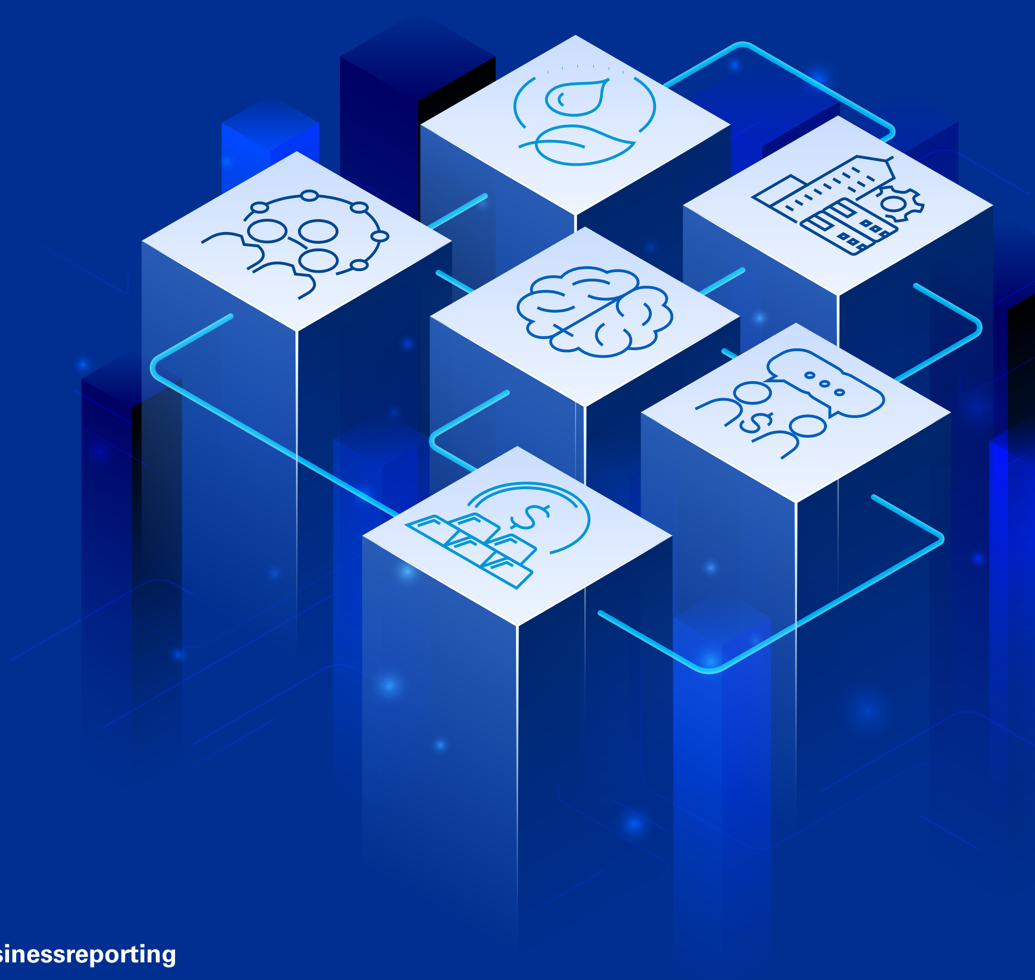
KPMG

Corporate Reporting

Good governance driving Australian organisations to adopt integrated reporting

A review of corporate reporting trends in the year to 30 June 2019 across the ASX200 and beyond



Stakeholder Centricity

November 2019

KPMG.com/au/betterbusinessreporting

Foreword

By Dominic Barton

I am a capitalist and true believer in the power of the capital markets to drive global economic growth. As Global Managing Partner of McKinsey & Co I had the opportunity to work with the leaders of many of the great global corporations on effecting strategy in a fast-changing world. I am also a believer in the power of corporations, working with governments and others, to not only achieve economic growth, but also do 'good' in the context of the impact they have on their key stakeholders, the environment and broader society.

I was therefore pleased to take over the Chair of the International Integrated Reporting Council (IIRC) late last year from the founding Chairman, Professor Mervyn King, at a time when the IIRC's International Integrated Reporting <IR> Framework (<IR> Framework), released in 2013, is starting to become widely adopted around the world. Corporations using integrated reporting are realising internal business improvement benefits. They are also using integrated reporting to better explain how they use all their key resources and relationships through their business model to deliver sustainable value in line with strategy.

There is a growing appreciation that integrated reporting is grounded on integrated thinking. The focus on integrated thinking is a key distinguishing feature of integrated reporting, as it focuses on the value created through intellectual and human resources.

Integrated thinking is what good business leaders do in making decisions, and the resulting integrated report allows them to communicate the outcomes achieved to their investors and other key stakeholders.

The IIRC has now entered the 'Momentum Phase' and expects to reach the end of the global 'Adoption Phase' of the IIRC's <IR> Framework by 2025.

In my first year in the Chair it has become obvious that this aggressive date will not be achieved unless the IIRC works with others involved in establishing and regulating global reporting frameworks to simplify and rationalise global reporting — there are simply too many frameworks and too much confusion. We are hearing this from investors and corporates. We need to drive systems change in capital markets reporting. We are trying to help do this, through our work with the Corporate Reporting Dialogue.

At the same time the IIRC must refresh our connections with our key stakeholders — corporations, investors, regulators — to ensure their needs are being heard and addressed. This requires a refresh and more urgency at the IIRC table to drive both local and global action and change.

Finally, we need to support individual jurisdictions (governments, regulators, standard setters) move to adopt reporting frameworks that are 'substantively equivalent' to the <IR> Framework. We have had great success in South Africa, Japan, the UK, the EU, Brazil, New Zealand and South East Asia, but our focus must be on expanding the take up in the largest economies including the US (through our IIRC office in New York and the growing US <IR> business network), China (where <IR> is supported by the Government, but implementation has been slow to start), Germany and the ASEAN region.

It was very exciting to see Australia move towards 'substantive equivalence' through changes made in the 4th Edition of the ASX Corporate Governance Principles & Recommendations released in February 2019. The changes require listed corporations to reassess their underlying non-financial value drivers and risks, and report more transparently on their performance and future prospects.

This 2019 KPMG report summarises the journey that a growing number of organisations in Australia, and indeed globally, are taking to adopt the principles of integrated reporting and so better explain their business and their value story to investors and other important stakeholders, such as customers, employees, regulators and the communities in which they operate. It also provides useful guidance on how to get started on the integrated reporting journey or continue it. I expect that the 2020 report will make comments on enabling technology for integrated reporting and integrated reporting assurance.

I commend this report to you.

Dominic Barton

Chairman, International Integrated Reporting <IR> Council

Former Global Managing Partner (2009–2018), McKinsey & Co

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KPMG Report Benchmarker

To find out how your organisation's primary report to shareholders (or key stakeholders) compares to reporting by the ASX200 and the principles of integrated reporting go to Reportbenchmarker.kpmg.com.au

Find out more on page 35

Thanks to Deakin University, with whom KPMG participates in the International Integrated Reporting Council (IIRC) accredited Integrated Reporting Education Australia Consortium, for providing valuable research support for this survey. Deakin University chairs the Oversight Body of the IIRC's Global Academic Network.

Introduction

Welcome to KPMG's sixth survey of ASX 200 Corporate Reporting.

Over 70% of Australia's largest listed organisations and many large scale non-listed organisations are now focusing their reporting on long term value through using at least some of the principles of integrated reporting. This helps them better communicate how they create value for their shareholders, customers, employees, regulators and other key stakeholders.

Eleven listed organisations explicitly reference the International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework (<IR> Framework). These organisations are clearly explaining how they implement their strategy and manage risks and opportunities in line with their Purpose, strategy and risk appetite (the *What of their business*), use scarce resources and relationships (the *With*) through their governance frameworks and business models (the *How*) to deliver value for the organisation, investors and other stakeholders over the short, medium and long term.

This report explains what is driving the change towards adoption of integrated reporting in Australia, the progress being made and how this is likely to increase over the next few years, as organisations respond to the growing demand from investors and other stakeholders for more transparent and balanced reporting.

This year we have also included interviews with directors and senior executives from organisations at different stages in their integrated reporting journeys to identify trends in and provide insights on integrated reporting adoption in Australia.

In these interviews, business leaders share:

- practical experience in how to get started
- challenges and how they were overcome
- business and market benefits realised and stakeholder feedback
- their organisations' next steps.

Common themes from the interviews were:

- Successful integrated reporting projects are initiated and led by senior management.
- The Board oversees the projects and exercises active oversight throughout, illustrating the critical role of governance in successful integrated reporting.
- Business benefits achieved include breaking down internal silos, improved understanding and internal management of all business value drivers (not just financial), increased focus and engagement with all key stakeholders, and more insightful corporate reporting.
- Integrated report 'blue-prints' make it easier for management teams to get started, as well as engage their Boards.
- The process of developing the integrated report starts to drive more integrated thinking within the organisation and better planning and use of all resources and relationships (value drivers) in executing strategy.
- The focus on business value drivers, other than short term financial drivers, helps engage all stakeholders (i.e. customers, suppliers, staff, and regulators) in a different way and provides a more transparent report on the business, its performance and future prospects.
- In the current environment, integrated reporting provides better information to address concerns and meet regulatory and public expectations, through its focus on strategy, use of resources, and creation of sustainable value for not only the organisation but also for its stakeholders.
- Those interviewed indicated that their companies have received positive feedback from investors, staff and other stakeholders on their integrated reports.
- The overarching advice to those considering a move towards adoption of integrated reporting is: Just get started. Plan for success and to realise business benefits.

The interviews provide insights into future developments. More listed and non-listed organisations in Australia will move to adopt integrated reporting in FY20 and FY21. As the systems and processes underpinning information on key resources, other than financial, tend to be less mature and well controlled, we are also likely to see increased assurance over the new disclosures reported in these integrated reports.

We hope that these stories will assist you on your journey towards integrated reporting.

Corporate Governance — driving improved transparency and integrity of corporate reporting

The 4th Edition of the ASX Corporate Governance Principles & Recommendations (4th Edition) was released in February 2019, to address contemporary business issues, including ones identified in the findings of the Banking Royal Commission.

Most of the changes in the 4th Edition focus on more long term business value drivers and risks, including: culture and conduct; quality of service and key relationships; quality of internal controls, processes and systems outside finance; organisation's environmental impact; quality of corporate reporting; and the organisation's community reputation.

The 4th Edition strengthened the recommendation for Boards to ensure the integrity of corporate reporting. Principle 4, and Recommendation 4.3 (R4.3) in particular, make clear the Board's responsibility for the processes used to verify the integrity of all 'periodic corporate reports' (reports portfolio).

The commentary to R4.3 confirms that the principles of integrated reporting can be used in preparing existing reports, for example, the Operating & Financial review (OFR). This approach has been supported by ASIC, AICD, G100 and ACSI and is the approach being used by most of the organisations adopting integrated reporting in Australia.

Other developments driving improved transparency and credibility of corporate reporting include the International Accounting Standards Board (IASB) review and update of *IFRS Practice Statement 1 Management Commentary*, which will be 'substantively equivalent' with the <IR> Framework; and the International Auditing and Assurance Standards Board (IAASB) development of enhanced guidance for *ISAE3000* on assurance over information other than short term financial information. This will help assurance practitioners plan and provide assurance on disclosures in Extended External Reports (for example, in the form of OFRs). Both of these publications are due for release in early to mid–2020.

What is next?

The findings in this report give Australian organisations a good understanding of current developments in local and international business reporting and the drivers of change towards improved transparency and integrated reporting, as well as information to help them assess their current reporting and start to make improvements.

KPMG has focused on better business reporting for more than 20 years. In the section 'How KPMG is helping' we provide further information on how KPMG supports organisations implement integrated reporting.

This year we also offer KPMG Report Benchmarker, a new service that provides you with a benchmarking report on your primary report to shareholders (or key stakeholders) against ASX200 corporate reporting and the principles of integrated reporting.

If you would like more information on a practical approach to improve your corporate reporting please contact us.

Andrew Yates
National Managing Partner Audit, Assurance & Risk Consulting

Nick Ridehalgh
National Leader, Better Business Reporting

Michael Bray
Director, Better Business Reporting and KPMG Fellow in Integrated Reporting at Deakin University

Key themes and insights

The stages of the Reporting Continuum

Stage 1

Cutting the clutter in the annual report.

Stage 2

More insightful reporting, moving beyond cutting the clutter to focus on value creation in the short, medium and long term, by using the principles of integrated reporting.

Stage 3

Integrated Reporting, with reference to the International Integrated Reporting Council (IIRC)'s International Integrated Reporting <IR> Framework (<IR> Framework).

Overview

This report is KPMG's sixth review and analysis of ASX200 Corporate Reporting, following on from KPMG's 2018 report *Corporate Reporting — Rebuilding trust through improved transparency and trust.*

In 2019, we complement the 'trust' theme of 2018 with a focus on the business improvement benefits of integrated reporting as more successful adoption case studies come to light.

This year we have seen an increase in the number of organisations that are moving into 'Stage 3' of the *Reporting Continuum.* They are using the principles of integrated reporting to prepare their primary report to shareholders or other key stakeholders (the flagship report) and referencing the <IR> Framework.

ASX200 companies that are moving into Stage 3 and are referencing the principles of integrated reporting in their flagship report include, A2 Milk, AGL, ANZ, Brambles, Dexus, GPT, Lendlease, National Australia Bank, Stockland, Transurban and Vicinity Centres. Other organisations like Cbus, CPA Australia, Australia Post, Camp Quality, The NRMA and VicSuper also prepare their flagship reports with reference to the integrated reporting principles. It is interesting to note that most of these organisations are using sections of the Directors' Report (i.e. the OFR) in the Annual Report as their integrated report, rather than preparing a separate report such as an annual review.

This year Stockland, an original IIRC <IR> pilot company, streamlined its reports portfolio and moved the integrated report, which was previously a separate Annual Review, into the Annual Report. This reduced the reporting burden for the company and gave its shareholders and other key stakeholders an overview all of its achievements, including short term financial and more future-oriented achievements, in one flagship report.

We have also seen a further increase in the number of organisations moving to Stage 2 to provide more insightful reporting. These organisations are starting to leverage the principles of integrated reporting when designing and presenting their reports. This is helping them provide deeper insight into the organisation and its performance and how they are managing their scarce resources and relationships to ensure they remain affordable and available for the creation of value over the longer term.

The overall improvement has been largely driven through increased Board discussion on trust and how non-financial risks are being managed, monitored and reported, especially with respect to customer service and complaints, staff wellbeing and engagement, ethical supply chains as well as climate change and reputation within the community. We expect that this will continue to improve significantly in 2020 as organisations start to implement the requirements of the 4th Edition of the ASX Corporate Governance Principles and Recommendations.

The drivers of change

Corporate reporting in Australia has been called '*a mosaic of incrementalism*' by John Stanhope AM (Vice-Chairman of the IIRC, Chairman of the Australian Business Reporting Leaders Forum, and a leading Australian company director).

Further requirements by Governments, regulators and other standard setters to address the 'trust deficit', as well as address other contemporary business challenges, are driving additional corporate reporting. Recent examples include: the Task Force on Climate-related Financial Disclosures (TCFD) recommendations relating to climate change risk; responses to the Modern Slavery Act; additional risks around cyber security, technology change, Brexit, and tax transparency.

These changes will add to the reporting burden, or the 'mosaic', unless Boards and management take a more strategic approach. Integrated reporting, with its foundation of better business practice (integrated thinking), offers organisations an opportunity to take a more strategic approach. In so doing they can improve both their business, and their reporting on those contemporary challenges mentioned above, where material to business value.

Reporting strategy and reports portfolio

These changes along with changes in the 4th Edition, give the Board and management the perfect incentive to review the organisation's reporting strategy. It is an opportunity to re-assess what information should be reported to which important stakeholders and when, to meet their specific information needs.

