

Scottish Sustainable Development Goals Reporting Working Group

People and Prosperity

Meeting Report (Draft)

10 December 2018

The scale of environmental, social and economic challenge facing humanity is enormous, with a real urgency to act. Scotland was one of the first countries to adopt the global targets of Sustainable Development Goals (SDGs) and our businesses have a critical role to play in leading Scotland's contribution to achieving them while also realising the economic benefit of increased resource efficiency, innovation and resilience. This vision is underpinned by SEPA's own regulatory strategy [One Planet Prosperity](#).

The UN Global Sustainable Development Goals (SDGs) are a universal call to action to tackle poverty and inequality, protect the planet and ensure peace and prosperity for all.

On Monday 10th December 2018, the Scottish SDG Reporting Working Group held its first working meeting focusing on the SDGs under the themes of People and Prosperity. This was in recognition of Human Rights Day and that it has been 70 years since the UN adopted the Universal Declaration of Human Rights.

The event was hosted by the Scottish Environment Protection Agency (SEPA), ICAS (Institute of Chartered Accountants of Scotland) and Standard Life Aberdeen, and was attended by Scotland's leading businesses, institutions and most influential representative bodies (attendee list, Annex 1). It followed on from the launch of the working group on 17th September 2018.

Bringing together a pool of leading thinkers, the Scottish SDG Reporting Working Group is focusing on two key challenges:

- How can the Scottish approach to One Planet Prosperity and SDGs create transformational impact across the UK and globally?
- How can businesses seize the opportunities of SDGs by building them into their business models and also benefit the Scottish economy, environment and most importantly, our people?

The Scottish SDG Reporting Working Group meeting in December 2018 explored how businesses can use the SDGs and tools such as the [Integrated Reporting Framework](#) to inform practical action in an organisation.

The meeting focused on the themes of modern slavery and equalities under the People and Prosperity banner and attendees used the SDG targets that were material to these themes and looked at how to turn these targets into practical action for a business.

The group brainstormed the following questions (see Annex 2 and 3 for detailed outputs):

1. What SDG targets are material to Scottish business for equalities and modern slavery?

2. What kind of action can Scottish business take?
3. How can practical action on equalities and modern slavery be built into business models?
4. How can enterprises go beyond regulation in terms of measuring and reporting on success?

Key messages

The following key messages came from discussions and presentations:

Modern slavery

- ❖ There are tens of thousands of UK victims – forced labour accounts for half
- ❖ Scottish businesses knowingly and unknowingly profit from modern slavery
- ❖ Businesses in Scotland are aware of modern slavery, 77% of businesses expect to find modern slavery in their supply chain
- ❖ 207 potential victims of trafficking identified in Scotland in 2017
- ❖ Scottish Government and Lord Advocate have created regulations and orders (e.g. [Human Trafficking and Exploitation \(Scotland\) Act 2015](#)) with legal requirements for [business](#).
- ❖ Slavery and human trafficking [Scottish Government Guidance](#) is available to business
- ❖ Sectors with higher risk of modern slavery are agriculture, food and drink, fishing, construction, waste management
- ❖ Key questions a business should ask:
 - What would you do if you found modern slavery in your supply chain?
 - What would you do if someone else found out?

Human rights & equalities

- ❖ Human rights are about people, and respect for human rights can help lift people out of poverty and injustice. In Scotland, this is promoted by the [Scottish Human Rights Commission](#) as well as the [Poverty and Inequality Commission](#).
- ❖ While there isn't a specific SDG on human rights, the preamble commits to “*realising the human rights of all*” with this best reflected by the commitments to “*leave no one behind*” and to reaching “*the furthest behind first*”.
- ❖ [UN Guiding Principles on Business and Human Rights](#) provide some overarching support to implement the United Nations “Protect, Respect and Remedy” Framework and more specific principles relating to human rights and labour from the [UN global Compact](#).
- ❖ OXFAM report ‘[Walking the Talk](#)’ looked at 76 of the world’s largest companies across 8 sectors, encouragingly two thirds have made a public commitment to supporting the SDGs but only half of these are creating anything “new” on the SDGs.
- ❖ The [Scottish Business Pledge](#) contains actions that business can commit to on Human Rights and Equalities.

Integrated reporting tools

- ❖ Integrated reporting (see [Integrated Reporting Framework](#)) including the Six Capitals approach can help businesses embed SDGs into their business models and strategies using a process of ‘integrated thinking’. With practice, it can be a very valuable tool to help join up the different capitals and link them to desired business outcomes.
- ❖ Not everything is measurable and alternative representations e.g. a narrative/story is useful as is the “value of testimony” to illustrate the value delivered.

