

Work Session 2

Towards a Sustainable Business: Embracing Transparency, Increasing Value

CV: Samuel A. DiPiazza, Jr.

Born in 1950. Samuel DiPiazza holds a dual degree in accounting and economics from the University of Alabama and a Master of Science in tax accounting from the University of Houston.

In 1973, he joined PricewaterhouseCoopers (PwC) and became partner in 1979. Samuel DiPiazza was elected to the firm council in 1986 and headed the Birmingham, Alabama and Chicago offices before being appointed Midwest regional managing partner in 1992 and managing partner of the New York Metro Region in 1994, with a dual role as Vice Chairman of Client Services. In 1998, he was named the Americas Leader for Tax and Legal Services and in 2000, Chairman and senior partner of the U.S. firm. Since 2002, Samuel DiPiazza has served as Chief Executive Officer of PricewaterhouseCoopers International Limited.

Besides his engagement with PwC, he serves as a trustee of the International Accounting Standards Committee Foundation and as Chairman of the Board of Trustees of The Conference Board, Inc. He is Vice Chairman of the World Business Council on Sustainable Development and an Executive Committee member of the International Business Council of the World Economic Forum. He is also a member of the Council of Foreign Relations' Committee on Corporate Affairs and has served as a trustee for the Financial Accounting Foundation. Very active in civic affairs, Samuel DiPiazza is a past Global Chairman of Junior Achievement Worldwide and a member of the Executive Committee of the World Trade Center Memorial Foundation.

He has been honoured as Accountant of the Year by the Beta Alpha Psi Society and is a recipient of the Ellis Island Medal of Honour.

CV: Wolfgang Wagner

Born in 1957. Wolfgang Wagner holds a Master of Business Administration from the University of Saarland.

He became a member of the German PricewaterhouseCoopers (PwC) Executive Management Team in 1996, responsible for the Berlin region, before being promoted to German Advisory Leader in 1998. From 2001 to 2003, he served as Chairman of PwC Wider European Advisory Network. His special professional focus is on Initial Public Offerings, privatisations and corporate finance, namely in the energy and utility as well as the technology and telecom sectors. Wolfgang Wagner has been a member of the global leadership team of PwC since 2003. In 2006, he was elected Senior Partner and Chief Executive Officer of the newly established PwC Eurofirms, the wider European Network of 20 PwC member firms with 40'000 partners and staff.

Wolfgang Wagner is Chairman of a standard setting body of the German Institute of Certified Public Accountants (CPA). He is also a noted speaker at the Humboldt University in Berlin, where he frequently addresses issues relating to corporate governance, regulations, audit and corporate finance.



Samuel A. DiPiazza, Jr. (US)
Chief Executive Officer
Pricewaterhouse-
Coopers
New York



Wolfgang Wagner (DE)
Senior Partner and
Chief Executive Officer
Pricewaterhouse-
Coopers Eurofirms
Berlin

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Theses

- *Companies invest heavily in time and money to comply with increased levels of regulation and expectations of improved corporate governance. Yet critics continue to find fault with businesses for not being accountable enough or insufficiently transparent. Companies are debating the value of explaining where they stand on such non-financial issues as governance, sustainability, environmental matters and social responsibility. In some European countries the importance of such matters have been already emphasised and related national requirements put in place, e.g. regarding governance and sustainability.*
- *Beyond the traditional historical financial data, investors, analysts and the general public are looking for "intangibles" that explain corporate behaviour and strategies. For example, innovative success (perhaps measured by number of patents), measures of customer satisfaction, product or service defects or awards, and measures of employee satisfaction.*
- *As the boundaries among government, business and civil society continue to blur and evolve, the public will increasingly seek more and more information from companies. "Enhanced reporting" is just the first step to meeting these growing expectations from various stakeholders for more transparency.*
- *Leading companies embed sustainability, strong governance and accountability and corporate responsibility into their strategies and culture to create and deliver value to their stakeholders. They do and report more than what is required. This is especially true in the European context where leading companies provide related information in addition to the content legally required for the management report.*

Discussion Questions

Why should companies report on anything other than economic value and financial results?

Besides "financial capital", what other capital is critical (human, natural resource, etc.)?

What is the added value of obtaining external assurance on non-financial reporting?

Is reporting non-financials the answer to public quest for company information? How else can transparency be addressed?

What are the risks of transparency?

What value are leading companies creating and delivering by integrating sustainability, governance and accountability into their strategies and culture?

Compared to a global response on such questions would Europe take a different view? If yes, why?

Should private equity and hedge funds be subject to more regulation regarding transparency?