There is an opportunity to re-define the reports portfolio to remove immaterial and duplicated disclosures and focus on what is material to the business and relevant to key stakeholders.

Keeping reporting succinct, balanced and focused on what is material and relevant to the organisation's ability to execute its strategy and deliver long term value, will result in cost and management time savings at the same time as better informing investors, customers, employees, regulators and other key stakeholders on the business's performance and longer term prospects.

74%

of organisations surveyed focused their reporting on value creation for shareholders and/ or other stakeholders and not just on historic financial earnings (2018: 48%).

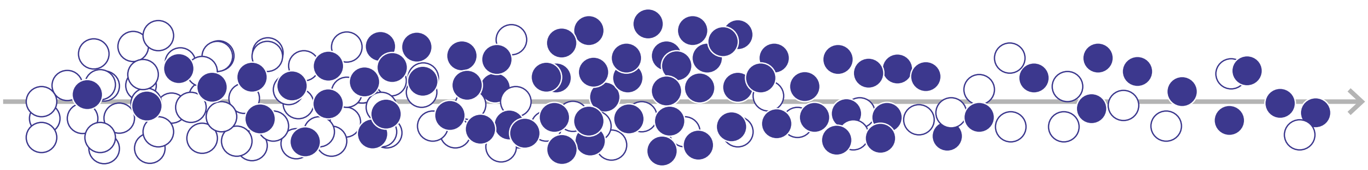
94%

of organisations surveyed use the annual report as the 'flagship report'. Only 10% of organisations continue to release an annual review (or similar).

41

The average number of pages in the flagship report excluding statutory financial statements and remuneration report (2018: 42).

An illustration of the ASX200 advancing along the Reporting Continuum



Stage 1
Cutting the clutter in the annual report

Stage 2
More insightful reporting

Stage 3
Integrated Reporting <IR>

2018 2019

The first step in clarifying the reports portfolio should be to define the flagship report for shareholders (i.e. an annual report prepared either in accordance with or with reference to the <IR> Framework). The flagship report should then be supported by supplementary on-line information (or reporting) to provide more detail and cover disclosures required by other specific important stakeholders, including regulators. A summary of the reports portfolio should be included at the start of the flagship report so that readers are clear on the different reports available, how the fit together, who they are for and where to find them.

Why are leading organisations adopting the principles of integrated reporting?

Integrated reporting is prevailing because it allows organisations to focus their flagship report on the fundamentals of good business practice. An integrated report is constructed around 'The Business' — the *What*, *With* and *How* of an organisation. It also communicates the *Why* — that is, the ongoing relevance of the organisation's Purpose and validity of its competitive advantage.

The focus on the '*What, With, How* and *Why*' brings the concept of integrated thinking to life, demonstrating the uniqueness of integrated reporting when compared to other reporting frameworks. Integrated reporting is about better business practices, with the integrated report being an outcome. Integrated reporting focuses on how the organisation's resources and relationships are used through its business model and governance framework to execute the strategy, manage risks and opportunities and so realise the organisation's Purpose — in an integrated fashion — for every person, through every process, and every time.

John Stanhope AM explains why the organisations he works with have adopted integrated reporting principles as follows:

> "Integrated reporting boils down to far better information covering all outcomes that the business achieves — it's a change from output reporting to outcome reporting. It covers all stakeholders and explains better what the business is about, not just economic and financial performance, but all outcomes that emerge from the business. It is all those outcomes that create value, and if you don't, then even worse, those that can destroy value."

KPMG, The Group of 100 and Wolters Kluwer Conference 16 April, 2019. Further insights from the conference are available here.

Integrated assurance

The flagship report, prepared using the principles of integrated reporting, will include a broad suite of non-financial information for investors to consider and so must be investment-grade. However, the underlying policies, processes and systems are not usually as mature as those used for financial and 'traditional' sustainability information.

We are starting to see organisations work with their external and internal auditors to determine what, if any, additional assurance is required over this broader suite of reported information. This will also be important as companies start to apply the requirements of the 4th Edition, especially R4.3 as it relates to the Board explaining its process for verifying its periodic corporate reports. Additionally the IAASB is developing guidance to assist assurance practitioners undertake assurance engagements over extended external reports (e.g. integrated reports).

An Australian breakthrough on integrated reporting assurance was achieved in 2019 with KPMG issuing Australia's first integrated report assurance report expressed in terms of the IIRC's International Integrated Reporting Framework. The limited assurance report was provided on the Cbus 2019 annual integrated report (see page 23). We expect this assurance report to be the first of many in Australia.

Integrated reporting management systems (IRMS)

The business opportunity from integrated reporting will only be optimised if integrated reporting is embedded throughout the organisation and it becomes the way of doing business. Integrated thinking requires management and staff engagement so there is a clear and consistent understanding of the required actions and outcomes. The underlying processes, systems, people and their incentive arrangements will need to be reviewed and if needed be changed to support the organisation-wide focus on the effective use of all key resources and relationships to deliver on strategy and create longer term value for investors and other stakeholders.

We refer to this as implementing an 'integrated reporting management system' (IRMS). When undertaken well it aligns the organisation to thinking about, documenting and reporting on a common strategy, breaks down silos, removes non-strategic activities and re-energises the organisation around a common Purpose. Leading organisations are systemising integrated reporting through their IRMS to better support their people apply integrated thinking and action at the operational level. There are already tools available to support this transition.

The Business: Value creation for the organisation and others through:

What:	With:	How:	Why:
Realisation of the Purpose, execution of strategy and management of risks and opportunities, to create value, over the short, medium and long term	Allocation of resources and relationships critical to long term success in realising the Purpose and executing strategy	Effective operation of the business model and governance framework, in the context of the organisation's external environment	Confirming the ongoing relevance of the Purpose and competitive advantage

Implications of the ASX Corporate Governance Principles and Recommendations (4th Edition) for corporate reporting

The 4th Edition has strengthened the requirement for Boards to ensure the integrity of corporate reporting. R4.3 in particular makes clear the Board's responsibility for processes used to ensure the integrity of any 'periodic corporate report', including but not limited to OFRs in Directors' Reports. Boards must explain how they verify the information in each periodic corporate report that has not been audited or reviewed by an external auditor.

We recommend that this be done by the Board including a 'Board Verification Statement' in its corporate reports, probably in the Directors Report or the Corporate Governance Statement. This will be consistent with the Commentary to R4.3 related to verification and assurance, and will provide a sound basis on which Boards can make informative R4.3 adoption statements.

The Board will need to disclose which information has been subject to management review, which has been reviewed and/or tested by the risk function and which has been subject to internal and/or external audit (sometimes referred to as the three 'lines of defence'). It will be good practice to explain the basis used to determine which line of defence to rely on, linking the assessment to legislative and other requirements and the materiality of the disclosure to investors and other key stakeholders.

Processes, systems and controls to capture, measure, report and verify performance of non-financial information tend to be less mature and robust than financial ones. Accordingly, action is required now to identify and remediate gaps and areas of weakness, so that all material disclosures, which will need to be signed off by the Boards are 'investment grade' prior to adoption of the 4th Edition (see timeline below).

We recommend that early adoption of R4.3 be carefully considered prior to the effective dates shown below; and if early adoption is not chosen, adoption progress statements should be made at the next reporting date.

In making the changes to the 4th Edition, the ASX Corporate Governance Council understood that investors required better information from organisations on their performance in managing business risks and value drivers, other than short term financial ones, critical to strategic success (and as well covered in integrated reports).

Boards need to work with management, and internal and external assurance practitioners, when considering which 'line of defence' they are relying on for each disclosure in each report, when explaining their verification process.

Timeline for adoption

Elizabeth Johnstone, Chair of the ASX Corporate Governance Council, explained why R4.3 was introduced:

"What we know now is that investors and those that advise them are really looking at a wider range of information. They want to understand the strategic direction of the company in more detail, and so they are looking at documents beyond the financial accounts; and so looking at a wide cross section of materials was critical. So we introduced that recommendation (R4.3) to ensure the quality of those materials would be there."

KPMG, The Group of 100 and Wolters Kluwer Conference 16 April, 2019.

Further insights from the conference are available here.

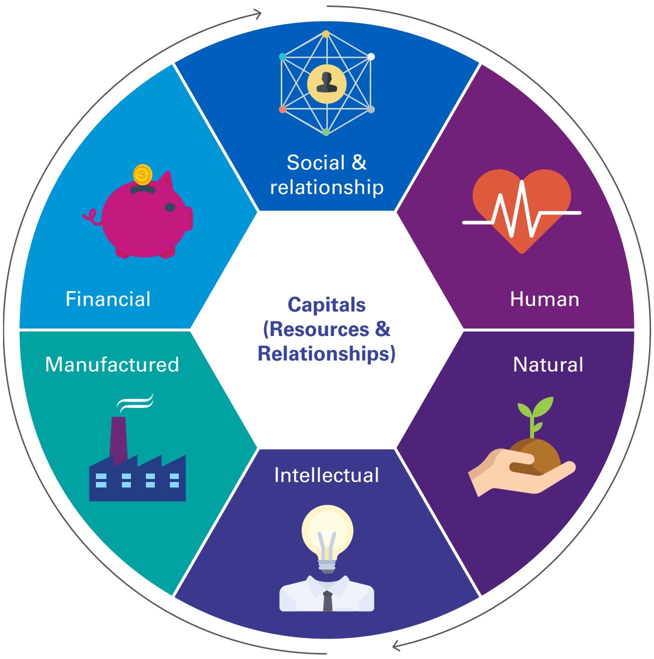
Detailed findings by report content area

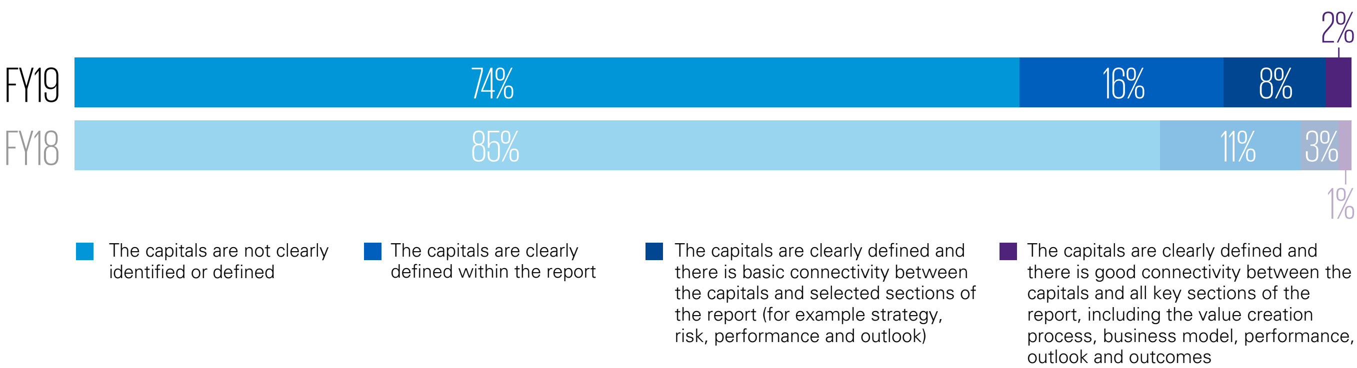
This year our survey has been expanded. It examines the progress made by the ASX 200 in disclosing information required by the eight key content elements of the <IR>Framework, as well as the overarching fundamental concepts of the '6 capitals', value creation and the value creation process. These are the areas that organisations typically focus on when moving along the *Reporting Continuum* towards integrated reporting. In assessing the quality of the disclosures we also considered the <IR> Framework's guiding principles which underpin the preparation of an integrated report.

The capitals (resources and relationships)

Integrated reporting aims to provide insight on how resources and relationships have been used and affected by an organisation in its creation of value. The <IR> Framework collectively refers to these as the 'capitals', however there is no requirement to use this term. Some of the common terms being used by organisations include 'resources and relationships', 'value drivers' and 'enablers'.

The <IR> Framework identifies 6 capitals that should be considered but requires organisations to only focus on those capitals that are important to the their own value creation process now and into the future. In addition to financial and manufactured capital which have historically been reported on in traditional financial reports, and natural and certain aspects of social and relationship capital traditionally reported in sustainability reporting, integrated reporting also looks at other capitals which are critical for long term sustainable value creation, including the organisation's intellectual capital (knowledge, innovation, know-how, IP, systems), social & relationship capital (relationships with customers, suppliers, partners, regulators) and human capital (employee engagement).





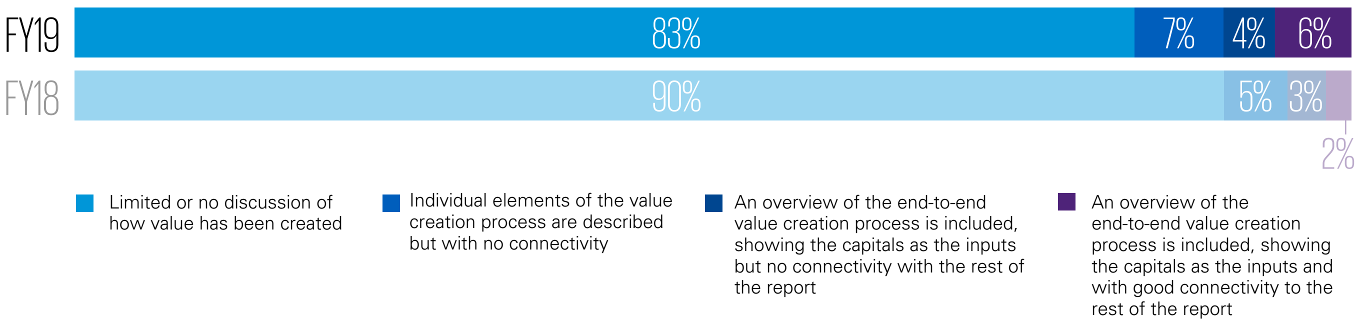
Value creation process

Clear articulation of how the organisation creates value, its value creation process, is critical in helping the reader understand how the organisation's resources and relationships are used through its business model and governance framework to execute strategy, manage risks and opportunities to deliver its products and services (outputs) whilst at the same time maintaining or enhancing required resources and relationships (outcomes) for future value creation.

A Value Creation Model diagram is often used in an integrated report to help explain the value creation process and to align the Board, Executive, staff and key stakeholders on the *what, with, how* and *why* of The Business.

10%

of organisations surveyed included a Value Creation Model diagram in the flagship report.



Organisational overview and external environment

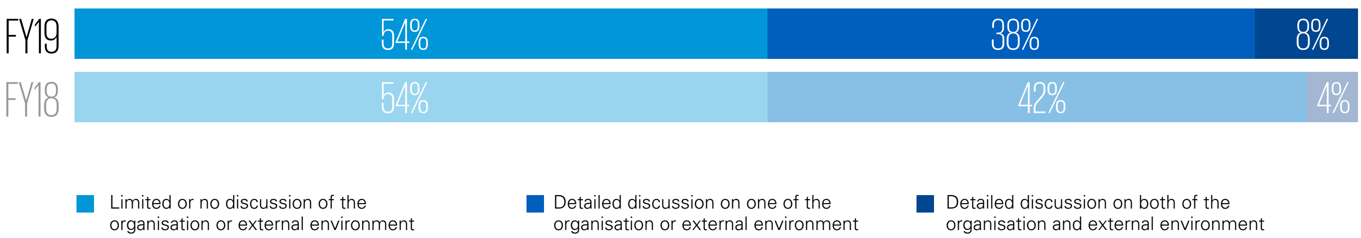
This section is critical to ensuring what the organisation does and the context in which it operates is fully understood by the reader. This section should include scene setting information such as the organisational culture, ethics and values, ownership structure, operating structure and key activities, as well as consideration of any significant factors affecting the organisation's external environment (e.g., markets, competition, regulation and/or megatrends) and the organisation's response.

