

## **BRLF – Outcomes of Sub-group meeting on 16<sup>th</sup> November**

**Attendees: Amanda McCluskely, Geoff Harris, Rosemary Sainty, Anna Young, David Mahony, Victoria Whitaker, Penny Stragalinos, Nick Ridehalgh (apology Tanya Branwhite)**

### **1. What is the BRLF, and why should SKE lead it?**

- The Australian investment community and business community need a forum to listen to each other's valid concerns, consider each other's perspectives and develop a practical and mainstream solution
- The BRLF can be the clearing house in Australia for new reporting initiatives – driving towards reporting of one suite of integrated information
- The SKE can be the 'honest broker' to facilitate discussion in areas where BRLF stakeholders have opposing or different points of view – to either find consensus or acceptable alternatives (incl. agreeing to disagree or sub-optimal outcomes)
- The SKE has no vested interest in the final integrated reporting outcome, and so will attract both sceptics and believers to the table for a frank discussion on the way forward – there will be an opportunity to confront difficult questions, work through options, find consensus or articulate acceptable alternatives
- No other independent party has been identified to undertake the leadership and facilitation role.

Further discussion on why the BRLF should be a collaborative effort is noted in section 3.

## 2. BRLF Objectives

The BRLF objectives and proposed outcomes/actions have been identified as follows:

<b><i>Objectives of the BRLF are to:</i></b>	<b><i>Proposed Outcomes/ Actions</i></b>
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.	<ul style="list-style-type: none"> <li><b>1.</b> Expand invitations to February forum, with 1 on 1 calls to explain BRLF to required additional members</li> <li><b>2.</b> Hold A&amp;NZ IIRC roundtable (April)</li> </ul>
2. Collaborate with relevant global forums to minimize any 'reinventing of the wheel', as well as to promote the Australian position.	<ul style="list-style-type: none"> <li><b>3.</b> Respond to IIRC call for information (Completed in December)</li> <li><b>4.</b> Circulate IIRC global communiqués to BRLF members (regular)</li> <li><b>5.</b> BRLF members to bring industry groups to the table, seeking to eliminate or aggregate competing Australian initiatives (bring on collaborative journey)</li> <li><b>6.</b> Participate in Asia IIRC roundtable (April)</li> </ul>
3. Contribute the Australian perspective to integrated reporting proposals, frameworks and other literature presented by the IIRC and other stakeholders	<ul style="list-style-type: none"> <li><b>7.</b> Prepare initial Australian BRLF 'IR Business Case for Integration' paper (Completed in December)</li> <li><b>8.</b> Detailed BRLF submission on draft Discussion Paper (June)</li> <li><b>9.</b> Facilitate involvement of Australian pilot companies (April onwards)</li> </ul>
4. Influence Australian government/ regulators/ standards setters/ industry bodies to endorse integrated reporting proposals	<ul style="list-style-type: none"> <li><b>10.</b> Identify relevant departments and groups to regularly brief and bring to table</li> <li><b>11.</b> Brief departments and groups along journey (or invite as BRLF 'observers')</li> <li><b>12.</b> Once DP agreed, brief responsible ministers and advisers pre G20</li> </ul>
5. Raise stakeholder awareness of integrated reporting and build capacity through ongoing communications and dialogue	<ul style="list-style-type: none"> <li><b>13.</b> Develop and implement a detailed BRLF communications plan</li> </ul>

### **3. How can the BRLF can make a difference through collaboration, and what deliverables of impact might it produce**

There was unanimous agreement that the BRLF should seek to remain as a collaborative effort in providing the Australian perspective on the proposed integrated reporting framework. The key reasons being:

- Australia is a small business market, but a significant global investment community (4<sup>th</sup> biggest pool of superannuation monies).
- The Australian investment community is trying to mainstream ESG (driven by industry super funds that have signed PRI); whereas in the US/ EC, there is a much stronger ethical investment community driving the agenda.
- Australians tend to be pragmatic and get things done (i.e. first country to establish an IIRC working group – BRLF).
- The Australian investment community and business community need a forum to listen to each other's valid concerns, consider each other's perspectives and develop a practical and mainstream solution. (This is not about saving the world, but about good business sense and capital allocation towards a sustainable future.)
- The BRLF includes members who are not yet convinced that integrating reporting will deliver improved business reporting and decision making; the resultant principles, framework, and most importantly business case (benefits) must address their legitimate worries.
- There is a concern that the framework developed will be prescriptive; the BRLF thinks most current pilots of integrated reports are 'combined reports' at best. BRLF believes there will be many paths towards development of an integrated report and so there must be flexibility (i.e. combined report; integrated in notes; XBRL; integrated indicators)
- Australia is a good market to pilot new things and does not have some of the political issues of the US and EC. Australia is also adept at principles (rather than prescriptive) based reporting, and a collaborative group would enable pilot companies to work with (bounce ideas off) their stakeholders and other experts to develop a workable mainstream solution.

