inclusive practices. It provides quantified historical data indicators such as:

- Employees by occupation (%), age profile (male/female %), and length of service (male/female %)
- Women representation of directors, executive committee members, management positions, professional positions and new hires
- Safety data such as recordable injury frequency rate, lost time injury frequency rate, hazards reported, injury treatment, and mechanism of injury.

QBE Insurance Group Limited (QBE) is one of the world's top general insurance and reinsurance companies, with operations in all key insurance markets. QBE focuses on SDG8 through providing insurance products that support decent work, such as workers' compensation and accident and health solutions. Particular programs include:

- Tailored insurance solutions to meet customers' absence management, wellness and rehabilitation needs
- Technology-based innovations to profile risk and process claims
- Programs to prevent risks and enhance safety. For example, the iAuditor mobile app - an inspection platform used to empower workers by providing visibility and training to help raise safety and quality standards.



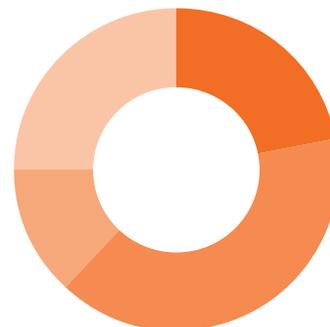
SDG9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

AIM: To build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

40 NUMBER OF COMPANIES PRIORITISING SDG9

SDG9 MOST MENTIONED IN SECTORS:

- Materials (22%)
- Financials and Industrials (40%)
- Energy (13%)
- Other (25%)



TYPICAL INITIATIVES

Investing in innovative sustainable technologies; Infrastructure partnerships; Building more resilient infrastructure systems.

EXAMPLES

Sydney Airport (SYD) is Australia's main international airport. Sydney Airport aligns its business strategy with SDG9. Individual SDG9 targets, for example Target 9.1 (develop quality, reliable and sustainable and resilient infrastructure), have been linked to operations. Particular applications of SDG9 include:

- Planning for the future - Sydney Airport supported diversity of public transport modal options to increase and support landside efficiency
- A minimum of 4-Star Green Star Design was planned for new developments
- Improve airspace and airfield efficiency by improving airfield and aviation support infrastructure
- Establish strict aviation safety rules

AGL Energy Limited (AGL) operates Australia's largest retail energy and dual fuel customer base and consists of a substantial portfolio of wholesale energy contracts and assets to support its retail customer base. AGL recognises SDG9 as a material SDG and identifies three business value drivers in achieving its goals:

- Infrastructure - to achieve reliable energy supply by transitioning from a system dependent on ageing thermal generation assets to one characterised by renewable energy, lower emission technologies, and energy storage
- Systems and processes - that support and enhance business activities through the development of innovative processes, knowledge, systems, and data including energy portfolio management
- Financial capital management - that enables execution of strategy and investment for industry value creation and growth.



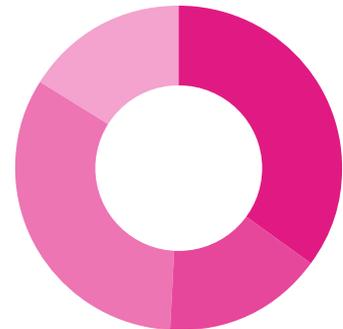
SDG10 REDUCED INEQUALITIES

AIM: To reduce inequality within and among countries

37 NUMBER OF COMPANIES PRIORITISING SDG10

SDG10 MOST MENTIONED IN SECTORS:

- Financials (25%)
- Materials (20%)
- Energy, Consumer Discretionary and Real Estate (22%)
- Other (33%)



TYPICAL INITIATIVES

Supplying quality products at affordable prices; Creating new opportunities for gainful employment; Providing access to services that will increase future earning potential

EXAMPLES

QBE Insurance Group Limited (QBE) is one of the world's top general insurance and reinsurance companies, with operations in all key insurance markets. QBE associates the following initiatives as contributions to SDG10:

- Gender Equality Bond - targeted to empower woman through responsible investing, and to go beyond increasing the representation of women as a percentage of the workforce or in management. It also declared its intentions to place more women in decision-making roles.
- The Housing New Zealand (HNZ) Ltd Sustainability Bond - aimed to deliver more homes at an accelerated pace for vulnerable, at-risk people
- The Bridges Social Outcomes Fund – providing resources for vital services in areas including children and families, housing, employment, health and social care
- Funded community initiatives that promote acceptance and opportunities for vulnerable and under-represented groups including mentoring, awareness-raising, and educational materials development projects.

