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cutting through complexity

CFOs driving the corporate reporting reform agenda

The Journey to Better Business Reporting Continues

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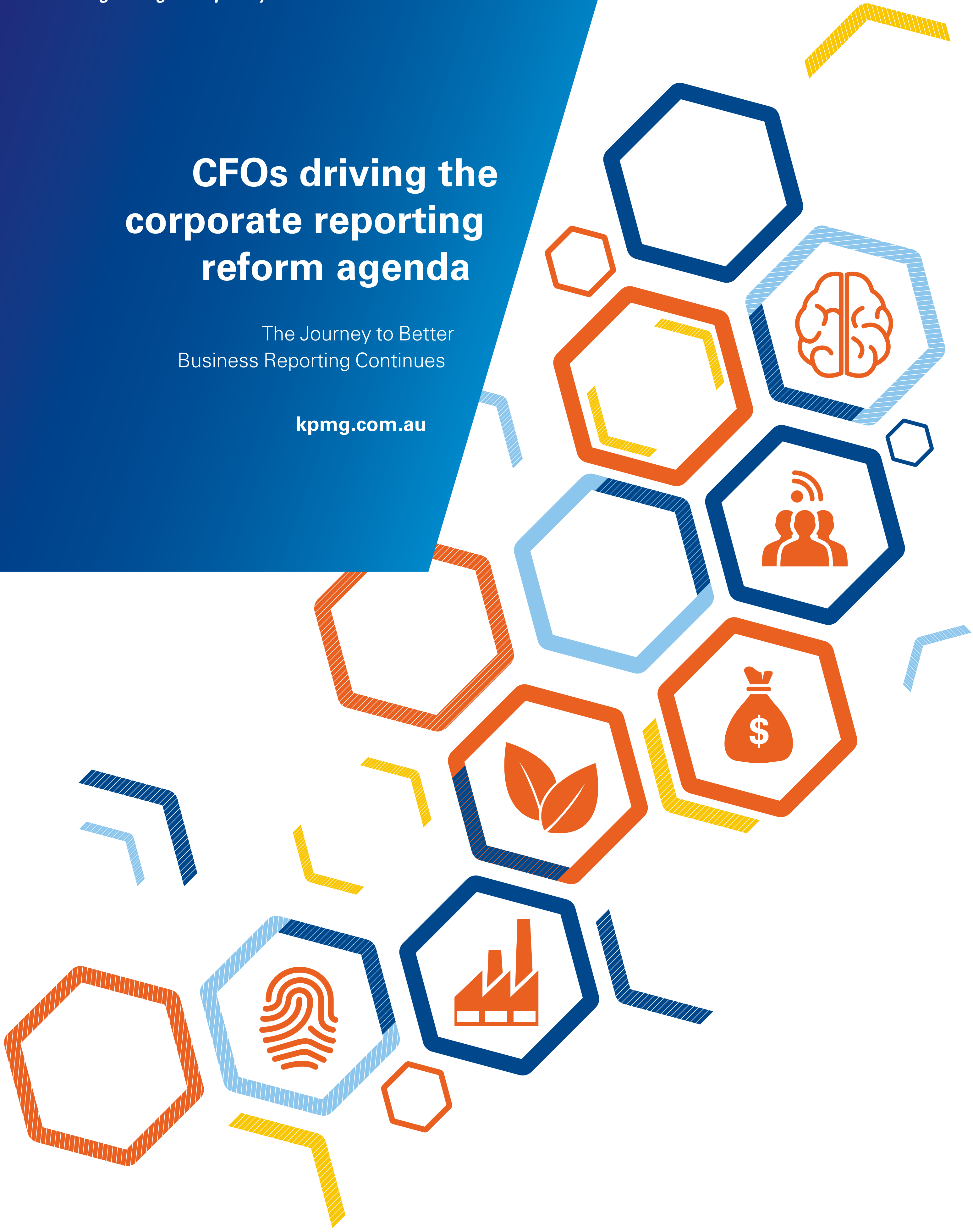
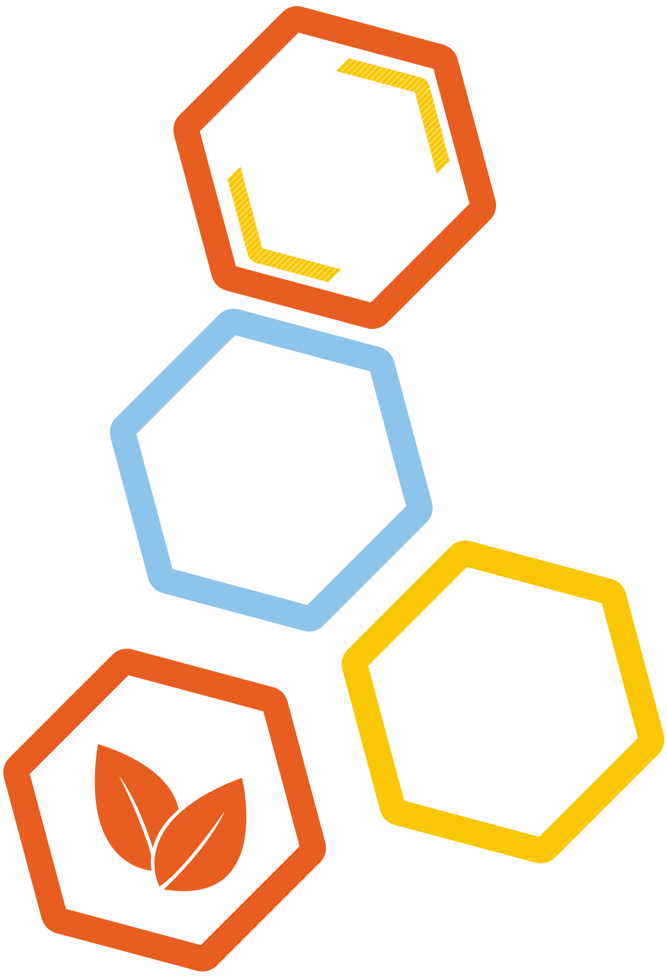


