The IIRC welcomes comments on all aspects of the Discussion Paper from all stakeholders, whether to express agreement or to recommend changes. Your answers to the Consultation Questions, and any other comments you would like to make, should be submitted on this form (submitted electronically at end of document) or sent via email to dpresponses@theiirc.org.

For the purpose of analysis, you are asked to identify the organization to which you belong and where it is located. All comments received will be considered a matter of public record and will be posted on www.theiirc.org.

Comments should be submitted by Wednesday 14th December 2011.

Name	Simon Hodgson/Paul Burke
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Type of Stakeholder (please tick one as appropriate)

- ○ Academic
- ○ Analyst
- ○ Assurance Provider
- ○ Business
- ○ Consultant
- ○ Government
- ○ Inter-Governmental Agency
- ○ Investor
- ○ Labour Representative
- ○ Non-Governmental Organization
- ○ Professional Body
- ○ Rating Agency
- ○ Standard Setter
- ○ Student
- ○ Think Tank
- ○ Trade or Industry Association
- ○ Other, please specify below

Key Points

If you wish to express any key points, or to emphasise particular aspects of your submission, or add comments in the nature of a covering letter, then the following space can be used for this purpose.

The World has Changed – Reporting Must Too (page 5 of the Discussion Paper)

Q1. (a) Do you believe that action is needed to help improve how organizations represent their value-creation process? Why/why not?

Yes. The current quality of both financial and non-financial reporting leaves much to be desired. While there are examples of good practice - where organizations present a coherent explanation of how their particular business model is working currently and will develop in the future - many reports fail to provide a clear outline of the corporate strategy, how it is being applied and the principal risks and opportunities confronting the business.

Q1. (b) Do you agree that this action should be international in scope? Why/why not?

Given the nature of global capital markets the obvious answer is "Yes" as anything that improves the quality of information available to shareholders and other stakeholders must be beneficial. However, securing consensus on what the specific action should be - and then ensuring that it is applied consistently across numerous jurisdictions - is likely to prove problematic. Consequently, there may be a case for pushing ahead with action in those countries where there is a significant number of larger (multinational?) listed companies.

Towards Integrated Reporting (page 6 of the Discussion Paper)

Q2. Do you agree with the definition of Integrated Reporting on page 6? Why/why not?

In general, yes.
We especially endorse the inclusion of the word "material" which, in our view, is vital as this should ensure that IR remains focused on those issues, risks and opportunities that affect the ability of the organization to deliver value. However, we believe that, for the avoidance of doubt, there should be some attempt to define what "value" is being considered and whether "material" carries the same connotations as it does currently for financial reporting.

An International Integrated Reporting Framework (page 8 of the Discussion Paper)

Q3. Do you support the development of an International Integrated Reporting Framework? Why/why not?

Yes.
The challenge will be to develop a framework that is credible with stakeholders - especially shareholders - and which contains sufficient guidance to ensure consistency of application without resulting in "boiler plate" style reports that pay lip service to the concepts underpinning IR but are, in reality, no more enlightening than many current Annual Reports and Accounts.

Q4. (a) Do you agree that the initial focus of Integrated Reporting should be on reporting by larger companies and on the needs of their investors? Why/why not?

Yes.
Based on the interviews with a wide range of stakeholders we undertook in connection with our recent publication on the future of reporting (Multiple Messages), there is an overwhelming acceptance that the needs of investors should be paramount, by virtue of their provision of capital. Moreover, the reality is that institutional investors will be best placed to analyse the content of integrated reports and to compare and contrast it with others in the sector and more broadly.

Q4. (b) Do you agree that the concepts underlying Integrated Reporting will be equally applicable to small and medium enterprises, the public sector and not-for-profit organizations?

Small and medium enterprises: while the concept may be sound in theory we would be loath to endorse any framework that added significantly to regulatory/administrative burdens placed on these organizations.
Public sector: for larger public sector bodies we believe that IR would be valuable - though we would be interested to understand how such organizations would define materiality. Also, given that a key argument in favour of IR is the opportunity it provides for explaining strategy and its application we wonder how changes of government (with the possible attendant changes to policy) would be reflected in an IR.

Business Model and Value Creation (page 11 of the Discussion Paper)

Q5. Are: (a) the organization's business model; and (b) its ability to create and sustain value in the short, medium and long term, appropriate as central themes for the future direction of reporting? Why/why not?

(a) Yes. As we say above, at the heart of any IR should be a description of the business model, how it is working, what risks and opportunities confront it currently and in the future, and how management intends to address the latter. This will ensure that IR has a firm anchor and will be of value both to the business itself and to external stakeholders.
(b) Yes. However, it may be case that particular organizations may decide that their business models relate only to the short/medium term as opposed to long term.

Q6. Do you find the concept of multiple capitals helpful in explaining how an organization creates and sustains value? Why/why not?

