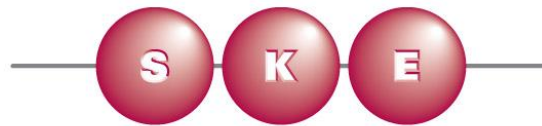


Business Reporting Leaders Forum

April 11, 2011



Society for Knowledge Economics

BRLF Values

- **Collaborative** and inclusive
 - (all parties welcome)
- **Open** and sharing
 - (our IP is available to all that have interest in it)
- **Connected** here and internationally
 - (strong global and local network)
- Our work has **practical** relevance and application
- **Determined** to accomplish our vision and mission

BRLF Purpose

- Following the last BRLF meeting, sub-group asked to develop the Mission and Vision for the BRLF, building on the IIRC
- Work-group propose a simple BRLF Purpose Statement

‘Collaborating with Australian stakeholders and working with global initiatives to promote and drive the development and implementation of a strategy-aligned integrated business reporting framework, thereby reducing complexity and enabling efficient allocation of capital.’

BRLF Objectives

1. Engage Australian stakeholder groups in a collaborative approach to improve business and integrated reporting, drawing together work being done today through a variety of disconnected initiatives.
2. Collaborate with relevant global forums to minimize any 'reinventing of the wheel', as well as to promote the Australian position.
3. Contribute the Australian perspective to integrated reporting proposals, frameworks and other literature presented by the IIRC and other stakeholders
4. Influence Australian government/ regulators/ standards setters/ industry bodies to endorse integrated reporting proposals
5. Raise stakeholder awareness of integrated reporting and build capacity through ongoing communications and dialogue

Today's meeting – a broad cross-section of the reporting supply chain in Australia and NZ

Chief Financial Officers	Directors / Chief Executive Officers	Accounting Firms	Investor Relations Officers & Sustainability Officers	Investors & Analysts	Other Stakeholders
<p>Peter Meehan Group of 100</p> <p>Geoff Harris Group of 100</p> <p>David Mahony & Russell Macfarlane Qantas</p> <p>Geoff Nicholson SP Ausnet</p> <p>Garth Campbell-Cowan St Barbara</p>	<p>Rob Elliott Australian Institute of Company Directors</p> <p>Nicola Steele Australian Institute of Company Directors</p> <p>Charles Macek IFRS Advisory Counsel</p> <p>Warwick Watkins NSW Land & Property Management Authority</p>	<p>Michael Bray KPMG</p> <p>Penny Stragalinos KPMG</p> <p>Brent Manning KPMG NZ</p> <p>Brad Pollock Deloitte</p> <p>Mark Hucklesby Grant Thornton (NZ)</p> <p>Simon Trivett Grant Thornton (Aus)</p>	<p>Alison Ewings Westpac</p> <p>Ian Matheson Australian Investor Relations Association</p> <p>Diana McEwan Stockland</p> <p>Tim Nelson AGL</p> <p>Clare Payne Macquarie</p>	<p>Nick Edgerton Colonial First State Global Asset Management</p> <p>Matthew Haes ASFA</p> <p>Hamish Tadgell Goldman Sachs JB Were</p> <p>Ian Woods AMP Capital</p> <p>Anne Byrne ACSI</p> <p>Nithya Iyer ACSI</p> <p>Aimee Kaye Macquarie</p>	<p>Rosemary Sainty UN Global Compact</p> <p>Julian Poulter Climate Institute</p> <p>Terence Jeyaretnam Net Balance</p> <p>Oliver Granger Safe Work Australia</p> <p>Simon Longstaff St James Ethics Centre</p> <p>Ali Darwin NCSR Indonesia</p> <p>Kirsten Dunlop Second Road</p> <p>Kathleen Farrell Freehills</p> <p>Paul Davies Banarra</p>

Academia	Society for Knowledge Economics	Accounting Bodies	Regulators / Exchanges / Standard Setters/ Government
<p>Brad Potter University of Melbourne</p> <p>Roger Simnett & Trish Strong University of NSW</p> <p>Anna Young University of Sydney</p> <p>Roger Burritt University of South Australia</p>	<p>Nick Ridehalgh Kiewa Consulting</p> <p>Steve Vamos SKE</p>	<p>Geraldine Magarey ICAA</p> <p>John Purcell & Paul Wappett CPA Australia</p> <p>Stephen Harrison GAA</p> <p>Tom Ravlic NIAA</p>	<p>Doug Niven ASIC</p> <p>Tim Beale & Mark Sewell Treasury</p> <p>Geoff Steel Australian Prudential Regulation Authority</p> <p>Malcolm Starr ASX</p>