In brief

- **The corporate reporting landscape in Australia is changing and Companies need to redefine their corporate reporting strategy**
- **Corporate reporting continues to lack a widely recognised 'flagship report' around which all other corporate reporting revolves**
- **CFOs are well placed to lead their organisation in developing a strategically aligned corporate reporting portfolio that better meets the needs of shareholders**
- **Internal reporting should be aligned throughout the organisation to underpin what is reported externally**
- **Corporate reporting reform can reduce the volume and complexity of corporate reports, saving organisations time and money, while providing clarity and more meaningful information for report users**



Foreword

Corporate reporting reform is well underway in Australia and around the world, and the Chief Financial Officer (CFO) has a critical role in driving the change agenda.

This publication outlines the changes to date and the recent trends to improve the quality of information provided to the capital markets. We explore the CFO's role in developing the corporate reporting strategy and then driving its implementation to deliver a more relevant and streamlined portfolio of reports, which better meets the needs of investors, whilst removing clutter, duplication and misalignment across the current multitude of reports.

We explain how corporate reporting reform can be aligned to the CFO's internal finance transformation program. By working with groups from throughout the company to develop the integrated report, CFOs will likely need to break down silos and so become an effective business partner. The opportunity to align internal reporting to better meet the information needs of the board and executive, whilst aligning the content to the enhanced and strategy focused external reporting portfolio, is greater than ever.

We discuss the opportunity to develop a 'flagship' report, at the centre of the external reporting portfolio which explains how the company has created value to date, and importantly how it is set up to deliver value over the short, medium and long term.

The flagship report would be based on the International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework (the <IR> Framework). This framework is already being adopted by over 1,000 global companies, and we see the trend growing. A timeline for likely adoption of <IR> in Australia is set out in this paper, as is the potential impact this could have on the volume and content of corporate reporting.

For full scale adoption of <IR> to occur in Australia, and the inclusion of more forward-looking information in the corporate reports the issue of director's liability needs to be resolved. To this end the Chairman of the Business Reporting Leadership Forum (BRLF)[1] recently wrote to the Federal Government to ask it to bring company directors and investor groups together so that the Government can legislate an `honest and reasonable' director defence for individual director liability; and to consider the need for a `safe harbour' protection for companies using best endeavours to make forward-looking disclosures with adequate and approved cautionary wording.[2]

In addition, although the <IR> Framework has now been released, assurance requirements over an integrated report are still in development, with the IIRC working with the International Auditing & Assurance Standards Board on how to bring <IR> assurance within the International Auditing and Assurance Standards Framework.

However, corporate reporting reform is underway and CFOs should seize the opportunity to drive the reporting agenda to not only improve external reporting for shareholders, but also drive efficiency across the entire reporting suite. CFOs should also consider reading aligned KPMG publications about corporate reporting reform from a non executive director and investor perspective - as two of your key stakeholders.

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1 BRLF is the Australian Business Reporting Leaders Forum which is a multi-stakeholder group established to discuss, promote and drive the development and implementation of a strategy-aligned, integrated business reporting framework.

2 Copy of the BRLF letter is available at www.ske.org.au/BRLF.php

Developments in corporate reporting

A significant shift in Australian corporate reporting has occurred in the last 12 months, taking external reporting beyond its traditional emphasis on compliance.

ASIC released Regulatory Guide 247: Effective disclosure in an operating and financial review (RG247), setting out clarifying requirements for the Directors' Report, bringing disclosures about companies' business strategies, risk and prospects for future financial years front and centre.

The Third Edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX CGC Principles) requires boards to consider the integrity of all 'corporate reporting', rather than just 'financial reporting'.

The International Integrated Reporting <IR> Framework emphasises the need for companies to communicate their value creation story in a more holistic way, focusing on the strategic objectives, business model, value drivers, risks, performance and outlook, acknowledging the reality that investors (and other stakeholders) rely on more than just the financial statements when making capital allocation decisions. <IR> is concerned about the 'story behind the financials' and how well the organisation is positioned to be successful into the future.

Pressures to reform corporate reporting have been heard, and greater flexibility in reporting is now being afforded Companies, such as the option to relocate certain governance disclosures from the Annual Report to the corporate website. Organisations are also looking for ways to 'cut the clutter' from their financial statements by eliminating redundant and 'boiler plate' disclosures and immaterial matters. Such initiatives give companies the power to decide how and where information should be reported as part of their overall corporate reporting strategy.

