



CHARTERED SECRETARIES  
AUSTRALIA

*Leaders in governance*

**Australian Centre for Corporate Social Responsibility (accsr)  
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- Members of CSA, particularly those that are company secretaries, are the link between the shareholder, the company and the board and are closely involved in the preparation of information provided to the market. They are central to advising the board on its compliance and reporting obligations. They are central to advising the board on market expectations in regard to corporate behaviour and responsibility and on reporting.
- The four pillars of governance are: accountability, transparency, stewardship and integrity. It is no coincidence that two of these are within the 7 principles of ISO 26000. One could even see a parallel between integrity and fair operating practices. With the extent of the focus on governance over the last ten years it is not a great leap of faith to make the extension to the principles contained within ISO 26000.
- Issues around reporting, whether for CSR purposes or other matters, rely on an agreed approach or definition, a genuine demand from relevant stakeholders and key to the business's strategy and in order to meet the disclosure needs of the market.
- I spoke to a number of governance listed companies and most of them were not aware of ISO 26000. An increasing number of organisations are embracing ESG/CSR obligations, but the plethora of reporting standards in existence does not make their job any easier.
- Really knowing who your stakeholders is highlighted in ISO 26000 *"Identification of and engagement with stakeholders are fundamental to social responsibility. An organization should determine who has an interest in its decisions and activities, so that it can understand its impacts and identify how to address them."*
- Getting the reporting right and meeting investor needs has been something of a journey:
  - During 2007 when CAMAC and the PJC conducted their reviews one conclusion was that while there was increasing recognition of CR as an issue, the term did not have a precise meaning and that this hindered the ability to agree on reporting frameworks.
  - Also during 2007, the ASX Corporate Governance Council grappled with the extent to which their Corporate Governance Principles and Recommendations should include reporting requirements on CSR/sustainability issues. It was ultimately agreed under Principle 7 that the extent of disclosure was to be left to the company but it was an "if-not-why-not" requirement that the *"...board require management to design and implement a risk management system that managed the company's material business risks."*
  - Corporate behaviour captured under ISO 26000 is also covered by Principle 3 of the ASX Corporate Governance Principles – *"To make ethical and responsible decisions, companies should not only comply with their legal obligations, but should also consider the reasonable expectations of their stakeholders..."*

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- Many investors see CSR as three types of non-traditional business risk (but only if they ultimately have a financial consequence).
- Notwithstanding the lack of clarity or a very low-level reporting requirement, many companies have gone on the front foot and initiated their own very extensive reporting frameworks for their organisation's CSR issues.
- An analysis of reporting for the year ended 31 December 2008 for the 148 reporting entities revealed that 88% of companies adopted Recommendation 3.1 – that companies should establish a Code of Conduct that covers integrity of decision making, taking into account reasonable expectations of stakeholders and accountability for unethical practices.
- The results of the 31 December review also showed that 96 or 57% of all entities reviewed and 54 or 87% of top-500 entities reviewed reported on a wider range of risk management policies – with operational, environmental and people risks being the most highly cited.
- ISO 26000 provides a very broad definition of the breadth of CSR and points to a plethora of reporting frameworks in existence. I do not know if ISO 26000 will provide improved guidance to organisations so that they better tailor their reporting frameworks.
  - the compliance burden on organisations cannot be overlooked, particularly when considering smaller companies
  - For a great many companies preparing a separate sustainability/CSR report is an overkill
  - A great many companies are doing great things but either do not realise it or if they do keep it to themselves.
  - Most important is that companies need to know what the key strategic issues are for them. For example, for large financial institutions Human Capital is critical. For mining or manufacturing companies – OH&S is critical
- There is a clear recognition in many large 'household-name' companies that social responsibility standards are to always be considered. There is a growing recognition in many smaller companies.
- What is becoming clear is that the minimal level reporting requirements found in Principal 7 will not satisfy the market for much longer. Experts I have spoken to say that about half of all managed funds in Australia have signed up to the United Nation's Principles for Responsible Investment and the number is increasing.
- Organisations that want to be on the front foot will need to embrace a positive ESG/CSR culture within their organisation and a transparent and relevant reporting framework to inform the market.

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