

Corporate Governance Council
Australian Securities Exchange
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15 November 2013

Dear Corporate Governance Council,

Submission: Consultation to the draft third addition of *Corporate Governance Principles and Recommendations*

This submission has been compiled by the Global Reporting Initiative Focal Point Australia together with Sustainable Business Australia. GRI together with SBA consulted 36 companies in compiling this response. These were drawn from GRI and SBA's respective memberships as well as ASX listed companies currently reporting to GRI's Sustainability Reporting Guidelines.

Global Reporting Initiative Focal Point Australia

The Global Reporting Initiative is an international not-for-profit organization that has pioneered and developed the world's most widely used voluntary Sustainability Reporting Framework. GRI's mission is to make sustainability reporting standard practice for all companies and organisations. Its Framework is a reporting system that provides metrics and methods for measuring and reporting sustainability-related impacts and performance. GRI enjoys strategic partnerships with the United Nations Environment Programme, the UN Global Compact, the Organisation for Economic Co-operation and Development, the International Organization for Standardization, among others.

GRI Focal Point Australia works to bring Australian organisations more actively into the broader international dialogue on sustainability disclosure and seeks to improve the uptake, usefulness and quality of reporting in Australia. It also provides guidance and support to local organisations, driving GRI's mission to make sustainability reporting standard practice.

Sustainable Business Australia

Sustainable Business Australia (SBA) is the leading Australian peak body and think-tank promoting business solutions to secure a just and sustainable world. SBA is a national, not-for-profit, non-partisan business membership association that represents a range of organisations, drawn from all sectors and industries.

Summary of Submission

- GRI & SBA commend the ASX Corporate Governance Council's move to revise its Corporate Governance Guidelines.
- GRI & SBA support the introduction of **Recommendation 7.4: A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks.**
- GRI & SBA recommend the following amendments:
 1. The wording in Principle 7.4 should encourage companies to disclose **how** they identify, prioritise and manage their sustainability risks.

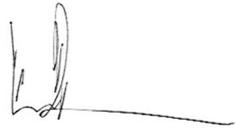
2. Recommendation 7.4 should include the word **material** to ensure that companies address the most significant sustainability risks to the business, rather than those that they might already measure or that are the easiest to capture.
3. The commentary should give reference to the risks associated with sustainability in the short, medium and long term.
4. Consideration should be given to inclusion of sustainability risks, impacts and performance along the value chain.
5. The commentary of Recommendation 7.4 should give consideration to the environment.
6. Communication of sustainability information should not be isolated to risk, but should also reflect opportunities, for a complete picture of a sustainability impacts and performance.
7. The commentary to the recommendation should reference Paragraph 47 of *the Future We Want*
8. Reference should be made to the *Global Reporting Initiative G4 Sustainability Reporting Guidelines*, www.globalreporting.org/g4.

Thank you for the opportunity to provide a submission to the draft third addition of *Corporate Governance Principles and Recommendations*.

Yours faithfully,



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Submission from Global Reporting Initiative Australia and Sustainable Business Australia

Information is the lifeblood of markets.

Transparent disclosure is necessary to ensure investors and other stakeholders are able to make informed decisions. Present day financial reporting alone, no longer assists investors to make accurate judgments about a company's performance and prospects. At the same time it fails to keep other interested stakeholders informed and engaged.

Done well, non-financial reporting allows companies to report their sustainability performance and impact rather than the partial picture contained within financial accounts. Investors and other stakeholders are increasingly seeking to complement a company's financial information with its sustainability information – on economic, social and environmental performance – so that they can properly assess risk, measure performance, allocate financial capital and identify market opportunities. Such information is increasingly perceived as important to assess a company's value for a more complete picture of the resilience and health of a company into the medium and longer term.

Context

In 2012, the Australian Investor Relations Association (AIRA) found that there had been a marked increase in the number of big investors asking for information about environmental, social and governance (ESG) issues in Australia¹.

“Major investors need to know how corporations are tackling issues like the carbon emissions, water usage and other important ESG concerns because they want to quantify any bottom-line costs... In many cases, the impact can be very significant not just in the immediate term but also for the long term viability of a business,” said AIRA Chief Executive Ian Matheson.

