

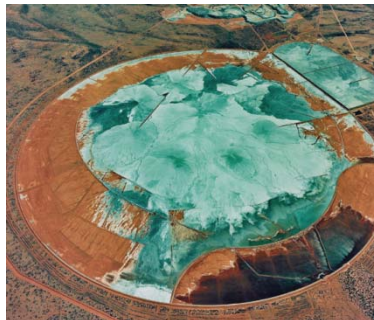


Using a Due Diligence approach to managing business environment performance health

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Fundamental Premise

- Business needs to move beyond a traditional conformance based or 'metrics' management approach. Business needs to know what are its material obligations and associated risks to business performance health
- Experience tells us stakeholder expectations are sometimes “aggressive”, but often uncompromising and arrive from investors, government, media and focus groups
- Business management needs to display it is managing these expectations including influences of less or intangible impacts
- A Due Diligence style approach provides an accepted, proven and respected approach to assessing material risk and business performance health



Advantages of a Due Diligence style approach

- Can be tailored to focus on material matters, apply to short and long term considerations and is replicable
- Can be designed to a specific scope, criteria, granularity, audience and varied to suit business risk as well as embrace traditional compliance needs
- Can guide management corporate responsibility
- Provides a structured and accepted mechanism of reporting business performance



Understanding the process

With the above fundamentals and advantages in mind the review needs to embrace:

1. An agreed suite of review criteria and identification of a level of materiality
2. An ability to focus on individual or multiple components of the business
3. A risk based approach with risk criteria that can be customised and can help define residual risk
4. The ability to capture traditional compliance monitoring and business management system elements
5. A process that is recognised by management, investors, government, legal fraternity and other stakeholders
6. The ability to be designed to suit varying management and stakeholder focused reporting needs
7. Process repeatability



Process Focus

Understanding the above review process focus we ask:

- Who is the audience, what is their 'make up' and focus?
- What is material to the business and what level of materiality is applicable?
- What are our organisational strategic objectives, priorities etc.?
- What are the drivers for the audience, what government legislative mechanisms exist and influence management, corporate and director considerations exposures or liabilities?
- What unique organisational characteristics exist considering: business size, scalability, integration, jurisdictional and/or enterprise wide influences?
- What level of input is an overburden or is overstated, and what specific review needs influence management and corporate reporting mechanisms?
- What does the Due Diligence review output look like and what level of environment performance disclosure is appropriate and do any competitive advantages need to be considered?



The Due Diligence

In responding to the above conduct of the Due Diligence:

1. Understands the audience and their needs
2. Defines outputs required from the review
3. Develops a review scope and define inputs and boundaries
4. Establishes criteria for the review, including level and nature of material impacts and risk based review
5. Executes the review embracing repeatability
6. Defines and agrees the review reporting structure and format