- ❖ Practice and training is required to become competent in using the Integrated Reporting (Six Capitals) approach and a more proportionate approach may be needed for smaller businesses.

Other messages

- ❖ The pursuit of “wellbeing” and enhanced alignment to the SDGs is a core part of the Scottish Government’s purpose. The [Scottish National Performance Framework \(NPF\)](#) emphasises the values of fairness, inclusivity, etc. and the links they have to the SDG indicators.
- ❖ [Scotland’s SDG Network](#) is a unique network focusing on how to work together collaboratively and there are synergies between the network and the Scottish SDG Reporting Working Group.
- ❖ Business engagement is key to delivering the SDGs.
- ❖ The Scottish SDG Reporting Working Group can help create guidance on some simple steps that businesses could take to build the SDGs into their business models, taking the best from existing SDG and integrated reporting tools such as the Six Capitals approach.
- ❖ Opportunities for business mentoring, partnerships and training should be explored

Next steps

There was a clear call for action from the meeting of the Scottish SDG Reporting Working Group on 10th December 2018.

Key next steps identified were to:

1. Establish an Integrated Reporting Sub-group to:
 - Gain more practical experience in using Integrated Reporting framework, and
 - Create guidance on simple steps that businesses could take.

If you would like to volunteer to take part in this sub-group please get in touch with [Anne Adrain](#).
2. Update the groups Terms of Reference with feedback from the day and re-circulate for comment and approval.
3. Establish strong links to [Scotland’s SDG Network](#)
4. Start building a picture of the resource (tools and guidance) available that could help sign post business to support organisations and help business to take action on modern slavery, human rights and equalities.

Presentations

Thank you to the following people for presenting at the launch.

- ❖ Sandy Macdonald, Meeting chair, Standard Life Aberdeen
- ❖ Jamie Livingstone, Head of OXFAM Scotland, OXFAM
- ❖ Alister Bull, Training and Development Officer, Hope for Justice
- ❖ Andrea Coulson, Head of Department Accounting and Finance, Strathclyde University
- ❖ Kathryn Ferguson, Head of National Performance Unit, Scottish Government
- ❖ Paul Bradley, Open Government Project Co-ordinator, SCVO

If you would like a copy of the slides please contact Catherine.Preston@sepa.org.uk.

Next working group meeting

The next meeting of the Scottish SDG Reporting Working Group is on **Friday 22nd March 2019**, 9.30 to 1pm. The event will be hosted by **Diageo** at their offices in Edinburgh Park, 5 Lochside Way, EH12 9DT. This is World Water Day and the working group meeting will focus on *SDG 6 Clean Water and Sanitation* and *SDG 12 Responsible Consumption and Production*, under the “Planet” banner.

Please reply to Catherine.preston@sepa.org.uk to register your attendance for the March 2019 meeting.

Annex 1: Attendees & apologies

NAME	ORGANISATION
Alan White	Scottish Environment Protection Agency
Alex Jones	Scotch Whisky Association
Alister Bull	Hope for Justice
Andrea Coulson	Strathclyde University
Anne Adrain	Institute of Chartered Accountants Scotland
Anne Conrad	Scottish Environment Protection Agency
Bethan May Freire	SSE plc
Catherine Gee	Keep Scotland Beautiful
Courtney Peyton	Crown Estate Scotland
Craig Fraser	Scottish Environment Protection Agency
Cynthia Marks	Business in the Community Scotland
Dorothea Vincent	United Nations Association Scotland
Emma Waddell	Scottish Environment Protection Agency
Jamie Livingstone	OXFAM Scotland
Jo Green	Scottish Environment Protection Agency
Jo Pike	Scottish Wildlife Trust
Marissa Lippiatt	Zero Waste Scotland
Mark Williams	Scottish Water
Mike Kelly	Financial Services Expert
Nicola Melville	Scottish Environment Protection Agency
Olivia Cunningham	Scottish Environment Protection Agency
Paul Bradley	SCVO, Scottish SDG Network
Sandy Macdonald	Standard Life Aberdeen
Sandra Howells	Herriot Watt University
Sarah Deas	Scottish Enterprise
Setareh Stephan	Scottish Environment Protection Agency
Siobhan Dunn	Sustainable Scotland Network (SSN)
Kathryn Ferguson	Scottish Government

Apologies from	
Scottish Power	UN Global Compact
Zero Waste Scotland	Association of British Insurers
Highlands and Islands Enterprise	Baillie Gifford

Annex 2: People and Prosperity Workshop Outputs

Please note: Comments have been recorded as written on workshop flip charts - there needs to be some finessing of the arguments to make underlying messages clearer.