64%

of organisations surveyed outline their corporate purpose (and/or mission and vision) (2018: 63%).

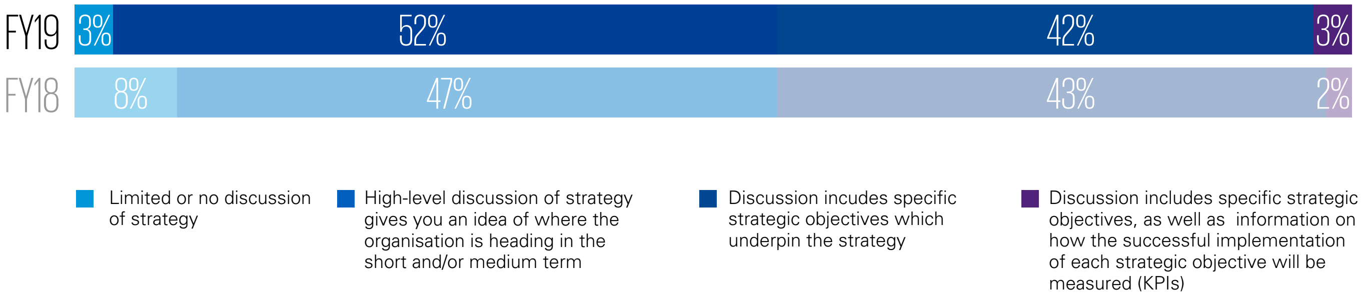
60%

of organisations surveyed set out their corporate values (2018: 47%).



Strategic focus and key performance indicators

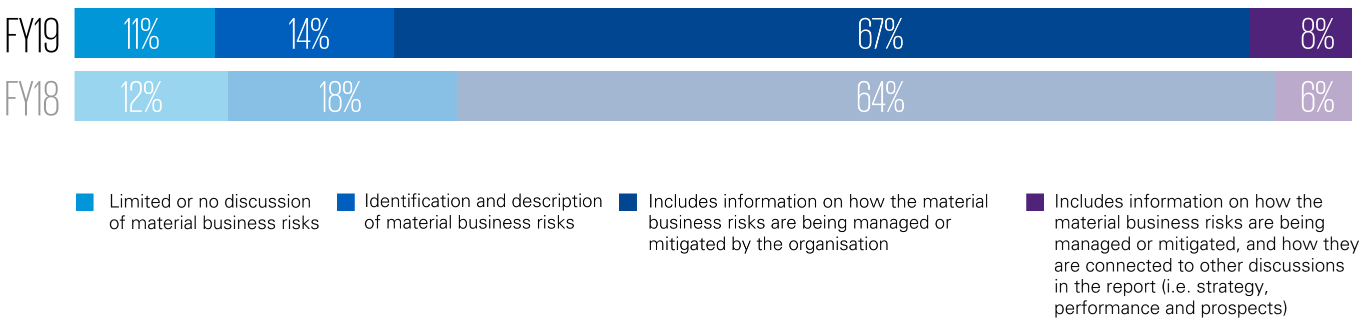
When describing an organisation's strategy, the disclosure should give the reader enough information to understand what the organisation wants to achieve and how it will measure progress and success.



Risks and opportunities

Risk and opportunity disclosures need to be tailored to the specific risks and opportunities that affect the organisation's ability to create value over time and how the organisation is dealing with them.

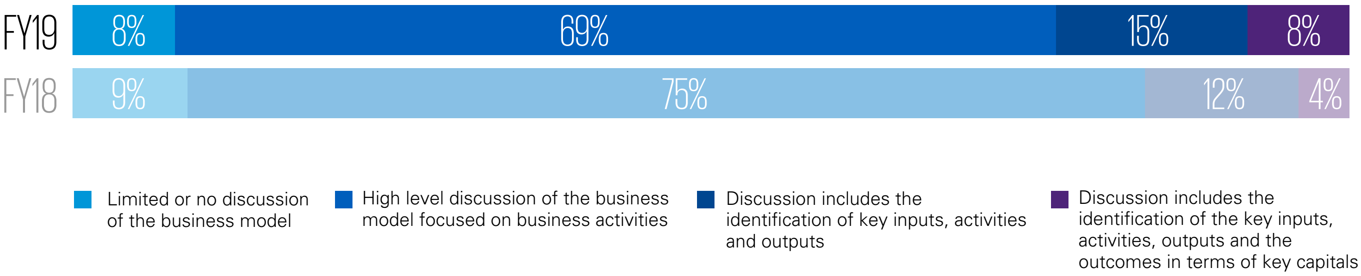
Although 75% (2018: 70%) of organisations are now identifying their material business risks and explaining how they are being managed or mitigated by the organisation, this continues to be done in isolation. Only 8% (2018: 6%) of these organisations are connecting the risks to other parts of the report.



Business model

The <IR> Framework defines the business model as the organisation's system of transforming inputs, through its business activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium and long term. The business model is a key component of the organisation's value creation process.

The majority of organisations are still only disclosing their business activities at a high level. However this year we saw an increase in the number providing insight into how their key resources and relationships are being employed across key business activities.

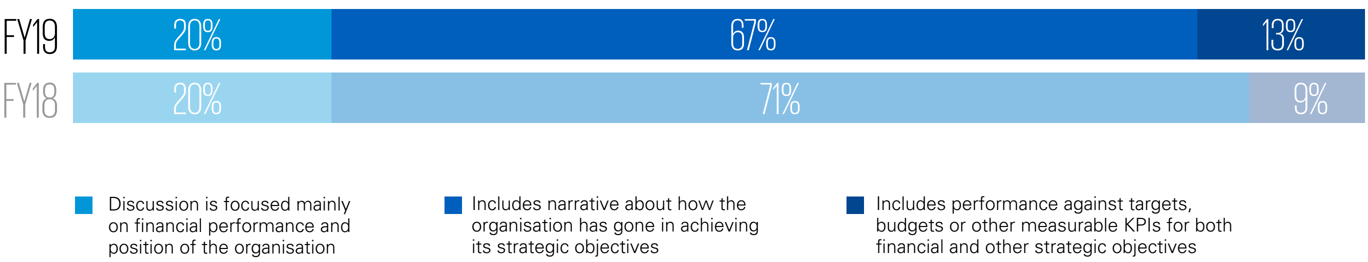


Governance

Governance disclosures should help the reader understand how the Board supported the organisation's ability to create value. Still only about half the organisations surveyed are including a governance summary, but a growing number a providing more 'active governance' information which highlights the key areas of focus of the Board during the year.

Performance

Leading organisations have moved on from talking only about financial position and performance and are now including narrative on performance in other areas (i.e., customer). Approximately 13% of organisations are now also showing performance against targets, budgets or other measurable KPIs.

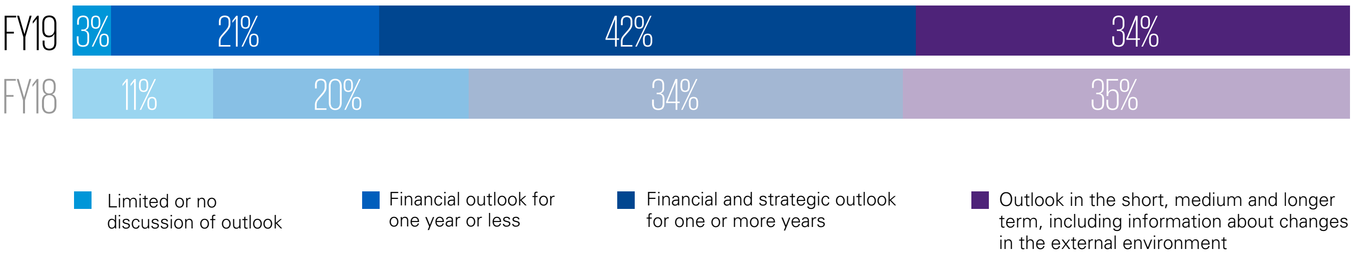


Outlook

This year as more organisations have transitioned into Stages 2 and 3 of the *Reporting Continuum*, or improved the quality of their insights in reporting within Stage 2, we have seen improvements in outlook disclosures. There is now greater awareness that reporting on outlook does not necessarily mean including financial forecasts and projections in corporate reports.

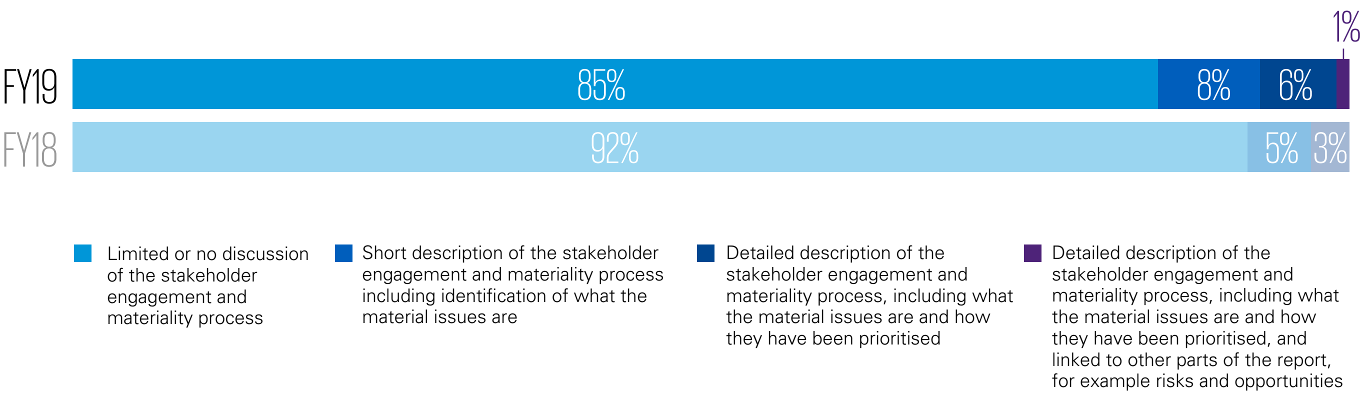
The <IR> Framework does not require the reporting of financial forecasts and projections. The focus is on explaining the health of the business through lead performance indicators (e.g. customer and staff net promoter scores, innovation and new products, environmental performance) and discussion on how the organisation is responding to changes in its external environment, including global megatrends such as technological innovation and climate change.

Reporting in this way will also enable more effective communication with investors and all other key stakeholders about how executive remuneration is linked to their performance in strategy execution and delivery of longer term value to shareholders and other important stakeholders.



Basis of preparation and presentation

There should be a summary in the report which explains who the primary audience of the report is, how the organisation has determined what matters to include in the report, and how these matters have been quantified or evaluated. This is typically done through providing a brief explanation of how the organisation engages with key stakeholders to understand their needs and interests, followed by a summary of the areas of most interest or concern to key stakeholders (material issues) and how they have been prioritised for reporting. This section can also include an explanation of the role of the Board in determining what to report, and how they have confirmed the accuracy and balance of what is reported.



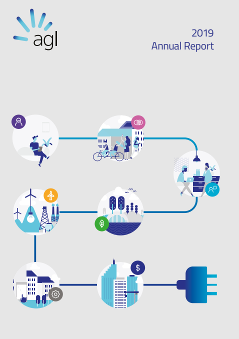
Case studies:

Illustrating the move towards the principles of integrated reporting

Interviews with directors, executives and others involved with driving change at their organisations and examples of good practices in their reporting.

Company	Name	Position
AGL	Anita George & Cathlin Thurbon	Senior Managers Sustainability
ANZ	Michelle Jablko	Chief Financial Officer
Australia Post	John Stanhope AM	Chairman
Cbus	David Atkin	Chief Executive Officer
Deakin University	Kerrie Parker	Chief Financial Officer
Dexus	David Yates	Executive General Manager, Investor Relations, Communications and Sustainability
Lendlease	Michael Ullmer AO	Chairman
Transurban	Lindsay Maxsted	Chair and Non-executive Director

AGL: Anita George & Cathlin Thurbon, Senior Managers Sustainability



AGL commenced its integrated reporting journey in 2018 and this year for the first time, prepared the Annual Report with reference to the <IR> Framework. AGL believe the <IR> Framework provides a useful basis for disclosing how it creates sustainable value for its shareholders and other stakeholders over time.

What drove the move towards Integrated Reporting?

Management realised we needed to do a better job in reporting to our shareholders and got the integrated reporting project started. The Board Audit & Risk Management Committee was supportive and its Chairman (John Stanhope) was the major Board sponsor.

Having separate Annual and Sustainability Reports had resulted in slightly different messages about AGL's strategy. Using the <IR> Framework provided the opportunity for a single narrative focused on the issues most material to how AGL creates value, and also elevated material sustainability disclosures, as they relate to business value, bringing them front and centre in the Annual Report.

How did you get started?

AGL's General Manager Corporate Finance, James Hall, drove the preparation of a cost benefit analysis and a multi-year action plan, which was agreed to by management and the Board Audit & Risk Management Committee. The sustainability team moved into Finance reporting to James to lead the implementation of the plan.

In year one (FY18) we focused on transition planning, looking at materiality through a different business lens, understanding our key Business Value Drivers (capitals), and ensuring that internal report production processes were working smoothly. It wasn't until year two (FY19) that we were ready to release an Annual Report prepared with reference to the <IR> Framework to the market.

What involvement did the Board have in planning and developing the first integrated report?

The Board Audit & Risk Management Committee was involved in developing the initial action plan, and each quarter we provided a project update. The Committee approved the overarching draft value creation process and high-level Annual Report structure in February, which gave plenty of time for the development, drafting and checking of the report elements prior to its release in August 2019.

How did you determine what was material to include in your integrated report?

During year one, we obtained a good understanding of what AGL's material issues were by using both sustainability and integrated reporting lenses. Later, when we went through the process of identifying the Business Value Drivers, we were able to map the material issues to these Drivers, and reorganise things in a clear and concise way for the reader.

How have you ensured the accuracy and balance in your integrated report?

There was an Executive Team owner as well as a General Manager responsible for verification of each metric. We also started writing the narrative component early so there was time for internal management review and Board Audit & Risk Management Committee approval.

Starting early also helped us achieve a balanced report, as the key focus areas and reportable metrics were agreed well before the performance for the year was known.

This year we undertook assurance readiness reviews on some of the KPIs we hadn't previously assured or reported publicly, to check that they were all assurable, setting us up for limited assurance over the KPIs in FY20.

What has the feedback on your first integrated report been like?

We have received strong endorsement from some of the largest investors in the world on both our adoption of integrated reporting and use of the Task Force on Climate-related Financial Disclosures (TCFD) Framework. There is a large amount of interest in the continued evolution of the TCFD components. We will be further engaging with investors and proxies over the course of the year to determine what the next iteration of the report should look like.

What have been the key benefits achieved to date from the move to integrated reporting?

There is a much more coherent understanding in the business now as to the range of issues, both financial and non-financial, that are important to shareholders and therefore need to be carefully managed and reported. There are also closer relationships across finance teams, as well as with other business functions like risk and remuneration.