Collectively these changes demand that companies redefine their corporate reporting portfolio and reporting strategy, and apply the same level of governance and rigour to the preparation and publication of all corporate reports as they do the production of statutory financial statements.

These changes give CFOs a perfect opportunity to drive their organisations in developing a strategically aligned corporate reporting portfolio that better meets the needs of external stakeholders and at the same time improving internal reporting by removing duplication, thereby allowing the board and management to focus their attention on strategic issues.

For some organisations these changes will prompt them to embark on a journey of corporate reporting reform. As the journey progresses, it should result in more meaningful corporate reporting for report users, less work for report preparers and better information for business and investment decision making. In short, it should deliver more transparency at less cost.

Recent developments in corporate reporting in Australia:

- ASIC Regulatory Guide 247: Effective disclosure in an operating and financial review – March 2013
- ASX Corporate Governance Principles and Recommendations (3rd edition) – March 2014, effective from 1 July 2014
- International Integrated Reporting <IR> Framework – December 2013

Given these opportunities there are certain actions that CFOs can take now to enhance the utility and value of current reporting practices.

- Form an internal team to define 'corporate reporting' and develop or update the organisation's corporate reporting strategy covering both external and internal reporting.
- Integrate the external component of the corporate reporting portfolio review with internal finance function improvement programs to align strategically important information reported internally to manage the business with what is disclosed externally.
- Determine key value drivers that underpin strategic objectives, the key performance indicators (KPIs) that measure them, and then set KPI targets and performance milestones for reporting.
- Support the board and audit committee in determining assurance needs over the corporate reporting portfolio, through engaging with relevant assurance practitioners.

These actions will help the CFO redefine the internal reporting suite that supports strategic leadership and governance as well as aligning that suite with the information that flows to external stakeholders through corporate reports. The CFO plays a central role in managing the delivery of the organisation's end to end corporate reporting portfolio, and in determining and allocating the necessary resources.

These changes require companies to redefine their corporate reporting portfolio and reporting strategy.

Drivers of change in corporate reporting content and structure

The way companies create value has evolved. Traditional financial reporting no longer meets the information needs of all stakeholders, and now only provides part of the information underpinning capital market analysis and capital allocation decisions.

Intellectual capital and other intangibles, not captured on the company balance sheet, have become more important in the value creation process. US research by Ocean Tomo[3] showed that net assets of S&P 500 companies represented only about 19 percent of market capitalisation in 2009 compared to 90 percent in the 1970s.

Listed public companies no longer seek access to financial markets through disclosure of financial information alone, rather they report via:

- various voluntary reporting formats, including investor packs, presentations and media releases prepared by investor relations professionals
- providing more informative content in operating and financial reviews (OFRs)
- sustainability reporting, considering matters such as the impact of the company's supply chain on long-term value creation
- the use of social media with (or instead of) more traditional reporting channels.

On a global scale, Governments are also considering what this shift means for access to funds, specifically how to meet the growing demand for infrastructure development. It has been estimated by McKinsey and Standard and Poors that US $3.2 trillion will be needed each year for the next 15 years to fund infrastructure development[4]. However, the shortfall in available funds is significant – estimated at $500 billion annually.

The Business 20 (B20), which brings together business leaders from the G20 countries, in 2013 asked the six largest international accounting networks to analyse the issue and develop practical recommendations that would promote more long-term investment from non-government sources in infrastructure. The six accounting networks reported to the B20 in June 2014, recommending:

"*Encourage corporate reporting innovations and initiatives that provide investors with a longer-term and broader perspective on shareholder value creation to complement the historical financial performance and current financial position perspective provided by financial statements. The B20 notes the particular relevance of integrated reporting as an example in this respect. Each G20 Finance Minister should assess and address any practical, legal or statutory barriers in order to make corporate reporting more conducive to infrastructure and other long-term investment.*"

They also noted the particular relevance of integrated reporting, however realised that each G20 nation will need to find their own pathway to adoption.

The way companies create value has evolved. Traditional financial reporting no longer meets the information needs of all stakeholders, and now only provides part of the information underpinning capital market analysis and capital allocation decisions.

3 Ocean Tomo is a US intellectual capital merchant bank. This research, conducted in 2010, remains relevant today as it looked at trends over the four decades to 2010. It was released via the company's website: www.oceantomo.com/media/newsreleases/Intangible-Asset-Market-Value-Study-Release.

4 McKinsey Global Institute Report - 'Infrastructure productivity: How to save $1 trillion a year', 2013 www.mckinsey.com/insights/engineering_construction/infrastructure_productivity

Despite these changes, contemporary corporate reporting still lacks a widely recognised 'flagship report' beyond the historical financials, based upon a rigorous underlying framework around which all other reports revolve and which explains the company's value creation story.

In the past regulators have responded to corporate scandals (e.g. Enron, WorldCom, HIH) by expanding reporting requirements, so much so that they have become overly complex, voluminous and simply confusing to many, they are now realising that current reporting is not meeting the needs of users and are seeking alternative approaches to improve the relevance and usefulness of reported information.

For example, the UK Financial Reporting Council has established a reporting laboratory where companies can 'experiment' with the structure and content of their corporate reports and seek investor feedback on their usefulness and structure. They also developed a program to encourage and support companies wanting to 'cut clutter' in their annual reports by removing immaterial disclosures and restructuring reports to be more user-friendly. They have also instituted a task force to try to reduce the volume of disclosures required for remuneration reporting.

