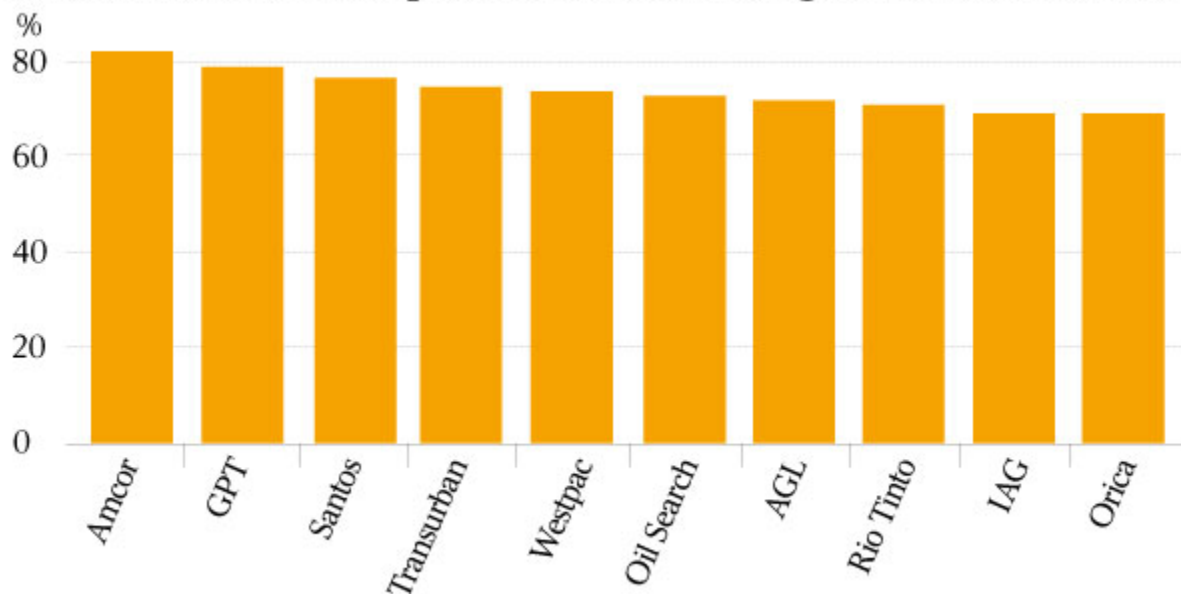


# The Australian

## More than half our big firms fail report test

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### Best Australian companies for addressing non-financial risks



Source: ACCA

Source: The Australian

**MORE than half the corporates in the ASX 50 have failed to adequately report non-financial risks and are in danger of being shunned by investors, according to research.**

A report from the Association of Chartered Certified Accountants to be issued today has found 30 of Australia's 50 largest companies scored below the 50 per cent pass mark for "integrated reporting", an emerging standard that aims to show the impact of environmental, social and governance matters on financial performance and vice versa.

Companies that report poorly "simply won't be favoured as an investment option", the association's Australian and New Zealand chapter head, John Winter, said.

"As competitors raise the bar on reporting, those who don't will exhibit less value to shareholders and they will hold those companies accountable for that."

The push for integrated reporting is an attempt to bring together material information about a company's strategy, governance, performance and prospects so that investors can more easily assess their value.

Only a few ASX 50 companies (Amcor, GPT, Santos, Transurban, Westpac, Oil Search, AGL and Rio Tinto) scored 70 per cent or more for how well they communicated the importance of environmental, social and governance issues.

ACCA will not name the poorest performers but it did reveal that one outfit scored just 8 per cent for its reporting.

"This is the sort of company information that fund managers spend their time digging up to find out whether they are looking at a viable investment option" Mr Winter said. "It should be available so investors can make a more open

assessment of what's going on in an organisation.

"Most of the recent corporate failures throughout the GFC were in some way related to those companies not disclosing their true exposures or indeed the extent of those exposures that they were carrying.

"If integrated reporting was more widely adopted, we wouldn't have had hyper-inflated valuations of companies where the underlying business models were so problematic."

With more than 500,000 members, the ACCA has thrown its weight behind a global integrated reporting trial that includes local companies NAB and Stockland, as well as foreign heavyweights such as Microsoft, Coca-Cola and HSBC.

"There's no doubt that the additional work involved creates a burden but it's part of doing business in the listed environment," Mr Winter said.

"I think within five years we will see a number of organisations prove the worth of integrated reporting, including those companies involved in the international integrated reporting trial. In the end, if you are doing this well, you will attract better shareholders and gain better valuations on the market because investors will look at you and say, 'this is a well-run business'."

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