



Corporate Governance Reporting - challenges

Voyager, MSA 17th March 2016

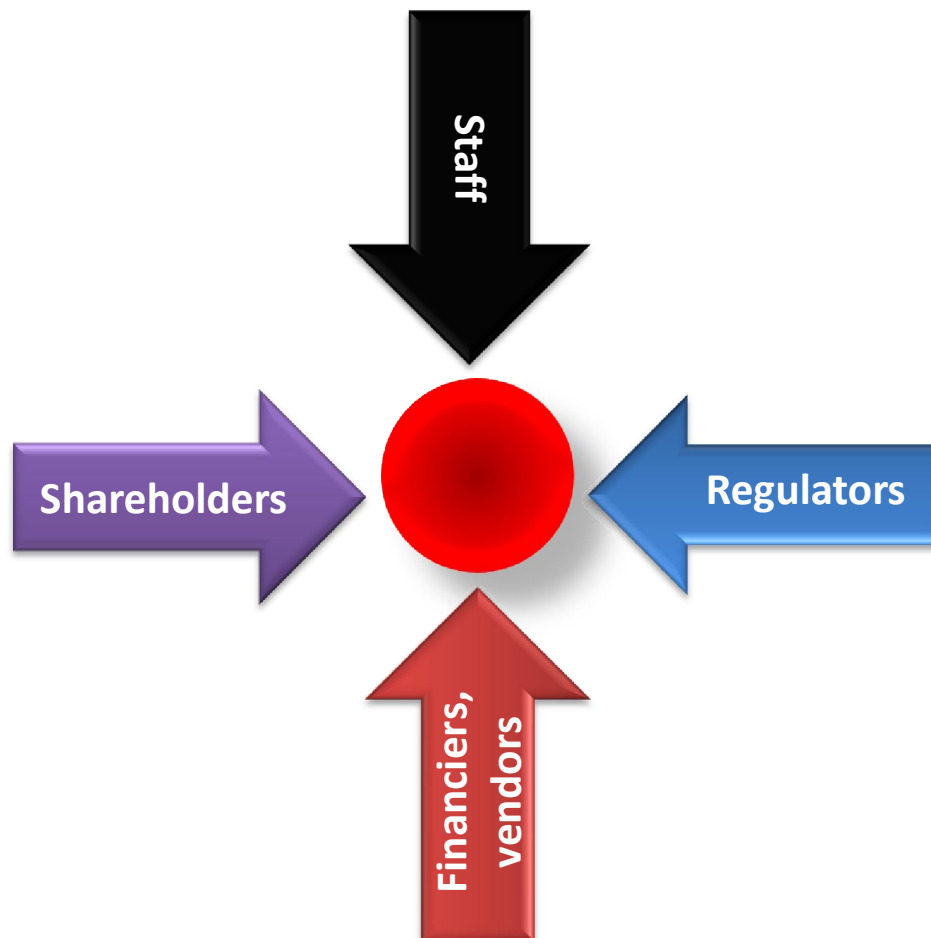
Introduction



Presenting relevant, reliable and timely information is essential for investors and other stakeholders. If business performance and prospects are not clear, it can really dent a company reputation and effect access to capital and talent

Charles Bowman, Partner, PwC

Introduction



Trust, reliability
As-Is, Wholesome
Timely

Challenges



- “ Chairman's Statement summarizing overall state of business
- “ Short term investment approach – high risk
- “ Too trusting shareholder
- “ Management focus with high bonus pay
- “ Director industry skills – Risk & Audit Committee, unable Board
- “ Independent Auditors in question ?

Reporting Today



Performance	Working	And Not
Strategy	99% include Strategic priorities	34% integrate reporting on strategy with rest of report
Business model	94% include term business model	11% have clear links between business model and other prospects reported
External Drivers	88% discuss future market trends	22% report external drivers in a way that gives clear context for Strategy
Risk	94% explain the nature and mitigation of risks	35% cross reference to show how risks impact Strategy, the business model and other areas. 32% explain how risks have changed over time
KPIs	96% explicitly identify key performance indicators	39% provide targets for their KPIs

PwC 2013 Survey of FTSE 100

Latest Trends



Governance
Statement

Sustainability
Reporting

Investor View

Integrated Reporting

Remuneration,
people & Tax
Reporting

Regulatory
Compliance

IFRS Reporting

Activist shareholders

Better rather than more disclosure. Disclosure that is adapted to the circumstances of the company

Hewlett Packard

- “ Bought Anatomy for \$ 11B part of reinvention as a software and service provider
- “ Eventually took \$ 8.8B write off
- “ Anatomy improperly **misreported** \$ 709M revenue 2.5 yrs before deal

Not clear strategy
Relied on wrong disclosure
Unattractive for talent
Unable Board

"It has got to be the worst board in the history of business."

