Examples of Corporate Reporting Practices

Linking Strategy, Products, Services and Investments with the SDGs

About This Series

Integrating the SDGs into Corporate Reporting: A Practical Guide — developed by the United Nations Global Compact, GRI and partners — outlines how businesses can measure and disclose their contribution to and impact on the Sustainable Development Goals (SDGs) through a three-step approach and in alignment with recognized principles and reporting standards. The examples featured in this series help businesses and interested stakeholders identify select current corporate SDG reporting practices. The examples focus on one or a few elements of the broader corporate reporting process and steps outlined in the Practical Guide, which should be consulted for best practices on SDG reporting. The inclusion of company names in this series of examples is intended strictly for information and learning purposes and does not constitute an endorsement of the individual companies by the UN Global Compact or GRI.

This paper showcases how Ayala, Danone and Unilever disclose the linkages between their strategy and the SDGs, with a particular focus on how the companies’ products and services do contribute to the Global Goals.

See step 1.2, Entry Point B in the Practical Guide for further recommendations on how to prioritize the SDGs according to beneficial products, services and investments.

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Ayala Discloses an Overview of Its Business Strategy and Its Impact on the SDGs

Ayala discloses its overall business strategy and aligns its targets with the Sustainable Development Goals (SDGs) at the goal level. Figure 1 shows the company’s business strategy and the three sustainability trends that can have a positive impact and pose a risk to its business: “Marginalization,” “Untapped Potential” and “Irresponsible Growth.”

The company links different business entities to the relevant SDGs at the goal level and interlinks them with the trends. For example, for “Marginalization” the company links the four relevant business entities to four corresponding SDGs: Goal 1 on No Poverty, Goal 3 on Good Health and Well-being, Goal 4 on Quality Education, and Goal 6 on Clean Water and Sanitation.

Ayala Discloses Business Activities that Contribute to the SDGs

The report proceeds to disclose beneficial activities and services that have a positive impact on the SDGs. Figure 2 displays where in the report Ayala discloses business activities that have positive impacts on Goal 7 on Clean and Affordable Energy, Goal 9 on Industry, Innovation and Infrastructure, Goal 12 on Responsible Consumption and Production, and Goal 13 on Climate Action.

For example, Ayala’s two business units “AC Automotive” and “IMI” contribute to Goal 9 on Industry, Innovation and Infrastructure; and the subsidiary “AC Industrials” will enable “the first Philippine-manufactured commercially viable, and market accepted electric vehicle,” which the company links to Goal 11 on Sustainable Cities and Communities.
FIGURE 1: INFOGRAPHIC FROM AYALA’S REPORT DISCLOSING THE COMPANY’S CONTRIBUTION TO THE SDGS UNDER THREE THEMES

FIGURE 2: SECTION FROM THE AYALA’S SERVICES AND ACTIVITIES THAT CONTRIBUTE TO ITS TREND “RESPONSIBLE GROWTH AND INNOVATION JOURNEY”

Champions and Core Targets on the RESPONSIBLE GROWTH AND INNOVATION JOURNEY

**SDG 7 Affordable and Clean Energy championed by AC Energy**
AC Energy will increase its renewable energy portfolio to 5 GW in the Philippines and in foreign markets.

**SDG 9 Industry, Innovation, and infrastructure championed by AC Industrials composed of two business units: AC Automotive and IMI**
AC Industrials will enable the first Philippine-manufactured, commercially viable, and market-accepted electric vehicle, resulting in reduced emissions. On the demand side, its distribution and retail group, AC Automotive, will promote low emission vehicles to the market, ensuring that each brand offering has a minimum of one model not fully dependent on a combustion engine powertrain. Globally and on the manufacturing side, IMI will promote inclusive and sustainable industrialization by demonstrating manufacturing value add of US$1 billion dollars across all developing countries where it has operations.

**SDG 12 Responsible Consumption and Production championed by Ayala**
Ayala will achieve an ambitious material footprint that demonstrates sustainable management and efficient use of natural resources.

