

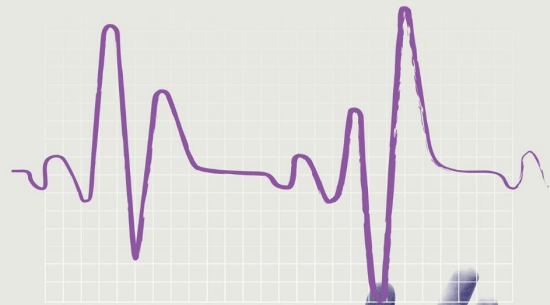
# Keep your finger on the pulse

*Essential Director Update:17*

**Economic update by:**  
**Stephen Walters GAICD, Chief Economist, AICD**

**Essential Director Update by:**  
**Graham Bradley AM FAICD**

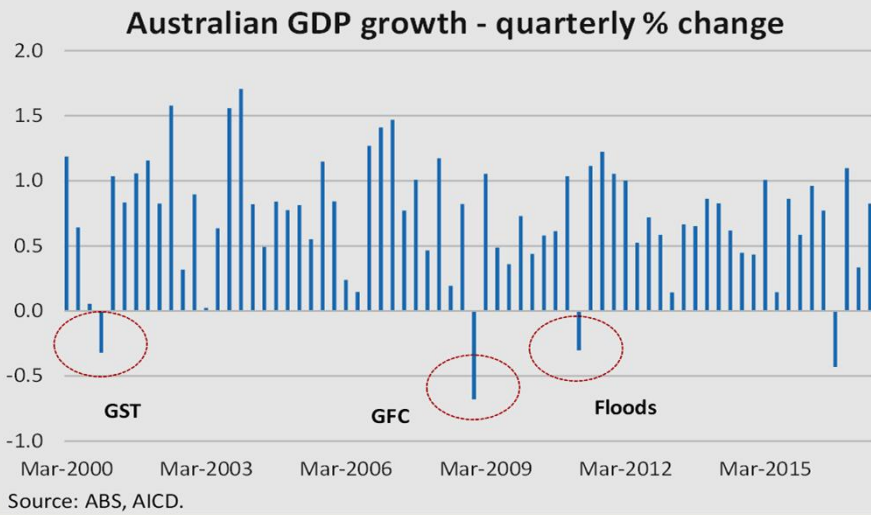
**Chairperson:**  
**Dr Katherine Woodthorpe AO FAICD**



