

CPA AUSTRALIA

UNITED NATIONS GLOBAL COMPACT

ENGAGEMENT COMMUNICATION

October 2016

CPA Australia's principal public document addressing matters pertaining either directly or generally to the UN Global Compact Principles is its 2015 Integrated Report, which can be found at:

<http://cpaaustraliaannualreport.realviewdigital.com/#folio=1>

The following communications of engagement are drawn either directly from the 2015 Integrated Report or other publicly available sources.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

As a membership service organisation CPA Australia's most significant response to the challenges of promoting and protecting Human Rights is through developing sustainable and risk assessed relationships within its supply chain. These policies, practices and processes are discussed in detail in the 2015 Integrated Report in the following terms:

Sustainability considerations that are factored into our tendering evaluation process include: sustainability supply risk, reputational risk, labour standards within our suppliers' networks, local supply, diversity, waste management and carbon footprint impact.

Our top 11 suppliers are responsible for approximately 50 per cent of our total supply chain expenditure, primarily for the delivery of services associated with the CPA Program.

We have extended our analysis of our supply chain to include CPA Australia's top 12 suppliers in terms of expenditure. Conducted by an independent consultant, analysis included a review of publically available information, supplier surveys and a limited number of one-on-one interviews. Through this analysis the following information was collated:

- Nature of products / services supplied, spend and location
- Contractual terms and tender evaluation results
- Economic, environmental, social and governance issues

The review of the relevant information for six of the top 12 suppliers is complete and there is considered to be no material risk to CPA Australia from doing business with them. Information for the remaining six suppliers is incomplete at the time of reporting, although no material risk has been identified so far.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

CPA Australia's 2015 Integrated Report under "Our People" notes:

We have a commitment to ensuring effective equal opportunities are available in the workplace with policies that cover issues such as equal opportunity in employment, discrimination, harassment, victimisation and bullying in the workplace, complaints and grievance procedures.

CPA Australia's diversity and inclusion policy is further elaborated at:

www.cpaaustralia.com.au/about-us/our-organisation/diversity-and-inclusion-policy Significant amongst which is:

5. Workforce Diversity and Inclusion

To achieve a diverse and inclusive workforce, CPA Australia supports the following practices.

5.1 Recruitment, promotion and selection

When hiring and promoting candidates for specific roles, management will consider issues of diversity in relation to expectations of the relevant role, and selection and appointment processes, to ensure there is no intended or unintended discrimination throughout the process.

5.2 Remuneration

Management will endeavour to ensure that there is no intended or unintended discrimination towards or against employees of particular diversity dimensions in relation to the remuneration that they receive for their work.

The Board through the Board Nomination and Remuneration Committee will approve annually the organisation's remuneration

ranges. From time to time it will review the entire Remuneration and Incentive Framework to ensure it is consistent with market expectations and contains no systemic bias.

5.3 Performance management

Management will endeavour to ensure that performance review methodologies and processes are consistently applied to relevant groups of individuals in relation to reviews of their performance.

5.4 Flexible work arrangements

CPA Australia recognises the importance of providing flexible work arrangements for employees to enable them to balance personal and work responsibilities and for the continued success of the organisation.

In recognition of flexible work practices and to assist employees to meet their personal responsibilities outside of work, CPA Australia has in place an established framework which enables and encourages transparent and cooperative discussion on contemplated flexible work arrangements. The framework outlines the process for implementation and ongoing management of those arrangements in accordance with applicable statutory requirements.

CPA Australia's workplace gender equality practices are reported under statutory requirements, also explained in its website:

Workplace Gender Equality Agency (WGEA) is an Australian Government statutory agency that is responsible for administering the Workplace Gender Equality Act 2012. As part of the requirements for the Act CPA Australia is required to report annually on our Workplace profile (previously reported under the Equal Opportunity for Women Agency), we also would like to communicate to you all that we have submitted the report to the Agency.

CPA Australia has recently lodged its [WGEA 2015-16 report](#) (PDF) with the Workplace Gender Equality Agency.

In summary, CPA Australia's gender composition of its workforce of 590 is 69 per cent female and 31 per cent male.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

As part of CPA Australia's materiality assessment under the GRI's G4 Sustainability Reporting Guidelines, Environmental Aspects are assessed to have both low impact and influence on stakeholder assessments and decisions.

Environmental, social and governance issues nevertheless feature significantly in CPA Australia's research, policy development and advocacy activities as it seeks to lead the accounting profession, generate business transformation and influence public policy in the public interest. The following are highlighted:

- **Eroding Corporate Water Reporting? A study of the Australian food, beverage and tobacco sector**

Explores disclosures made by large Australian corporations about their impact on one of society's critically sensitive and scarce resources: water. The study explores how corporate reporting changed as drought abated and the emphasis on demand management by authorities waned.

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/eroding-corporate-water-reporting.pdf?la=en>

- **The Collection, Integration and Reporting of Sustainability Information within an Organisation: State of Practice**

A case study approach investigating the underlying processes and systems organisations are developing to support both the external reporting and management of social and environmental performance. The focus is on the internal sustainability information gathering and reporting processes and the use of that information by internal decision makers.