Northern Star Resources Limited (NST) is a global-scale Australian gold producer deriving revenue from gold mining and exploration operations in Australia and North America. The company aligns its operations with SDG10 with the following specific targets and indicators:

- Target 10.2 and Indicator 10.2.1 - focusing on empowering and promoting social, economic and political inclusion of all; choosing suppliers with an integrated workforce e.g. adults with disabilities work alongside more abled individuals
- Target 10.3 - ensuring equal opportunity and reduced inequalities of outcomes. The company cited supporting Equal Employment Opportunity Policy; modern slavery training courses; and supply chain management reviews in support of this target.
- Target 10.4 and Indicator 10.4.1 - adopting policies that progressively achieve greater equality. The company cited amendments to its Equal Employment Opportunity Policy approved by the United States Equal Employment Opportunities Commission.



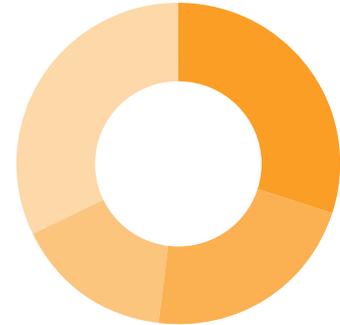
SDG11 SUSTAINABLE CITIES AND COMMUNITIES

AIM: To make cities and human settlements inclusive, safe, resilient and sustainable

37 NUMBER OF COMPANIES PRIORITISING SDG11

SDG11 MOST MENTIONED IN SECTORS:

- Financials (30%)
- Materials (22%)
- Industrials (16%)
- Other (32%)



TYPICAL INITIATIVES

Promoting territorial development; Enhancing urban resilience to climate change and disaster risks; Generating comprehensive community profiles

EXAMPLES

Westpac Banking Corporation (WBC) is one of the largest banks in Australia offering banking, financial and related services. The company identifies with the goal of making cities and human settlements inclusive, safe, resilient and sustainable and provides financial products and services to the affordable housing sector as a way to support SDG11. The company cites Target 11.1 i.e. By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums, as a key motivation for the following sustainability initiatives:

- \$1.6 billion lending to the social and affordable housing sector
- Westpac New Zealand launched a dedicated home loan solution, Westpac Prebuilt, to help customers into prefabricated homes.

Downer EDI Limited (DOW) designs, builds and sustains assets, infrastructure and facilities and is the leading provider of integrated services in Australia and New Zealand. Downer expresses its objective to provide sustainable solutions to its customers that enable cities and human settlements to be better connected, more efficient, safe and resilient. It also made the commitment to have its projects evaluated against sustainability rating schemes and viewed this as its support of SDG11. Downer has several projects certified by the Infrastructure Sustainability Council of Australia (ISCA), including:

- Newcastle Light Rail project
- Melbourne Cricket Club's Yarra Park Water Recycling Facility
- Whitsunday Wastewater Treatment Plant Upgrade
- Ararat Wind Farm



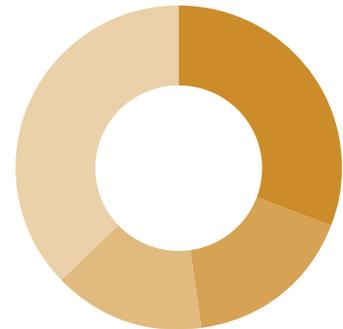
SDG12 RESPONSIBLE CONSUMPTION AND PRODUCTION

AIM: To ensure sustainable consumption and production patterns

46 NUMBER OF COMPANIES PRIORITISING SDG12

SDG12 MOST MENTIONED IN SECTORS:

- Materials (31%)
- Financials (17%)
- Industrials (15%)
- Other (37%)



TYPICAL INITIATIVES

Undertaking circular models of production and materials usage; Waste management efficiency tracking; Sustainable procurement based on circular initiatives; Employing science-based targets; Engagement with multi-stakeholders in supply chains to minimise wastage

EXAMPLES

Transurban Group (TCL) owns, operates and develops electronic toll roads and intelligent transport systems. In terms of SDG12, Transurban clearly identifies the importance of ensuring sustainable consumption and production patterns. The company identifies several specific SDG12 related targets and indicators as well. Key initiatives supportive of SDG12 include:

- Development of a Circular Materials Strategy with a focus on concrete, asphalt and steel
- Partnered with Beyond Zero Emissions and Boral in Australia to identify solutions to reduce embodied emissions in concrete (one of our most significant materials)
- Operationalised street sweeping waste diversion program in partnership with Downer—128/154 tonnes (83%) of street sweepings from Sydney motorways was diverted from landfill
- Ongoing implementation of sustainable procurement framework including Procurement Policy, Supplier Sustainability Code of Practice and sourcing kit.