In Australia while some momentum in investor demand for <IR> has begun to build, the level which would be required for the ASX Corporate Governance Council (ASX CGC) to adopt a more formal path to 'if not, why not?' adoption of <IR> in the ASX CGC Principles has not yet been reached.

To this end the Chairman of the Business Reporting Leaders Forum (BRLF) recently recommended to the Federal Government that it form an independent task force to consider how to reduce the volume, complexity and 'red tape' in specific areas of current disclosure to complement other aspects of corporate reporting reform, including consideration of <IR>[5].

Despite these changes, contemporary corporate reporting still lacks a widely recognised 'flagship report' beyond the historical financials, based upon a rigorous underlying framework around which all other reports revolve and which explains the company's value creation story.

The need for corporate reporting reform is building strong momentum, and CFOs have a key strategic role in supporting their boards in defining and executing their company's corporate reporting strategy and preparing the related portfolio of reports and website disclosures.

5 Paper available on the BRLF website at www.ske.org.au/BRLF

Defining the Corporate Reporting Portfolio

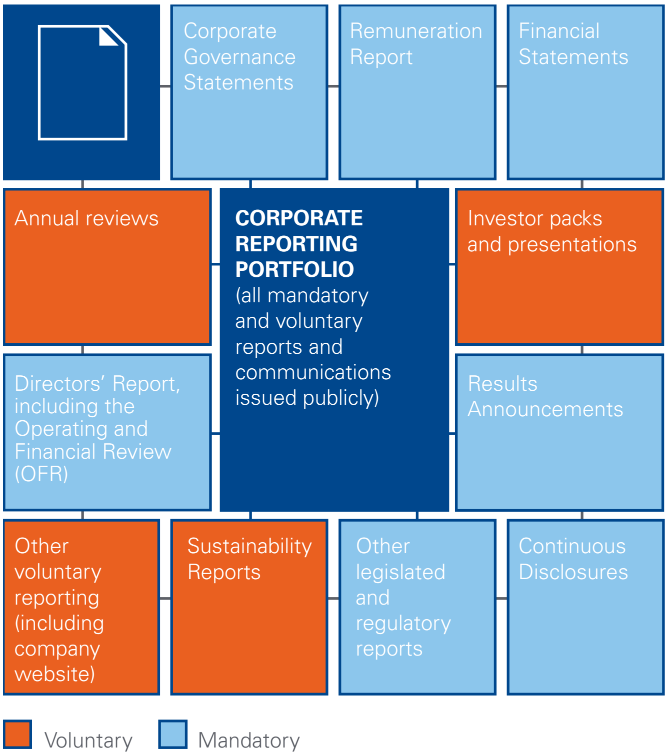
Principle 4 of the ASX CGC Principles now requires companies to have formal processes in place to define and safeguard the integrity of all corporate reporting (not just financial reporting).

This seemingly small change, effective from 1 July 2014, recognises that ‘corporate reporting’ today extends beyond financial reporting prepared under the International Financial Reporting Standards (IFRS) and Australian Accounting Standards (AAS) and covers all components of a company’s reporting portfolio.

The revised Principle 4 does not define the term ‘corporate reporting’, leaving it up to the individual companies to determine the boundaries of their own corporate reporting portfolio. The CFO’s role is to help drive a cross-organisation executive team to design the required structure and content of the corporate reporting portfolio, as well as determine materiality for corporate reporting purposes to meet key stakeholder information needs and support the directors and audit committee in their corporate governance obligations.

This diagram sets out a typical corporate reporting portfolio for a listed Australian company, highlighting the mandatory and voluntary based reports used by stakeholders in their various decision making activities.

Corporate reporting portfolio



An integrated report as the flagship corporate report

The idea of a flagship report, around which the corporate reporting portfolio is centred, would be a practical starting point for reforms to corporate reporting. This report would provide an overview of the company, how the company is performing and how the company creates value now and into the future.

Integrated reporting has gained significant momentum over the last couple of years, with the establishment of the International Integrated Reporting Council (IIRC) in 2010 and the release of the International Integrated Reporting Framework (<IR> Framework) in December 2013.

The <IR> Framework was developed to promote a more cohesive and efficient approach to corporate reporting and to improve the quality of information available to providers of financial capital to enable more efficient and productive allocation of capital.

An integrated report, prepared under the <IR> Framework can be implemented as a 'flagship report' and so help streamline the corporate reporting portfolio. <IR> considers and analyses key strategic value drivers beyond the financials i.e. (strong board, efficient workforce, leading intellectual property, loyal customers, tight supply chain, resilient licence to operate leading to a premium brand) to explain not only performance to date but also how well the organisation is positioned to succeed into the future.

The <IR> Framework delivers investors with a clear picture of how the organisation creates value over the short, medium and long term.

Currently, the IIRC estimate that there are over 1,000 companies around the world preparing Integrated Reports, or incorporating <IR> principles into existing reporting, including more than 100 IIRC pilot companies such as Microsoft, Coca Cola, Unilever, HSBC, and in Australia, NAB, Stockland, bankmecu and Slater & Gordon Lawyers. Many consider the release of RG247 by ASIC in Australia to be a stepping-stone towards <IR>.