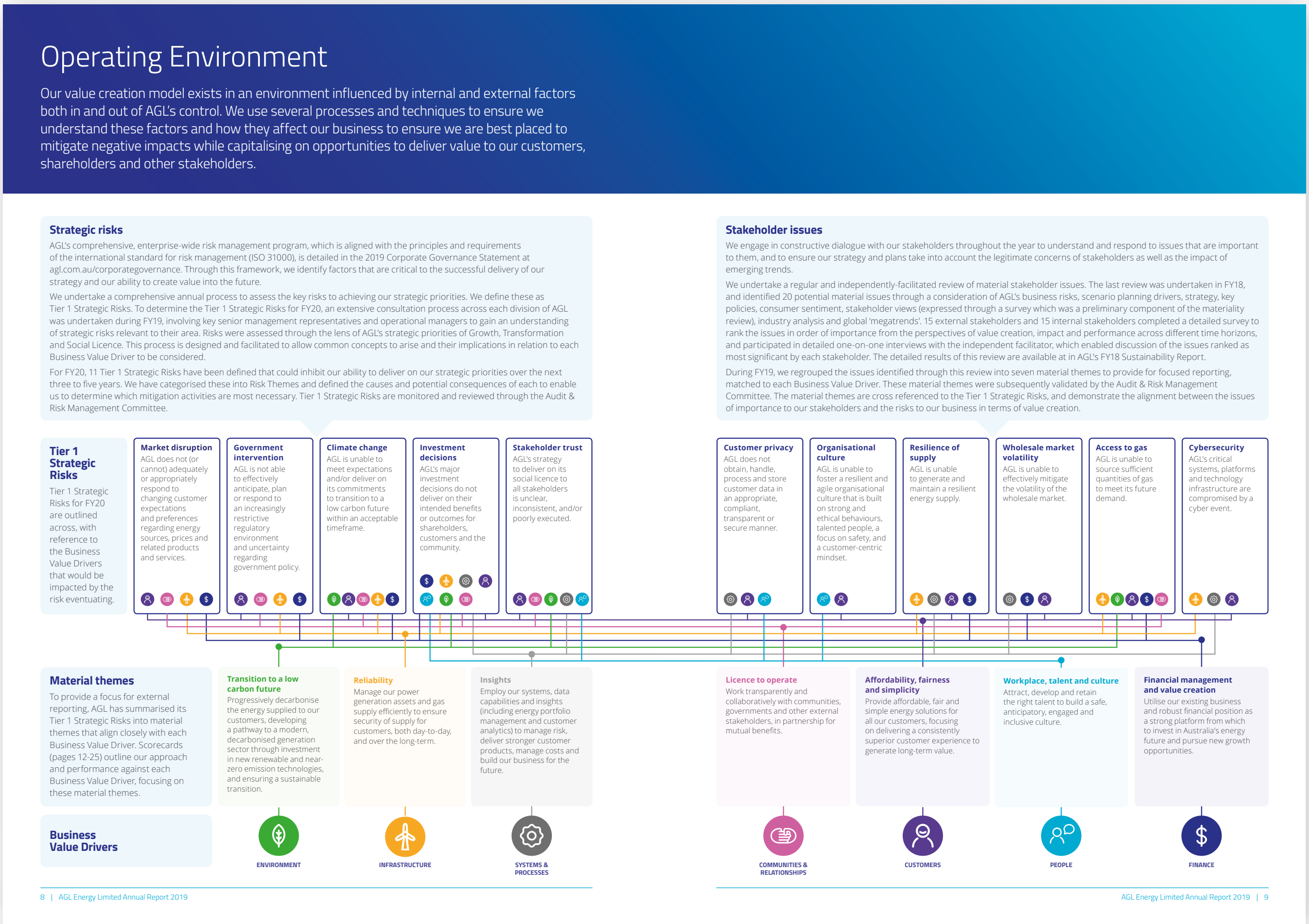
What are your next steps to embed integrated reporting throughout the business?

During FY20 we are focusing on embedding our Business Value Drivers into internal monthly reporting, quarterly forecasting, annual budgeting and strategic planning processes.

What would you say to another business leader thinking about, but not yet committed towards adoption of integrated reporting?

There is no such thing as a business where the only driver of value is financial capital, and integrated reporting provides a more coherent and well-structured way of talking about other value drivers. You won't get any value if you treat the exercise as just another form of reporting checklist; it is only valuable if it is truly adopted as a new way of managing, assessing and reporting on your business.

AGL's linkage of strategic risks, material themes and business value drivers



Source: AGL Annual Report 2019, pages 8 & 9

ANZ: Michelle Jablko, Chief Financial Officer

ANZ is in its second year of the move towards adoption of the integrated reporting principles. The 2018 Annual Review drew on aspects of the <IR>Framework to describe how the business model, strategy, governance and risk-management processes were addressing its most material issues and delivering value for its shareholders and other stakeholders.

What drove the move towards Integrated Reporting?

When Shayne Elliot became CEO in 2016, he led ANZ in questioning its Purpose as a bank. Integrated reporting is consistent with considering, 'Why do we exist?' Integrated reporting also helps us to balance shareholder understanding of our reporting.

There have been well publicised pressures on the financial services industry, and findings that as an industry, the industry is not proud of. One of the areas relating to this was that corporate reporting was not very clear. Integrated reporting is an effective tool here, and it reinforces the need for simplicity across all of the Bank.

Previously, it was not clear how our different reports 'hung together'. Integrated reporting provides an opportunity to address this.

What involvement did the Board have in planning and developing the first move to integrated reporting?

The Governance Committee of the Board now has a much broader scope. It also incorporates ethics and ESG. It was and is actively involved in integrated reporting. So too is the Audit Committee.

How did you determine what was material to include in your integrated report?

Materiality was initially assessed as part of sustainability reporting. Engaging with stakeholders to find out what they consider to be the Bank's most material ESG risks and opportunities is a good test to see that we are focused on what stakeholders expect us to be focused on. We also considered key challenges in our operating environment with the potential to impact on our current and future success.

How did you ensure the accuracy and balance of new disclosures (narrative and KPIs)?

ANZ has sections of the annual report assured or reviewed by our auditors (e.g. materiality). Internally, there are levels of review of our corporate reports across the Bank. There is likely to be more assurance of our corporate reports in the future.

What have been the key benefits achieved to date from the move to integrated reporting?

The move to integrated reporting has helped us to break down silos between the various parts of the business. For example, the Sustainability team is working a lot closer with the Finance team. So integrated reporting is helping to drive our integrated thinking.

What has been the feedback from your investors and providers of financial capital?

ANZ holds ESG days for investors. Initially, the investors were sceptical, but they have quickly bought in and understand the value of ESG reporting, and now the overall business story through more integrated reporting.

Investors see the value in understanding that the financial returns are sustainable, an understanding which integrated reporting provides.

What are your next steps to embed integrated reporting, and integrated thinking, throughout your organisation?

We will continue to improve the quality and usefulness of our corporate reporting.

In particular, we will look to improve the link from our Operating & Financial Review, using integrated reporting principles, to our financial report and remuneration report.

What would you say to a business leader thinking about, but not yet committed to, the move towards adoption of integrated reporting?

The Banking Royal Commission was not just about banking, but also a reflection of what the community thinks of business. All companies need to be clearer about what they are doing and why. Integrated reporting assists with this.

I would recommend integrated reporting to other companies. However, they need to understand the 'why' of integrated reporting. They should not do it just to follow the crowd. There needs to be a defined return on investment. Every situation is different. Individual companies should do what works for them.

ANZ's overview of how it creates value for all stakeholders

HOW WE CREATE VALUE

We aim to create value for all of our stakeholders.

We recognise that we have not always met this stated aim and have, as a direct result of our business activities, caused customer detriment. By transforming our business, focusing on a purpose and values-led culture and simplifying our products and services – doing fewer things better – we want to ensure that we are having a positive impact on our stakeholders. Fairness and ethical conduct will be fundamental to us achieving this.

The table below presents the value created for our key stakeholders for each of our main business activities. These activities create value for ANZ in the form of income, business growth, an engaged and high-performing workforce and strong relationships with our stakeholders.

STAKEHOLDERS	CUSTOMERS				EMPLOYEES	SUPPLIERS	COMMUNITY			SHAREHOLDERS
BUSINESS ACTIVITIES Our business model consists of the following activities:	WE PROVIDE TRANSACTION BANKING SERVICES	WE HOLD DEPOSITS FOR OUR CUSTOMERS	WE LEND MONEY TO OUR RETAIL, SMALL BUSINESS AND CORPORATE CUSTOMERS	WE PROVIDE WEALTH MANAGEMENT AND RISK MITIGATION PRODUCTS	WE INVEST IN OUR PEOPLE TO BUILD A DIVERSE AND INCLUSIVE WORKFORCE	WE COLLABORATE WITH OUR SUPPLIERS	WE COLLABORATE WITH PARTNERS TO BUILD CAPACITY AND IMPROVE FINANCIAL WELLBEING	WE INVEST IN THE COMMUNITY	WE PAY TAXES IN THE COUNTRIES WITHIN WHICH WE OPERATE	WE PAY DIVIDENDS TO OUR SHAREHOLDERS
VALUE CREATION* Which create value for ANZ, our stakeholders and other stakeholders: *figures stated cover FY18 year.	- Making it simple for our customers to manage their money and interact with us how and when it is most convenient for them. - Assisting businesses to safely transact, trade and invest across the community and borders. - Contributing to the cyber safety and security of our customers through education and awareness programs. - Preventing financial crime and money laundering.	- Keeping our customers' money safe and providing competitive returns on deposits. We paid $10.7 billion in interest on deposits. - Enabling people and businesses to save, manage their resources and deal with change. - Providing funding for housing, personal lending and businesses.	- Enabling customers to buy homes and businesses to expand and grow. We provided $341 billion in home lending (Australia and New Zealand). - Underpinning employment, investment and economic growth in the community. - Efficiently and responsibly allocating financial resources to meet customer and market demand, and support changing community expectations.	- Enabling customers and their families to save for the future and achieve personal and business goals. - Assisting customers to manage personal and business risks. - Assisting communities to manage social risks. - Allowing business and Institutional customers to manage risk associated with their businesses. - Promoting trade and investment, and the efficient allocation of financial resources.	- Enabling us to provide better services and products to customers, and meeting community expectations. - Promoting diversity and equality of opportunity. We recruited 260 people from under-represented groups[1]. - Increasing the skills and capabilities of our people, providing more than 877,000 hours of training. [1] Includes Aboriginal and Torres Strait Islander people, people with disability and refugees.	- Contributing to the economy across the countries we operate in. - Collaborating with suppliers to manage the social and environmental impacts of our mutual business operations.	- Improving the wellbeing of lower income and vulnerable customers, enabling them to participate more fully in society. More than 889,000 people have been reached through our social and economic participation target. - Contributing to the ability of not-for-profit organisations to assist and support the community.	- Contributing to the wellbeing of the community through volunteering and employee giving. 124,113 volunteering hours completed by our employees. - Supporting customers and the community in times of difficulty, hardship or natural disaster, for example, through our drought relief package.	- Contributing to the provision of public services such as health, social services and education. We paid $3,188[2] million in taxes to governments. - Building trust through transparent tax reporting. [2] Total taxes borne by the Group, includes unrecovered GST/VAT, employee related taxes and other taxes. Inclusive of discontinued operations.	- Providing consistent returns to shareholders. - We are paying 79.5% of 2018 cash profit (total Group) to shareholders. - Enabling shareholders to save and invest to meet their personal and business goals. - Providing funding for lending and the economy, and efficiently allocating financial resources. - Facilitating capital and debt raising.
MATERIAL ISSUES										
Fairness and ethical conduct	●	●	●	●	●	●	●	●	●	●
Corporate governance	●	●	●	●	●	●	●	●	●	●
Fraud and data security	●	●	●	●	●					
Customer experience	●	●	●	●	●		●			
Digital innovation	●	●	●	●	●					

16 ANZ 2018 ANNUAL REVIEW

HOW WE CREATE VALUE 17

Source: ANZ Annual Review 2018, pages 16 & 17

Australia Post: John Stanhope AM, Chairman

Australia Post's annual report provides an overview of its business activities and financial, environmental and social performance for the 2018/19 financial year in a single, integrated report.

Australia Post has been preparing its annual report with reference to the Integrated Reporting <IR> Framework since 2016.

What drove the move towards Integrated Reporting?

The understanding that it's not just about our shareholders and financial returns, and that the expectations of customers, the community and our people are far greater things to consider was a key driver for the move. And so at the heart of all that is the recognition that value creation, or value destruction, is linked to all those stakeholders. The driver is to determine how to report in a more meaningful way about the business, and also reduce the number of reports.

How did you get started?

I worked with the CFO to explain to the rest of the executive, including the CEO, the usefulness of integrated reporting. Then we educated the Board because, at the end of the day, the Board signs it off or approves the integrated report.

What involvement did the Board have in planning and developing the first integrated report?

It had the same attention that the previous annual report had, that everyone pays attention to — what's in it, that it's fact based and it's verifiable etc. However the response is just that it's so much easier to read the integrated report, so the time and effort versus the previous annual report was less and more enjoyable.

Part of the objective is user friendliness and helping people understand what's really happening in the business. It's easier to read for the preparer and to sign off for the Board as well.

How did you determine what was material to include in your integrated report?

It wasn't a dollar value. It was again coming from the stakeholder point of view — what are the things that are material to them? We didn't try and put dollars on it. It was the significance of what we are talking about.

Good staff engagement is material, but can I measure it in dollar terms? Do I actually care about dollar measurement, because I know that having an engaged and happy workforce delivers value to the organisation through improved customer engagement as well as a more productive workforce? If I can't get that value message across then I've failed my first test of making my integrated report easier to understand.

How did you ensure the accuracy and balance of new disclosures?

We are on a journey to improve the robustness of the systems and controls supporting new 'non-financial' numbers. Narrative disclosures currently get a similar due diligence process as other disclosures in the annual report. Drawings and pictures, for example of the business model, are verified by the CFO and CEO.

We obtain limited assurance across certain non-financial disclosures. I suspect people will ask for more assurance. They're going to be happy with the limited assurance and Board commentary on best estimates, linked to a disclaimer related to future oriented statements (to minimise director liability whilst there is no safe harbour provision in Australia). It is important that Boards are educated and understand that the liability issue can be, and is being, effectively managed by those organisations moving to integrated reporting.

What have been the key benefits achieved to date from the move to integrated reporting?

The Board gets more clarity in its understanding of the business. In fact I have suggested that the <IR> Framework be used to structure our discussions on strategy at an upcoming Board and executive strategy session.

What has been the feedback from your key stakeholders?

Not much to date. The questioning is still focused on future prospects — 'what's your business model for the future?', 'what's going to happen when?' They want the scorecard and I get that. The scorecard populates models. They want to know whether the Board and management know what they're doing going forward, and so whether they should stay invested.

What are your next steps to embed integrated reporting and thinking through the organisation?

We are already on the next steps. First is 'vertical integration' of integrated reporting into education throughout the organisation to drive more integrated thinking. The second is continually improving. At Australia Post we have adopted integrated reporting for three years and it's still improving.

What would you say to a business leader considering adoption of integrated reporting?

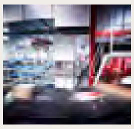
I would say, 'surely you want to report to all your stakeholders in a meaningful, useful way. Surely you would want to recognise that all of those stakeholders have an influence on the value of your organisation.' And you'd like to tell them how you recognise that and what you do to look after them.

I would also say 'if you do that and you're actually even going to say where you've made mistakes and how you're going to rectify them, the trust in your organisation would go up'. And then I would say 'you ought to be thinking in a more integrated way as encouraged by the integrated reporting framework anyway, because if you have to report on that in the integrated report, you ought to think about it before you start doing it'.

Australia Post's performance highlights for each key capital

Australia Post

Performance highlights

1  **Our business performance**

This year, we:
- made a profit after tax of $134.2 million
- achieved a 10% increase in parcel volumes
- achieved a 46% increase in international inbound parcel volumes
- delivered 92.5% of parcels on our first attempt
- conducted a strategic review of the business.

2  **Our people**

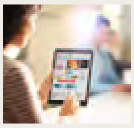
We proudly:
- progressed four enterprise agreements, providing certainty and security for our people
- saw 40% of parcels delivered by posties
- maintained gender pay parity for the second year running
- paid $442 million to licensees
- launched our refreshed three-year safety strategy
- improved domestic and family violence leave, and parental leave for our people
- achieved an employee engagement score of 60%.