- There appears to be a ‘sense of urgency’ underpinning integrated reporting with the establishment of the IIRC, the growth of the PRI and the plan to develop a DP for the G20 in 2011. Australian business and investment community should present a unified voice in the global debate, as well as in seeking resultant policy and regulatory change in Australia.
- Having a collaborative group like the BRLF allows for discussion of broad-ranging views, central discussion and agreement. It also provides a channel for members to engage and communicate issues, ideas and agreed positions with their peers. (E.g. the UNEP-FI members might request ACSI/FSC to withhold its most recent detailed request for further information from corporates – yet another template – so that their concerns and information requirements can be considered and if material included in the integrated reporting framework).
- The BRLF could be the clearing house in Australia for new reporting initiatives – driving towards reporting of one suite of integrated information.

#### 4. Meaningful deliverables

BRLF proposes to develop or drive the following meaningful deliverables and activities:

- Respond to the **IIRC ‘call for information’** with an update of key Australian legislation, regulation, standards, guidance etc. impacting on: governance, management commentary, financial reporting, sustainability reporting, and remuneration – update SKE 2006 summary and submit to IIRC in December 2010 [Completed].
- Develop a **short ‘business case for integration’** – i.e. summarising and prioritising in bullet format what benefits each key stakeholder seeks from the integrated reporting framework and related principles; what are the key measures of success; and what issues must be addressed or could become ‘show stoppers’ (1 page for each of Investors (i.e. mainstream), Companies (i.e. fit for purpose, flexible, efficiency, cost/benefit), and Other Stakeholders (i.e. societal needs)). This is an up-front thought piece establishing a stake in the ground for what key

Australian stakeholders want from this IIRC (BRLF) initiative, as well as an opportunity to alert all parties to the major issues. This thought piece, delivered in early December, will:

- Provide the IIRC with Australian input to the IIRC Content Stream of Work, and the conceptual framework design, from the outset.
- Provide an initial piece of work (with impact) to launch the BRLF in December 2010.
- Provide a reference point for comparison when considering the conceptual paper (January 2011) and draft IIRC discussion paper (April 2011) as well as discussion at the regional roundtable (March 2011). [Thought Piece completed in December 2010.]
- Hold an **initial Australian stakeholder forum** to bring all interested stakeholders up to speed (or their delegates for CFOs), discuss IIRC progress, the BRLF business case and prepare for the roundtable (Feb 2011)
- Identify, prepare and support **potential IR pilots** – possibly Westpac, BHP, Qantas, AGL (i.e. need those already on journey; also in hard sectors).
- Host an **Australian and New Zealand roundtable** for IIRC (April 2011); and attend and support the **Asian** roundtable (April 2011)
- Review and comment on **IIRC draft outputs as requested** (2011)
- Consider undertaking **specific projects** requested by IIRC as part of the global work-plan.

The IIRC is expected to prepare regular communiqués and hold regular conference calls with national project teams (Asian time zone) on progress, issues, requests for information and support. The BRLF project team will circulate the communiqués and notes of calls to keep members up to date and where required seek support/ resources.

## 5. **BRLF Core Purpose**

After much discussion and a review of the IIRC Objectives, we decided not to establish a BRLF mission and vision, but instead prepare a ‘core purpose’:

*‘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.’*

## **6. BRLF Values**

As previously agreed, but updated for Core Purpose:

- 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 core purpose

## **7. BRLF (and IIRC) 12 Month Work plan**

See attached work plan

## **8. Additional BRLF members to be invited**

- ASX
- ACSI (Anne Burns)
- ASFA (Pauline Vamos)
- IFSA (FRC)
- AICD
- ASIC
- APRA
- CFA or Macquarie School of Applied Finance
- RIAA

- **Sustainability boutiques (Net Balance, Banarra)**
- **Roger Simnet (UNSW/ IIRC framework working group)**

**9. 'Australian Stakeholder Business Case For Integration – Overview Paper'**

See attached document. [Document completed December 2010]