The <IR> Framework delivers investors with a clear picture of how the organisation creates value over the short, medium and long term.

Opportunity for finance – drive towards more effective corporate reporting

The move towards <IR> and a refresh of the corporate reporting portfolio gives CFOs an opportunity to reconsider the efficiency and effectiveness of the company's internal reporting framework.

Internal reporting should be aligned throughout the organisation to underpin what is reported externally.

Many CFOs are in the process of transforming their finance functions, predominantly to better support the business, improve productivity, as well as to take out costs. CFOs and the finance teams aim to be business partners, focusing on creating business value by strategically aligning finance with all segments and geographies of the business.

These internal activities are closely related to changes in the external reporting environment discussed above. They are important to reviewing and renewing the corporate reporting strategy and portfolio. As these internal transformations occur, they should be reported externally where appropriate so that the organisation can be rewarded by investors for its improved internal performance.

Finance Transformation

The objective of finance transformation is to remove or systemise as many operational finance activities as possible (including routine reporting) so that staff numbers can be reduced and/or appropriately skilled people can devote time to more strategically important activities such as interpretation and analysis of data to support board and management decision making.

The overall objective is for finance to move away from routine processing and towards business partnering, and for the CFO to move from a being 'score-keeper' focused on historical reporting to a strategically important 'business partner' supporting business strategy and growth.

Business Partnering

For the CFO and the finance team to prove themselves as business partners they must demonstrate an ability to add value to the enterprise by:

- Understanding drivers of the business and how value is created and destroyed.
- Supporting and influencing strategic decision making.
- Advising on key business planning assumptions, trade-offs and opportunities.
- Reinforcing the finance role by building strong relationships with the leaders of each business unit.
- Providing sound financial and 'value-impact' insights.
- Introducing insightful industry, competitor and economic context into the decision-making process.
- Supplying ad-hoc analysis and insights on specific issues.
- Interpreting, explaining and driving performance within the business.

The common thread across each attribute of the finance business partner is the provision of the right level of quality information, analysis and insight to business leaders at the right time to assist in strategic decision-making.

Internal reporting should be aligned throughout the organisation to underpin what is reported externally.

Alignment to external reporting

As internal reporting systems and processes are being transformed to remove inefficiency and offer better service to business units and leadership, there is also significant opportunity for the finance team to extend the work to review, align and streamline external corporate reporting to better service key external stakeholders whilst driving further efficiencies.

There is considerable focus on corporate reporting from both an efficiency and communications perspective, and so now is the opportune time for the CFO, as a business partner and the reporting strategist, to rally those with a stake in the corporate reporting strategy and involved in preparing and presenting the organisation's reporting portfolio. The challenge is to review and assess what information is currently being disclosed publicly (i.e. reports, presentations, websites, articles etc.), and whether it is clear, concise, complete, accurate, material and relevant to the needs of key stakeholders.

The finance team will need to work closely with Human Resources, Company Secretariat, Investor Relations and Strategy/Operations/Sustainability teams to assess current corporate reporting and develop the future reporting strategy.

At the same time, the CFO and finance team will be seeking internal transformation by identifying duplications, immaterial disclosures and opportunities to improve reporting productivity and reduce its cost.

To redesign the full corporate reporting portfolio, many activities require significant co-ordination and collaboration between these various groups, including:

- clarifying and agreeing on the reporting strategy – strategic objectives and business model – from a governance, financial and sustainability perspective
- determining materiality across all reports, as well as reporting boundaries
- engaging with key stakeholders to understand their evolving information needs and preferences
- identifying/clarifying strategic goals, KPIs and milestones (i.e. governance, operational, financial and sustainability considerations)
- developing/refining the corporate reporting strategy, governance framework and reporting suite blueprint or portfolio across all reporting media
- gaining approval for renewal of the corporate reporting approach and portfolio from the board and executive.

The CFO and finance team have a role to play, not only in leading and contributing to the various collaborative tasks referred to above, but also in ensuring that data used in the external corporate reporting portfolio reconciles to and is aligned with the relevant internal management and board reports, and that this is supported by an adequate audit trail.

The CFO will also support the board and audit committee in determining the appropriate level of assurance required over both the content of the corporate reporting portfolio and the completeness and accuracy of the disclosures.

CFOs driving the corporate reporting reform agenda

As discussed CFOs are ideally placed to lead their own company's corporate reporting reform program and drive the derivation of net business benefits as the organisation's chief reporting strategist.

CFOs have an opportunity to take the lead in reviewing, refining and transforming their corporate reporting strategy as appropriate.

This will, of course require the full support of CEOs and boards, and engagement with investors, financiers and potentially a broader set of stakeholders.

As depicted the integrated report is likely to become the primary report for investors, analysts and other key stakeholders looking to understand the company's view of its own value creation story. Importantly, this can be achieved by 2017, or earlier, if companies strategically approach the opportunity now.

The Corporate Reporting Reform Pathway table on pages 14 and 15 sets out how corporate reporting portfolios have already started to change in 2013 with the release of RG247 and early efforts on cutting the clutter and may change in Australia over the next 3 years. The change agenda is being driven by the recent changes outlined in this publication and our view on upcoming changes in the corporate reporting environment.