## ECONOMIC UPDATE: 17

- 1 Australian outlook
- 2 Global outlook
- 3 Risks

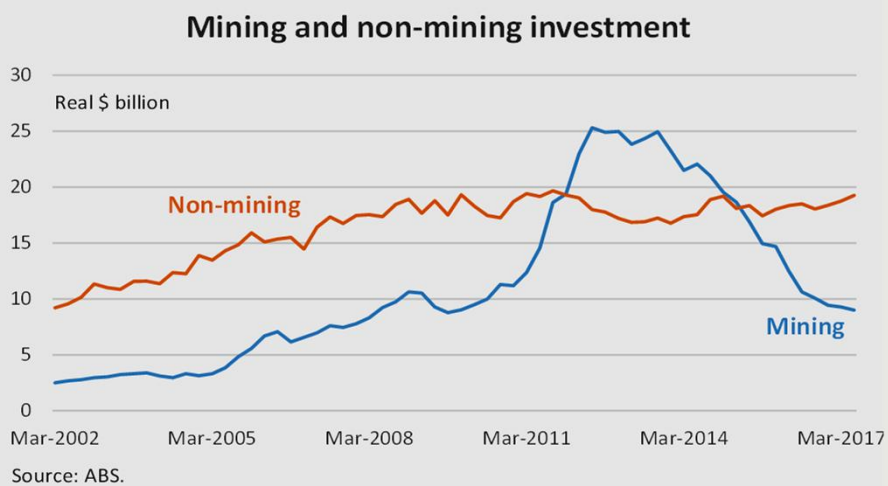
## ECONOMIC UPDATE: 17



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## ECONOMIC UPDATE: 17

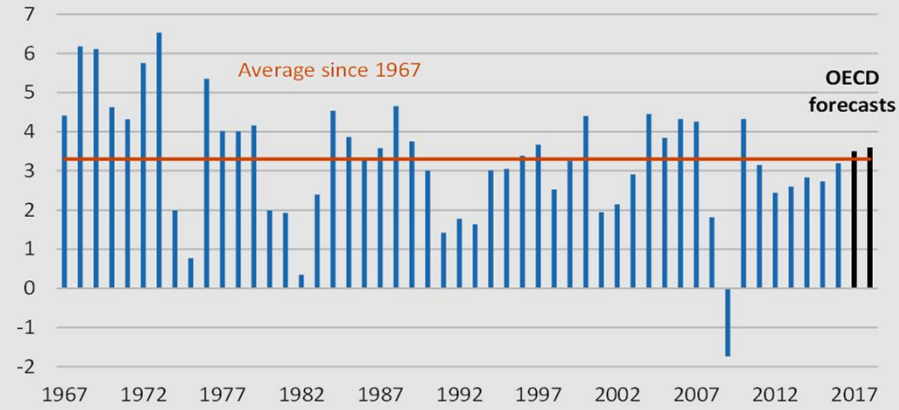


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# ECONOMIC UPDATE: 17

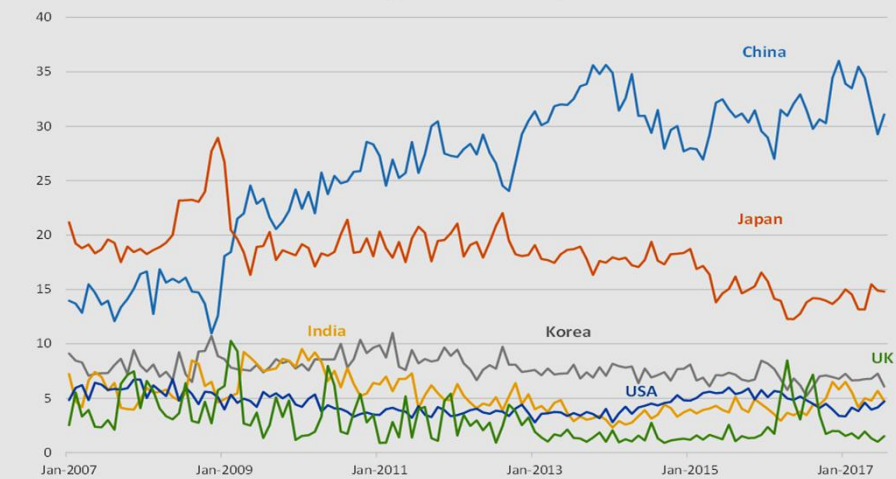
Global GDP growth - constant prices, % oya



Source: Bloomberg, OECD.

# ECONOMIC UPDATE: 17

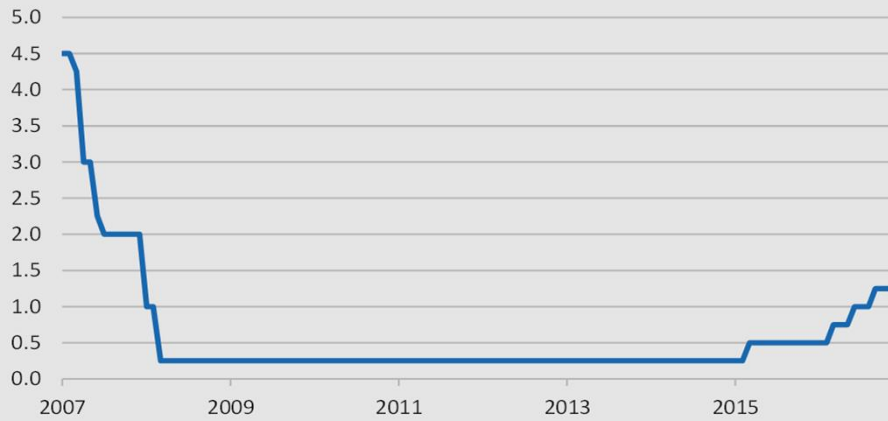
Australia's export destinations, % of total



Source: ABS, AICD.

## ECONOMIC UPDATE: 17

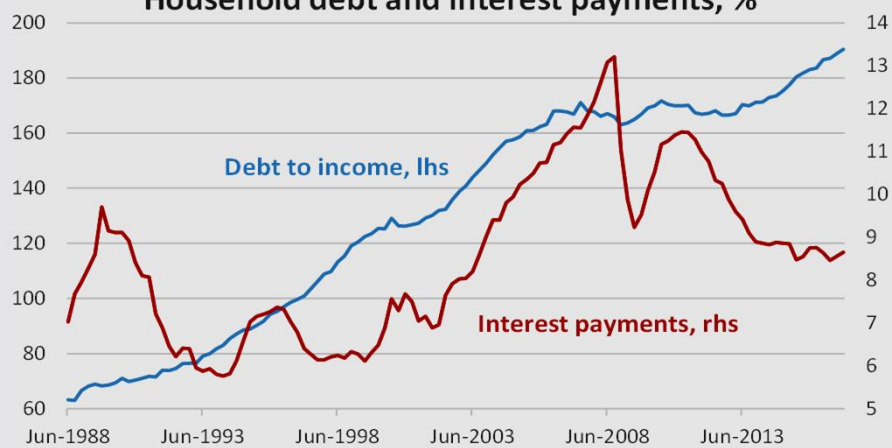
US Federal Funds rate - percent



Source: Bloomberg.