Brambles Limited (BxB) is a supply-chain logistics company operating in more than 50 countries, primarily through the CHEP and IFCO brands. Brambles' circular business model perpetuates sharing and reusing of the world's largest pool of reusable pallets and containers. The model is linked to SDG 12 from a Zero Waste goal to eliminate all wood and plastic waste sent to landfill. Its Zero Waste World Programme creates partnerships with manufacturers and retailers to solve big, shared challenges as well as saving time, money, and resources by making the transition to a circular economy faster and simpler by:

- Eliminating waste - using its circular economy expertise to convert customers to more sustainable share and reuse solutions which save resources and reduce costs
- Eradicating empty transport miles - using its network scale and visibility to facilitate collaborative transport solutions, bringing manufacturers and retailers together to reduce the environmental impact of their operations
- Cutting out inefficiency - using its end-to-end supply chain solutions and BXB Digital technology to enhance customers' visibility of their supply chains to drive better decision making.



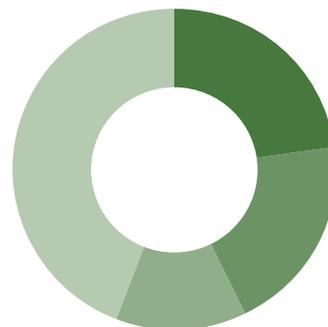
SDG13 CLIMATE ACTION

AIM: To take urgent action to combat climate change and its impacts

56 NUMBER OF COMPANIES PRIORITISING SDG13

SDG13 MOST MENTIONED IN SECTORS:

- Materials (23%)
- Financials (20%)
- Real Estate (13%)
- Other (44%)



TYPICAL INITIATIVES

Developing climate action plans with set targets; Optimising renewable energy plans; Setting internal carbon pricing policies; Energy efficiency strategies including physical asset upgrades

EXAMPLES

Origin Energy Limited (ORG) is a leading Australian energy retailer. Climate change is a material aspect for Origin's business and managing the transition to a low-carbon economy is one of the most significant challenges for the company. It has a Decarbonisation Strategy and discloses a five-pillar approach to progressively decarbonise its business, achieve its emissions reduction targets and contribute to Australia's emissions reduction targets. SDG 13 related initiatives include:

- Commitment to exit coal-fired generation by 2032
- Commitment to reduce absolute Scope 1 and Scope 2 greenhouse gas emissions by 50 per cent approved by Science Based Targets initiative
- On track to have more than 25 per cent of their owned and contracted generation capacity from renewables and storage by 2020.

Goodman Group (GMG) operates an international industrial and business space property, development and funds management business. Goodman's 2030 Sustainability Strategy is structured around short and long-term environmental, social and governance targets. Carbon reduction is one of the material issues identified in its Sustainability Strategy with a target to become carbon neutral by 2025. Initiatives identified to achieve carbon neutrality by 2025 include:

- Continued investment in on-site and off-site solar energy and other efficiency projects
- Continued roll out of energy efficiency measures including energy tracking, LED lighting upgrades, translucent roof sheeting and sub-metering
- Investigating offsetting to achieve carbon neutral day to-day operations (excluding development activities).



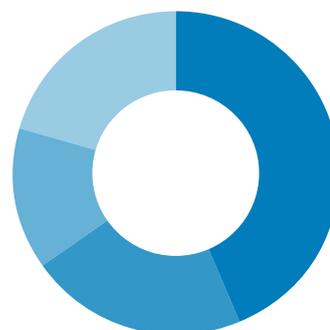
SDG14 LIFE BELOW WATER

AIM: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

14 NUMBER OF COMPANIES PRIORITISING SDG14

SDG14 MOST MENTIONED IN SECTORS:

- Materials (43%)
- Energy (21%)
- Financials (14%)
- Other (20%)



TYPICAL INITIATIVES

Sustainable community partnership programs; Collaborations with government agencies and research institutes; Recognition and reward of corporate best practices

EXAMPLES

Woodside Petroleum Ltd (WPL) is Australia's largest independent petroleum exploration and production company. SDG 14 is one of the SDGs identified as being closely aligned with the company's business. Their aspiration in relation to SDG14 is expressed as "Upholding robust environmental management and process safety practices to minimise impact on marine environments". Their deliverable on this goal is to:

- Partner with research institutions (the Australian Institute of Marine Science and the Western Australian Museum) to support research and progress knowledge that informs approvals and impact assessments.