The table identifies drivers of change in corporate reporting, opportunities created to remove or restructure current corporate reports as a result of those drivers, and so how corporate reporting may evolve in Australia.

Broadly, the timeline envisages a move from today's environment in which we do not have a well-defined flagship report, where there is 'clutter' in and between various corporate reports, as well as inconsistencies in messaging around corporate value. The change programme follows a journey to a future state where an integrated report with independent assurance becomes the flagship corporate report.

Separate supporting information can be delivered on corporate websites, with minimal duplication, clutter and misalignment in and between reports.

This transformation can all be achieved without any addition to the corporate reporting burden. Redundant reports can be removed and detailed information in support of the flagship corporate report can be housed on corporate websites (with printable, searchable and downloadable options where appropriate to meet user needs and preferences).

Corporate Reporting Reform Pathway

DRIVERS OF CHANGE	CORPORATE REPORTING STRATEGY CONSIDERATIONS	BUSINESS BENEFIT: Clarity	Cost	Capital
2013 • ASIC Regulatory Guide 247: Operating and Financial Reviews	• Focus on restructuring the OFR around strategy, business model, risk, performance and outlook, meeting the requirements of RG247	✓		✓
	• Reduce the use of confidential information exemptions available in RG247	✓		✓
	• Review the financial statements to ensure better flow and remove immaterial disclosures (cutting the clutter)	✓	✓	
2014 • <IR> Framework • ASX Corporate Governance Principles and recommendations • Recommended: Government Taskforce on Corporate Reporting • Major global accounting firms recommend corporate reporting reform to B20 (e.g. integrated reporting) to be more conducive to long-term investment	• Creation of a modified 'flagship' report bringing together the Annual Report and Sustainability Report into an integrated style report	✓		✓
	• Review and define the composition of the corporate reporting portfolio	✓	✓	✓
	• Review the Governance 'standing' data content included in the annual report using the 'Governance' content elements of the <IR> Framework	✓		
	• Use the company website for additional and standing information (where possible)	✓	✓	
	• Structure the OFR around the <IR> Principles, and use this as the basis of the Investor Presentation	✓		✓
	• Breaking down internal silos		✓	
2015 **Potential drivers:** • Government Taskforce on Corporate Reporting • Director liability reform legislation • G20 endorsement of the International <IR> Framework after 2014 B20	• Refine the modified 'flagship' report making it the central feature of the Annual Report	✓		✓
	• Focus the corporate reporting portfolio on providing an improved basis for capital allocation (external), and resource allocation (internal)	✓	✓	✓
	• Make a 2 year commitment towards adopting the <IR> Framework, beginning with improved disclosure of lead indicators and forward looking risks, opportunities and prospects	✓		✓
	• Investor packs to be aligned to the <IR> Framework	✓	✓	✓
	• Consideration of the need/benefits of other voluntary reports (e.g. Carbon Disclosure Project, FTSE4 Good Index, Dow Jones Sustainability Index etc)		✓	
	• Review remuneration 'standing data' – material content in annual report	✓		
	• Greater understanding of and alignment with corporate strategy internally		✓	
	• Data integrity		✓	✓
2016 **Potential drivers:** • Potential change in ASX CGC Principles to adopt <IR> on 'apply or explain basis' in two stages • Endorsement of <IR> Framework by International Accounting Standards Board	• For market leaders the 'Integrated Annual Report' becomes the 'flagship' report; and is prepared in accordance with the <IR> Framework, which may or may not have assurance	✓		✓
	• May include simplified financial information/remuneration summary	✓	✓	✓
	• Focus the corporate reporting portfolio on providing a sound basis for capital allocation externally, and resource allocation internally		✓	✓
	• Common reporting process		✓	
	• Aligned reporting team		✓	
	• Finance an effective business partner		✓	
2017 **Potential drivers:** • International Auditing & Assurance Standards Board <IR> Assurance Framework Standard	• Corporate Reporting Portfolio for all listed companies is similar to the 2016 reports of market leaders	✓		✓
	• Integrated Annual Reports with reasonable or limited assurance under a new IAASB <IR> assurance standard			✓
	• Further refinements in disclosures for market leaders to better meet user needs	✓	✓	✓
	• Automated reporting driving significant reporting cost reduction		✓	

