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Companies making statements on or being involved in social issues

The Australian Shareholders' Association (ASA) represents its members to promote and safeguard their interests in the Australian equity capital markets. The ASA is an independent not-for-profit organisation funded by and operating in the interests of its members, primarily individual and retail investors, self-managed superannuation fund (SMSF) trustees and investors generally seeking ASA's representation and support. ASA also represents those investors and shareholders who are not members, but follow the ASA through various means, as our relevance extends to the broader investor community.

ASA position on companies' statements on and involvement in social issues

As economic and social change continues and trust declines in governments to provide solutions to economic and social challenges, pressure and expectation is building in society for companies to address pressing social issues. These issues range from protecting the environment to gender and racial inequality to same-sex marriage, among others. Social media intensifies the scrutiny on CEOs and their companies to make statements on or be involved in pressing for change. Social issues are often sensitive issues, with political ramifications.

Expectations of companies in which Australians work, buy from and invest in will continue to increase. Research is showing that when CEOs speak out about social issues, consumers are attracted to the brand; and employees find it important to know their CEO's position on social issues. Consumers and employees increasingly believe that CEOs who defend people's rights are demonstrating great leadership.

ASA notes that there can be differing views on companies making statements on or being involved in social issues.

1. Some shareholders will be of the view that CEOs should make constructive, responsible public comments on matters that affect their organisation and the community. They are of the view that CEOs and the companies they lead should provide leadership on social issues.
2. Other shareholders are of the view that CEOs are not selected to be a political voice and that it is not their role to make an active contribution to social issues, which should be left to government. They are of the view that the role of the CEO is to generate a profit, in conjunction with the executive team and employees generally.

ASA has no automatic opinion on companies making statements on or being involved in social issues, as the merits of each company's approach and stance need to be reviewed on a case-by-case basis. What is appropriate for one company may not be for another.