The SDGs considered in the People and Prosperity workshops in December 2018 were as follows:



Workshop Question 1: What “People and Prosperity” SDG targets are most material to Scottish business for equalities and modern slavery?

Goal	SDG target (by 2030) considered the most material to Scottish businesses for equalities and modern slavery	Examples of organisational risks	Examples of organisational opportunities
SDG 1- No Poverty	1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	Not paying a fair price for natural resources produced e.g. primary food products, could affect reputation and subsequently sales and profit	
SDG 2- Zero Hunger	2.1 End hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round		Pay a Living Wage to ensure staff can afford to buy safe, nutritious and sufficient food - leading to increased staff health, well-being and productivity
SDG 4- Quality Education	4.3 Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Not having skilled labour to recruit from	

Goal	SDG target (by 2030) considered the most material to Scottish businesses for equalities and modern slavery	Examples of organisational risks	Examples of organisational opportunities
SDG 4- Quality Education	4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship		
	4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations		Ensuring opportunities for staff to learn about equalities will ensure a more diverse and productive workforce
	4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.	Not having this foundation will make it harder for staff to work towards spotting issues like modern slavery in the supply chain	Encouraging staff to diversify their skills into these areas will lead to a better atmosphere in the workplace and encourage millennials into the organisation
SDG 5- Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere	If a business is not seen to take this issue seriously could lead to major reputational risks and they are in danger of alienating key staff	
	5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.		This needs to be seen as not just a risk for the organisation but all along the supply chain. Includes ranging from where it procures its outsourced cleaning staff to how goods are sourced.

Goal	SDG target (by 2030) considered the most material to Scottish businesses for equalities and modern slavery	Examples of organisational risks	Examples of organisational opportunities
SDG 8- Decent work and economic growth	8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Not being an equal wage employer leaves the business exposed and means they are not retaining the best workforce	
	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	Ensure that waste produced is managed well as the waste sector is at risk from modern slavery	
	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Ensuring safe and secure working and living conditions of workers involved in producing or shipping goods or managing waste (considering the supply chain)	
	8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all		
SDG 9- Industry, innovation and infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	This could be an issue in rural Scotland, not having the same service provision in rural areas. This may be the case for gas supply and water supply to some areas.	All customers need equal access to goods to ensure a high quality, reliable and resilient service.

Goal	SDG target (by 2030) considered the most material to Scottish businesses for equalities and modern slavery	Examples of organisational risks	Examples of organisational opportunities
SDG 10- Reduced inequality	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Reputational risk	Working with equivalent organisations across the supply chain to discuss how they can tackle inequalities – delivering diversity and social benefits
	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.		
SDG 11- Sustainable cities and communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums		
	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons	Workforce to being able to get to work.	Having clear policies about travel and staff being encouraged to travel sustainably. Creates a more equitable approach and does not leave those that might not have access to a car behind.
	11.5 Significantly reduce the number of deaths and the number of people affected and decrease the direct economic caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.		
	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities		Situating workplaces close to high quality greenspaces gives staff the opportunity to use them during working hours. Improving H&W and productivity.

Workshop Question 2: What kind of action can Scottish business/organisations take on equalities and modern slavery?

