

Mavis Tan

From: louise.haigh@aviva.com
Sent: Friday, 15 November 2013 1:17 AM
To: Mavis Tan
Cc: Steve.Waygood@avivainvestors.com
Subject: Response to ASX Consultation on environmental and social reporting
Attachments: CSRC ASX.pdf

Follow Up Flag: Follow up
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Dear Mavis,

Please find attached the Corporate Sustainability Reporting Coalition's response to section 7.4 of the ASX Corporate Governance Council's Consultation.

The Corporate Sustainability Reporting Coalition (CSRC) was convened by Aviva Investors in September 2011. Aviva Investors is the investment management arm of Aviva, the sixth largest insurance company in the world and we have led calls for integrated sustainability reporting as we believe that companies that manage their social and environmental risks effectively are better performing and more sustainable in the long term.

Aviva Investors also supports the Sustainable Stock Exchanges (SSE) initiative, which is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency – and ultimately performance – on ESG (environmental, social and corporate governance) issues and encourage sustainable investment.

At the SSE 2012 Global Dialogue a new dimension to the Initiative was launched, with the five participating stock exchanges making a public commitment to sustainability in their markets, thereby becoming a SSE Partner Exchange. Since the event, several other leading exchanges have joined the group of [SSE Partner Exchanges](#).

Going forward, the SSE initiative invites exchanges globally to become a Partner Stock Exchange within the SSE by making this voluntary public commitment. In addition, the SSE welcomes participation from securities regulators, investors, companies and other key stakeholders. The PRI has an SSE Investor Working Group that has been actively engaged since 2009. To ensure the strategic direction of the SSE, a Consultative Group is being launched and will be comprised of exchanges and other key stakeholders.

You are welcome to download the [SSE Brochure](#) here.

If you would like any further information or have any queries please do not hesitate to contact me.

Regards,

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Towards an agreement on corporate sustainability reporting



We are proposing that policy makers consider provision for a “report or explain” standard for integrated corporate sustainability reporting through the listing provision on their stock exchange. If companies claim that reporting is too costly, they simply need to explain why.

But we believe that most successful companies will respond positively. By so doing they will encourage others to do likewise and become a force for positive change.

The Corporate Sustainability Reporting Coalition (CSRC) was convened by Aviva Investors in September 2011.

The CSRC’s proposals for sustainability reporting are consistent with the call for greater corporate transparency in Paragraph 47 of the Rio+20 outcomes document. This paragraph called for companies to go further in developing, implementing and integrating sustainability reporting.

The CSRC 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 which acts on behalf of 551 institutional investors, holding US\$71 trillion in AUM.

We urge you to support our proposals and look forward to working with you towards a genuinely sustainable future for us all.

Putting sustainability at the heart of capital markets

Investors have a vital role to play in helping to develop a sustainable economy. The role of capital markets is to channel capital to the most productive uses. However, if the information available is short term and thin then these characteristics will define our markets.

To include sustainability in our investment decisions, we need information about the sustainability of companies in which we invest. Today, while investors know about a company’s profits and cash flows, they don’t know about a company’s sustainability.

Why we need to act now

At the moment 75% of companies do not report on sustainability issues at all. Without legislation it will be decades before sustainability reporting is common practice. In the meantime, investors are unable to play the part which the international community would like us to play.

There is now an opportunity through the revision of the ASX Corporate Governance rules to lead the way in

encouraging long term, sustainable business investment. Proposals made in the Corporate Governance Action Plan are welcome but require refinement.

A US\$2 trillion coalition

The scale of support amongst investors is extraordinary. Managers representing US\$2 trillion of ordinary people’s savings have specifically come together to ask for this convention. They are backed by investor groups representing more than US\$50 trillion of assets.

It is rare that such a significant grouping has come together to promote progressive sustainability measures.

Acting in all our interests

We also believe that such disclosure is in all companies’ interests. Reporting is one of the most important catalysts for changes that contribute to the long-term health of a business.

The world now needs to move from the pioneering approach of a minority of companies to a global benchmark of best practice for all companies.

We are calling on policy-makers to work toward an agreement on sustainability reporting so that companies can be part of the solution towards a sustainable future. In our view, the ASX should develop regulations that:

1. Encourage boards to use their reports and accounts to debate the issues and potential consequences for their company and either **comply** by disclosing or **explain** why they have not.
2. Focus on issues that are **business relevant** and potentially material.
3. Build on and refers to **existing guidance**, including but not limited to the UN Global Compact, Universal Declaration of Human Rights, Global Reporting Initiative, ILO Core Labour Standards, OECD Guidelines for Multinational Enterprises, , CDP, CDSB, ISO standards and International Integrated Reporting Council.
4. Focus on the disclosure of corporate performance, with **quantified key performance indicators**. It shouldn’t just require one-off policy statements.
5. Require sustainability KPIs to be **integrated** throughout the report and accounts, including strategy, risk, audit and remuneration.
6. Ensure **market oversight** via the annual report and accounts that should be tabled at the AGM.

Towards an agreement on corporate sustainability reporting



Members of the CSRC include:

Aldersgate Group	Enel	Philips Pension Fund
Aon Hewitt Global Investment Practice	Environment Agency Active Pension Fund	Rabobank Pensionfund
ACCA	Ethos Foundation	Rathbone Brothers
Aviva	European Sustainable Investment Forum (Eurosif)	Save the Children
Aviva Investors	F&C Investments	Schroder Investment Management
Avaron	Forum for the Future	Social Investment for Japan
BioRegional	Fronesys	Spa-Rating Index
BT Pension Scheme Management Limited	FRR Fonds de réserve pour les Retraites	Sparinvest Group
CA Cheuvreux	FTSE	Stakeholder Forum
Carbon Disclosure Project	Generation Investment Management	Sustainalytics
Calvert Investment	Global Reporting Initiative	The Co-operative Asset Management
CBF Church of England Funds	Hermes	TD Asset Management Inc
CCLA Investment Management Limited	ICAEW	Thomson Reuters
Ceres	Illac Ltd	Traidcraft
Christian Aid	International Integrated Reporting Council	Travers Smith
Church Commissioners for England	Institut RSE	Trillium Asset Management, LLC
Church of England Pensions Board	Jupiter Asset Management	Triodos Investment Management B.V.
Church of Sweden	Kinelea	Tullow Oil
Climate Change Capital	Kleinwort Benson Investors	UK Sustainable Investment and Finance Association
Climate Disclosure Standards Board	London Pensions Fund Authority	UNCTAD
Colonial First State Global Asset Management	MN-Services	UNEP Finance Initiative
Corporate Knights Capital	Net Balance Management Group Pty Ltd	UN PRI
CorporateRegister.com Limited	NEI Investments	University of St Andrews Endowment Fund
Cyrte Investments	Net Balance Foundation Limited	Via Gutenberg
Delphis Eco	Numai Partners	Vigeo
Delta Lloyd Asset Management	Pax World Management LLC	VIP eV
Domini Social Investments LLC	Peace Child International	WWF-UK
EIRIS	PGGM	Z/Yen

The CSRC aims to transform the way that businesses report their contribution to environmental and social issues. Our aim is to make sustainability reporting an integral part of companies' report and accounts and, in the long-term, wish to see this agreed in a global treaty.

Convened in 2011 by Aviva Investors, the CSRC is a unique affiliation of more than 70 financial institutions, professional bodies, NGOs and other relevant stakeholders representing \$2 trillion.

**Institutions wishing to support the Coalition should contact:
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