That's from Tom Perkins, a former HP board member. It's not much different than what Oracle CEO Larry Ellison said last year after the board forced out Hurd. Which is one of reasons Apotheker was "the best of a very unattractive group," as one director told the *Times* -- because no good candidates wanted the job, not after watching this board operate.



Hewlett-Packard Settles Autonomy Suit

Tech company agrees to pay \$100 million to shareholders affected by troubled purchase



Lehman Brothers



164yrs old legendary corporate
One tier board structure, CEO &
Chairman
Urge to accelerate earnings

- “ Risk committee met only twice in 2 yrs '06, '07 despite venture into high risk REPO business, exceeding risk limits
- “ Accounting gimmicks and misreporting, misleading to hide facts
- “ Average Board age 68yrs vs 61 yrs (4 over 75)
- “ Diverse experience but LACKED financial experience
- “ Excessive remuneration – \$1B in 7yrs. \$500M 4 days before collapse
- “ Inaction of Board, auditing firm E&Y

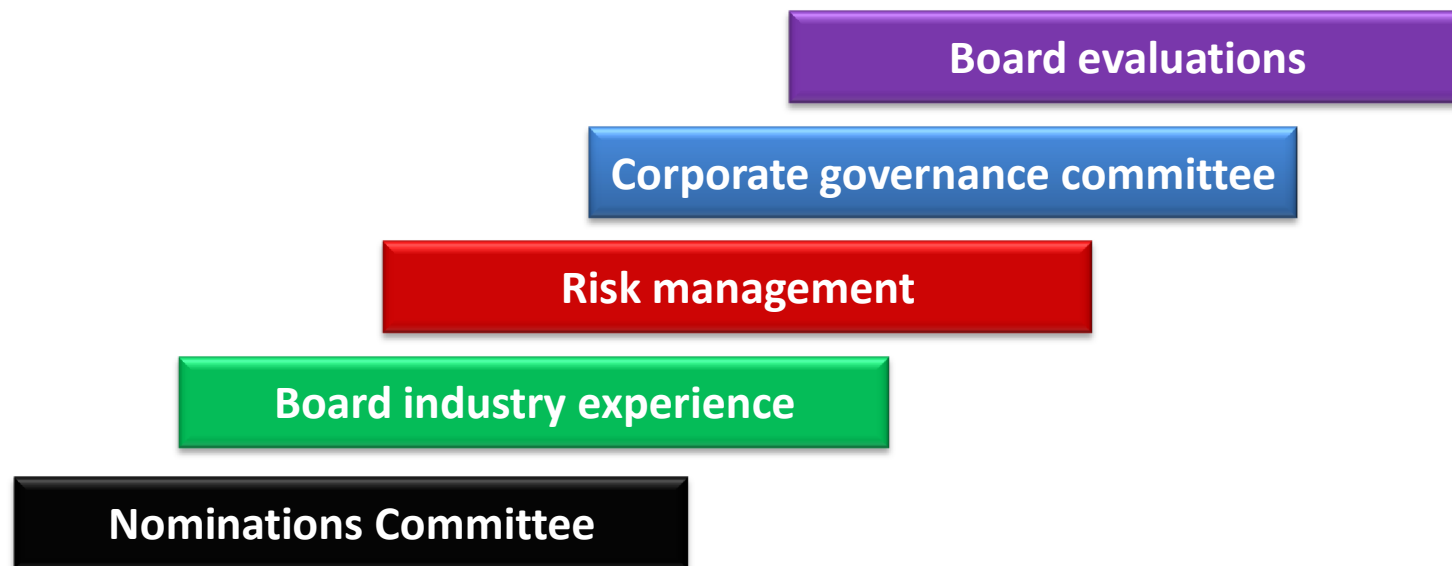
Lehman Brothers' collapse and bankruptcy in September, 2008 did not simply effect the stakeholders of the firm itself. The collapse had a profound impact on the United States and global economies, and represented the single turning point that

Uchumi



Misreporting
Non disclosure
Integrity
Complicit Board

Recommendations



Embracing informed reporting, disclosure of full integrity