3  **Our customers, Our communities**

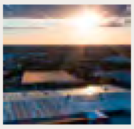
This year, we:
- met or exceeded our Prescribed Performance Standards (PPS)
- contributed $593 million to the community, via government taxes, duties and dividend payments
- gave our customers more choices with MyPost delivery options
- achieved 17.1 net promoter score (NPS) (uncalibrated), + 5.8 points since 2016/17
- increased local support for Australia's small businesses through Small Business Champions
- invested in portable post offices for disaster affected areas.

4  **Our network**

This year, we:
- maintained 4,356 post offices
- maintained 2,538 post offices in rural and regional areas (58% of our retail network)
- increased the number of parcels collected from 24/7 parcel lockers and other parcel collect locations by 14.4%
- successfully delivered the Australian Marriage Law Postal Survey.

5  **Our innovation, Our expertise**

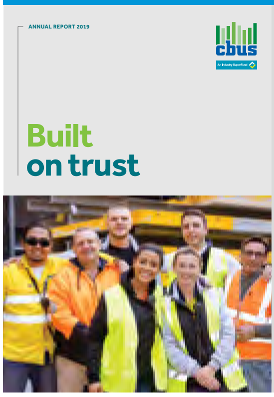
This year, we:
- launched our warehousing and fulfilment startup Fulfilio
- improved the parcel delivery experience with our Text Your Choice innovation
- invested $316.5 million in strategic projects and asset replacement
- worked with entrepreneurs and online sellers to improve the online shopping experience and create new solutions for their customers.

6  **Our environment**

We are working towards a better future for our planet. This year, we:
- launched our first Environmental Action Plan 2018–2020
- installed the largest (at the time) on-roof solar system in the Southern Hemisphere, at our Sydney Parcel Facility
- reduced emissions by 21% compared to 2000 levels, keeping us on track to meet our target of a 25% reduction by 2020
- recycled or reused 14,506 tonnes of materials
- continued to champion the UN Sustainable Development Goals, through circular economy, social procurement, safety and energy efficiency initiatives.

Source: Australia Post Annual Report 2018, page 1

Cbus: David Atkin, Chief Executive Officer



Cbus prepared its first integrated report in 2015. Its 2019 integrated report has progressed significantly. Notable developments in the 2019 report include the integrated report being designated and identifiable as a component of the annual report, and concise, as required by the <IR> Framework.

This enabled Cbus for the first time to state that its integrated report is 'in accordance with' the IIRC's <IR> Framework. In addition, the 2019 integrated report contains an independent limited assurance report on that matter, the first in Australia, and third in the world.

The 2019 integrated report continues to communicate Cbus's focus on delivering positive outcomes for its members and wider stakeholders, in accordance with its statutory, regulatory and fiduciary duties.

What drove the move towards Integrated Reporting?

Regulation is forcing super funds to focus on how they achieve good member outcomes with the resources available to them, and take accountability for delivering on their strategic objectives.

Preparing an integrated report places Cbus well to respond to a recent confluence of threads in the market (the public trust agenda, ESG focus and banking and financial services regulation), regardless of what regulators, or other stakeholders, are looking for.

Cbus is asking the companies in which it invests for more and better information to inform investment decisions. Therefore Cbus too needs to disclose such information and so 'walk the talk'.

How did you get started?

If there is to be a real change in the way that money is invested there needs to be a move from short to long term thinking and integrated reporting is the vehicle. Cbus is in a position to influence how the market thinks and reports, which in turn brings greater long term benefits to members.

The Cbus integrated reporting journey started with a responsible investment / ESG lens to build a competitive advantage by investing in business models which are sustainable over the long term. If you are serious about ESG then it needs to be incorporated into day to day activates, financial decision making and reporting. An integrated report is a natural extension.

What involvement did the Board have?

When developing the initial integrated report, Cbus recognised that transparency and governance were important and saw new regulation coming. The Board was always on this track. Integrated reporting's six capitals concept has been a very useful mechanism to drive Board discussions about strategy and resource allocation.

The integrated reporting journey itself has been management led with Board support.

How did you determine what was material to include in your integrated report?

The key to good integrated reporting is having visibility of who the stakeholders are. For Cbus these are members, contributing employers, Cbus' employees, the superannuation and investment industries, the community, regulators, law makers and the media.

What is included in the integrated report is 'what the members are looking for'. Cbus has a clear member demographic and can provide the information that meets that demographic need. Cbus measures whether activities are actually working through movements in the "Retirement Readiness Index", a Key Performance Indicator with prominence in the Cbus integrated report. Movements in the index tell Cbus whether decisions are actually delivering member value.

What has been the feedback from members and other stakeholders?

Cbus's integrated report is its public flagship report. It is not at this stage widely read by members, but is widely read by employees, regulators and other outsiders seeking to understand Cbus's current position and future outlook.

How do you ensure the accuracy and balance of the integrated report?

Regulators are becoming more active and forceful, and so seeking independent assurance over the integrated report is the next natural progression to ensuring the credibility of our integrated report in 2019. Boards need to demonstrate greater involvement and active governance, and so additional assurance on material disclosures provides demonstrable evidence of that.

What have been the key benefits achieved from a move to integrated reporting?

From an internal perspective integrated reporting has driven more integrated thinking, and Cbus is enjoying the benefits of better internal planning and execution. From an external perspective integrated reporting provides protection in the current environment of buffeting from regulators and public expectations. Cbus is well positioned to respond to regulatory change and use integrated reporting and the integrated report as a source of competitive advantage.

Cbus's objective is to allow members to retire with dignity. There is no point looking just at the next cycle when member outcomes occur over a much longer period. Integrated reporting enables Cbus to think and act with a focus on longer term value creation.

Embedding integrated thinking and ESG into mainstream investment activity in our internalised global equities team over the last three years has resulted in Cbus outperforming the benchmark index by 9% (although measured over a short period — it is a promising sign that <IR> delivers real market benefits).

What are / have been your actions to embed integrated thinking throughout Cbus?

The next executive offsite day will be framed around value creation (integrated thinking) across the organisation and how Cbus did against plan, with respect to member outcomes, integrated thinking, the Banking Executive Accountability Regime (BEAR) and taking the value creation process to another level.

What would you say to a business leader thinking about adoption of integrated reporting?

Although we have yet to see widespread adoption of integrated reporting in Australia, we are seeing many integrated reporting elements coming through corporate reporting. If you are committed to integrated reporting you need to be serious. It requires significant effort and resources and will take several iterations before you get it close to right.

One way or another, integrated reporting is coming so better to be on the front foot now to use it for competitive advantage. It is always easy to push it to the side for later. Don't … Just get on with it.

To leaders of companies that Cbus may invest in — we allocate funds dependent on our confidence levels in your organisation's long term business model, and your ability to demonstrate readiness for the future and a strategy to deliver long term sustainable value. This can be demonstrated through adoption of integrated reporting and integrated thinking.

Cbus 2019 reporting suite

CBUS ANNUAL INTEGRATED REPORT

Cbus is the leading industry super fund for those working in building and construction and other industries that build Australia.[1]

Our member-first approach is guided by the unions and the employer organisations of the building and construction industry.

Our reporting suite

Cbus Annual Integrated Report

In 2019, we have expanded our reporting suite. The first part of this report is our Cbus Annual Integrated Report, produced in accordance with the International Integrated Reporting Framework. In line with this framework, it is a concise communication about how our strategy, governance, performance and prospects create value for our members and other stakeholders. It focuses on material matters and looks at how we manage risk and make investment decisions.

Pages 2–36.

Cbus in Review 2019

Cbus in Review 2019, that follows, takes a deeper look at developments and achievements at Cbus over the last 12 months. It covers a range of areas including members, employers, investments, people and culture, technology and policy and advocacy.

Pages 37–93.

Supplements

Together with the Cbus Annual Integrated Report and the Cbus in Review 2019 we have provided more detailed information about Cbus and our investments in our supplements.

These reports together meet the requirements of the Global Reporting Initiative's (GRI) Sustainability Reporting Standards. Our Responsible Investment supplement reports against the recommendations of the Task Force on Climate Related Financial Disclosures (TCFDs).

The supplements are available online.

We have also highlighted how our work contributes to the United Nations Sustainable Development Goals (SDGs). The United Nations has developed 17 SDGs to end poverty, protect the planet and ensure prosperity for all. Achieving these goals is a shared responsibility for governments, industry and the community. In our report we use the SDG icons to show where we contribute. On page 36, we have also summarised the SDGs that we believe we can invest in, engage with and advocate for to make a difference.

www.un.org/sustainabledevelopment/sustainable-development-goals

Our reports address the needs of our diverse stakeholders. The information we have provided reflects our commitment to operating with integrity and transparency. You can access the reports on our website.

www.cbussuper.com.au/about-us/annual-report

KPMG were engaged to provide limited assurance over the Cbus Annual Integrated Report on pages 2 to 36 in accordance with the International Integrated Reporting Council's International Integrated Reporting <IR> Framework. The assurance report is presented on page 90.

1. Based on our analysis of Roy Morgan data for member accounts and total assets, financial year ended 30 June 2019.

2 Cbus Annual Integrated Report 2019

Source: Cbus Annual Integrated Report, page 2

Deakin University: Kerrie Parker, Chief Financial Officer

Deakin University's 2018 Annual Report is an initial step towards Integrated Reporting; it aims to show how Deakin creates value for its stakeholders now and into the future.

The report demonstrates Deakin University's overall performance and values, describing the enablers that create value for their stakeholders. Through Integrated Reporting, Deakin is providing greater transparency to their stakeholders on how we meet our corporate social responsibilities.

What drove the move towards Integrated Reporting?

Higher education providers have a challenge in terms of value perception by stakeholders. They provide value (outcomes) far beyond financial returns (i.e. research of benefit to business, betterment for society etc.). Integrated reporting allows Deakin to convey this value story holistically.

How did you get started?

Deakin's Business School was the first in Australia to develop a focus on integrated reporting to improve transparency and trust. With a strong belief in integrated reporting from the Council and Executive, it was entirely appropriate that Deakin issue an integrated report. Deakin's move to integrated reporting was a reflection of putting research into practice.

What involvement did the Council have in planning and developing the first integrated report?

The Chancellor engaged the Council on the benefits of integrated reporting. Initially the drive was to improve and streamline our current annual report. As we explored integrated reporting we focussed on how Deakin was delivering on its strategy with a more integrated approach to our thinking. The early workshops culminated in a Council paper recommending preparation of an integrated report. Fast forward to today and integrated reporting is about the organisation's understanding of its own strategic objectives, its contribution not just financially but holistically to its communities and all stakeholders and how it is performing against those objectives.

Ownership of the integrated report at Council sits with the Audit and Risk Committee as it has carriage of the Annual Report.

How did you determine what was material to include in your integrated report?

Financial materiality is easy and well established. Materiality of non-financial matters is more subjective. Higher education providers are in a position to influence the thinking of broader society, but how is it possible to measure such an intangible thing as "society's thinking"?

It was very hard to quantify the value of Deakin's contribution to preparing students for jobs of the future, to the community in particular Geelong, Victoria (e.g. jobs, skills) and more broadly through the value of its many research initiatives to society. Both teaching and research provide a significant value to society, but teaching is currently where value is attributed because it can be measured in dollars.

What has the feedback on your first integrated report been like?

Historically there have only been a small number of readers of Deakin's annual report. However, all of Deakin's competitors have read our 2018 integrated report and fed back that it is a good report. Prospective students are also likely to consider it when evaluating whether Deakin was an institution that they would want to be associated with.

How have you ensured accuracy and balance in your integrated report?

The report does not have independent assurance at this stage. There is a process of internally validating the accuracy and content of the report which is a manual process. Management representations are provided on the financial report but do not yet extend to other disclosures in the integrated report.

What have been the key benefits achieved to date from the move to integrated reporting?

The key benefits include encouraging strategic thinking within the organisation, having the conversation about strategy and the business model, and providing a framework to explain Deakin's overall contribution beyond the financials i.e. a whole of organisation view.

Government funding to Universities is constantly under scrutiny and the funding model is not aligned to the genuine outcomes of the organisation. With the ability to articulate our contribution across a broad spectrum of areas and how we provide benefit to our many and varied shareholders with integrated reporting we should help change the discussion and resultant model.

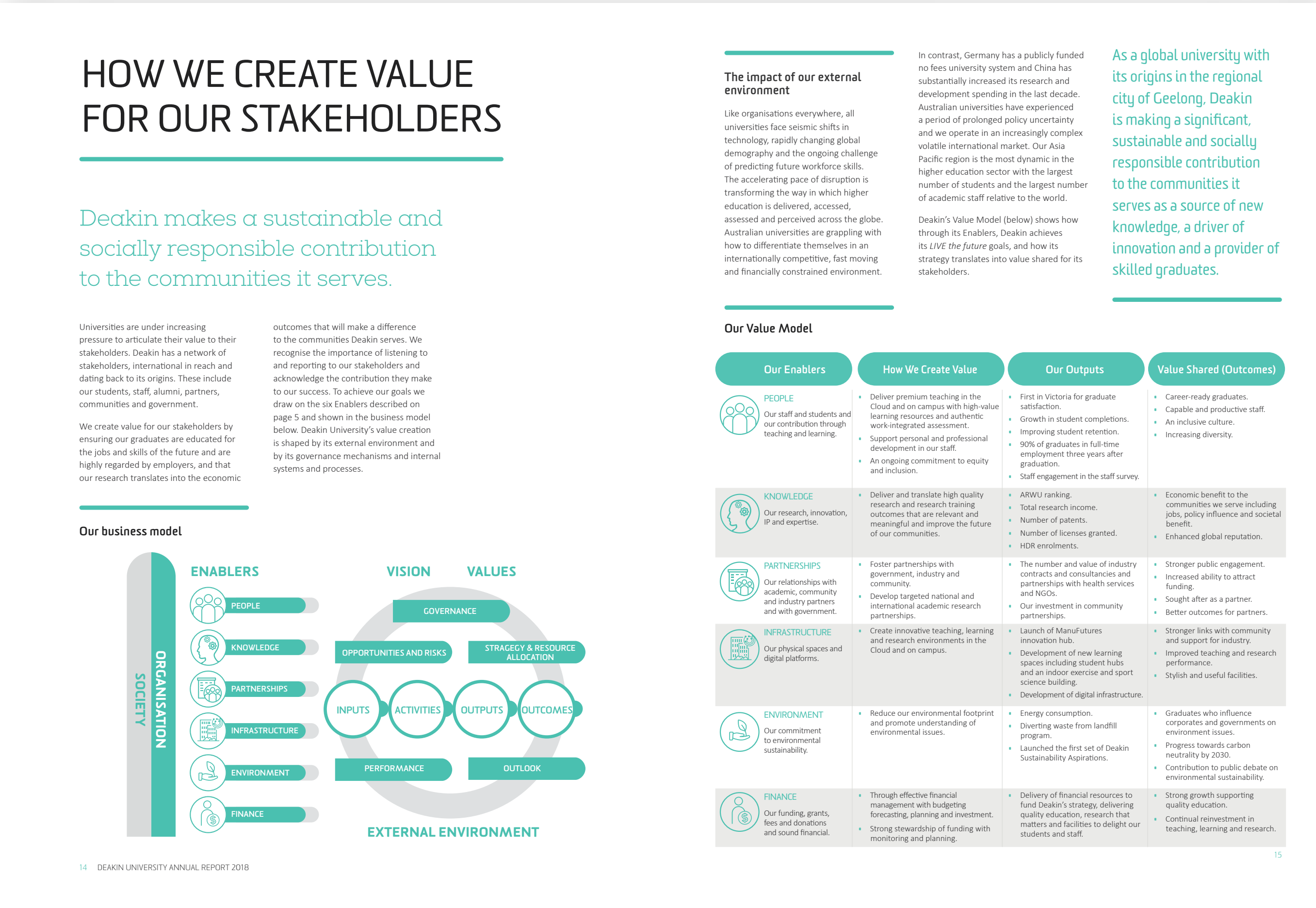
What are your next steps to embed integrated reporting throughout the university?