Meeting Agenda & Objectives

Objectives

- a. To understand global activity towards integrated reporting and the IIRC's progress to date
- b. To discuss the key benefits and major barriers towards adoption of IR in Australia and New Zealand

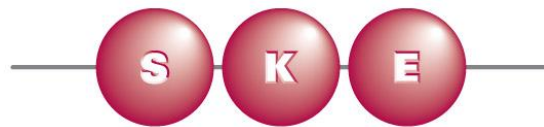
Agenda

- a. Introduction to guests
- b. The IIRC Steering Committee – update (Jane Diplock)
- c. The IIRC Working Groups – update and an introduction to the table discussions (Paul Druckman)
- d. Table discussions (building from the draft report Australian perspectives on the business case for integrated reporting on the following two questions:

Based on what you've heard today:

- i. (Even number tables) what do you think are the key steps to successfully implement integrated reporting in Australia over the short, medium and long term.
- ii. (Odd number tables) what are your views on proposed integrated reporting framework in particular focus on the concept of five capitals, the guiding principles and content principles as presented by Paul
- e. Feedback from each table facilitator on key findings, and proposed actions
- f. Q&A

***b) The IIRC Steering Committee Update
Jane Diplock***



Society for Knowledge Economics

Jane Diplock AO

Chairman, Securities Commission New Zealand
& Executive Committee, IOSCO

• ***The IIRC Steering Committee and Its Work***

• **Society for Knowledge Economics Business Reporting
Leaders Forum**

Sydney, 11 April 2011

Lessons from the global financial crisis

1. Markets matter:
 - Regulation of banks alone not enough
 - Financial stability requires the “virtuous twins”
2. Markets are vitally interconnected:
 - National borders cannot stop capital flows
 - Contagion spreads like lightning
3. Governance and sustainability matter:
 - GFC a “crisis of ethic proportions”
 - Sound governance checks destructive behaviours.

The old thinking

- Conceptual models shape our actions
- Securities markets seen as self-regulating
- “Short-termism” seen as a virtue
- Governance seen as a luxury
- Incentive to generate risk strongest among those posing greatest systemic threat.

The new thinking

- System is “a cat's cradle of interconnections”
- Parallel with ecological model
- Financial network model focuses on market dynamics and linkages
- Individuals cannot survive without the system.

The need for ESG

- Benefits flow to system as a whole
- Corporate misbehaviour must be investigated and punished
- Sound governance good for business
- Good reporting tells investors ESG is being practiced.

Integrated reporting

- Need for a panoramic, long-term view of business
- Increasing use of *One Report*
- Demonstrates company commitment to ESG issues
- Ensures action.

The IIRC

- Awareness that GFC masks imminent socio/ecological crisis
- Established to:
 - bring together financial standard setters (IASB, FASB, IFAC), securities regulators (IOSCO), sustainability standard setters (GRI, AccountAbility), companies, investors and civil society
 - develop an integrated reporting framework
 - facilitate convergence to allow international comparability.

Steering Committee membership

- **Chairman:** Sir Michael Peat, *Principal Private Secretary to HRH The Prince of Wales and the Duchess of Cornwall*
- **Deputy Chairman:** Professor Mervyn King, *Chairman, King Committee on Corporate Governance and Chairman, Global Reporting Initiative*
- **Working Group Co-chairmen:**
 - Paul Druckman, *A4S Executive Board Chairman*
 - Ian Ball, *Chief Executive Officer, International Federation of Accountants.*

Integrated reporting framework

- Designed to:
- Support information needs of long-term investors
- Clarify link between sustainability and economic value
- Allow reporting and decision-making to account for environmental and social factors
- Rebalance performance metrics away from short-term financial performance
- Bring reporting closer to information management uses to run business day-to-day.

IIRC work to date and to come

- Now – regional roundtables
- May – New York meeting + publication of discussion paper
- Dry run of framework
- September – pilots following Sao Paulo committee meeting
- November – recommendations to G20.
- http://sustainablefuture.info/Site/Project/One_Integrated_Report/Project_One.aspx

Conclusion

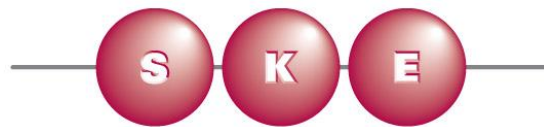
- IIRC pursuing an inclusive agenda
- Significant international developments towards integrated reporting
- Good systemic health vital to us all
- Board-level commitment crucial. Directors should step up to this.