Woolworths Group Limited (WOW) is a major Australian retailing company operating throughout Australia and New Zealand. Woolworths' sustainable supply chain approach aligns with SDG14 and focuses on constantly working to source high impact commodities and key raw materials from sustainable supply chains and raise awareness of sustainably-sourced products with customers, partners and suppliers.

Sustainable seafood is one of the areas addressed by the organisation's sustainable supply chain strategy and initiatives implemented include:

- Partnership between Woolworths and the World Wildlife Fund (WWF) Australia for a sustainable seafood supply chain
- Partnership with WWF Australia and BCG Digital Ventures to develop a new blockchain-enabled food tracking platform to track individual products from origin to consumer with the aim of helping businesses and consumers avoid illegal, environmentally-detrimental or unethical products, while also improving supply chain accountability and transparency
- Signatory of the Australian Seafood Traceability Statement, an industry-led business commitment towards best practice in traceability across the seafood supply chain
- Participation in Sustainable Seafood Week – a celebration of the certified fisheries, retailers, chefs and restaurants around Australia supporting the Marine Stewardship Council's (MSC) mission to ensure sustainable seafood for future generations.



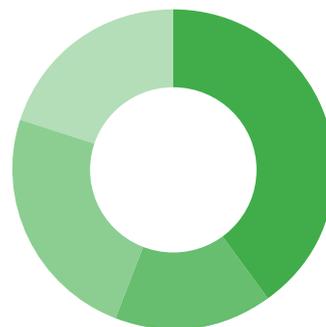
SDG15 LIFE ON LAND

AIM: To protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

25 NUMBER OF COMPANIES PRIORITISING SDG15

SDG15 MOST MENTIONED IN SECTORS:

- Materials (40%)
- Financials (16%)
- Consumer Staples and Real Estate (24%)
- Other (20%)



TYPICAL INITIATIVES

Community environmental programme support; Research partnerships with universities and other government and research institutes; Supporting bio-diversity policy development

EXAMPLES

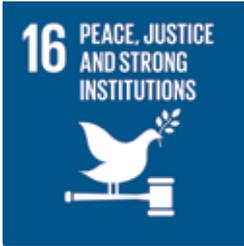
Independence Group (IGO) is a leading exploration and mining company with a strategic focus on metals that are critical to energy storage and renewable energy. IGO seeks to avoid and minimise biodiversity loss and land disturbance, while improving biodiversity management practices. Corporate activities which contribute to SDG15 include:

- Following standards to help reduce impact of business activities in areas that are rich in biodiversity or under environmental protection
- Working with host communities and regulators to manage and monitor business impacts and to comply with relevant regulations.

Iluka Resources (ILU) is an Australian-based resources company, specialising in mineral sands exploration, project development, operations and marketing. In addition to the ongoing environmental management activities of its operating mines and processing sites, the company aims to contribute to SDG15 by focusing on conservation of biodiversity and undertaking scientific research in partnerships with research institutions.

Examples of programs and partnerships include:

- Meeting International Finance Corporation's Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources on its Sierra Rutile operation
- Supporting ecological research at the Jacinth-Ambrosia Mine in South Australia, through a partnership with the University of Adelaide. This partnership complements on-site rehabilitation activities and contributes to the broader understanding of revegetation in saline and arid environments.



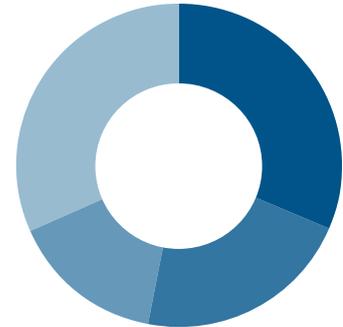
SDG16 PEACE, JUSTICE AND STRONG INSTITUTIONS

AIM: To promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

26 NUMBER OF COMPANIES PRIORITISING SDG16

SDG16 MOST MENTIONED IN SECTORS:

- Materials (31%)
- Financials (23%)
- Real Estate (15%)
- Other (31%)



TYPICAL INITIATIVES

Develop globally accepted codes of conduct; Employee workplace behaviours training programs; Participating in national level policies and regulatory developments around human rights; Establishing whistle-blowing support mechanisms

EXAMPLES

Orica Limited (ORI) is an Australian-based multinational corporation which provides a wide range of products and blasting related services to the mining, quarrying and construction industries. SDG16 is recognised within the company's sustainability strategy, under the theme "Operating Responsibly" which highlights the importance of ethics and strong governance.

