
Integrating SDGs with ESG disclosures

March 2023

Table of Contents

01. Integrating SDGs with disclosures : A new reporting paradigm for businesses

02. Why should Companies report on the SDGs?

03. The Sustainable Development Goals (SDGs) and corporate sustainability reporting disclosure

04. The Business case for engaging with the SDGs

05. Why the change is necessary?

06. SDG alignment with value creation process

07. References

Integrating SDGs with disclosures : A new reporting paradigm for businesses

The Sustainable Development Goals are also known as Global Goals. Using new scientific and technological capabilities and increased resource efficiency, they are intended to profoundly revolutionize our society, economy, way of life, and how we view the environment. In order to aid in the transition of the world to sustainable development and a sustainable future, the United Nations has established a set of 17 global goals known as the Sustainable Development Goals (SDGs). The 2030 Agenda for Sustainable Development was formally adopted by the UN General Assembly in September of 2015. The agenda listed each of the 17 Sustainable Development Goals, which were established to make sure that, as the globe develops, we are "leaving no one behind." Each of the 169 targets for sustainable development goals also lays out the path to ultimate fulfillment. The goal is to track the effects of sustainable development while also making progress measurable.

All businesses, no matter how big or small, in any sector, can have an impact in the SDGs. Regardless of the unprecedented size and scope of the global targets, there are still some basic ways that business may have an impact. In order to solve societal problems through business cooperation and technology, the UN Global Compact urges businesses to first conduct themselves responsibly.

The current BRR and National Guidelines on Responsible Business Conduct (NGRBC) principles, which themselves derive from Social Development Goals, serve as the central component from which the BRSR has evolved (SDGs). The MCA report objects BRSR as a single comprehensive source of non-financial sustainability information relevant to all corporate stakeholders - investors, shareholders, regulators, and the public in general.

Indeed, we are pressed for time because, in regards to climate change, the effects of global warming are becoming more and more visible. To be able to analyze the situation, encourage growth for sustainable development, and make the most appropriate and appropriate decisions, we need data and information on the implementation of integrated policies. A developing world needs assistance in achieving environmental sustainability, but special and differential treatment is possible. The developing country by assisting in the provision of essential services, regional development planning, top-notch education, sustainable tourism, disaster risk reduction, and financial resources, can help the production and supply chains of nations that are experiencing extreme poverty and pave the way for a more sustainable future.

The 2030 Agenda for Sustainable Development, frequently referred to as Agenda 2030, is a 15-year action plan created to promote global peace, eradicate extreme poverty, uphold and promote human rights, end gender inequality, and create a healthy planet. There are numerous ways your business can support the UN's world goals. In their annual reports as of 2019, 72% of global companies have already incorporated the Sustainable Development Goals, and 51% of them have emphasized key goals.

Why should Companies report on the SDGs?

We have reached a turning point in the development of sustainable transparency, which is quickly eliminating the old paradigm for doing business. The UN Sustainable Development Goals (SDGs) have ushered in a new era of international development goals to address the most important issues facing the world, and business's active involvement is a key factor in these goals. Leading advice has been created by the Action Platform and is currently being made available to businesses so they can include the SDGs into their reporting procedures. Businesses may better engage stakeholders, improve sustainable decision-making processes, and increase accountability by measuring and sharing their impact on the SDGs. However, improvements are to be made and promotion of corporate reporting procedures related to the SDGs.

The SDGD Recommendations have been developed for:

- To establish SDG accountability and governance practices that are in line with the reporting frameworks and standards they employ and to direct their approach to the SDGs, reporting organizations of all types and sizes.
- Acquiring trustworthy and reliable information for investors regarding long-term value creation.
- Strengthening the trustworthiness of SDG Disclosures and facilitating companies participation in the SDGs achievement by reporting organizations and their stakeholders.
- Assurance providers can collate appropriate proof.
- It is also important for national governments to understand how organizations affect the SDGs.

Through capital growth, declines, and transformations, value creation is coordinated with sustainable development.

Aligning the SDGs with long-term value generation for the organization and society involves five steps:

Step 1: Understanding sustainable development concerns that are pertinent to the organization's external environment is the first step.

Step 2: Determine the concrete sustainable development concerns that have an impact on the production of long-term value for businesses and society.

Step 3: Create a strategy to use the business model to support the SDGs.

Step 4: Foster connectivity, integrated governance, and integrated thinking.

Step 5: Create the yearly report.

The Sustainable Development Goal Disclosure (SDGD) Recommendations support:

- Understanding real sustainable development possibilities and dangers that are important for long-term value creation for businesses and society.
- Under an organization to help with the SDGs, it must transform what it does and how it does it.
- The communication of the SDGs implications and effects on its realization.