Thank you

Jane Diplock AO

• www.seccom.govt.nz

c) The IIRC Working Group Update
Paul Druckman



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Update to Working Group - 4 April 2011

INTEGRATED REPORTING <IR>



Paul Druckman

- Chairman, Executive Board - The Prince's Accounting for Sustainability Project (**A4S**)
- Co-chair, IIRC Working Group

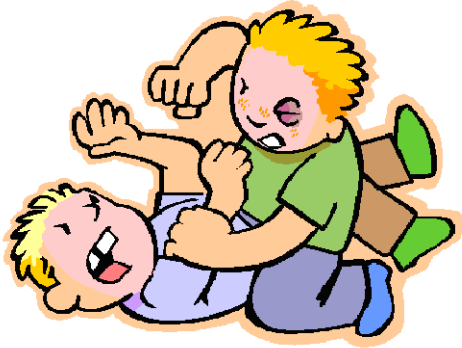
Sydney - April 2011



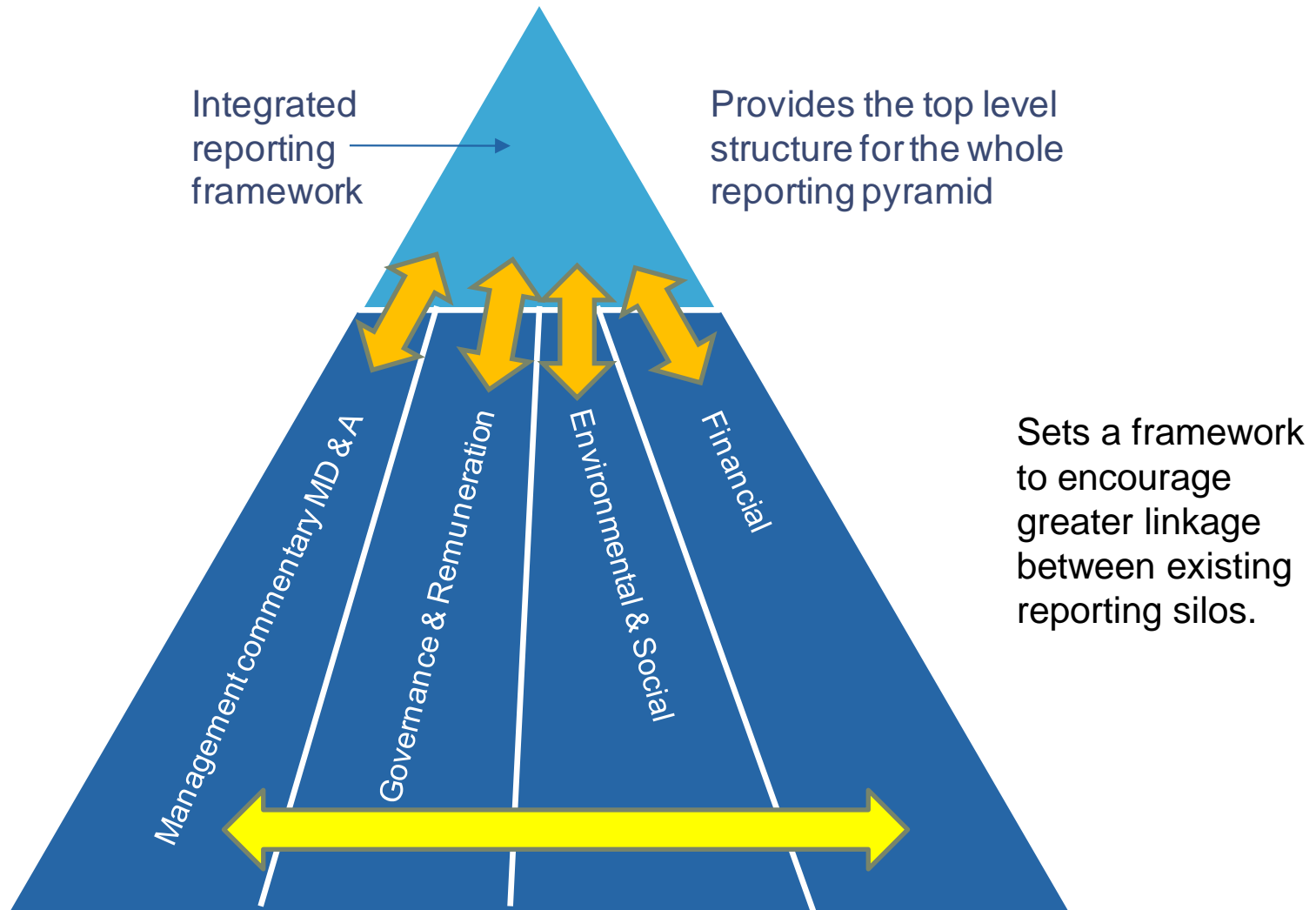
International Integrated
Reporting Committee (IIRC)



Underlying it all.....