Examples of programs and progress provided in relation to SDG16 include:

- Establishment of an ethics and compliance monitoring and assurance program
- Over 800 business partners assessed for ethics and compliance risk
- Training implemented on the new Code of Business Conduct.

OZ Minerals (OZL) is a copper-focused modern mining company based in Australia. OZL declares specific programs as being aligned with SDG 16 under the company's sustainability strategy. These include:

- Establishing an internal audit program to identify bribery and corruption compliance risks, how risks are managed, and improvements to be made to the governance and compliance framework
- Supporting the voluntary Tax Transparency Code (TTC) endorsed by the Australian Government in 2016 and presenting information in accordance with the TTC
- Providing training to senior management, employees and contractors on human rights and ethical business.



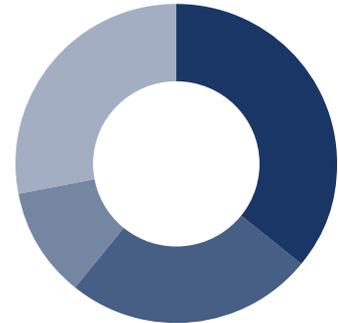
SDG17 PARTNERSHIPS FOR THE GOALS

AIM: To revitalize the global partnership for sustainable development

28 NUMBER OF COMPANIES PRIORITISING SDG17

SDG17 MOST MENTIONED IN SECTORS:

- Financials (36%)
- Materials (25%)
- Consumer Staples (11%)
- Other (28%)



TYPICAL INITIATIVES

Stakeholder engagement strategies; Partnership and collaboration initiatives with research institutes, community advocacy groups; Investor engagement and needs analysis

EXAMPLES

Iress (IRE) is a technology company and a principal supplier of software to the financial services industry in Australia, Asia, New Zealand, Canada, South Africa and the UK. IRE identifies SDG17 as a specific goal to which the company can make a difference through:

- Engagement with key stakeholders such as suppliers and overseeing procurement practices in accordance with the UK Modern Slavery Act and the Australian Modern Slavery Act
- Partnerships with industry groups to contribute or support the growth of technical groups or client industries. This includes partnerships with institutions such as universities to provide software access for students completing relevant degrees.
- Community support programs such as the Iress Foundation which provides opportunity initiatives to establish longer term relationships with registered charitable organisations including Helping Hands Community Project (UK), Daily Bread Food Bank (Canada), and Plate 4 Plate (Australia).

Ansell (ANN) is a world leading Australian company which manufactures protective industrial and medical gloves. Ansell's 'Better Business' Responsible and Responsive Strategy supports SDG17 through establishing:

- Customer programs –such as innovation awards programs, Focus on Safety programs, programs to Support Healthcare Customers, and Continuing Education and Professional Development Programs
- Partnerships with suppliers - to ensure completion of standardised CSR audits
- Investor engagement programs – to understand the material sustainability issues of investors, and
- Commit to continuous review and improvement of reporting and disclosure practices such as disclosure of material climate change-related financial risks regarding the Recommendations of the Task Force on Climate-related Financial Disclosures.

RESEARCH TEAM



Prof. Nava Subramaniam

**Deputy Dean (Research & Innovation) and Professor of Accounting
School of Accounting, Information Systems and Supply Chain (AISSC), RMIT University**

Nava's research interests include corporate governance, corporate sustainability and disclosure; performance management and assurance. She has led several national and international projects funded by the Australian Research Council Grant and other large competitive grants. Her work experience includes management and professional accountant roles.



Dr Renzo Mori Junior

Senior Advisor, Sustainable Development, RMIT University

Renzo advises RMIT on its approach to address the UN 2030 agenda and is part of the team responsible for implementing the SDGs agenda within RMIT University. He has worked as a research fellow at the Centre for Social Responsibility in Mining at The University of Queensland and served in a wide range of government, corporate and not-for-profit organisations.



Dr Suraiyah Akbar

Lecturer at School of AISSC, RMIT University

Suraiyah's research covers the areas of corporate social responsibility and accountability, social governance, and social sustainability issues. She also teaches in the area of social and environmental accounting and reporting.



Dr Sophia Ji

Lecturer at School of AISSC RMIT University

Sophia researches and teaches in the area of accounting for sustainability. She has over ten years of experience in the Australian higher education sector, and has worked in management accounting in a large Chinese listed enterprise.



Dr Hui Situ

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Hui's research interests include corporate social responsibility, cultural communication, management accounting and corporate disclosure. She also has over ten years of professional experience in business and accounting industry



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