Medium sized organisation - actions	Corporates/ large sized organisations
<p>General:</p> <ul style="list-style-type: none"> • Work with others in your sector and sector representative bodies to share and learn from best practice on SDGs and to look at sector risks and opportunities • Tap into support organisations who can help on policies, processes and programmes related to SDGs <p>Equalities:</p> <ul style="list-style-type: none"> • Audit pay to ensure no bias • Whistle blowing policies • Staff and manager training on equalities in recruitment etc. • Apprentices • Pay the living wage • Audit in-house and get your leadership to champion it • Link it to the business case study – reputational benefit, business benefit, increase diversity • Provide training, re-think language used; training on unconscious bias <p>Modern Slavery:</p> <ul style="list-style-type: none"> • Work with support organisations/charities to help identify risks of modern slavery in your business/supply chain and actions you could take as a medium sized business e.g. through procurement specifications • Simple training and communications for staff on signs to look out for of modern slavery and what to do if spotted • Provide staff with examples of modern slavery to illustrate issues e.g. business case studies 	<p>General:</p> <ul style="list-style-type: none"> • Sustainable and ethical pension investments • SDGs built into contracts with suppliers, contractors, research agreements • CEO to lead – culture change <p>Equalities:</p> <ul style="list-style-type: none"> • Women in leadership strategy, mentorship programme, equalities champions • Pay audit to ensure no bias • Benchmark against best practice • Whistle blowing policies • Staff and manager training on equalities in recruitment etc. - re-think language used; training on unconscious bias • Review of HR policies • STEM ambassadors • Apprenticeships and inclusive recruitment pathways • Pay living wage • Board need to agree a position statement and determine KPIs on social and economic impact • Audit in-house and get your leadership to champion it • Change the narrative used to encourage women into the workplace, e.g. change the wording in job adverts and use women in TV adverts <p>Modern Slavery:</p> <ul style="list-style-type: none"> • Work with support organisations/charities to help identify risks of modern slavery in your business/supply chain and actions you could take e.g. through procurement requirements • Provide staff with examples of modern slavery to illustrate issues e.g. business case studies

	<ul style="list-style-type: none"> • Have campaigns to highlight the signs to look for of modern slavery and what to do if spotted. Make it easy, effective communication e.g. posters in toilets, including education, training and e-learning
--	--

Workshop Question 3: How can practical business action be taken forward by a business (i.e. be built into business models)?

Medium sized organisation	Corporates/ large sized organisations
<p>General:</p> <ul style="list-style-type: none"> • Use the SDG targets relating to equalities and modern slavery (see table above) as a quick scan against business strategy and policies • Use sector best practice and representative bodies 	<ul style="list-style-type: none"> • CEO and Board leadership • Corporate strategy, policy and reporting reviewed and mapped against the SDGs • Tap into market trends in customer/investor demands linked to the SDGs • Create high profile, transformational partnerships

Workshop Question 4: How can enterprises go beyond regulation in terms of measuring and reporting success?

Introduction

The workshop tried out the framework in *Integrating the SDGs into Corporate reporting a practical guide*¹. This guide (published by UN Global Compact in August 2018) enables companies to better measure and report their impact on the Sustainable Development Goals. It is designed to integrate with Global Reporting Initiative (GRI) standards for sustainability reporting.

This approach explores business dependency and opportunity across six aspects of resource use: financial, manufactured, intellectual, human, social and natural capitals. The SDGs associated with these capitals are identified in the framework. The SDGs help with setting targets that contribute to sustainable development for the business. (Figure 1)

Method

The workshop applied the integrated reporting framework to SDGs for equalities and modern slavery. The following sectors were explored: Energy, Water, Education and Drink.

The workshop participants worked through the following steps:

1. Start by identifying the inputs to the business for each capital
2. Identify the outputs for each capital and areas of added value
3. Identify dependencies between the capitals
4. Consider opportunities to deliver SDG goals, focus on equalities
5. Identify risks, focus on equalities and modern slavery
6. Consider potential actions for the business

Findings

1. All tables found it useful using the framework as it helped to understand interdependencies between different aspects of resource use across the business value chain.
2. It provided the business sector with new insights on their interdependency within the value chain for example the fundamental reliance of a membership organisation's members on natural capital raised the importance of consideration of this aspect for them as an organisation.
3. Those businesses that had not previously used integrated reporting found it complex to both think about their business interaction with the capitals and consider the SDG targets for modern slavery and equality at the same time.
4. Businesses who previously had undertaken integrated reporting and had SDG priorities found the approach easy to use. They found it useful for focussing in on the implications of a few specific goals for their business.
5. For businesses new to SDGs it is clear that the first steps in the full framework of getting to know the SDGs before applying the integrated reporting framework are essential. Then conducting a principled prioritisation to understand those that are material to their business needs
6. Service sectors such as education found it harder to use the integrated reporting framework, as the group found it difficult to relate the capitals to their value chain. This

¹ https://www.unglobalcompact.org/docs/publications/Practical_Guide_SDG_Reporting.pdf

group concluded that it would have been easier to start with a systematic review of the SDG goals and targets and identify those material to them.

- Participants commented having the right representation from within the business would be critical when working through the approach for example involving those responsible for procurement.

Figure 1: Aligning the SDGs with the value creation process