Investors need comparable and consistent data that is material and relevant to make informed decisions about company performance and investment choices. However, appropriate sustainability information is often not available.

The practice of reporting on non-financial information has become main-stream amongst the largest multinational companies with 95% of the largest 250 companies in the world (G250) currently publishing sustainability reports². However, despite such efforts to make reporting engaging, there are some 60,000+ publicly traded companies, and the majority are not transparent about material sustainability performance information³. Of ASX listed companies, while 17 of the top 20 companies report; only 55% of the ASX200 report on issues of sustainability⁴.

In the absence of sufficient disclosures on a company's sustainability performance, the company's investors and other stakeholders are unable to properly assess its material non-financial risks and opportunities and the associated valuation impacts.

Initiatives on the rise

Ahead of the Rio+20 UN Conference on Sustainable Development in 2012, Aviva Investors convened the Corporate Sustainability Reporting Coalition⁵ (CSRC). The Coalition, with over US\$2 trillion AUM, called on United Nations (UN) member states to commit to developing a policy framework on corporate sustainability reporting. The CSRC proposed that UN member states at Rio +20 commit to developing national regulations mandating the integration of material sustainability issues in companies' Annual Report & Accounts.

At the same conference, NASDAQ OMX with 4 other stock exchanges announced a commitment to work with investors, companies and regulators to promote long-term sustainable investment and improved environmental, social and corporate governance disclosure and performance among companies listed on their exchange.

This was further supported by the UN member states, who adopted the Rio+20 outcome document *The Future We Want*⁶. Paragraph 47 of the document states:

“We acknowledge the importance of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to consider integrating

1 http://aira.org.au/images/stories/AIRA_PDFs/MEDIA_RELEASE_-_IR_Practices_Preferences_and_Trends_Survey.pdf

2 KPMG (2011) *International Corporate Reporting Survey* - <http://www.kpmg.com/au/en/issuesandinsights/articlespublications/pages/kpmg-international-survey-corporate-responsibility-reporting-2011.aspx>

3 Corporate Knights (2013) *Trends in Sustainability Disclosure: Benchmarking the World's Stock Exchanges* - <http://static.corporateknights.com/StockExchangeReport2013.pdf>

4 Australian Council of Superannuation Investors (2013) *Corporate Reporting in Australia - Disclosure of sustainability risks among S&P/ASX200 companies* <http://www.acsi.org.au/images/stories/ACSIDocuments/generalresearchpublic/Sustainability%20Reporting%20Journey%202013%20-%20public%20version.pdf>

5 The Coalition represents investors with assets under management of approximately US\$2 trillion, as well as financial institutions, professional bodies, NGOs and other relevant stakeholders. It includes organisations as diverse as the ACCA, Global Reporting Initiative, and the Carbon Disclosure Project and acts on behalf of 551 institutional investors, holding US\$71 trillion in AUM.

6 <http://www.uncsd2012.org/thefuturewewant.html>

sustainability information into their reporting cycle. We encourage industry, interested governments and relevant stakeholders with the support of the United Nations system, as appropriate, to develop models for best practice and facilitate action for the integration of sustainability reporting, taking into account experiences from already existing frameworks and paying particular attention to the needs of developing countries, including for capacity building.”

The inclusion of this paragraph is an important first step in recognising the role of corporate sustainability reporting in the transition to a Green Economy.

Following the Rio+20 outcome document *The Group of Friends of Paragraph 47* was created. Current member countries include France (Chair), Denmark, South Africa, Brazil, Norway and Columbia. The Friends of Paragraph 47 aims to advance the promotion of corporate sustainability reporting by encouraging the continuous exchange of experience and best practice on policy and market regulation between governments to promote sustainability reporting. The members have committed to choose the most relevant policy tools applicable to their culture and jurisdiction to further sustainability reporting and to engage with interested stakeholders in open and constructive dialogue. South Africa and Brazil have already implemented greater disclosure practices through their stock exchange listing requirements with tremendous results to date.

Market regulators and operators are uniquely placed to introduce policies to enhance the quantity and quality of sustainability reporting by companies wishing to list on their exchanges. There are an increasing number of stock exchanges, market regulators and operators adopting policies and regulation requiring enhanced disclosures by companies of non-financial information⁷.

