



# Bellrock.

**ENVIRONMENTAL,  
SOCIAL & GOVERNANCE:**  
Risk Assessment



# Bellrock approach to ESG risk & directors' duties

Bellrock takes a holistic and proactive view on risk faced by our clients. Environmental, Social & Governance (ESG) has been flagged by boards and insurers as an emerging risk.

The impact of the pandemic, coupled with numerous natural catastrophes bring the material risk factors of ESG to the forefront of board oversight. No longer are Directors answerable to just shareholders but now the wider community.

Bellrock's proactive approach to risk management requires that we advocate to insurers that our clients have a demonstrated approach to ESG. This includes that our clients have an established understanding of ESG and can demonstrate risk management strategy and oversight in respect of same.

As is our advice to Boards generally, it is prudent to obtain expert analysis and opinion insofar as risk generally, but particularly with emerging risk. In doing so the independent expert will be able to measure the maturity and appropriateness of said strategy, and more importantly its adequacy. The expert will also be able to observe recommendations on improvement. As regards insurance, external expert opinion provides probity in Bellrock's advocacy of our client's risk profile. That ordinarily leads to a more attractive risk to present to insurers, and ordinarily returns coverage benefits and more competitive premiums.

Bellrock has partnered with Colin Biggers & Paisley (CBP) to provide the independent review.

As part of the process, a number of barometers are utilised to establish the organisations' vulnerabilities in the ESG landscape. The assessment and methodology will aim to benchmark your organisation against appropriate best practice and governance frameworks. The assessment will review a number of ESG areas, and each are independently assessed and subsequently evaluated overall to provision an overall ESG risk rating.

## HOW USING THIRD PARTY EXPERTS CAN ASSIST WITH REDUCING INSURANCE PREMIUMS AND IMPROVING COVER

Bellrock's success in maintaining consistency in coverage, price and having claims paid across our portfolio is based upon our approach to understanding risk and clearly articulating it to insurers.

We do this by our own internal analysis and otherwise by

engaging external third party experts. Apart from articulating risk via the independent party – which attracts insurers to the risk as the independent consultant has no conflict in performing its work or the outcome of its reports/recommendations – our clients are protected from the risk of non-disclosure/misrepresentation and under-insurance and subsequently reduced indemnity payments in the event of claims they make under policies. In that regard we refer you to our article “Don't give insurers a reason to deny your claim: the importance of complying with the duty of disclosure”.

Some of the independent experts we engage to assist our clients present risk to insurers, transfer risk or otherwise ensure absolute compliance with the duty of disclosure include:

We engage Colin Biggers & Paisley (CBP) to opine on the adequacy of current ESG framework and provide appropriate opportunities for improvement that align with objectives, compliance, disclosure and insurance requirements.

Bellrock's high standard of customer service ensure all clients receive our market leading risk management, broking and claims advocacy expertise. In addition to this, clients also benefit from access to our panel of experts. In many circumstances a portion of our own remuneration for broking services to our clients will be used to subsidise the work provided by the above third party experts.

We see this as an investment in our clients' businesses aimed at developing a long-term, sustainable and consistent broker/client relationship.

## Why get an assessment?

- Discharge directors' duties (enquiring mind test, “we know the risk exists, what have we done to address and mitigate against it?”)
- Understand the complex environmental, social governance challenges
- Implement strategies and prioritise material ESG risk factors
- Ensure compliance with a company's disclosure obligations
- Enable Bellrock to obtain appropriate insurances.

# Colin Biggers & Paisley's approach to ESG

## GENERAL OVERVIEW

ESG (Environment Social Governance) is no longer an emerging risk for organisations – it is a fundamental, front-line issue for Boards in the current climate.

ESG plays a major role in the governance framework of organisations. It is therefore critical that companies and directors are cognisant of obligations pertaining to the ESG issues facing them. This responsibility is reflected in law introduced by Australian regulators over recent years, including in legislation such as the Corporations Act 2001. These laws are important in respect of director duties, where ESG issues may be addressed by way of risk management by the Board. These issues have also featured recently in ASIC market feedback and are therefore highly topical.