Integrated Reporting – focussing on the top slice

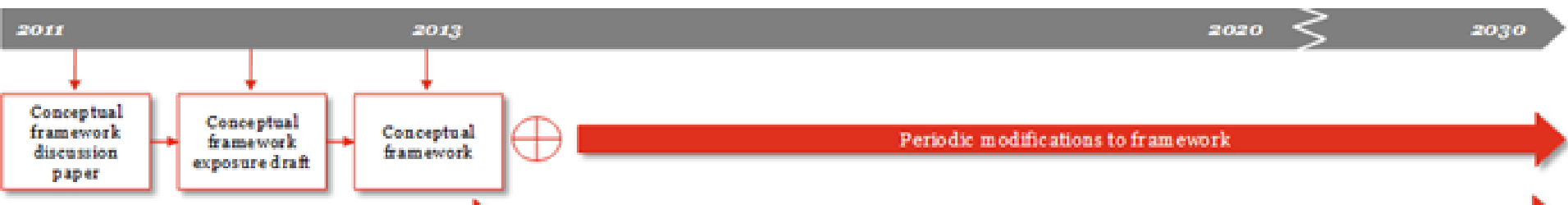




Immediate Work Plan

Work-stream	Description	Output
1. Integrated Reporting Framework development	Proposals for an integrated reporting framework	Discussion Paper for public consultation during June/July 2011
2. Engagement and communications	Raise awareness of the need for integrated reporting and develop a consensus on the response required	Support for proposals taken to the G20 in November 2011
3. Governance of Integrated Reporting	Proposals for the role of the IIRC and other organisations to achieve the adoption and oversight of integrated reporting in the medium- to long-term	Discussion Paper for public consultation during June/July 2011

Roadmap – making a vision a reality



Roadmap – making a vision a reality



Contents of the Discussion Paper

PART I

Background/Preface

- Who is IIRC, high-level vision, 2-year plan

Executive Summary

1. Introduction
 - What is IR?
2. Business case
3. Vision
4. Roadmap, enabler and barriers

PART II

The Framework

- Model
- Principles
- Elements

“5 Capitals”

Financial capital:

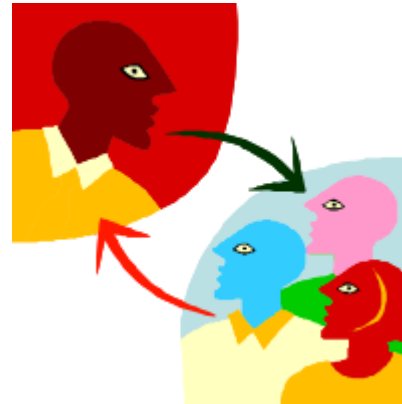
Intellectual Capital:

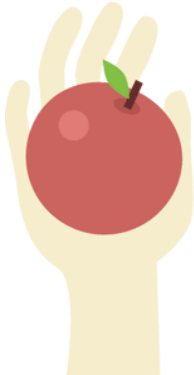
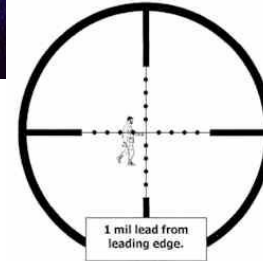
Human capital:

Natural capital:

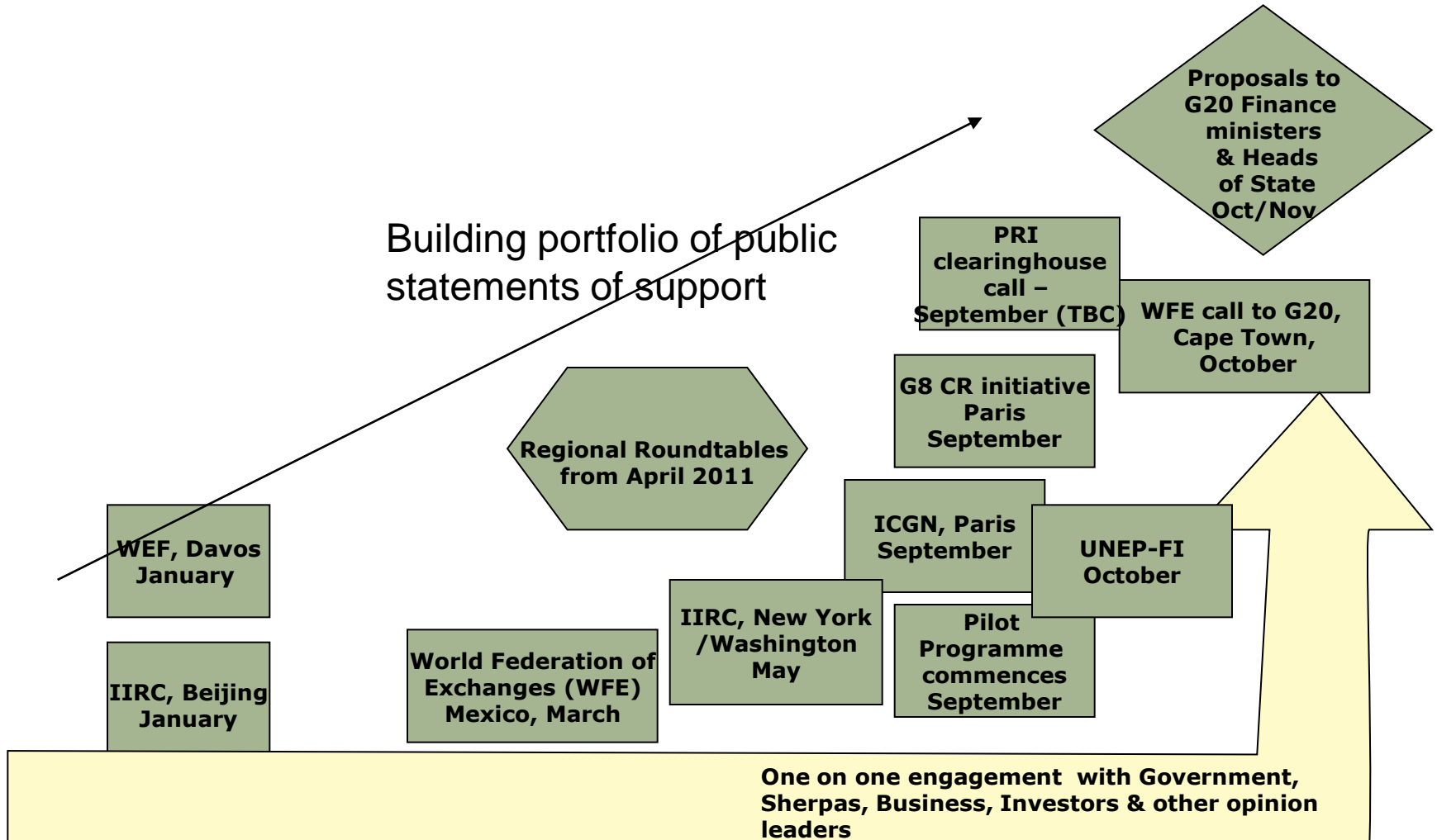
Social capital:







Building momentum – **sample**



Roundtables – **an indication**

Davos
27 January
with WEF

Sydney
April 11th.
with BRLF

Brussels
17 June
with FEE

Paris
[June] *with*
Credit
Agricole

US
NY – June
LA – July
with AICPA
& others

Mumbai
19 January
with GRI & GTZ

Frankfurt
21 June
with DVFA

Rio
[July]
[with GRI]

Japan
[tbc]

London
15 Dec 10
with A4S

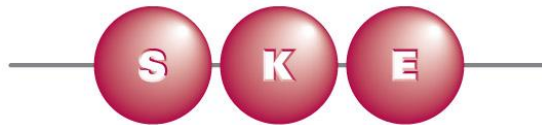
IR Pilot Programme



www.theiirc.org

paul@druckman.co.uk

***d) Table discussions (building from the draft report
Australian perspectives on the business case for
integrated reporting)***



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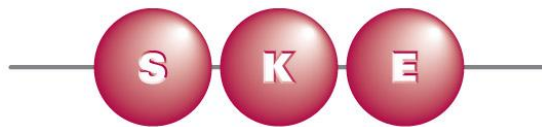
Table Discussion Questions

Table leader selected to drive discussion, document table's views and perspectives and feedback to the BRLF around one of the following questions -

Based on what you've heard today:

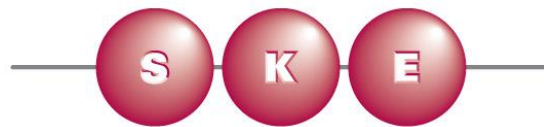
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- ii. (Odd number tables) what are your views on proposed integrated reporting framework in particular focused on the concept of five capitals, the guiding principles and content principles as presented by Paul

e) Feedback from each table facilitator on key findings, and proposed actions



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f) Panel discussion and Q&A on next steps for IIRC and BRLF



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