2013 has been a milestone year for sustainability and corporate reporting, with developments that include:

- launch of the Global Reporting Initiative G4 Sustainability Reporting Guidelines
- pending launch of the International Integrated Reporting Council's Integrated Reporting Framework in December
- European Commission launches proposal amending Council Directives 78/660/EEC and 83/349/EEC regarding disclosure of non-financial and diversity information by certain large companies and groups
- GRI, the United Nations Global Compact and the World Business Council for Sustainable Development launch a partnership to lead the business community in advancing the pending Sustainable Development Goals, which are set to replace the Millennium Development Goals in 2015
- the growing recognition of The Economics of Ecosystems and Biodiversity (TEEB) for business coalition as the lead multi-stakeholder platform for collaboration on natural capital accounting and valuation

Meanwhile, stock exchanges and market regulators that have introduced mandatory disclosure or adopted a 'Report or Explain' approach, requiring companies to either report on their material sustainability impacts or explain why they have not, show increased levels of corporate reporting. Stock exchanges and market regulators with reporting requirements include (but are not limited to)⁸:

- **Bovespa Brazil** - 2012 - recommends that listed companies follow the report or explain principle on sustainability reporting
- **Bursa Malaysia** - 2006 - issued the CSR Framework for voluntary reporting. In 2008 it required Malaysian companies and their subsidiaries to disclose CSR activities
- **European Union** - 2013 draft legislation was submitted to parliament, which if passed will see 18,000 companies 'report or explain' their sustainability impacts and performance to improve non-financial and diversity disclosures by large companies
- **India** - 2011 - securities exchange board mandated listed companies to submit Business Responsibility Reports. Also have guidelines for CSR reporting 2008
- **Johannesburg Stock Exchange** - 2010 - requires listed companies to produce integrated reports to the King III Guidelines
- **Pakistan** - 2009 - securities exchange commission issued the General Order on CSR activities
- **(The) Philippines** - 2011 - Corporate Social Responsibility Act came into effect
- **Shanghai stock exchange** - 2008 - Notice of Improving Listed Companies' Assumption of Social Responsibilities
- **Shen-Zeng stock exchange** - 2006 - Social Responsibility Guideline for Listed Companies
- **Singapore Exchange** - 2011 - adopted guidelines for sustainability reporting
- **Switzerland** - 2009 - Directive on Information relating to Corporate Governance
- **Thailand** - 2002 - Principles of Good Corporate Governance
- **Turkey** - 2011 - Communiqué on 'Corporate Governance Principles'

⁷ GRI (2013) *Carrots and Sticks - Sustainability Reporting Policies Worldwide - Today's Best Practice, Tomorrow's Trends* -

<https://www.globalreporting.org/resource/library/Carrots-and-Sticks.pdf> This publication provides an analysis of all sustainability reporting related market regulator activity internationally. Hard copy enclosed.

⁸ Ibid. See also Appendix A

- **United Kingdom** - 2013 - UK incorporated companies listed on the London Stock Exchange main market will have to report their levels of greenhouse gas emissions
- **United Kingdom** - 2006 - The Companies Act. Quoted companies should also disclose in their annual review information on environmental, employee, social and community matters to the extent necessary for an understanding of the development, performance or position of the company
- **United States** - 2012 - the SEC issued interpretative guidance on climate change risk disclosure

Also, a number of multilateral initiatives, led by both international organizations and by investors, have also emerged to build consensus calling for greater disclosures of non-financial information – such as the Sustainable Stock Exchanges⁹ initiative and the proposal for a sustainability disclosure listing standard by the Investor Network on Climate Risk, a project of Ceres.

Regulators also increasingly understand the importance of sustainability disclosures. Internationally, governments and stock exchanges have developed a wide range of policy, regulation, requirements, and guidelines to promote sustainability disclosure. Already, Canada, USA, Spain, France, Netherlands, Belgium, Norway, Sweden, Finland, Russia, Singapore, Denmark, Indonesia and Japan among others have introduced sustainability reporting policies and initiatives¹⁰. There is a positive correlation between increasing numbers of companies reporting on sustainability factors, and the introduction of a ‘Report or Explain’ approach by regulators.

