



Transparency in Supply Chains

Make Corporate Transparency your New Financial Year's Special Resolution

Corporate Transparency in Action

***TISCreport.org**, Transparency In Supply Chains

Why pledge to be a Transparency Pioneer for your organisation?

Corporate Transparency is the foundation for Good Governance, and is critical to making meaningful, sustainable social and environmental impact. It reduces the risk for your customers, your suppliers and the planet.

It should be a given, yet many organisations are not aware of what it means.

By signing the Transparency Pledge you are committing to the journey that helps build a safer, fairer world.

This pack contains research-based reasons to take back to your board to help embed transparency into your organisation.

Corporate Transparency is..


Corporate transparency describes the extent to which a corporation's **actions** are **observable** by **outsiders**. From the perspective of outsiders, transparency can be defined simply as **the perceived quality of intentionally shared information** from the corporation.

With transparency, shared information has context. And context is EVERYTHING.



The Rising Wave of Transparency Globally

In spite of localised resistance to transparency, more countries are legislating for corporate and supply chain transparency. **Making the Transparency Pledge** will add integrity and meaning to your compliance.



Legislation Map

Canada

Proceeds of Crime
(Money Laundering) and Terrorist
Financing Act

Norway

Public Limited Liability
Companies Act

Netherlands

Dutch Child Labour
Due Diligence Law

Sweden

Strict corporate disclosure and
reporting requirements

United Kingdom

-Register of People with
Significant Control (PSC)
-UK Modern Slavery Act

European Union

Fourth and Fifth
Anti-Money
Laundering Directives

France

French Corporate Duty of
Vigilance Law

Germany

German Transparency
Register

United States

-Corporate Transparency
Act (CTA)
-California Transparency in
Supply Chains Act

Brazil

Brazilian Clean Company
Act

India

Companies Act 2013,
Supply Chain Transparency
Legislation

Japan

Japan's Companies Act

Singapore

Singapore Companies Act

Australia

-Corporations Act 2001 and
Australian Securities and
Investments Commission
(ASIC) requirements
-Australian Modern Slavery Act

Transparency improves financial performance

A study on [the effects of corporate transparency on firm value and profitability](#) of 162 Korean venture firms showed Corporate transparency is positively associated with firm profitability:

- **Financial transparency** is positively related to firm profitability.
- Firms with a greater level of **governance transparency** have a higher firm value.
- **Social transparency** is positively associated with firm value and profit.

Transparency is good for society and the environment

A [2023 Study of 12000 financial disclosures](#) showed that

- **Transparent practices in CSR-focused organisations enhance accountability and ethical standards**, benefiting both society and the environment.

A further [Nature study in July 2023](#) showed:

- **Transparency in ESG criteria leads to better environmental practices**, such as reduced carbon emissions and efficient water usage.
- **Transparency promotes ethical labour practices and diversity in corporate governance**, enhancing overall environmental and social responsibility.

Transparency improves corporate governance and compliance

Transparency and Corporate Governance (CG):

- Positive correlation between CG practices and transparency
- Transparency critical during challenging times (e.g., COVID-19 pandemic)

Transparency: A Pillar of Effective Governance

- Ensures equal treatment among shareholders.
- Key to evaluating quality of CG practices for investor confidence.

Transparency should be embedded in policies

Policy Implications for Transparency

- There is a need for transparency-focused criteria assessing Corporate Governance practices
- The Importance of regulations for **both** mandatory and voluntary information disclosure.

**There are
costs to
organisations
enabling
opacity**

Asymmetric information between insiders and outsiders of a firm can lead to market failure. **Opacity** is an **early indicator** of **financial risk**.

Companies with higher value have more incentives to reduce information asymmetry, suggesting **a positive relationship between firm performance and information disclosure**

And the associated risks of opacity

Regulatory Risks: Lack of transparency can result in non-compliance with regulatory requirements, leading to fines, penalties, and legal issues.

Reputation Risks: Corporate opacity can harm a company's reputation, especially if it is perceived as hiding negative information. This can lead to loss of customer trust and potential revenue.

Operational Risks: Without transparency, internal stakeholders may not have a clear understanding of corporate strategy and performance, leading to inefficiencies and misaligned objectives.

And five Research- backed reasons to embrace corporate transparency

1. Greater Market Stability

- Studies show equal information access prevents market failure
- Research highlights transparency as key to market trust (Akerlof, 1970)

2. Transparency in High-Value Firms:

- Correlation between transparency and firm performance (Emerald Insight Study)
- Research indicates industry leaders set standards in open communication

Research-backed reasons to embrace corporate transparency

3. Regulatory Compliance:

Lessons from Case Studies

- Studies link transparent practices with reduced legal issues
- Regulatory adherence emphasized in transparency research

4. Reputation Management:

Insights from Market Analysis

- Transparency seen as crucial in building customer trust (Harvard Business Review Findings)
- Research indicates opacity can lead to reputational damage

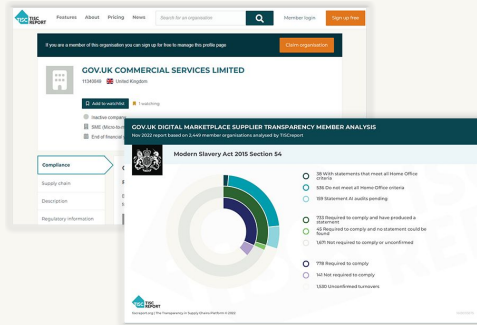
Research-backed reasons to embrace corporate transparency

5. Efficiency through Transparency:

Organisational Studies Show

- Clear communication aligns company strategy
- transparency prevents operational inefficiencies

Our path towards effective transparency



Achieve your Transparency goals step by step

1. Take the [Transparency Pledge](#)
2. **Benchmark** your corporate and supply chain transparency using TISReport platform tools and data
3. Acquire your first Q1 Transparency **Score** in March 2024
4. **Identify actions** to take to work towards your TISReport Transparency Fundamentals certification
5. After achieving Fundamentals certification, set targets to achieve Exemplar Level Transparency.

Why TISCreport?

Our social enterprise Semantrica Ltd started trading modestly as TISCreport.org in 2016. To date we've been nationally and internationally recognised for our ...

Technology, Governance, Community and Mission...



Take the first step towards meaningful transparency with us!