

## Business Reporting Leaders Forum

Brief notes of meeting on 28 November 2011, at Westpac in Sydney and 7 December in Melbourne

*(Note for detailed agenda and slides presented at the BRLF, please refer to the relevant pdf attached to the BRLF website.)*

Responses to questions asked:

### 1 Which BRLF participants will be submitting response to the IIRC Discussion Paper?

There were approximately 10 organisations preparing submissions including: G100, AICD, ICAA, CPAA, ACCA, KPMG, Deloitte, PwC, Banara, Financial Reporting Council (FRC) and Netbalance.

### 2 What are the major issues and comments that are being raised in BRLF participant submissions to the IIRC?

- There is general support for the concept of integrated reporting
- Most want to know 'what the IR looks like'
- Concern as to how easy it will be for SMEs to apply the framework; and when should they get started?
- Discussion on the need for focus on capital maintenance over the short, medium and long term, not just value creation and capital improvement
- No mention of workplace safety explicitly in the discussion paper
- Core of model seems to be addressing 'how' and not 'why' – framework does not appear to be sufficiently systemic and strategic
- Who is the reader – if investor – the concern is that Insto's don't seem to care (maybe 3 in 20) and retail shareholders want a shorter 'healthcheck'
- Need more focus, and can't underestimate the change required to move to integrated thinking (i.e. connectivity from strategy to risk etc)
- DP not practical enough for companies
- Too investor centric (for some) – some want more focus on needs of other stakeholders (refer to BRLF Perspectives paper released in draft in February 2011).

### 3. Feedback from FRC on the Discussion Paper (Melbourne)

John Stanhope, Chair of the FRC Integrated Reporting Taskforce explained the key aspects of the FRC's proposed submission to the IIRC on the DP, which is available for comment on the FRC website for comment and will be sent to IIRC following the Taskforce meeting next week. Some key themes include:

- Broadly supportive of the IR agenda, but want integrated, not 'incremental' reporting. It will no value if increases the volume of reporting and is just a 'stapled report'.
- As a Government body, the FRC is effectively advising the Minister as well as responding to the IIRC for the Australian people as to what changes should, and could be made to reporting by Australian organisations.
- As with G100 and others, FRC want the report to meet user needs, should be focused on listed companies first and believe more guidance is needed as to what the IR looks like.
- The FRC see the IR as NOT being embedded into the financial statements.
- There needs to be a reduction in complexity of reporting and an increase in consistency.
- Work needs to be undertaken to determine the assurance implications and approach; as well as to mitigate potential director liability from increased and future orientated disclosures.

John encouraged BRLF members to read and comment on the FRC submission

#### 4 What should the plan for the BRLF in 2012?

Michael Bray discussed a number of ideas for the BRLF objectives for 2012. Discussion followed around:

- Whether BRLF should make submissions as an Australian group of interested stakeholders ('one view'; or whether the BRLF should be a meeting place for stakeholders to meet and discuss progress across the IR agenda (sharing point).
- Whether the BRLF should work to develop a 'change plan' that might help organisations determine 'baby-steps' in a move towards IR; but might at least get broader engagement
- Whether the BRLF should have very clear 'tasks' to achieve over a given period; although there was also push-back that the BRLF should not take on too much given limited resources.
- Some concern that if BRLF approaches regulators, standard setters, government etc. then that might lead to more regulation (and not ultimately meet the needs and requirements of BRLF members); it was clarified that the various departments and regulatory bodies were already watching IR with interest and observing the BRLF.
- The opportunity for the BRLF to work through real life examples of IR, or good practices in reporting along lines of the IIRC DP – so stakeholders could start to see what the report might be, and what value it might deliver.
- Participants thought the BRLF should focus on value-based presentations to 'non converts' for example at the AICD conference in May and conference of other doubting stakeholders.
- BRLF should focus on improving the value proposition for organisations, and sharing of success stories to build momentum.
- BRLF should continue to engage with IIRC, regional and local pilots and educate interested parties.
- GRI referred participants to the GRI (including BRLF/SKE) 3 day conference on Integrated Reporting in Melbourne on 26–28 March 2012 – details will be issued to the BRLF soon.
- **From the discussion in the room the key themes for BRLF ongoing focus were:**
  1. **What does an IR look like?**
  2. **How do you prepare one/process/approach?**
  3. **How do we proliferate the move to IR to the “preparer community – NED’s and Management”**

As an action, it was agreed that the draft 2012 agenda prepared by Michael would be sent to BRLF participants who would be asked to provide brief feedback on the plan, and prioritise 5 important areas/ success factors for 2012. This will be sent out with notes to the meeting. The presentation pack and final notes of the meeting will be loaded on the website after the December meeting in Melbourne.

#### 5 Feedback from Pilot Company

##### Sydney

Janette O'Neill of NAB (a pilot company) shared the rationale as to why NAB signed up as a pilot to the IIRC. Extracts from her presentation included:

- 2009 reports included separate sustainability and financial reports – both built around the corporate strategy and with some areas of overlap
- In developing the framework for the 2010 report, and working with the Head of Strategy – it became clear that integrated approach to strategy was the basis for the development of an integrated report
- In researching how an integrated report might be developed, the NAB team consulted and researched what was happening globally and locally and developed their 2010 integrated report from first principles
- Now that there is even more global drive towards IR, and with the principles in the DP; NAB thought it would be good to learn from what others were doing to better integrate their business decision making as well as their reporting – working with the pilot program provided a good opportunity to bounce off ideas and develop new and improved approaches to reporting for 2011 onwards.

## Melbourne

Siobhan Toohill of Stockland (a pilot company) fed back on the pilot launch in Rotterdam, and the views of Novo Nordisk, CLP and Microsoft on their IR journey to date as discussed in Rotterdam. She then went on to explain why Stockland had become a pilot and progress to date. *(Her slides are included in the BRLF slide pack.)*

End of notes

Nick Ridehalgh

Project Lead

8 December 2011