This can be reflected in Australia’s global positioning in regards to corporate reporting. In KPMG’s 2011 International Survey of Corporate Responsibility Reporting, Australia ranked 23rd in the world whereas it had ranked 14th in KPMG’S 2008 edition of the same report. By comparison, countries who have recently introduced policy and regulation or guidance on sustainability reporting have risen in the rankings. Such policies improve the transparency and accountability of companies, and therefore they represent a lower risk for investors. In addition, it also ensures a greater preparedness of those economies to the transition to a low-carbon and resource restricted economy.

GRI and SBA advocate the use of informed policies to encourage sustainability reporting that: creates a level playing field; makes use of internationally recognized standards; allows flexibility and limits the administrative burden; and enhances good governance. In developing such informed policies, we also support the consideration of tried and tested concepts such as: ‘Report or Explain’ requiring companies to either report on their material sustainability impacts or explain why they have not; or ‘materiality’, where a company identifies its most significant economic, environmental and social impacts.

In short non-financial reporting has grown rapidly over the past 15 years because value is now perceived much more broadly than it was in the past. Financial value continues to be central and financial capital remains at the heart of business and markets. But it is clear that focusing solely on financial capital results in a very narrow picture of how companies relate to the world around them.

Recommendations

GRI and SBA see a crucial role for market regulators and operators to implement informed policies on sustainability reporting for companies listing on their exchanges. Such policies can be good for markets, good for companies, and, ultimately, good for the wider society.

We commend the ASX Corporate Governance Council’s move to revise its Corporate Governance Guidelines. And we support the introduction of **Recommendation 7.4: A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks.**

With this principled support of Recommendation 7.4, we suggest the following improvements:

- 1. The wording in Principle 7.4 should encourage companies to disclose how they *identify, prioritise and manage* their sustainability risks.**
Companies can meet the Principle without disclosing any information regarding the processes used to identify, prioritise and manage their material sustainability risks. The Principle should therefore address the importance of disclosing **how** the company identifies, prioritises and manages its material risks in order to have meaningful application of the Principle.
- 2. Recommendation 7.4 should include the word material to ensure that companies address the most significant sustainability risks to the business, rather than those that they might already measure or that are the easiest to capture.**
Investors and other data users are likely to be primarily interested in material information. In its proposal for a global listings standard, the Investor Network on Corporate Responsibility (INCR) calls for a materiality assessment on

⁹ An initiative co-convened by the UN-supported Principles for Responsible Investment, the United Nations Conference on Trade and Development, the United Nations Environment Programme Finance Initiative, and the UN Global Compact
¹⁰ GRI (2013) *Carrots and Sticks - Sustainability Reporting Policies Worldwide - Today’s Best Practice, Tomorrow’s Trends* - <https://www.globalreporting.org/resource/library/Carrots-and-Sticks.pdf>

environmental, social and governance considerations in annual financial filings. The application of the 'materiality' concept is well understood in relation to financial impacts, but perhaps less so in the context of non-financial impacts. However, there are well established processes for identifying and prioritising a company's material non-financial risks. GRI's materiality assessment process contained within GRI's G4 Sustainability Reporting Guidelines should be referenced. Companies should also be required to disclose the methodology for the materiality assessment.

Suggested amendment:

Recommendation 7.4: A listed entity should disclose whether, and if so how, it has regard to material* economic, environmental and social sustainability risks.

Footnote: *The Global Reporting Initiative G4 Sustainability Reporting Guidelines provides guidance as to the appropriate definition of materiality in the context of sustainability impact and performance, as well as the materiality assessment processes for reporting on sustainability impact and performance.

3. The commentary should give reference to the risks associated with sustainability in the short, medium and long term.

The commentary gives reference to the risks associated with sustainability in the long term. However, sustainability risks also manifest over the short and medium term. An example of this is the effect of share prices to BP resulting from the 2010 Deepwater Horizon Oil Spill in the Gulf of Mexico. Companies must disclose risks across all timeframes – the short, medium and long term.