What Your company can do to support the SDGs is:

- Analyze your environmental impact and make improvements
- Promote equality and diversity within your own organization
- Invest in responsible businesses
- Donate to worthwhile causes

The Sustainable Development Goals (SDGs) and corporate sustainability reporting disclosure

Business has a fundamental stake in ensuring that the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development are achieved since it cannot prosper in a society marked by poverty, inequality, unrest, and environmental stress. Business plays a crucial role in advancing the SDGs by respecting widely accepted standards and principles in the areas of human rights, labor, the environment, and anti-corruption. On issues covered by the SDGs, like climate change, water management, and working conditions, many businesses already take action and publish reports. This assists businesses in evaluating their present initiatives and identifying new objectives that will further the SDGs. Effective corporate reporting, which goes beyond routine stakeholder engagement, is essential for fostering trust and coordinating investment through accountability and transparency. Corporate sustainability reporting is a critical enabler for internal discussion and decisions regarding how to contribute to the SDGs at all levels inside an organization, in addition to informing external stakeholders, including investors. It is neither the beginning nor the conclusion of a company's sustainability strategy and implementation. It is a strategic component that:

- Connecting stakeholders
- Develops business strategy
- Encourages innovation and drives greater performance and value generation inside the organization
- Supports sustainable decision-making processes at all levels; draws investment

Ensure corporate reporting on the SDGs by taking action.

In order to address this issue, the Global Reporting Program (GRI) and the United Nations Global Compact have joined forces to create the groundbreaking initiative known as Reporting on the SDGs. To influence a larger multi-stakeholder movement that is playing a crucial role in defining corporate reporting on the SDGs have jointly invited leaders from top corporations to join a Corporate Action Group as part of the Action Platform. The GRI Standards, the most frequently used sustainability reporting guidelines worldwide, and the Ten Principles of the UN Global Compact are utilized to report on the SDGs. By doing this, companies may integrate SDG reporting into their current procedures, enabling them to take action and turn the SDGs into a reality. The programme also collaborates with the Principles for Responsible Investment (PRI), which helps the financial sector recognise the significance of corporate sustainability disclosures

The Business case for engaging with the SDGs

The 2030 Agenda and its Sustainable Development Goals, which were endorsed by all 193 United Nations Member States in 2015, focus on global efforts and attention on 17 urgent concerns. In addition to creating new economic opportunities, the private sector is crucial in supplying solutions that can help to solve these problems. By 2030, the SDGs are expected to provide up to market potential worth at least \$12 trillion USD. Businesses can profit from sustainable development for themselves as well as the markets they depend on by identifying and reducing risks to people, the environment, and new products and services. Since the SDGs are "an articulation of the world's most pressing environmental, social, and economic issues and, as such, act as a definitive list of the material ESG (environmental, social, and governance) perspectives that should be taken into account as part of an investor's fiduciary duty," they are also becoming more and more significant for investors. The business case for investing in possibilities that are in line with the SDGs is compelling, and it includes assisting investors in securing steady returns, better representing the values of their clients, and providing sustainable financial solutions that set them apart in the marketplace.

Why the change is necessary?

The business and investment communities are becoming more and more aware of the 17 SDGs and the growing significance of sustainability. All UN member states adopted the SDGs in 2015 after extensive and extensive consultation. They serve as a roadmap for achieving a sustainable future and are an urgent call to action that calls for participation from all sectors of the society. They address issues like poverty, inequality, and environmental degradation as well as other worldwide concerns we confront. Most, if not all, of the SDGs will be impacted by climate change. The business and investment communities are becoming more aware of how the state of the world and the happiness of mankind affect their long-term chances of success and how the SDGs provide a framework for interdisciplinary efforts to solve these issues.

The top 1,000 listed firms in FY 22–23, the BRSR report is required; for all other companies, it is optional beginning in FY 21–22. The SEBI-recommended report is the initial step in standardizing sustainability disclosures in India; going forward, stricter requirements are anticipated. As stated in COP26 last year, India is committed to reducing its emissions, and with corporations now declaring their own targets, their sustainability activities and consequently the disclosures will play a crucial role in the coming days.