## ECONOMIC UPDATE: 17

Household debt and interest payments, %

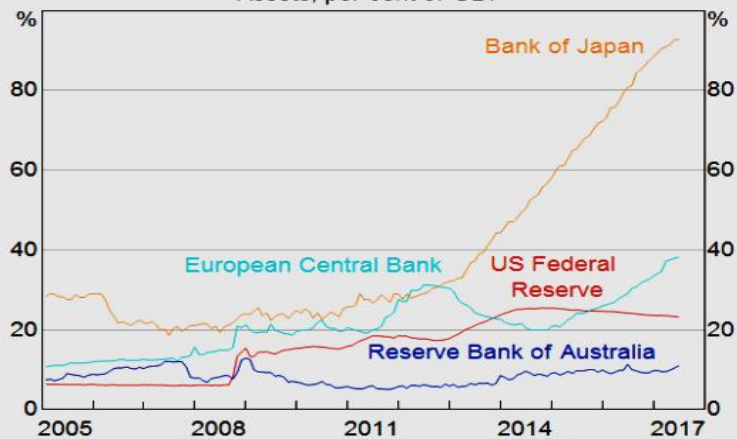


Source: RBA.

## ECONOMIC UPDATE: 17

### Central Bank Balance Sheets

Assets, per cent of GDP



Sources: Central banks; RBA; Thomson Reuters

## ESSENTIAL DIRECTOR UPDATE: 17

### 7 KEY TOPICS

- 1 Corporate culture, reputation and social licence to operate
- 2 Director liability – recent developments
- 3 Corporate reporting and disclosure
- 4 Cybercrime and cybersecurity
- 5 Shareholder activism and the 2016 AGM season
- 6 Not-for-profit sector developments
- 7 Priorities for the year ahead

## ESSENTIAL DIRECTOR UPDATE: 17

### CORPORATE CULTURE, REPUTATION AND SOCIAL LICENCE

- Low trust in business persists
- Sensational headlines continue: CPA, CBA, Ardent, VW, Wells Fargo
- Regulators focus on culture and conduct
- Whistleblower reform
- What boards should do



## ESSENTIAL DIRECTOR UPDATE: 17

### WHAT BOARDS SHOULD ASK ABOUT CORPORATE CULTURE



Is culture a regular topic on board and committee agendas?



Are key indicators reported and monitored?



Do directors interact broadly across the organisation?



Do company values match the experience of customers, employees, partners, communities?



Does the board get input from customers, suppliers, partners, regulators, internal auditors?

## ESSENTIAL DIRECTOR UPDATE: 17

### DIRECTOR LIABILITY – RECENT DEVELOPMENTS

- ASIC v. Flugge
- Bank Executives Accountability Regime
- Insolvent trading safe harbour
- Climate change and Section 180



## ESSENTIAL DIRECTOR UPDATE: 17

### CORPORATE REPORTING AND DISCLOSURE

- Underlying profit – the pros and cons
- New accounting standards
- Asset valuation / impairment
- ESG reporting trends
- Proposed UK “Reforms”



## ESSENTIAL DIRECTOR UPDATE: 17

### CYBERCRIME AND CYBERSECURITY



- Ransomware / Wannacry and Petya
- Regulatory focus (ASIC and APRA)
- ASX100 Cyber Health Check
- Notifiable Data Breach legislation
- Cybercrime and corporate reputation

## ESSENTIAL DIRECTOR UPDATE: 17

### SHAREHOLDER ACTIVISM

- 2016 AGM Season
- Exec rem still in the headlines
- Activist investors and BHP
- Proxy advisor practices
- Gender and cognitive diversity





## ESSENTIAL DIRECTOR UPDATE: 17

### NOT-FOR-PROFIT SECTOR

- ACNC's 2016 Charity Compliance Report
- Regulatory priorities 2017-2019
- Guidance on reserves
- Fundraising reforms – towards a national regime?
- ACNC 5-year review



## ESSENTIAL DIRECTOR UPDATE: 17

### THE YEAR AHEAD: TOP 5 ISSUES

- 1 Corporate culture, conduct and reputation  
*How well are boards monitoring/directing culture?*
- 2 Cybersecurity  
*How well-prepared are our companies?*
- 3 Digital economy/disruption and social licence  
*How should boards balance competing interests?*
- 4 Public policy uncertainty / populism  
*How can directors have an effective voice?*
- 5 Director licencing  
*Will the BEAR regime take wings?*



## ESSENTIAL DIRECTOR UPDATE: 17



QUESTIONS

## ESSENTIAL DIRECTOR UPDATE: 17

### DIRECTOR PROFESSIONAL DEVELOPMENT

*By attending this event you have received...*



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