Suggested amendment:

Whether it does so sustainably can impact in the short, medium and long term on society and the environment.

4. Consideration should be given to inclusion of sustainability impacts and performance along the value chain, and their associated risks.

Companies that are able to identify and manage sustainability impact and performance along its value chain present a lower risk to investors. Recent events reported in the media, such as the Rana Plaza factory fires in Bangladesh and the export and slaughter of live animals, have presented significant risks to some Australian businesses along their value chain. Sustainability risk, impact and performance can be significantly greater along the value chain than within the usual boundary of operations, as has been recently demonstrated by Puma in its environmental profit and loss statements.

Suggested amendment:

...should consider making more detailed disclosures about their approach to economic, environmental and social sustainability **impacts and performance along their value chain...**

5. The commentary of Recommendation 7.4 should give consideration to the environment.

Suggested amendment:

How a listed entity conducts its business activities impacts directly on the environment and a range of stakeholders...

6. Communication of sustainability information should not be isolated to risk, but should also reflect opportunities, for a complete picture of a company's sustainability impacts and performance. With this in mind, wording around sustainability 'impacts and performance' rather than risks would be preferable.

Suggested amendment:

Entities that have, or aspire to have, institutional investors on their register should consider making more detailed disclosures about their approach to economic, environmental and social sustainability impacts and performance ...

7. The commentary to the recommendation should reference Paragraph 47 of *the Future We Want*.

Paragraph 47 of *The Future We Want* was a critical milestone in UN member states recognising the importance of corporate sustainability reporting in advancing the transition to a green economy.

Suggested amendment:

'increasing calls globally for the business community to address matters of economic, environmental and social sustainability*'

Footnote: *sustainability reporting was formally recognised by the United Nations at Rio+20 Earth Summit in 2012, in paragraph 47 of the outcome document 'The Future We Want'.

<http://www.unep.org/resourceefficiency/Business/SustainableandResponsibleBusiness/Reporting/FriendsofParagraph47/ta/bid/105011/Default.aspx>

8. Reference should be made to the *Global Reporting Initiative G4 Sustainability Reporting Guidelines*, www.globalreporting.org/g4.

Current reference is made to the “Global Reporting Initiative”. This is the organising body behind the *Global Reporting Initiative G4 Sustainability Reporting Guidelines*, which would provide a better reference point to the audience as it is the actual reporting framework. The document covers environmental, economic, governance and social (human rights, labour practices and decent work, society and product responsibility) impacts. The most relevant weblink to include is www.globalreporting.org/g4.

The references provided also make more relevance to the final paragraph, than to its current position in the second paragraph.

Suggested amendments:

Global Reporting Initiative G4 Sustainability Reporting Guidelines - www.globalreporting.org/g4

In summary, were the corporate Governance Council to accept all our amendments, Recommendation 7.4 would read as:

Recommendation 7.4: A listed entity should disclose whether, and if so how, it has regard to **material** economic, environmental and social sustainability risks.

Commentary

How a listed entity conducts its business activities impacts directly on **the environment** and a range of stakeholders, including security holders, employees, customers, suppliers, creditors, consumers, governments and the local communities in which it operates **and that it affects**. Whether it does so sustainably can impact in the **short, medium and long term** on society and the environment.

Listed entities will be aware of the increasing calls globally for the business community to address **material*** matters of economic, environmental and social sustainability and the increasing demand from investors, especially institutional investors, for greater transparency on these matters so that they can properly assess investment risk.**

Entities that have, or aspire to have, institutional investors on their register should consider making more detailed disclosures*** about how they **identify, prioritise and manage** economic, environmental and social sustainability **impacts and performance within their operations and along the value chain**. This disclosure should include the benchmarks they use to measure performance on issues of sustainability and their achievements against those benchmarks.