A key aspect of a Board's responsibility is to ensure that there are appropriate risk management systems in place in respect of ESG issues that may face a company, and to ensure adequate reporting to the Board.

A company's mission statement should reflect its ESG agenda. ESG, like corporate culture, is best driven from the top by having the Board set the parameters. The best way of setting those is to create and implement an appropriate policy and then monitor and measure its application.

## ENVIRONMENTAL

We will work with your Board to review your company's existing policy suite to see if it may need to be supplemented with an Environment Policy and a Sustainability Policy, each covering guiding principles on how they will be turned into specific ESG goals. Depending on your business, these may be relevant to a community engagement or similar action.

We will work with your Board to consider and set ESG goals, including by benchmarking the company against its industry peers. To this end, we will work

closely with other ESG sector experts to prepare tailored environmental and sustainability reports.

Where an Environment Policy is required, this will set the baseline of operating in compliance with local and national environmental legislation and employing robust environmental management practices to ensure minimal impact on the environment. Examples of goals in such a policy could include:

- Application of risk management principles to the company's activities and decision-making processes.
- Environmental due diligence across the value chain.
- Rational, responsible and efficient use of natural resources, particularly energy and water.
- Setting and measuring relevant KPIs.
- Reducing emissions, waste and pollution and minimising our carbon footprint.
- Whether the company has a net zero goal and if so by when and the plans and commitments to reach this goal.
- Whether the company would be looking to achieve net zero deal by its carbon offset.

A Sustainability Policy will state what proactive steps are being taken to support the achievement of the sustainable development goals and be underpinned by technical reporting in due course on actual progress.

### Key Environmental contact:

Todd Neal - Partner, Planning and Environment



## 3 in 4

DIRECTORS BELIEVE THEIR BOARD DOES NOT UNDERSTAND ESG RISKS TO THE EXTENT THAT IS NECESSARY

## SOCIAL

We will assist you by reviewing and/or developing your employment contracts and workplace policies including: recruitment & selection, workplace conduct, anti-discrimination, sexual harassment, workplace bullying, inclusion and diversity, local employment and engagement, flexible work and any of the required 'social' policies that would affirm the Board's commitment in this area, as well as, processes to measure and monitor the commitments made under these policies.

Work Health and Safety Regulators around Australia have an expectation that the risks of workplace bullying, sexual harassment and workplace violence are identified and managed through the WHS policies and safety management systems.

Have the Directors and Officers implemented their WHS Due Diligence system to ensure the company is meeting its regulatory obligations? Key areas that should be considered include the following:

- Audit of employment documentation including contracts, position descriptions and remuneration structure including benchmarking.
- Audit of workplace policies and payroll records.
- Audit of employment practices with respect to recruitment, promotion, leave approval and flexible work.
- Recommendation of further policies to consider including parental leave, wellbeing and mental health, domestic violence leave, study leave, volunteer leave and workplace giving.
- Review of supply chains including where office supplies are sourced and recommendations to remedy any issues of concern, notably modern slavery compliance.
- Review of anti-corruption and bribery policies or where none are in place, then assistance on preparation of such policies.

### Key Social contacts:

Kristen Lopes - Partner, Employment and Safety

Simone Whetton - Partner, Corporate and Commercial

## GOVERNANCE

When addressing governance issues, we will work with you to review existing company governance and decision-making process.

We would examine what processes your company has in respect of disclosure to markets in connection with ESG and if your company uses or provides data for any ESG rating agencies.

We would then work with your company to advise on the formation of a specific ESG committee, and with the directors to consider the following:

- Is there a current Corporate Governance Plan and Statement and is it updated regularly?
- To what extent are ASX, ASIC and shareholder lobbying groups' recommendations taken into account?
- Is there an ESG Committee and what are its roles, responsibilities and goals and does it provide staff training?
- Is the ESG Committee represented at Board level?
- Is director and employee remuneration linked to ESG targets?
- Is there a privacy policy and a cyber security policy in place?
- Is the Board considered diverse? Are there diversity objectives that the Board is seeking, not limited to gender, but other issues?
- Are there Board Risk, WHS and Governance sub committees and what are their responsibilities and goals?

