



Welcome Remarks
by
Mr Goh Ching Yin
Executive Director, Securities Commission Malaysia
at the
Integrated Reporting Forum
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Esteemed speakers, distinguished guests, ladies and gentlemen

1. A very good morning to all of you and welcome to the inaugural Integrated Reporting Forum, jointly organised by Securities Commission and ACCA Malaysia. First and foremost, let me extend a special word of appreciation to the chief executive of International Integrated Reporting Council (IIRC), Mr Paul Druckman, who has joined us here today; to helm this Integrated Reporting Forum despite his gruelling schedule at the international level.
2. It is encouraging to see so many participants from diverse backgrounds displaying interest in today's forum which will serve as a platform to engage on a discourse of experiences, ideas and views that are relevant to the development of integrated reporting in Malaysia.
3. This event is significant as it will mark the beginning of a sustained series of efforts that will be undertaken by the Securities Commission in collaboration with the industry and the IIRC to promote awareness and create momentum on integrated reporting in Malaysia.

Ladies and gentlemen

Importance of Good Corporate Reporting

4. Investor confidence were negatively affected following the global financial crisis of 2008 and since then, trust has not been fully restored despite best efforts by both regulators and market participants. It is against this backdrop that corporations must

continually pursue the objective of regaining trust among stakeholders and good corporate reporting is one of the essential ways to achieve this objective.

5. We have been witnessing a continuous evolution in corporate reporting due to the clamour for companies to move beyond short term financial numbers. A wide cross section of stakeholders in the global capital markets are demanding information to be of higher quality and standard which includes information on environmental, social, governance and risk management aspects of a corporation.
6. Flowing from this, the demand today is for companies to be more transparent and to communicate how it creates value over the longer term as well as how they plan to use and affect resources in a more sustainable way.

Ladies and gentlemen

Value Creation of Integrated Reporting

7. Integrated reporting has emerged as a timely response by acting as a driver for value creation over the short, medium and long term. Driven by strategic focus and future orientation, this method of reporting creates value by clearly articulating the interdependencies between an organisation's strategy, governance, performance and prospects. With the closely knitted information and a complete picture of the business, it improves the quality of information available to providers of capital to enable a more efficient and productive allocation of resources.
8. Premised on that, it is important to iterate that integrated reporting is not about more reporting but better and concise reporting. It is also not about combining reports but truly integrating reports by bridging the divide in stand-alone financial statements and sustainability reports. Intrinsically, the process of preparing an integrated report helps to break silos in a corporation as different disciplines within the business are required to be interconnected in an organised manner. Integrated reporting fosters integrated thinking.
9. Having all the dimensions of a business concentrated in a single and comprehensive report will also circumvent the need for stakeholders to turn to a various sources to fulfil their information needs. Candidly put it may be that '*one-stop information shop*' we are looking for.
10. It is well researched that the ability of companies to attract capital will increase when investors have greater visibility and understanding on the value of businesses. Integrated reporting can be a game changer in corporate reporting, as it would provide corporations with a golden window of opportunity to communicate their value creation story.

Ladies and gentlemen

Development of Integrated Reporting and Extent of Adoption

11. In tandem with the heightened expectations of stakeholders, integrated reporting has gained traction across global corporations. Various S&P 500 companies¹ have accelerated their adoption of integrated reporting while South Africa remains at the forefront in integrated reporting by mandating listed corporations to produce integrated report on a 'comply or explain' basis.
12. We also witnessed a significant milestone in the development of integrated reporting recently with the launch of International Integrated Reporting Framework by the IIRC in December 2013. This framework sets out the guiding principles and has been designed to ensure a delicate balancing act in corporate reporting that is integrated yet condensed. The framework is currently being trialled in over 25 countries, 16 of which are members of the G20 nations.
13. Companies from developing countries² like South Korea, Sri Lanka and Chile have followed suit by voluntarily participating in the IIRC Pilot Programme. This featured participation from such a geographical footprint has affirmed the widespread acceptance of integrated reporting.
14. Having formed a pact with the Sustainability Accounting Standard Board, the IIRC recently signed a memorandum of understanding (MoU) with the Global Initiative for Sustainability Ratings on 31 March. This is a testament to the ongoing global efforts to converge the integrated reporting framework and rating mechanism.

Ladies and gentlemen

Integrated Reporting as the Way Forward

15. Given its merits, integrated reporting can be the way forward for corporate reporting for Malaysia. In line with current developments in global reporting landscape, we have established ourselves as a forerunner in the region in terms of development in sustainability reporting. We have seen a high number of good sustainability reports generated by Malaysian companies. This is evident through private initiatives like Malaysia Sustainability Reporting Award (MasRA), a worthy effort sustained by ACCA Malaysia. This effort can be singled out as a strong foundation which will put us on track to adopt integrated reporting.

¹ Integrated Financial and Sustainability Reporting in the United States, April 2013, Investor Responsibility Research Institute and Sustainable Investments Institute

² Countries Classification by United Nations

16. Indeed, this forum on integrated reporting is not an after-thought following corporate reporting trends. It is actually borne out of a much bigger agenda towards improving the quality of disclosure and transparency as encapsulated in the Malaysia Corporate Governance Blueprint 2011 launched by the Securities Commission.
17. We are cognisant that, similar to other countries, the transition to integrated reporting in Malaysia is not without its challenges, as reporting reforms are taking place at a relatively fast pace. This in turn commands a high level of user comprehension and a new set of skills among preparers of integrated report.
18. However, with the collective commitment of all the players in the capital markets, the aim of reshaping corporate reporting may be brought closer to a reality. On the part of SC, we have laid out a roadmap for the creation of a facilitative environment where integrated reporting may be eventually adopted for corporate Malaysia.
19. In this regard, we are also fortunate to have our Chairman, Datuk Ranjit Ajit Singh, who is also Chairman of IOSCO's Growth and Emerging Markets Committee as one of the IIRC Council members who would represent the aspirations and be the voice for emerging markets and Malaysia in providing strategic insights relating to IIRC's initiatives and activities.

Ladies and gentlemen

Conclusion

20. It is clear in our minds that the adoption of integrated reporting is a long transformation journey that will vary among corporations based on factors like size, complexity of business and maturity. As the journey progresses from its infancy, this reporting innovation will edge closer to a state of congruence between management internal reporting and external reporting requirements.
21. For integrated reporting to succeed, it is the responsibility of the board and top management to drive the process of integrated reporting within corporations. We, at the SC, believe that on the premise of the propositions of integrated reporting, corporations in Malaysia should rise up to the challenge and embrace this concept. On this note, I encourage all of you to step up and be early adopters of integrated reporting.
22. Let me conclude my remarks by extending my appreciation once again to our distinguished speakers and to everyone present for your participation. I wish you a productive and enlightening forum ahead.

Thank you.