*** The Global Reporting Initiative G4 Sustainability Reporting Guidelines provides guidance as to the appropriate definition of materiality in the context of sustainability impact and performance, as well as and the materiality assessment processes for reporting on sustainability impact and performance.**

**** Note that paragraph 63 of ASIC Regulatory Guide 247 Effective disclosure in an operating and financial review suggests that a listed entity’s operating and financial review “should include a discussion of environmental and other sustainability risks where those risks could affect the entity’s achievement of its financial performance or outcomes disclosed, taking into account the nature and business of the entity and its business strategy.”**

*****See, for example,**

- ***Australian Council of Superannuation Investors and the Financial Services Council: ESG Reporting Guide for Australian Companies: Building the foundation for meaningful reporting (June 2011), available at http://acsi.org.au/images/stories/ACSIDocuments/esg_reporting_guide.pdf.***
- ***UN Global Compact’s Ten Principles on human rights, labour, the environment and anti-corruption; <http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html>***
- ***OECD’s Guidelines for Multinational Enterprises; <http://www.oecd.org/daf/internationalinvestment/guidelinesformultinationalenterprises>***
- ***Global Reporting Initiatives G4 Sustainability Reporting Guidelines; <http://www.globalreporting.org/G4>***
- ***International Integrated Reporting Council <http://www.theiirc.org>***

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Compilation of Sustainability Reporting Initiatives by Stock Exchanges Worldwide

Stock exchanges or their regulatory organizations can have a big impact on the evolution from unsustainable to green economies by helping to make Sustainability Reporting standard practice. Around the world initiatives driven by stock exchanges that encourage companies to disclose sustainability/non-financial/ Environmental, Social and Governance (ESG) information have increased.

The initiatives presented in the following represent an inventory of initiatives by stock exchanges (or, in some countries, their regulatory organization) that either recommend or require disclosure.

Brazil

> ***BM&FBOVESPA – Recommendation of report or explain approach to sustainability reporting, 2012***

As of January 2012, BM&FBOVESPA the São Paulo stock exchange, recommends that listed companies provide information on whether they publish a regular sustainability report, or explain why if they do not. In its mission to inspire best practice in transparency and management, BM&FBOVESPA believes that the implementation of the report or explain model will encourage listed companies to report on environmental, social and governance issues, which will improve sustainability actions and create greater transparency for investors. For more information see the [BM&FBOVESPA](#) website.

China

> ***Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange, 2008***

These guidelines were issued by the [Shanghai Stock Exchange](#). The guidelines encourage listed companies to disclose certain environmental information either as part of their CSR report or in a separate report.

> ***Notice of Improving Listed Companies' Assumption of Social Responsibilities, 2008***

In May 2008, the Shanghai Exchange issued the Shanghai CSR notice. Listed companies should establish a CSR strategy from at least four aspects and the CSR report should include details of the work performed by the company in promoting sustainability development. For example, this may include protection of employee health and safety via quality control of the company products or promoting a sustainable environment and ecosystem through pollutant reduction.

See the announcement of the [Notice of Improving Listed Companies' Assumption of Social Responsibilities and the SSE Guideline on Environmental Information Disclosure by Listed Companies](#). For more information, visit the [Shanghai Stock Exchange](#) website.

> ***Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies, 2006***

The Shenzhen Stock Exchange encourages its listed companies to establish a social responsibility mechanism and prepare social responsibility reports on a regular basis. The guidelines list key points that should be included in

companies' social responsibility reports.
For more information, visit the [Shenzen Stock Exchange](#) website.

India

> *The Securities and Exchange Board of India (SEBI), 2011*

In November 2011, the board of [SEBI](#) mandated listed companies to submit Business Responsibility Reports, describing measures taken along the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs (MCA). This requirement is initially only applicable to the top 100 companies in terms of market capitalization, and will be extended to other companies in phases.

Malaysia

> *Bursa Malaysia, Disclosure of CSR activities incorporated into Listing Requirements, 2008*

Malaysian companies and their subsidiaries are required to disclose the corporate social responsibility activities or practices undertaken. Read the [Disclosure of CSR activities incorporated into Listing Requirements](#).

> *Bursa Malaysia, CSR Framework for voluntary reporting, 2006*

In 2006, Bursa Malaysia issued a set of guidelines for Malaysian public-listed companies (PLCs) who wish to practice CSR. It aims to guide PLCs in defining their CSR priorities, implementation and reporting. For more information visit the [Bursa Malaysia](#) website.