### Key Governance contacts:

Simone Whetton - Partner, Corporate and Commercial

Brent Van Staden - Partner, Corporate and Commercial

Greg McCann - Partner, Work Health & Safety

Katherine Jones - Partner, Privacy, Data Protection, Disputes

## Recent ESG litigation trends



### 2022

In a world first, ACCR brings a greenwashing case against Santos, challenging the veracity of net zero emissions targets.

### 2021

Australia recorded more climate change litigation per capita than any other nation.

### 1000

new climate change litigation cases have been brought globally in the past 6 years.



## Assessment process

### CONFERENCE CALL - HOW LONG DOES IT TAKE?

Ordinarily, the conference call and assessment should be scheduled ordinarily for around 1.5 - 2 hours.

The time and content can be adjusted dependent upon the dialogue and stakeholder preferences and information provided in advance. The key aim is to involve key individuals who have operational knowledge in the discipline areas as outlined within *What information do we need* section on the following page.

### WHOM SHOULD ATTEND?

Stakeholders required will be dependent on the nature of a company. As an indication, the following stakeholder positions or equivalents should be considered:

#### Client

- ESG Committee member (if any)
- Audit and Risk Committee Member
- Compliance Committee member (if any)
- Governance Officer or Company Secretary
- Head of Safety/Cyber Security
- Chief Financial Officer
- Chief Executive Officer

#### Broker

- Client Manager (not essential)

#### Colin Biggers & Paisley

- Corporate and Commercial Partner | Simone Whetton / Brent Van Staden
- Employment and Safety Partner | Kristen Lopez
- Planning & Environment Partner | Todd Neal
- Work Health & Safety Partner | Greg McCann
- Privacy, Data Protection & Disputes Partner | Katherine Jones

### WHAT WILL IT COST?

CBP's initial ESG risk review will be included as part of Bellrock's service offering to select clients. Bellrock views this as an investment our clients' businesses aimed at developing a long-term, sustainable and consistent broker/client relationship. Subsequent engagement of CBP will be agreed post initial review with the client as required.

# How CBP can assist post-assessment

## A TAILORED ESG REPORT

We will work with you to review and analyse your concerns about ESG deficiencies and, in conjunction with selected technical experts, prepare a report to assist you in overcoming those deficiencies. In addition, we will work with Bellrock to address any ESG issues that arise out of the insurance discussions.

This report will provide a personalised overview that details the following:

- Advice on any required minimum legal standards for compliance, including Australian regulatory documents.
- Recommendations on filling any gaps identified, to ensure that minimum legal compliance is achieved.
- A summary of external standards, accreditation to which will enhance your ESG standing.
- Suggestions for creating a framework for the board to set, implement and measure ESG targets that aim to exceed minimum requirements, over time.
- Suggested new policies and governance documents relating to the above, as required.

Colin Biggers & Paisley’s team will then work with each company to ensure the above items are implemented as required and appropriate for each business, tailored for its context.



## What information do we need?

In order to ensure efficient analysis of your environment, access to the following information is beneficial in ensuring that all parties achieve the most from the assessment process.

Governance, legislation, security controls and best practice will vary across industries, organisations and geographical operational boundaries. In this Executive Assessment, the approach will not be prescriptive regarding documentation required. However, we suggest that the following are representative of documents that will assist in our review.

No.	DOCUMENT
1	Board Charter and Policy Suite
2	Risk and Sustainability Committee Charter / Policy
3	Share Trading Policy
4	Community Engagement Policy
5	Modern Slavery and Human Rights Policy
6	Anti-Bribery and Corruption Policy
7	Risk Policy and Appetite Statement
8	Environmental Policy
9	Health and Safety Policy
10	Copies of ESG reports received within the past 3 years

# Your Bellrock team

Our team of experts are here to assist you. Click to view staff profiles.



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Measurably  
**Different**

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