With a new Vice Chancellor on-board it is a perfect time to refocus on the strategy and utilise the methodology and approach of integrated reporting to complement the development of this new thinking. The development of our 2020 Annual Report will allow us to communicate our new strategy and how it will enhance the value of Deakin's contribution to all our stakeholders. With greater reporting of non-financial / intangible measures, assurance will become increasingly important (both internal and external) due to the complexity of measurement. Current processes and systems will need to be enhanced to be audit-ready. Assurance is not planned for 2019 but perhaps some element of assurance could be introduced in 2020.

What would you say to another university or business leader thinking about, but not yet committed to, adoption of integrated reporting?

Start at the top. If it is not Board and Executive sponsored it will not get the focus and attention required, and resources will be wasted and / or a poor product will result.

Overview of how Deakin University creates value for all stakeholders



HOW WE CREATE VALUE FOR OUR STAKEHOLDERS

Deakin makes a sustainable and socially responsible contribution to the communities it serves.

Universities are under increasing pressure to articulate their value to their stakeholders. Deakin has a network of stakeholders, international in reach and dating back to its origins. These include our students, staff, alumni, partners, communities and government.

We create value for our stakeholders by ensuring our graduates are educated for the jobs and skills of the future and are highly regarded by employers, and that our research translates into the economic outcomes that will make a difference to the communities Deakin serves. We recognise the importance of listening to and reporting to our stakeholders and acknowledge the contribution they make to our success. To achieve our goals we draw on the six Enablers described on page 5 and shown in the business model below. Deakin University's value creation is shaped by its external environment and by its governance mechanisms and internal systems and processes.

Our business model

14 DEAKIN UNIVERSITY ANNUAL REPORT 2018

The impact of our external environment

Like organisations everywhere, all universities face seismic shifts in technology, rapidly changing global demography and the ongoing challenge of predicting future workforce skills. The accelerating pace of disruption is transforming the way in which higher education is delivered, accessed, assessed and perceived across the globe. Australian universities are grappling with how to differentiate themselves in an internationally competitive, fast moving and financially constrained environment.

In contrast, Germany has a publicly funded no fees university system and China has substantially increased its research and development spending in the last decade. Australian universities have experienced a period of prolonged policy uncertainty and we operate in an increasingly complex volatile international market. Our Asia Pacific region is the most dynamic in the higher education sector with the largest number of students and the largest number of academic staff relative to the world.

Deakin's Value Model (below) shows how through its Enablers, Deakin achieves its *LIVE the future* goals, and how its strategy translates into value shared for its stakeholders.

As a global university with its origins in the regional city of Geelong, Deakin is making a significant, sustainable and socially responsible contribution to the communities it serves as a source of new knowledge, a driver of innovation and a provider of skilled graduates.

Our Value Model

Our Enablers	How We Create Value	Our Outputs	Value Shared (Outcomes)
PEOPLE Our staff and students and our contribution through teaching and learning.	• Deliver premium teaching in the Cloud and on campus with high-value learning resources and authentic work-integrated assessment. • Support personal and professional development in our staff. • An ongoing commitment to equity and inclusion.	• First in Victoria for graduate satisfaction. • Growth in student completions. • Improving student retention. • 90% of graduates in full-time employment three years after graduation. • Staff engagement in the staff survey.	• Career-ready graduates. • Capable and productive staff. • An inclusive culture. • Increasing diversity.
KNOWLEDGE Our research, innovation, IP and expertise.	• Deliver and translate high quality research and research training outcomes that are relevant and meaningful and improve the future of our communities.	• ARWU ranking. • Total research income. • Number of patents. • Number of licenses granted. • HDR enrolments.	• Economic benefit to the communities we serve including jobs, policy influence and societal benefit. • Enhanced global reputation.
PARTNERSHIPS Our relationships with academic, community and industry partners and with government.	• Foster partnerships with government, industry and community. • Develop targeted national and international academic research partnerships.	• The number and value of industry contracts and consultancies and partnerships with health services and NGOs. • Our investment in community partnerships.	• Stronger public engagement. • Increased ability to attract funding. • Sought after as a partner. • Better outcomes for partners.
INFRASTRUCTURE Our physical spaces and digital platforms.	• Create innovative teaching, learning and research environments in the Cloud and on campus.	• Launch of ManuFutures innovation hub. • Development of new learning spaces including student hubs and an indoor exercise and sport science building. • Development of digital infrastructure.	• Stronger links with community and support for industry. • Improved teaching and research performance. • Stylish and useful facilities.
ENVIRONMENT Our commitment to environmental sustainability.	• Reduce our environmental footprint and promote understanding of environmental issues.	• Energy consumption. • Diverting waste from landfill program. • Launched the first set of Deakin Sustainability Aspirations.	• Graduates who influence corporates and governments on environment issues. • Progress towards carbon neutrality by 2030. • Contribution to public debate on environmental sustainability.
FINANCE Our funding, grants, fees and donations and sound financial.	• Through effective financial management with budgeting forecasting, planning and investment. • Strong stewardship of funding with monitoring and planning.	• Delivery of financial resources to fund Deakin's strategy, delivering quality education, research that matters and facilities to delight our students and staff.	• Strong growth supporting quality education. • Continual reinvestment in teaching, learning and research.

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Source: Deakin University Annual Review 2018, pages 14 & 15

Dexus: David Yates, Executive General Manager, Investor Relations, Communications and Sustainability

Dexus continues to enhance its reporting to better articulate how the business creates long-term value for Security holders, third party capital partners and other key stakeholders.

This year's annual report aligns with the <IR> Framework to outline the key resources and business activities undertaken to create sustained value. It also explores the external factors, or key megatrends, influencing the business model and identifies the key risks and material issues that could impact the business.

What drove the move towards Integrated Reporting?

Over the past couple of years, the conversations we've been having with investors have evolved to focus more on the longer term, especially with Australian and global superannuation investors who have longer term investment horizons consistent with those of their members. They have increasingly been asking us to answer the question that lies at the heart of integrated reporting, "How does Dexus create long term sustainable value?"

How did you get started?

Our journey has been one of continual improvement over the past five years. We streamlined our annual reporting suite and enhanced our sustainability reporting to reflect our integrated sustainability approach. When we were ready to integrate key sustainability information into our annual report, we consulted the <IR> Framework and developed a blueprint. This included developing an understanding of how we deployed the key capitals defined by the <IR> Framework when creating long-term value. This process was facilitated by our integrated sustainability approach, which had long recognised the importance of our people, customers, communities, suppliers, cities, and natural environment in supporting the delivery of our corporate strategy.

What involvement did the Board have in planning and developing the first integrated report?

When we delivered our Annual Report in 2018, we signalled to the Board that we were preparing to adopt an Integrated Report for 2019 and that would mean changes to the way we report.

We received up-front feedback and buy-in from both the Chair of the Board and the Chair of the People and Remuneration Committee and ensured that we provided periodic updates to the entire Board on our progress. In early 2019 we presented the Board with a blueprint of the Integrated Report to obtain feedback on the overall structure and high-level content. Importantly this meant that when the report came together, and subsequent drafts were reviewed, there were no surprises.

It helped that many of our Board members were already having conversations with fellow Directors on other Boards who were having similar discussions relating to reporting.

How did you determine what material to include in your integrated report?

We completed a materiality assessment to identify our material issues, obtaining views and opinions from a variety of key internal and external stakeholders. We then considered how each of these material issues aligned with our key risks, impacted our key resources and could affect Dexus's ability to create value over the short, medium and long term. We prioritised the issues to determine which ones were material and should be included within the Integrated Report.

How have you ensured the accuracy and balance in your integrated report?

We have a robust internal verification process. Each business unit has a verification and due diligence champion whose responsibility is to confirm and question the accuracy of their data. We also obtained limited assurance over key environmental and social sustainability metrics.

As part of the process to develop our value creation model, we identified the financial and non-financial measures that we use to measure value creation outcomes related to our key resources. These measures were agreed by management and the Board early on in the process, forming an established outcomes measurement framework that we will use annually. Using an agreed outcomes measurement framework helps establish balance by protecting against the urge to report only those measures that are favourable.

What has the feedback on your first integrated report been like?

It's still early days but the external feedback we've received from investors is encouraging as they are asking even more questions relating to value creation. Internally we've had great feedback from the key teams involved in the report's production as they understand its relevance to investors and other key stakeholders.

What have been the key benefits achieved to date from the move to integrated reporting?

There is a broader understanding within the business about how the different activities we undertake contribute to value creation. Whether it be undertaking a transaction or development project, interacting with our customers or volunteering for the community, our people understand how it relates to not just our short-term financial results, but also to long-term value creation. We are seeing integrated thinking being embedded across the business.

What are your next steps to embed integrated reporting throughout the business?

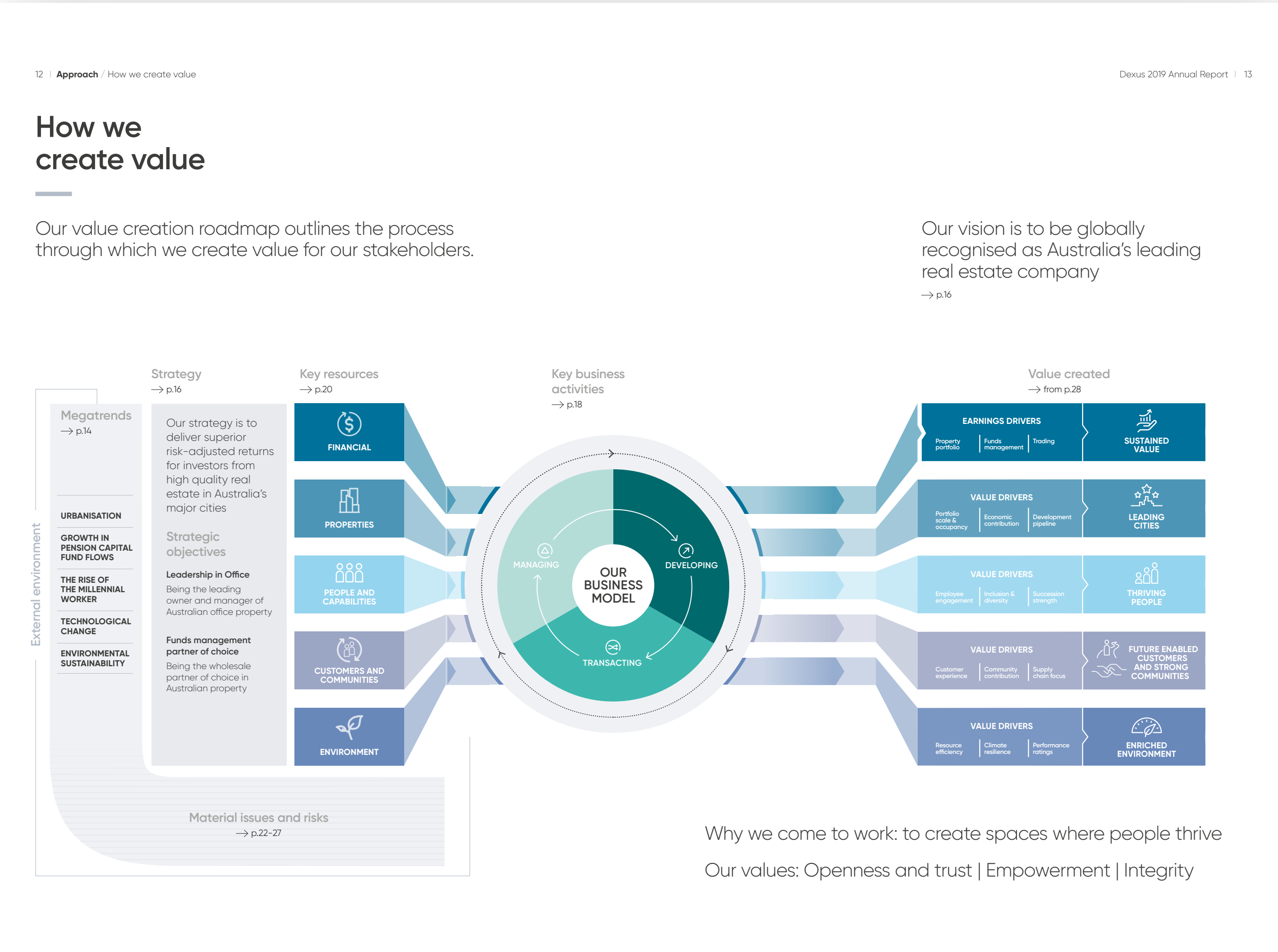
We have worked with the Board to establish a new Board ESG Committee. Oversight of environmental and sustainability matters had previously been the responsibility of the Board Risk Committee. The Board has identified that the relationships with our customers and communities, what we are doing for own people and our impact on the environment are three key resource interactions that are critical to long term value creation, and they wanted to make sure that these proactive measures receive appropriate strategic attention.

We have also redesigned the way in which we communicate internally by categorising information around each of the key resources, in a similar way to our Integrated Report format. We've even had one of our Directors mention that they could see the potential and benefits for future reporting to the Board and Board Committees.

What would you say to another business leader thinking about, but not yet committed towards adoption of integrated reporting?

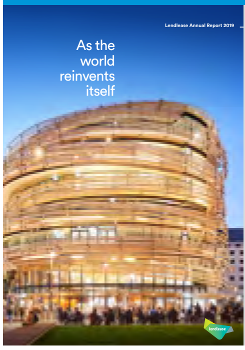
If the business already has an established sustainability strategy and reporting rhythm, then adopting integrated reporting is less of a content challenge and more of an exercise in education and buy-in. Talk to people internally about going down the path of integrated reporting and what the benefits could be. Talk to your Directors about their appetite for change and understand from your investor relations team what their key topics of discussion are and if they are becoming broader. If your investor base includes responsible long-term investors or superannuation funds, they will certainly be wanting to understand your long-term value story.

Overview of how Dexus creates value for its stakeholders



Source: Dexus Annual Report 2019, pages 12 & 13

Lendlease: Michael Ullmer AO, Chairman



Lendlease commenced its journey towards adoption of the integrated reporting principles in 2015 when it 'cut the clutter' in the financial report, and then again in 2016 when it presented its first annual report with reference to the integrated reporting principles.

In 2016 Lendlease was able to remove two reports from its reports portfolio, which saved an estimated six weeks of management time at year end in preparing reports and presentations, as well as realising other internal benefits. The resultant report has been supported by investors. Lendlease won the Australasian Reporting Awards' Integrated Reporting Award in 2017 and 2018.

What drove the move towards Integrated Reporting?

Integrated reporting was a natural evolution in our corporate reporting. The Lendlease founder said at the 1972 AGM that the time was not far off when companies will have to justify their worth to society, with greater emphasis placed on environmental and social impact than straight economics — so it has always been a part of the DNA of Lendlease. Part of the company's core values is to report in a clear manner in order to give stakeholders high quality information.

Good corporate reporting provides us with a competitive advantage — clearer reporting to all stakeholders, including Governments. Stakeholders appreciate the fact that Lendlease corporate reporting is transparent and covers more than just financial information.

How did you get started?

Lendlease was led by management in getting started on integrated reporting. Integrated reporting was the next logical step in how we report. Integrated reporting considerations exist throughout the Lendlease integrated business plan, which is built around our pillars of value.

How did you determine what was material to include in your integrated report?