**SDG 13 Climate Change championed by Ayala**
Ayala will strengthen resilience and adaptive capacity to climate related hazards to natural disasters across all its sites resulting in minimal casualties.

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Danone Aligns Its 2030 Sustainability Objectives With the SDGs

Danone produces a standalone report, separated from the larger, annual integrated report, to outline its sustainability strategy and how it contributes to the Sustainable Development Goals (SDGs). The report focuses only on how the company’s products and services have had an impact on the SDGs and the progress the company has made towards its sustainability objectives.

Nine long-term goals are disclosed and the company links these to the SDGs, prioritizing its impact on seven. The SDGs are prioritized based on the company’s targets and its product portfolio, as well as through its materiality matrix and stakeholder engagement. Figure 3 provides an overview of how each of the nine goals fits in the company’s “Business Model,” “Brand Model” and “Trust Model.” The report proceeds to present each part of the business and how it contributes to the prioritized SDGs.

Danone Links New Products to Contributing to Prioritized SDGs

Figure 4 from Danone’s report discloses the company’s “2018 Key Highlights,” outlining the achievements over the reporting year, in line with the goal of the company to “offer superior food experiences and innovate, always.” The company links this section of its business strategy to prioritized SDGs, including Goal 3 on Good Health and Well-being and Goal 12 on Responsible Consumption and Production. The company links the products it assessed as contributing to the two prioritized SDGs under “Innovations in 2018.” The company discloses its performance by matching its achievements in both 2017 and 2018 against its overall targets in four areas. It provides context so that readers understand how performance has improved.
FIGURE 3: INFOGRAPHIC FROM DANONE’S REPORT DISCLOSING ITS BUSINESS MODEL AND ITS CONTRIBUTION TO THE SDGS

FIGURE 4: INFOGRAPHIC FROM THE COMPANY’S REPORT DISCLOSING ITS CONTRIBUTION TO GOAL 3 AND GOAL 12 THROUGH ITS PRODUCTS

Unilever Discloses How Its Business Strategy Has a Positive Impact on the SDGs

Figure 5 shows how Unilever discloses its overall business strategy, linking the inputs, stakeholders and resources “What We Depend On” — to the positive impact its business activities can have under the header “Value We Create.” The company discloses its sustainability objectives in its business strategy under “Our Vision,” classified according to three themes: “Improving Health and Well-being,” “Reducing Environmental Impact” and “Enhancing Livelihoods for Millions.”

For each thematic area, the company reports on the Sustainable Development Goals (SDGs) on which the theme has the most impact and interlinks the relevant SDGs at the goal level. For example, the company has assessed that the part of its business strategy dealing with “Enhancing Livelihoods” has an impact on Goal 1 on No Poverty, Goal 3 on Good Health and Well-being, Goal 4 on Quality Education, Goal 5 on Gender Equality, Goal 8 on Decent Work and Economic Growth, and Goal 10 on Reduced Inequalities.

Unilever Links Its Business Activities With the SDGs

Building on the overview in Figure 6, Unilever proceeds to disclose how its business activities contribute to the SDGs. Figure 6 shows how the company reports on the impact its products and services have on the corresponding SDGs and the value created for the company, under the title “Unlocking Growth Opportunities from the Sustainable Development Goals.”

This section discloses several business products and services that contribute to Goal 1 on No Poverty, along with specific figures that contextualize and illustrate the impact of the company’s activities on the SDGs. For example, the company reports on a partnership to set up the “Jaza Duka” initiative and contribute to Goal 1. Unilever also discloses its impact on Goal 6 on Clean Water and Sanitation and Goal 12 on Responsible Consumption and Production, and directs readers to its website where its SDG index expands on numerous case studies showing how the company’s business activities contribute to the SDGs (p. 15).
**OUR PURPOSE**
To Make Sustainable Living Commonplace

**OUR VISION**
To grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact delivered through the Unilever Sustainable Living Plan.