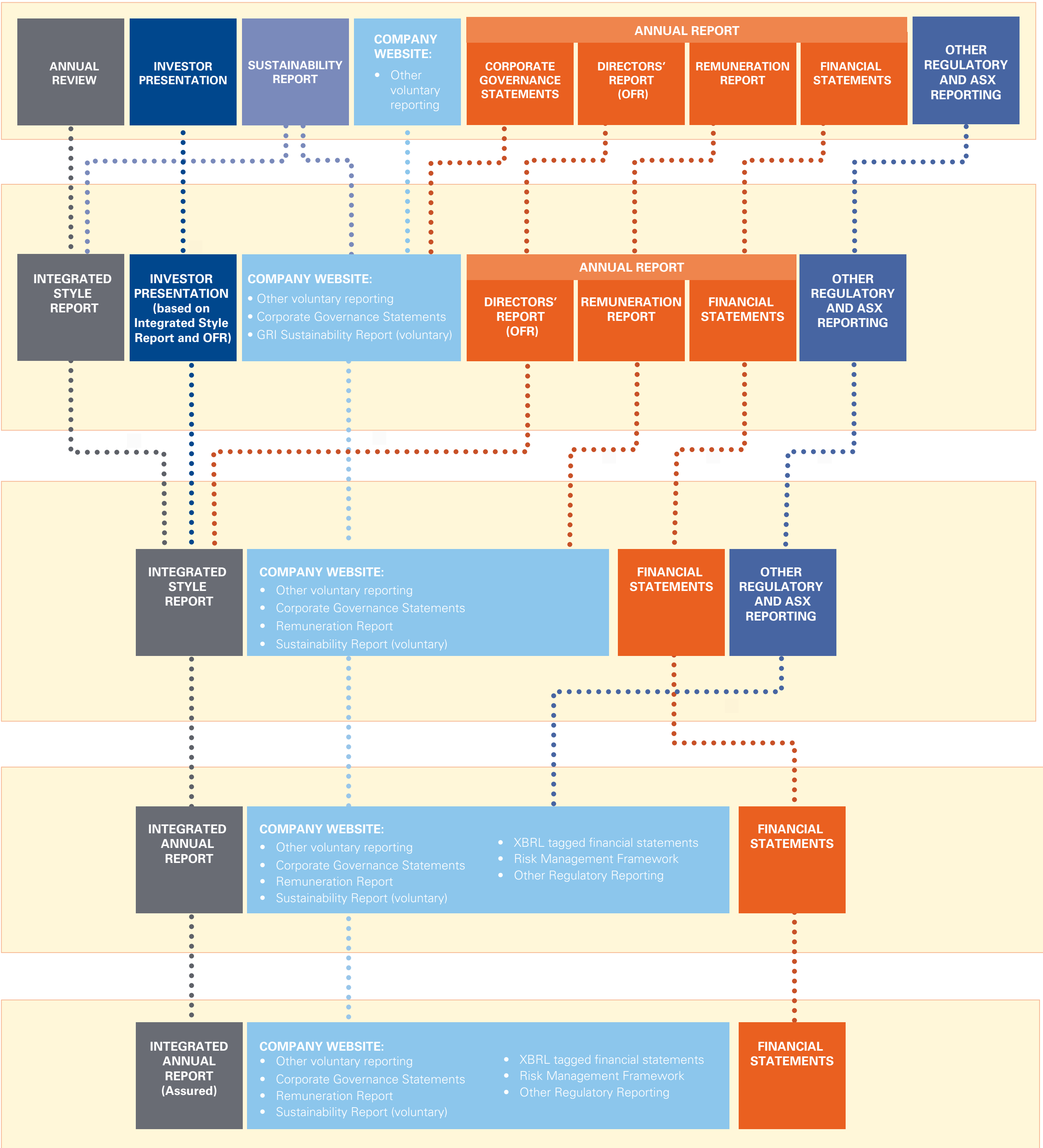
Business benefits realised

CLARITY – Reduce volume and complexity in corporate reporting at the same time as maximising clarity

COST – Align reporting process to overall business strategy and internal reporting flows, and use it to drive reporting systems and teams and so reduce volume and cost of reporting

CAPITAL – Make corporate reporting more conducive to long term investment and so improve the basis of capital allocation

CORPORATE REPORTING PORTFOLIO



Aligning internal with external reporting

The diagram opposite shows how the component parts of the corporate reporting portfolio might work together, building off the internal reporting framework.

In order for meaningful information to be reported to the board and to external stakeholders, businesses must have the right underlying systems, processes, controls and frameworks in place to manage internal and external reporting on strategic value drivers and to report on governance, strategy, risk and performance.

In redesigning the corporate reporting portfolio, most organisations will probably start 'inside-out' to ensure that they have strategically aligned their information flows and drivers internally with how the organisation creates value, to support management decision making and integrated thinking[6]. In addition they will also assess and refine how these information flows and drivers are managed, monitored and modified to take account both controllable and non-controllable external factors, including stakeholder feedback.

Underlying business systems, processes and controls need to be in place to capture the relevant information, as what is being captured ultimately drives what is reported to the line managers (lowest level of reporting), the executive and finally the board.

When significant changes occur in the internal or external environment, these may need to be reported directly to the executive/board for consideration and a strategic response. However over time the underlying business systems, process and controls will be updated, tailored and modified to ensure they capture the necessary information to meet users needs in a timely fashion and become business as usual.

Clarity and alignment within the organisation breeds more confidence in external reporting. The 'flagship' integrated report acts as a starting point for all other reporting. Aimed primarily at investors, an integrated report is a concise communication about how the organisation creates value, their strategy, governance, performance and future prospects.

The company website can be used to provide more detail, which can be updated on a timely basis to assist in understanding how the organisation is tracking. It can be used to provide data in the right format for key stakeholders, allowing the organisation to focus on what is really material to long term value creation in its integrated report and move other data that meets certain stakeholders specific needs to the website.

In summary, the current focus on internal finance transformation and the external focus on corporate reporting reform allow CFOs, as the reporting strategists, to engage with their colleagues across the organisation to develop a strategically aligned corporate reporting portfolio that better meets the information needs of external stakeholders, whilst at the same time acting as a business partner by breaking down internal silos and improving internal reporting for better business decision making.