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/collection-integration-reporting-sustainability.pdf?la=en>

- **Sustainability and capital investment case studies**

At the heart of accounting is information; information not merely for its own sake but as the essential ingredient to effective decision making. This book of five case studies is the result of extensive online surveying of Australian companies during 2012 in collaboration with the International Federation of Accountants (IFAC) and [The Prince's Accounting for Sustainability Project](#). The case studies examined where, and if so how, sustainability issues were being incorporated into internal capital allocation decisions. The focus in 2014 was been to gain, through case studies, a far greater depth of understanding of how sustainability is shaping management practice and decision making,

and who is involved, with particular emphasis on the individual organisation's operating and strategic contexts.

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/sustainability-and-capital-investment-case-studies.pdf>

- **Sustainability Reporting: Practices, performance and potential**

An examination of level and type of sustainability disclosures adopted by companies listed on the Australian, London and Hong Kong stock exchanges and the associated financial characteristics of these companies.

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/sustainability-reporting-practice-performance-potential.pdf?la=en>

- **A Resource for ASX Listed Companies**

This report provides insights into how GRI's G4 Sustainability Reporting Guidelines can be used as a starting point for Australian Securities Exchange (ASX) listed companies to meet the sustainability disclosure recommendations of the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition).

https://www.globalreporting.org/resource/library/GRI-LinkageG4_and_ASX.pdf

- Submission to the Senate Standing Committee on Economics inquiry into Carbon Risk Disclosure:

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/submission-senate-economics-carbon-risk-disclosure.pdf?la=en>

CPA Australia's website contains the following information about its Greenhouse gas inventory

The 2014 GHG inventory was prepared using the following legislative and reporting frameworks, the NGER Act, ISO 14064, the NCOS program and the GRI G4 Guidelines. This inventory includes emissions from electricity consumption, air travel, taxi travel, waste generation and office paper usage.

CPA Australia has no scope 1 emissions (direct i.e. natural gas consumption), with our impact in this area being through scope 2 (electricity consumption) and scope 3 (other indirect i.e. flights and paper usage) emissions.

Our emissions per member in 2014 were 30.5 kg CO₂e compared to 31.6 kg CO₂e in 2013 and 45.8 kg CO₂e in 2012.

Our major sources of GHG are staff air travel (59 per cent of emissions) and office electricity consumption (31 per cent of emissions). These are the areas where we continued to focus our efforts in 2015 and will continue to do so beyond in order to reduce our emissions.

2014 saw a five percent increase in flights due to an increased distance travelled on international flights.

The total waste generated by CPA Australia decreased by approximately 18 per cent in 2014. This decrease came mostly from our Sydney, Malaysia, Singapore and China offices.

There was also a reduction in emissions from paper usage but this does not substantially impact our total emissions due to the low percentage of emissions from this source.

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

These matters are again addressed in CPA Australia's 2015 Integrated Report where it is stated:

CPA Australia has zero tolerance for any form of fraud or corruption. We strive to prevent all forms of international corruption as outlined in the *Criminal Code Amendment (Bribery of Foreign Public Officials) Act 1999*, or the equivalent laws of any country in which we operate. Our risk management approach also provides a system of internal controls across the three lines of defence⁴ (front line management, risk management and compliance, internal audit) to ensure we minimise the risk of fraud and corruption, and includes:

- The CPA Australia Code of Conduct
- The rigour of our systems and processes
- Yearly online compliance training for staff and the Board
- Annual internal controls questionnaire for executive managers, as part of the financial statements
- Regular internal audits

Anti-corruption practices are governed by the CPA Australia Code of Conduct, which prohibits conflicts of interest, gifts and gratuities, and requires all employees and volunteers to ensure that their behaviour is in compliance with all laws and regulations relevant to the legal jurisdictions in which we operate.

Fraud and corruption risk is analysed at a corporate level through our annual risk assessment process, which covers all business units. Key risks related to fraud and corruption include:

- Electronic fraud
- Financial misconduct
- Risks related to requests for facilitation payments in overseas markets
- Risks related to theft of intellectual property

There were no incidents reported in 2011, 2012, 2013 or 2015. In 2014, there was one reported incident of alleged minor financial misconduct related to credit card misuse.

The combatting of corruption and bribery has also been a significant feature in CPA Australia's advocacy with government. The following submissions are highlighted:

- Australian Government, Attorney-General's Department – *Inquiry into improving enforcement options for serious corporate crime: Consideration of a Deferred Prosecutions Agreements Scheme in Australia*

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/submission-ag-enforcement-options-for-serious.pdf?la=en>

- Australian Government, Attorney-General's Department – *Inquiry into draft offence of false accounting*

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/submission-ag-draft-false-accounting.pdf?la=en>

- Submission to the Senate Standing Committees on Economics inquiry into Foreign Bribery

<https://www.cpaaustralia.com.au/~media/corporate/allfiles/document/professional-resources/sustainability/submission-senate-economics-foreign-bribery.pdf?la=en>