Material information is more than a number. It is determined based on the company's business model — that is, what would be significant for stakeholders to know about the business in terms of its strategy and resource allocation, risks and opportunities, governance, and business model.

How did you ensure the accuracy and balance of new disclosures (narrative and KPIs)?

Integrated reporting has been a feature of Lendlease's thinking for the last three to five years.

Previously, in the financial reporting area, Lendlease had different systems around the globe, and different iterations of the same systems within countries. It has now implemented the same system and same version in order to promote standardisation and uniformity around the world.

This process was driven by the CFO. All management reporting systems are now integrated reporting focused, helping with the integrity and quality of management reporting with regards to integrated reporting. Controls over reporting about the strategy and resource allocation, risks and opportunities, governance and business model, are more judgemental, and exercised at senior levels within the organisation.

It is inevitable that there will be broader and deeper assurance on our integrated reporting in time.

What have been the key benefits achieved to date from the move to integrated reporting?

Integrated reporting is intrinsic to the Lendlease business model. Understanding non-financial information helps engage customers in a different way through the integrated report.

What has been the feedback from your investors?

Shareholder feedback has been very positive about the quality and clarity of our reporting, including in our integrated report. We are finding a significant increase in interest from the investment community in our approach to sustainability.

There is different feedback from different markets. For example, Australian markets are more progressive than US markets.

What are your next steps to embed integrated reporting, and integrated thinking, throughout the organisation?

Our integrated thinking and integrated report will continue to evolve with our strategy. We are starting to develop our next sustainability plan, due for release in 2020. The quality and sophistication of such planning will improve as integrated reporting becomes more embedded in the company. Future reports will start to incorporate reporting under the TCFD framework.

What would you say to a business leader thinking about, but not yet committed to, the move towards integrated reporting?

Just start the journey now. You will get a lot of value by just going through the integrated reporting process, thinking about what to do. To the extent it is not already fully known, it will help you understand what is driving your business. It helps everyone get on the same page. For example, it breaks down walls between Finance and Sustainability.

Integrated reporting needs the CFO to be completely bought-in and driving the process from the top down. This is because the CFO controls the resources.

Lendlease's five focus areas of value creation

40 / As the world reinvents itself

Lendlease Annual Report 2019 / Managing and Measuring Value / 41

Our five focus areas of value creation

At Lendlease, we have five areas through which we focus our endeavours to create long-term value[1].

These underpin our ability to create economic, safe and sustainable outcomes for our customers, partners, securityholders and the community.

While we approach our focus areas with an innovative mindset, our decisions are supported by disciplined governance and risk management.

> Companies must start justifying their worth to society with greater emphasis placed on environmental and social impact, rather than just straight economics.
>
> Lendlease founder, Dick Dusseldorp (1973)

Area of focus	Material issue	How we deliver value	Value created	How we measure value
Health and Safety	Operating safely across our operations and projects. Maintaining the health and wellbeing of our employees and those who engage with our assets and sites.	We are committed to the safety of our people and those who interact with our assets and sites. Through our Global Minimum Requirements (GMRs) we operate to a consistent standard across all operations. These GMRs extend to physical safety and people's health and wellbeing.	Operating safely helps people feel valued and cared for, and fundamentally makes us more consistent, reliable and efficient in everything we do.	**Percentage of projects with no critical incidents:** A critical incident is an event that has the potential to cause death or permanent disability. This is an indicator unique to Lendlease. **Critical Incident Frequency Rate:** A Lendlease indicator measuring the rate of critical incidents. **Lost Time Injury Frequency Rate:** An indicator and industry standard measuring a workplace injury which prevents a worker from returning to duties the next day.
Financial	Delivering securityholder returns. Maintaining strong capital management to support ongoing investment in our future pipeline.	We deliver returns to our securityholders and adopt a prudent approach to capital management with a view to maintaining a strong balance sheet throughout market cycles.	Margins, fees and ownership returns across Development, Construction and Investments. Our Portfolio Management Framework sets target guidelines for how we manage our portfolio.	**Return on Equity:** The annual Profit after Tax attributable to average securityholders' equity throughout the year. **Earnings per Security:** Profit after Tax attributable to securityholders divided by the average number of securities on issue during the year.
Our Customers	Understanding our customers and responding to changes in the market. Designing and delivering innovative, customer driven solutions to win the projects we want to win and ultimately deliver the best places.	Embedding a process of continuous improvement based on customer insights and actions identified through market research. This approach also consistently measures customer satisfaction and advocacy.	Evolves our ability to improve the customer experience, building our brand and reputation, enabling us to win more work and grow our business. Customer feedback also provides greater insight into product development and innovation opportunities.	**Customer satisfaction and advocacy tracked:** Measured at the regional and business unit level and reported annually to our Global Leadership Team. Action plans are developed to drive continuous improvement in the customer experience, supporting the delivery and growth of our development pipeline, construction backlog and funds under management.
Our People	Attracting, developing and retaining diverse talent. Ensuring we have the right capability across the organisation to deliver results for all stakeholders.	We attract, develop and retain diverse talent by building a culture of collaboration and continuous learning, where successes are recognised and people are rewarded. We invest in developing leaders and capabilities to drive our success.	Capable and motivated people committed to the long-term success of our business. Effective succession planning and leadership transitions support business continuity and can reduce risks. Diversity of thought and experience can support innovation, knowledge sharing and better decision making.	**Retention of key talent:** The organisation benefits from its investment in leaders and key workforce capabilities. **Succession strength:** Demonstrates depth of capable talent ready to progress into leadership roles. **Leadership positions held by women:** Demonstrates our broader commitment to diversity and inclusion, and our objective of increasing female representation across our business.
Sustainability	Managing and optimising our performance in the context of challenges facing the built environment, including climate change and social pressures such as population growth and housing affordability.	As a signatory to the United Nations Global Compact, we are committed to the continuous improvement of our operations. We integrate strategies to mitigate the impact of climate change. For example, as a developer, Lendlease is committed to the creation of independently rated green certified buildings and precincts and climate resilient communities. We aim to deliver inclusive, healthy and adaptable places that can thrive through change.	Recognised leadership in sustainability enhances our brand and is a competitive differentiator. It also provides more opportunities to partner with governments, investors and the private sector who are placing increasing importance around Environmental Social Governance (ESG) matters.	**2020 targets:** Measurement of our 20 per cent reduction targets by 2020 across water, waste and energy. **Total development pipeline targeting green certification:** Demonstrates our commitment to green buildings across our development pipeline.

1. Previously referred to as Pillars of Value.

Source: Lendlease Annual Review 2019, pages 40 & 41

Transurban: Lindsay Maxsted, Chair and Independent Non-executive Director

Transurban is at the early stages of its move towards adoption of integrated reporting. In 2019 it enhanced the Annual Report, renamed it the Corporate Report and focused it on communicating the value created for all key stakeholder groups.

What drove the move towards Integrated Reporting?

We are working really hard to explain that there is much more to Transurban than financial returns based on ever increasing tolls. That was the basis for our entry to integrated reporting.

Over the last two to three years we have evolved our corporate reporting so that our annual report, and more particularly our investor presentation, are built up to address other stakeholder interests. We then say 'if we are going to do it for an investor presentation, then the next logical spot to do it is in the annual report'. So in a way our entry was partly involuntary.

What drove Transurban to select integrated reporting amongst other frameworks as its primary corporate reporting framework?

A lot of the other reporting frameworks wouldn't even be on our radar. In terms of our objectives, integrated reporting was the natural choice. However, there was not a lot of discussion about what the other choices were.

Integrated reporting was a natural evolution for us.

We are also interested in what ACSI and others such as Dow Jones see as really good reporting.

What role did the Board have in planning and developing the 2019 Transurban integrated report?

Integrated reporting was discussed though the Audit Committee, through the Risk Committee and at Board level. It was a push through from management up to the Board as opposed to the Board forcing it down onto management. That is the right way to go. Then the Board was very interested. Two or three Board members in particular became huge supporters and proponents of what we are doing on integrated reporting.

The Board's involvement was really only in the three to four months leading up to year end. The Board was reminded, 'this is how we're going about it. It's going to look different this year. This is the shape of it.' Individual directors then had input. As Chair I looked to make sure that there was nothing wrong with the report, as opposed to how impactful and how good aspects were. I did spend a lot of time thinking about what was not there that ought to be. I take the same approach as I take to the financial statements. Does the integrated report cover the areas that I wanted covered?

How did the Board satisfy itself as to the accuracy and balance of what was included?

When we were referencing to numbers (e.g. targets), the Board asked management questions about their due diligence process in relation to the integrated report, such as, 'where is that number coming from? Is it coming from our core systems? If not where is it coming from?'

Then as a Board member I can read narrative and form a conclusion such as, 'yes I know that is my company'.

Being on the BHP Board has exposed me to the UK standard of Boards signing off on whether the overall report is 'fair, balanced and understandable'. So when I read the Transurban integrated report, I think about that sort of concept, and being able to ask, 'does this really portray what I am thinking about when I am reading the issues covered? Does the report reflect what I think of the organisation? Are there any issues in the report which are contentious in some way which we need to clarify?'

Overall the report has got to portray, for me as Chair, 'yes, they are the big ticket items when I think about that stakeholder group'.

What have been key benefits to date for Transurban from its integrated reporting journey?

At the moment I am thinking of the benefits of integrated reporting as being able to properly articulate what we do, as opposed to it triggering us to do something different in the future. That may change over time. So the biggest benefit for Transurban at this stage, is that the integrated report describes the conversation in a very fulsome way to those that are interested in it.

We have had good interactions with investors, and we have had some terrific feedback. The investor feedback, to a man and a woman, has been very complimentary about the way the annual report has been laid out. I can't imagine other stakeholder groups being any different, but I don't have the data on that yet.

I have no doubt that what we are talking about in the integrated report is fundamental to the success of the organisation.

It then becomes a question of, 'do I have to write it down in an integrated report every 12 months to keep reminding me of that, or have I got other systems around me, or the way the organisation is governed?' I think that's the point.

What would your advice be to a Chair or CEO that's thinking about embarking on an integrated reporting journey?

Do not be afraid of it. Don't think, 'this is a huge burden and it's going to be costly or unduly time consuming. It will be time consuming but it will be worthwhile time spent.'

So if you're in that frame of mind, you might be one of the entities which isn't really seeing the benefits of looking through what's behind integrated reporting in terms of maximising real value for the company.

So the journey itself can be a really important exercise to focus on all things that matter.

Each of my three companies 'get it' in relation to integrated reporting. They get that it is all about long term shareholder value and you cannot create long term shareholder value unless you are thinking and positively acting in relation to all of the different stakeholder groups which get covered in integrated reporting.

Transurban's strategy and the value it is striving to create for its stakeholders

12 Transurban FY19 Corporate Report

Introduction and overview 13

Our strategy

Purpose: **To strengthen communities through transport**

Strategy: Provide sustainable transport solutions that offer choice, reliability, safety, transparency, and value

We do this by:

Stakeholder engagement
We strive to be a trusted partner to communities, customers, governments, our people, business partners and suppliers and investors

Optimal networks
We strive to maintain a leading understanding of the transport needs of our markets

Delivery and operations
We invest in technology, innovation and people to make transport safe, reliable, simple and sustainable

Disciplined investment
We maintain a 'best-for-network' approach to value-adding, opportunity development

The value we're striving to create for our stakeholders:

Customers	The millions of people and businesses that use our roads and services.	More productive and liveable cities through: • faster and more reliable travel times • safer roads • choice, convenience, transparency and value for customers in the travel routes they take and the way they interact with us.
Community	The communities of Sydney, Melbourne and Brisbane in Australia and the Greater Washington Area and Montreal in North America.	Better connected and more sustainable communities through: • improved productivity and easier access to goods and services through direct transport connections • reduced through-traffic in local neighbourhoods • job creation through construction projects and flow-on employment opportunities • highest standards of community engagement to create local neighbourhood benefits • investment in community projects and partnerships • focus on environmental initiatives to improve local ecology and reduce the impact of our operations.
Our people	Our almost 3,000 strong workforce, our pipeline of emerging talent and the thousands of sub-contractors who represent Transurban across our projects and operations every day.	Highly capable workforce through: • job creation and skills development • development of emerging talent • focus on safety and employee wellbeing.
Government and industry	Our partners in federal, state and local governments and the transport and business community we are active in.	Innovative and efficient transport infrastructure to cater for growing urban populations through: • capital input freeing up government balance sheets for other priorities • potential to fast-track project delivery and for private sector to take on project or financial risks • private sector expertise in innovative design, construction and operations • contribution to public policy debate.
Business partners and suppliers	The 1,600+ network of suppliers and partners that provide the goods and services we rely on to deliver for our customers.	Better environmental and community outcomes through influence in our extensive supply chain through: • long-term relationships with lasting economic benefits in employment, goods and services procurement • risk management within our supply chain • opportunities for innovation and sustainable outcomes within supply chain.
Investors	The institutional, superannuation, retail and debt investors that provide us with the capital to deliver long-term, responsible growth.	Sustainable investment proposition through: • balanced distribution growth and long-term value creation • disciplined approach to future opportunities • superior ESG (environmental, social and governance) industry performance.

Source: Transurban Corporate Report 2019, pages 12 & 13

How KPMG is helping

KPMG's investment in better business reporting and enhanced transparency

KPMG's Better Business Reporting (BBR) team is here to help organisations plan and implement a practical approach to improve corporate reporting (and related internal practices) so that changes are prioritised, cost and business disruption is minimised, and organisational and market benefits are optimised.

KPMG Australia has been focused on BBR for 20 years, and has assisted pioneering organisations for the last seven years implement the principles of integrated reporting. Team members were involved in developing the <IR> Framework and associated guidance (2010–13), and are IIRC Board members and Ambassadors. We also have a representative on the International Auditing Standards Board's advisory panel developing guidance on assurance over extended external reporting, and the Australian Accounting Standards Board's (AASB) Disclosure Initiatives' advisory panel focused on the new IASB Management Commentary guidance amongst other matters. A member of the KPMG UK BBR team is on secondment to the IASB for a key role in updating the Management Commentary guidance.

Since 2010 KPMG has also invested in establishing and running the Australian Business Reporting Leaders (BRLF) forum, chaired by John Stanhope AM, as an open discussion group aimed at providing a forum for all participants engaged in business reporting to discuss and drive opportunities to improve reporting and transparency in Australia. Further details are available at www.brlf.net.

How KPMG supports organisations to build trust through enhanced transparency

We support organisations improve their external reporting and underlying internal reporting practices in a number of ways, including:

Education and establishing a reporting strategy

- Facilitation of Board, executive and team education and training on the benefits of integrated reporting and application of integrated thinking within internal decision making and reporting. An important aspect of this is clarifying what integrated reporting is, and what it is not.
- The journey and investment should be based upon a clearly defined business case setting out a required or desired return on investment, which is owned by the senior executive and signed off by the Board. We believe that the business benefits realised from investing in an integrated reporting journey are significant in terms of business performance improvement, stakeholder engagement, and ultimately capital allocation and the cost of capital.
- At KPMG, we are experienced in assisting organisations define and put their business cases to the Board and/or executive, including assisting them in prioritising the nature and timing of the benefits that their integrated reporting investment will bring.