6 Integrated thinking as defined by the International Integrated Reporting Council is: The active consideration by an organisation of the relationships between its various operating and functional units and the capitals that the organisation uses of affects. Integrated thinking leads to integrated decision making and actions that consider the creation of value over the short, medium and long term.

Summary of the Corporate Reporting Portfolio in 2017 – Aligned to Internal Reporting

The **STAKEHOLDERS**

Investors

- Wanting better information to populate their investment models – assumptions, discount rates and cash flow estimates – while being under competitive pressure to allocate capital better than their competitors

Directors

- Looking for ways to bridge the gap now that they are responsible for all 'corporate reporting' under ASX CGC Principles – while being mindful of risk of litigation for incorrect forward-looking statements

CFOs

- Wanting to transform finance – partnering more effectively with the business can reduce costs, at the same time as providing more relevant and timely information internally and to the capital market

The **STRATEGY**

Perspectives

- Recognise perspectives of outsiders looking in (investors), insiders looking out (CFO/ Executive) and insiders looking out on behalf of outsiders looking in (directors)

Strategically-aligned

- Reporting process
- Reporting systems
- Reporting team

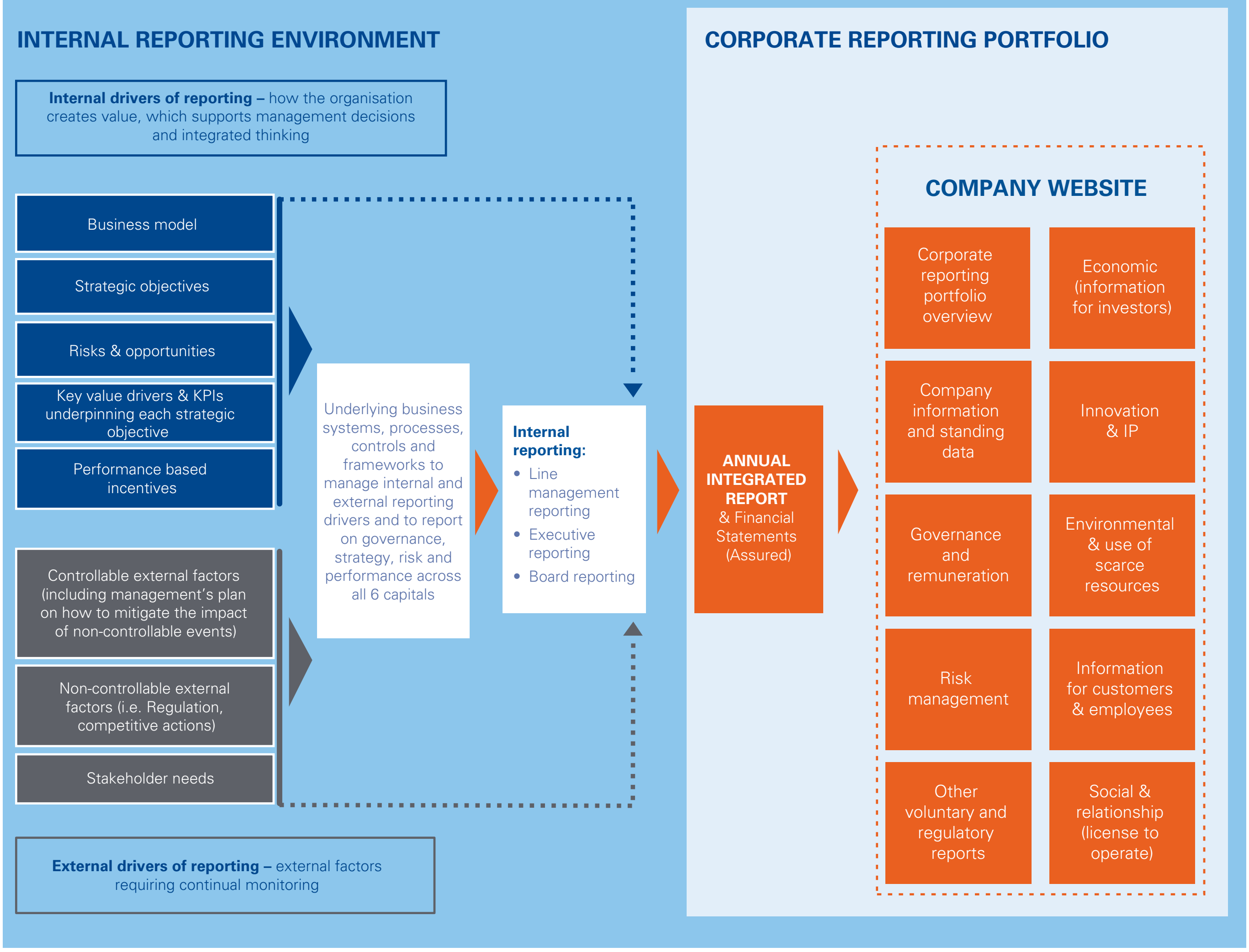
Outputs

- Well-defined corporate reporting portfolio (external and internal)
- Information to populate corporate and investment models – assumptions, discount rates and cash flow estimates

Outcomes – better allocations

- Capital allocated better than competitors
- Resources better allocated internally for competitive advantage

The **REPORTING PROCESS AND PORTFOLIO**



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