SDG alignment with value creation process

Financial

Financial capital may be related to fourteen of the goals

Manufactured

Manufactured capital may be related to ten of the goals

Intellectual

Intellectual capital may be related to nine of the goals

Human

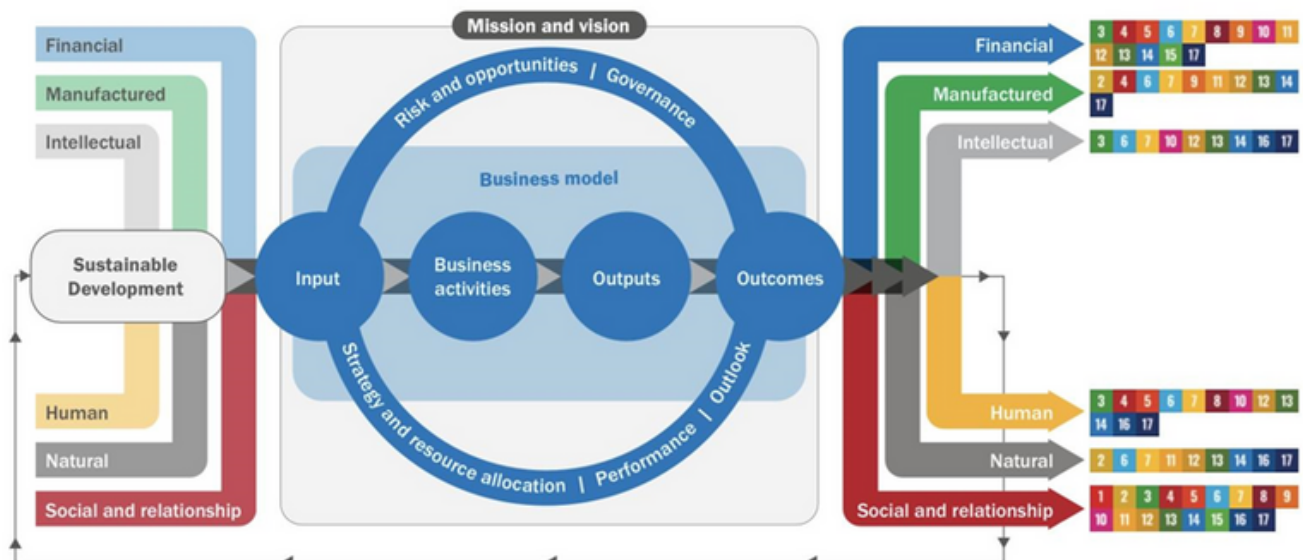
Human capital may be related to twelve of the goals

Natural

Natural capital may be related to nine of the goals

Social and relationship

Social and relationship capital may be related to seventeen of the goals



The Sustainable Development Goals (SDGs) are frequently regarded as the baseline for all assessments of sustainability. The 9 BRSR principles are aligned against the 17 SDGs in the figure below:



References

- Gendre, I. (2022, November 2). Sustainable Development Goals (SDGs): All you Need to Know. <https://www.greenly.earth/blog-en/what-are-the-united-nations-sustainable-development-goals>
- How Your Company Can Advance Each of the SDGs | UN Global Compact. <https://www.unglobalcompact.org/sdgs/17-global-goals>
- A journey towards Regulatory ESG Reporting in India. https://www.indianchamber.org/wpcontent/uploads/2022/03/BRSR-Handbook_ICC-Consultivo_March-2022-R0.pdf
- Transforming our world: the 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs. <https://sdgs.un.org/2030agenda>
- Sustainable Development Goals Disclosure (SDGD) Recommendations https://www.integratedreporting.org/wp-content/uploads/2020/01/ICAS5045_SDGD_Recommendations_A4_22pp_AW3-1.pdf
- Sustainable Development Goals Disclosure (SDGD) Recommendations. [https://www.ifac.org/system/files/publications/files/A_dams_2020_Feed back-on-the-consultation.pdf](https://www.ifac.org/system/files/publications/files/A_dams_2020_Feed%20back-on-the-consultation.pdf)
- Reporting on the SDGs | UN Global Compact. (2022, November 7). <https://www.unglobalcompact.org/take-action/action-platforms/sdg-reporting>

About Lodha&Co

We are one of the oldest and largest Audit firms in India, present across India's major cities.

MUMBAI

40, Karim Chambers, A. Doshi
Marg, Fort, Mumbai-400001.
mumbai@lodhaco.com,
esg@lodhaco.com

KOLKATA

Esplanade Mansion,
14 Government Place East,
Kolkata-700 069
cal@lodhaco.com

NEW DELHI

C-1 Upasana Building,
1 Hailey Road,
New Delhi-110 001
delhi@lodhaco.com

CHENNAI

20/7 Lalithapuram Street,
Guru Kirpa Niwas Royapettah,
Chennai-600 014
chennai@lodhaco.com

JAIPUR

Khetan Bhawan
Mirza Ismail Road,
Jaipur-302 001
jaipur@lodhaco.com

HYDERABAD

Plot No. 84 BHEL Enclave,
Akbar Road,
Secunderabad-500 009
hyderabad@lodhaco.com



Mr. Pradeep Malu
Partner
pradeepmalu@lodhaco.com



Mr. Manishankar Prasad
Vice President –
ESG Practice
moni@lodhaco.com

Disclaimer

This document, prepared by Lodha&Co (the company), is solely for information purpose and do not constitute any offer for services or a document for advertising or marketing the services, and does not formwork of solicitation of professional work, whatsoever. This information in this document is provided in confidence at the request of the receiving party and the receiving party may not disclose or forward to any third party or use for any other purpose without the express written permission of the company. Logos used in the documents are the property of the respective companies except the logo of Lodha&Co. Due credit has been given to the respective organization/companies/research team wherever 3rd party content is used as reference material in this documents and hence, there is no infringement of any kind of copyright in any manner.