Pakistan

> *Pakistan Security Exchange Commission: Companies (Corporate Social Responsibility) General Order, 2009*

This general order requires all public companies to provide descriptive as well as monetary disclosures of Corporate Social Responsibility activities undertaken during each financial year. Such disclosures are made in the directors' report to shareholders, annexed to annual audited accounts. The General Order also suggests a list of issues for inclusion in the disclosures. Download the [CSR General Order 2009](#).

Philippines

> *Securities Exchange Commission Financial Disclosure Checklist, 2004*

The [Philippine Securities and Exchange Commission \(PSEC\)](#) encourages listed companies in its [Financial Disclosure Checklist](#) to make additional statements, such as environmental reports and value-added statements when management believes they will assist users in making economic decisions, particularly in industries where environmental factors are significant and when employees are considered to be an important user group.

Singapore

> *Singapore Exchange - Guide to Sustainability Reporting for Listed Companies, 2011*

The Singapore Exchange has adopted a [Policy Statement and Guide to Sustainability Reporting](#) in June 2011, which describes sustainability reporting and sets out broad principles to guide listed companies in formulating their sustainability reporting frameworks. The Exchange encourages its listed companies to disclose sustainability information that deepens stakeholders' understanding of corporate performance. Listed Companies are invited to refer to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines for more comprehensive disclosure guidance.

South Africa

> *Johannesburg Stock Exchange Listing Requirement, 2009*

Over 450 companies listed on the [Johannesburg Stock Exchange](#) (JSE) are required to produce an integrated report in place of their annual financial and sustainability reports. An integrated report gives users an all-round view of a company by including social, environmental and economic performance along with the company's financial performance.

The King Code of Governance (King III) recommends that organizations produce an integrated report. As King III now falls within the listing requirements of the JSE, listed companies have to produce an integrated report or explain why they have not.

The issue companies face, however, is that there are no set standards on integrated reporting. It is for this reason that various organizations have come together to form the Integrated Reporting Committee (IRC). The IRC develops guidelines on good practice in integrated reporting. The Committee is chaired by Professor Mervyn King, former Chairman of the GRI Board of Directors. The founding organizations are: The Association for Savings and Investment SA (ASISA); Business Unity South Africa (BUSA); Institute of Directors SA (IoDSA); JSE Ltd; and The South African Institute of Chartered Accountants (SAICA).

On 25 January 2011 the South African Integrated Reporting Committee launched a discussion paper - the Framework for Integrated Reporting and the Integrated Report.

For more information visit [Sustainability South Africa](#).

United Kingdom

> **Financial Times Stock Exchange (FTSE), 2012 (upcoming)**

All businesses listed on the Main Market of the London Stock Exchange will have to report their levels of greenhouse gas (GHG) emissions from the start of the next financial year under plans announced by the Deputy Prime Minister Nick Clegg. Companies are enabled to use the Defra Greenhouse Gas Reporting Guidance or are given license to use one of the considerable array of voluntary reporting guidelines (e.g. GRI, GHG Protocol) to measure their emissions. The Government will require that the chosen methodology is made clear in the report. Companies will be able to reuse data already collected for other schemes such as Climate Change Agreements, the EU Emissions Trading Scheme and Carbon Reduction Commitment Energy Efficiency Scheme to populate their report. If companies take advantage of this provision, they must make it clear in the report that they are doing so. In 2016, the Government will take a decision, based on this updated information, whether to extend the requirement to all large companies. The new regulations will be introduced from April 2013.

United States of America

> **Securities Exchange Commission (SEC) Act, 2010**

Predominantly under the Securities Exchange Act of 1934 there exist a number of filing requirements. Among those required to make filings are listed companies, certain insiders, and broker-dealers. The SEC has a series of regulations and rules which govern what must be reported. While SEC filings mainly relate to financial reporting requirements, there have been some initiatives towards the reporting of non-financial information on Climate Change (Voluntary Interpretative Guidance on Disclosures Relating to Climate Change of February 2010) and Conflict Minerals (Dodd-Frank Wall Street Reform and Consumer Protection makes it mandatory for companies listed by the SEC to report on almost every payment made to foreign governments to develop natural resources with a particular stress put on disclosure of dealings with “blood diamonds”).

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