The multiple capitals is helpful as it provides a prompt for an organization to consider the different elements that contribute to its success. However, we would not support the wholesale adoption of this approach by all organizations nor would we endorse any attempt to prescribe this approach over others. In terms of the former, the danger would be that organizations would feel compelled to make reference to each of the capitals (regardless of its importance to the business). For the latter, it may be that there are other models that better meet the needs of particular organizations.

Guiding Principles (page 12 of the Discussion Paper)

Q7. Do the Guiding Principles identified in the Discussion Paper provide a sound foundation for preparing an Integrated Report – are they collectively appropriate; is each individually appropriate; and are there other Guiding Principles that should be added? Why/why not?

We would endorse the Principles as currently articulated both collectively and individually.

Content Elements (page 15 of the Discussion Paper)

Q8. Do the Content Elements identified in the Discussion Paper provide a sound foundation for preparing an Integrated Report– are they collectively appropriate; is each individually appropriate; and are there other Content Elements that should be added? Why/why not?

Yes - both collectively and individually.

What Will Integrated Reporting Mean for Me? (Reporting organizations – page 21, Investors – page 22, Policymakers, regulators and standard-setters – page 23, Other perspectives – page 24 of the Discussion Paper)

Q9. (a) From your perspective: Do you agree with the main benefits as presented in the Discussion Paper? Why/why not?

The list of benefits is comprehensive and accords with our perceptions of the potential benefits of IR.
We do have a slight concern that under Other Perspectives - Civil Society there appears to be an assumption that an organization will, automatically, report on certain capitals regardless of the extent to which they contribute to the success of its business model.

Q9. (b) From your perspective: Do you agree with the main challenges as presented in the Discussion Paper? Why/why not?

Yes.

Q9. (c) From your perspective: Do you agree that Integrated Reporting will drive the disclosure of information that is useful for integrated analysis (from the perspective of investors)? Why/why not?

Yes.
The major challenge is less to do with IR itself and more to do with how (institutional) investors "integrate" their existing analysis processes. While it is the case that the outputs from SRI/ESG analysts are sometimes combined with those of mainstream analysts to create a synthesis that encompasses both financial and non-financial performance, our sense is that this remains the exception rather than the norm. Consequently, a major obstacle to overcome are the organizational/cultural barriers that exist within and between investors' research teams.
The other challenge is that the objectives and time horizons of investors vary considerable -

Future Direction (page 25 of the Discussion Paper)

Q10. (a) Do you agree that the actions listed in the Discussion Paper should be the next steps undertaken by the IIRC? Why/why not? Are there other significant actions that should be added?

Yes.

Q10. (b) What priority should be afforded to each action? Why?

1. Outreach - important to maintain interest and to dispel any misconceptions
2. Harmonization - this should aim to establish a "coalition of the willing", ideally in the G8/G20 countries.
3. Measurement
4. Governance - focusing unduly on this area runs the risk of making IR seem inward-looking. In reality, these activities will occur in parallel given their interrelated nature.

Q11. Do you have any other comments that you would like the IIRC to consider?

We believe that IR could dramatically improve the content of corporate reporting.

However, we would make the following points: first, the reality is, even if the quality of reporting is transformed, these documents (whether in hard copy or on-line) will remain the preserve of and of interest to very small numbers of an organization's stakeholders. Therefore, a focus on IR should not be at the expense of other forms of stakeholder communication. There is some evidence to suggest - anecdotal but noteworthy nonetheless - that some organizations are embracing IR less because of the benefits so clearly described in the Discussion Paper and more for the potential savings it will bring by eliminating the need for standalone sustainability reports and other communications. While IR will play an important role in providing some stakeholders with relevant information on organizational impacts and performance it will not, in our opinion, remove the need for companies and others to embrace the opportunities presented by new media to engage directly with their stakeholders and to tailor information accordingly.

Secondly, in the same way that IR is seen by some as a panacea to address the failings of current reporting and a lack of effective engagement with stakeholders, it is viewed by others as a "silver bullet" that will slay the perceived excesses of globalisation, over-exploitation of natural resources, and unbridled capitalism. Laudable as these aims may be there is a danger that in attempting to accommodate these views the IIRC may be deflected from delivering improvements in reporting that accurately capture how the business model is performing.

Additional questions: These are NOT compulsory but will help with analysis if completed

I have provided feedback that reflects:

- ☐ Personal interest
- ☑ Interest of an organization, please provide the name of the organization:

  Acona Partners LLP

Which best describes your involvement with sustainability reporting?
Please tick all that apply.

- ☐ Reporter (prepare a report for my own organization)
- ☑ Consultant (report preparer on behalf of a third party)
- ☑ Assurance provider
- ☑ Report reader (read reports for the purpose of evaluating or analyzing organizations)
- ☐ Other, please specify:

Please indicate how many years of experience you have with sustainability reporting:

- ○ No experience
- ○ Less than 1 year
- ○ 1-5 years
- ◉ More than 5 years

Submit to the IIRC