**OUR STRATEGY**
To deliver long-term compounding growth and sustainable value creation by:

- Winning with brands and innovation
- Winning in the marketplace
- Winning through continuous improvement
- Winning with people

Supported by Division strategies:

- **BEAUTY & PERSONAL CARE**
- **FOODS & REFRESHMENT**
- **HOME CARE**

**WHAT WE DEPEND ON**

**PURPOSEFUL PEOPLE**
155,000 talented people who contribute their skills and purpose to our business

**NATURAL RESOURCES**
Renewable and non-renewable materials and ingredients for our products

**FINANCIAL RESOURCES**
Cash, equity and debt to invest for the long-term

**INTANGIBLE ASSETS**
R&D capabilities and intellectual property such as patents, trademarks and know-how

**TANGIBLE ASSETS**
Physical assets such as manufacturing, logistics and office facilities as well as our vehicle fleet and stock

**SUPPLIERS**
Source the materials and ingredients that make up our products and provide services to support our business

**STAKEHOLDERS & PARTNERS**
Relationships with governments and other organisations to drive systems change

**VALUE WE CREATE**

**CONSUMER BENEFITS**
We sell products that help people to feel good, look good and get more out of life

**TOP & BOTTOM LINE GROWTH**
We deliver consistent, competitive, profitable and responsible growth

**IMPROVED HEALTH & WELL-BEING**
We are helping hundreds of millions of people take action to improve their health & well-being

**REDUCED ENVIRONMENTAL IMPACT**
We are working to halve the environmental footprint of the making and use of our products as we grow our business

**ENHANCED LIVELIHOODS**
We are enhancing the livelihoods of millions of people as we grow our business

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UNLOCKING GROWTH OPPORTUNITIES FROM THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are fundamental to future economic and business growth. The Business & Sustainable Development Commission, co-founded by Unilever, concluded that successful delivery of the SDGs will create market opportunities of at least $12 trillion a year. By using our resources as a business to address issues such as sanitation, hygiene, nutrition, gender equality and climate change – among other interconnected growth opportunities covered by the SDGs – we are delivering benefits for our business, shareholders and society. Partnerships (SDG17) play a key role in unlocking these opportunities. Business, governments and civil society must work together, through innovative partnerships, with new types of funding and new business models. We are working with a range of partners across many of the SDGs, often through our brands. Below we provide three examples where we have taken action in 2018. There are many more on our website.

SDG1 – NO POVERTY: EMPOWERING SMALL-SCALE RETAILERS FOR GROWTH

Our products are sold in more than 190 countries, generating income and employment for millions of retailers and distributors who bring our brands to consumers. Inclusive distribution models such as Shakti and our retailer training programmes such as Kabisig in the Philippines help small-scale retailers to grow while strengthening our own sales and supply networks.

For any small retailer, selling out of a product line is a missed opportunity. But for retailers who are stuck in cash economies without access to credit, especially in the developing world, running out of stock can be a routine event.

In 2017, we began a strategic partnership with Mastercard in Kenya. Together, we’ve launched the Jaza Duka (‘fill up your store’) initiative, which uses a combination of innovative technology, targeted training and the strength of our relationships with our distribution network to free retailers from the constraints of cash, helping them fulfil their potential.

By digitising the processes of buying supplies and selling goods, small-scale retailers can build the credentials they need to access short-term working capital loans from Kenya Commercial Bank. This gives them better control of their inventory, so they can keep their shelves full and meet consumer demand. They are also able to access training and essential financial tools to help them grow their sales and incomes. Our research found that stores that fully moved to the new platform grew their sales of Unilever products by up to 20%. These are still early days. But if the partnership keeps succeeding, we believe it could help drive growth and improve incomes.

Our partnership with Mastercard is just one of a number of exciting new innovative last-mile distribution projects which harness the power of digital and e-commerce to create positive social impact at the same time as helping retailers grow.