Getting started

Getting started is often challenging. However, the changes required by the 4th Edition will require process changes and so organisations should start to take action now. KPMG has assisted many organisations get started in the appropriate way for their own circumstances, including:

- Performing a gap analysis of existing reporting against the requirements and guidance of the <IR> Framework, ASIC's RG247, ASX Corporate Governance Principles & Recommendations, global best practice and other relevant reporting frameworks.
- Assistance in focusing on quick wins to enhance current reporting, using the KPMG Report Benchmarker (page 35) and client experience, followed by facilitated discussion to de-clutter and then restructure and improve the financial statements, governance report, directors' report (including the OFR) and remuneration report.
- Undertaking stakeholder engagement and materiality assessment processes to help identify and prioritise matters material for reporting in the integrated report or reports portfolio.
- Advising organisations on how to improve the alignment of executive remuneration (incentives and bonuses) with the delivery of strategic objectives, performance and value creation in the short, medium and long term.
- Advising organisations how to prepare for the new ASX Corporate Governance R4.3 so that they are ready to make a positive adoption statement which can withstand regulatory scrutiny when R4.3 becomes effective for their organisation. We recommend the use of integrated reporting principles in the OFR, and ensuring that corporate reporting processes are geared to this, as a sound basis for making a credible R4.3 adoption statement.
- The results of these activities are used to further enhance the organisation's reporting strategy and determination of what to include in the flagship report and supplementary information for the reports portfolio.

Reports portfolio

- Supporting the determination of the reports portfolio within the timeframe of R4.3 (4th Edition), including defining and producing the flagship report (from initial blueprint to final document) and navigation (connectivity) to other reports / website containing greater detail.
- Supporting the identification and definition of reportable KPIs, risk management mechanisms / metrics, and underlying data sources.
- Supporting in development of the Board Verification Matrix, drafting the R4.3 adoption statement and undertaking any further verification work to address gaps and/or confirm 'accuracy and balance' of relevant disclosures to ensure that a positive adoption statement can be supported.
- Advising on the alignment of internal reporting (Board and management) to focus on the key drivers of value reported in the integrated report, and removal of superfluous internal reporting.
- Supporting the Board and management in determining when to move from adoption of the principles of integrated reporting to application of the <IR> Framework, once the processes, systems, team and reports (IRMS — see below) are embedded and operating effectively. This involves change management support.

Extended and integrated assurance

- As organisations move towards integrated reporting, there is an increased focus on narrative and non-financial disclosures that are material to the long term delivery of strategic value. This information is used by investors and other stakeholders and therefore must be 'investment-grade'.
- We work through the relevant processes and controls with clients to ensure they are 'assurance-ready'; and then depending on our client mandate, we provide independent external assurance, internal audit assurance or undertake other procedures to support the organisation in ensuring data purported to be 'investment grade' is in fact accurate, balanced, understandable and credible.

Integrated Reporting Management Systems

- Advising on integrated reporting management systems (IRMS) which will underpin the integrity of all external and internal reporting, and help embed integrated thinking. Based on the reporting strategy, we support clients to align processes and systems to remove unnecessary reporting, and better capture and report on a systematic basis against key value drivers and strategy-aligned KPIs.
- An effective IRMS will provide Boards with sound evidence to support the Board Verification Matrix and adoption of R4.3.
- We work with clients to ensure that staff accountabilities, incentives and scorecards are aligned with the enhanced decision making processes and reporting, and so assist in implementing integrated thinking throughout the organisation.
- As reporting technologies improve, we are supporting clients to adopt cloud-based software to better extract, process and deliver their internal and external reporting process, associated analysis and corporate reports.

Further information on recent developments in corporate reporting and the implications for CFOs, Directors and Investors can be found at:

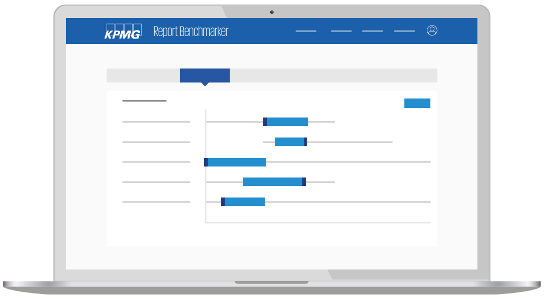
KPMG's Better Business Reporting website: www.kpmg.com/au/betterbusinessreporting

Australian Business Reporting Leaders Forum website: www.brlf.net

IIRC's website: www.integratedreporting.org

KPMG Report Benchmarker

Enhance the effectiveness of communications with your key stakeholders



KPMG Report Benchmarker assesses your primary report to shareholders, excluding the financial statements, against ASX200 reporting and the principles of integrated reporting. The benchmarking report will help you improve the effectiveness of communications with not only your shareholders, but also other key stakeholders.

Report Benchmarker is available for organisations of all types and sizes who would value their primary report to shareholders (or key stakeholders) being benchmarked against the ASX200.

How it works

Report Benchmarker uses the research undertaken by Deakin University and KPMG for this publication to assess good practice reporting attributes based on the principles of integrated reporting. This benchmarking is performed on the FY19 and FY18 primary report to shareholders for companies in the ASX200 (as at 1 June 2019). The benchmarking report shows how well your organisation's primary report compares with the best in class and ASX200 overall average for key reporting attributes at a sector and market capitalisation level, as well as for a selected group of ASX200 companies.

The benchmarking report includes recommendations for improvement and examples of good practice reporting from other organisations, and is followed up with a feedback session with a KPMG Better Business Reporting expert.

What are the benefits to you?

Ranking
Understand how your organisation's reporting stacks up against your peers.

Reporting Improvements
Closure of reporting gaps, reduction in report volume and management effort and clarification of strategic messaging, performance and outlook.

Market benefits
Improved access to and cost of capital; real cash flow improvement from integrated reporting.

Timely action
Prompt benchmarking should give you sufficient time to take corrective action.

For more information go to Reportbenchmarker.kpmg.com.au

Integrated Reporting Education Australia

Introductory <IR> training

KPMG in conjunction with UNSW and Deakin University has established Integrated Reporting Education Australia, a consortium that is one of the IIRC's Foundation Training Partners. The members of this consortium offer integrated reporting education in their own right to their clients and students.

For organisations and individuals in Australia and New Zealand who want to understand more about integrated reporting, Integrated Reporting Education Australia also offers corporate education on Integrated Reporting through a partnership with Chartered Accountants Australia and New Zealand (CA ANZ). The CA ANZ training material is provided through five one-hour webinars, and participants receive a Certificate of Completion from the IIRC.

KPMG also provides a two day workshop to show integrated report preparers how to design and build their integrated reports and integrated reporting management systems.

CA ANZ: Introduction to Integrated Reporting <IR>

This webinar series is designed to give participants an 'Introductory' understanding of integrated reporting, including integrated thinking, and the benefits it can bring to an organisation.

Topics covered include:

- The vision for better corporate reporting — the evolution of the <IR> movement and benefits of adopting <IR>
- The fundamental concepts of value creation, the capitals and the value creation process
- Achieving integrated thinking
- Preparing the integrated report — the content elements, guiding principles, and the integrated report
- Implementing integrated reporting — from financial management to value management — implementing the <IR> management system, establishing credibility and trust and the annual preparation process.
- Global and local progress to date in adoption of integrated reporting, including discussion on the benefits achieved and challenges experienced by adopting organisations.

Further information:

Participants in the webinars will be provided with a Certificate of Completion from the IIRC, and can record 8 hours of formal CPE, being 3 hours of pre-reading and 5 hours of webinar training.

The webinar series is available for On Demand purchase on the CA ANZ Education store — available at https://store.charteredaccountantsanz.com/Introduction-to-Integrated-Reporting-2019_3

Appendix 1:

Research methodology

This research has been carried out by Better Business Reporting specialists at KPMG, with the assistance of academic researchers from Deakin University.

Research sources include PDF Annual Reports or Annual Reviews (whichever report was deemed to be the Flagship Report) published by organisations listed as being within the ASX 200 as at 1 June 2019. The time period considered for this research was financial years ended between 1 July 2018 and 30 June 2019. This has resulted in 186 of the ASX 200 being included in our research.

The review findings are based on analysis of publicly available information only, and no information was submitted directly by organisations to KPMG or Deakin University.

Appendix 2:

Global developments in integrated reporting

Priorities of the IIRC during the Momentum Phase

During this first year of the Momentum Phase (2019–2021), the IIRC is focused on a number of strategic themes, in addition to maintaining its own viability and effectiveness:

1. **Demonstrate and catalyse continued progress in the adoption of integrated reporting** by advancing integrated thinking as a driver of effective corporate governance and bringing the adoption of Integrated Reporting to new markets and sectors. The Integrated Thinking and Strategy Special Interest Group continues to attract the interest of businesses around the world with 50 organizations participating, with a particular focus on how integrated thinking is being operationalised by different organisations.

2. **Mobilise the 'investor pull' for Integrated Reporting**. A group of the major investor umbrella bodies globally published a paper 'Investor Agenda for Corporate ESG Reporting' setting out what investors need from ESG reporting. The report states that they consider integrated reporting to "be a desirable end goal."

3. **Promote the objectives of Integrated Reporting in, and facilitate the alignment of, the corporate reporting system**. The Corporate Reporting Dialogue, convened by the IIRC, continues work on its Better Alignment Project, a major two-year initiative aimed at bringing greater consistency, coherence and clarity to the corporate reporting landscape, a major objective of the Momentum Phase strategy.

4. **Make it easier to adopt Integrated Reporting**. The IIRC's Technical Team continues its two year programme to deliver guidance for those moving to integrated reporting. The <IR> Examples Database has been fully updated and reorganized to reflect current innovation and leading practice, and the any guidance published is incorporated into the programmes provided by the <IR> Training Partner network, including KPMG through the Integrated Reporting Education Australia initiative (see page 36)

5. **Foster a policy and regulatory environment that supports moves towards Integrated Reporting**. The IIRC seeks to shift from regulatory engagement to regulatory acceptance for the concepts of integrated reporting as a solution to some of the market challenges faced in such uncertain times. It will be important to highlight different models of adoption, where government and regulatory support has been a catalyst.

Global developments in integrated reporting

At the European Commission's 'Future of Corporate Reporting' conference in December 2018, there was strong support for integrated reporting as key to the future of reporting, with Commission officials stating that it is not a question of 'if' but 'when' for integrated reporting. This follows the European Commission Fitness Check on Public Reporting by Companies, which found over half of the respondents believing that integrated reporting could contribute to a more efficient allocation of capital and just over half agreeing that the EU should encourage its adoption. The IIRC continues to engage with the Commission as they revise the Non-Financial Reporting Guidelines to take into account the TCFD recommendations.

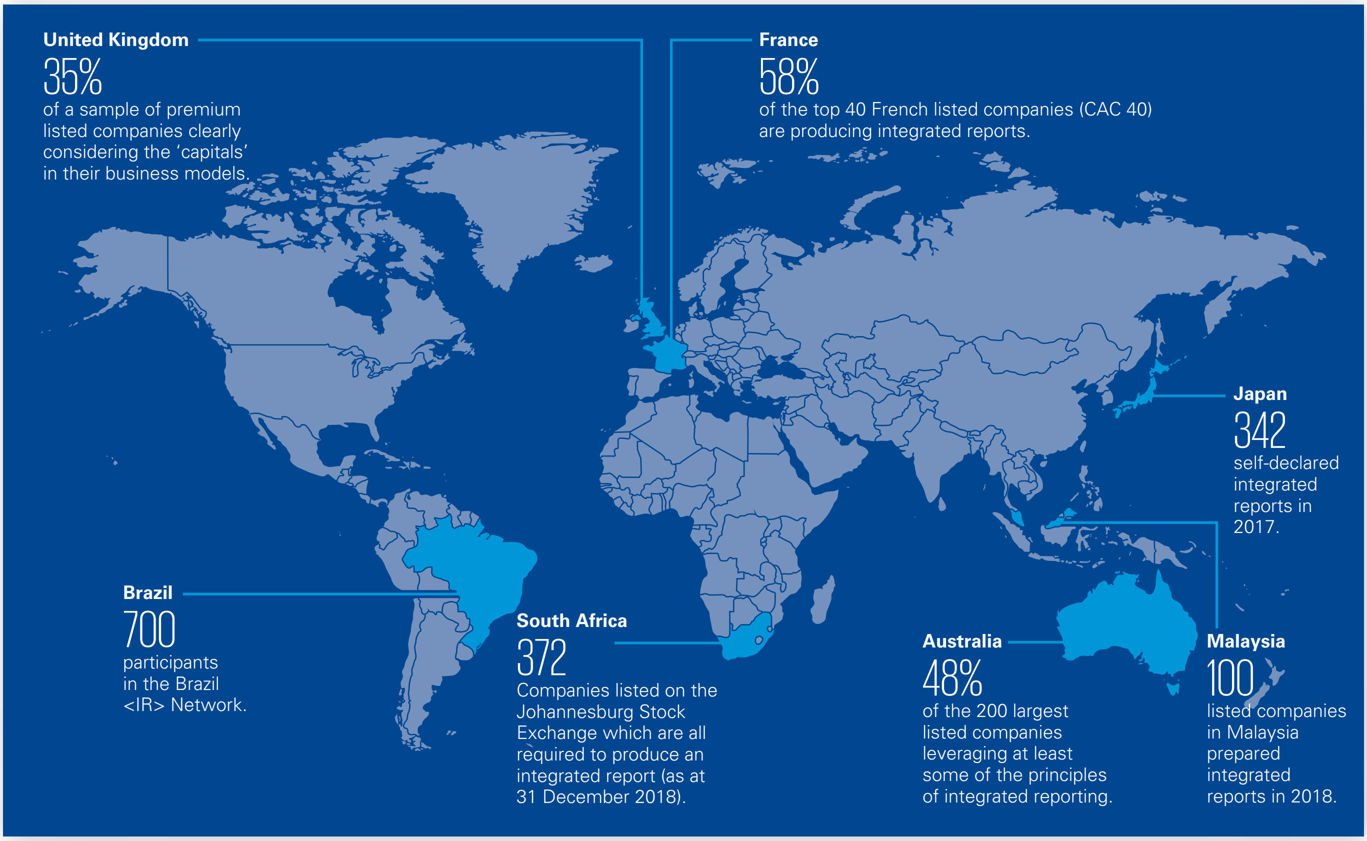
The International Organization of Securities Commissions (IOSCO) published a statement setting out the importance of disclosing more than financial information, which is material to investors' decisions. The paper references the development of integrated reporting to support effective reporting in this area. A range of surveys and reports published further indicate that the adoption of integrated reporting continues to grow.

The GNDI Global Director Survey Report 2018 stated that 15% are using the International <IR> Framework, while research in Canada indicates that 71% of companies are already putting non-financial information in their annual reports. The Securities Commission Malaysia have stated that 60 companies prepared an integrated report following Corporate Governance Code signposting (up from a Malaysian Institute of Accountants estimate of 30 in 2018). In India, adoption in India continues to grow — 30 companies now use the principles of the <IR> Framework — demonstrating the effect of the Securities and Exchange Board of India's endorsement of voluntary adoption of integrated reporting.

In February 2019, the IIRC welcomed the publication of the 4th Edition of the Australian Corporate Governance Principles & Recommendations, adding to the number of countries with regulatory signposting or other alignment mechanisms encouraging adoption of integrated reporting. The IIRC's work in Asia, Latin America and Africa has revealed strong demand for <IR> in emerging markets, and we will work to strengthen our engagement in these developing economies, which have the ability and ambition to 'leapfrog' more advanced markets, creating a corporate governance and reporting system that strengthens capacity and the market's attractiveness to international investment. In Morocco for example, that country's Capital Markets Authority has stated that 30 listed organizations are now working towards integrated reporting.

In other key markets, a visit to China facilitated by its Ministry of Finance has led to important awareness raising, new adopters locally, and consideration of potentially bringing forward national guidelines for integrated reporting. Meanwhile, in the US, encouraging signs point to progress, such as the April 2019 recommendation agreed by the Securities and Exchange that "The disclosure system should evolve to include disclosure regarding intangible assets, such as intellectual property and human capital." Furthermore, in July 2019, the Conference Board issued a paper on the Emergence of Integrated Reporting.

Countries leading the way for adoption of integrated reporting:



Source: IIRC Integrated Report 2018, pages 6 & 7

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