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	Scott Klinger
Title	Director of Tax Policy
Organization	Business for Shared Prosperity
Country	USA
Email	ScottKlinger@earthlink.net

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.

One key element not reflected in the integrated reporting is corporate disclosure of tax paid by country. Taxes are the financial return to the society stakeholder. Taxes allow countries to develop, maintain social equity and provide infrastructure and services that sustain all members of society, including business enterprises. Corporate payment of taxes is thus an issue of sustainability.

A growing number of governmental and NGO actors have focused attention on corporate tax avoidance. Eurodad recently released a report documenting how improved corporate transparency of tax payments could improve development in poor nations. Recent reports by NGOs in the USA have documented how corporations are using offshore tax havens to avoid taxes. These reports have elicited a confusing responses from affected corporations -- "the current tax number in our annual report isn't really what we pay." These responses have elicited calls from Fortune magazine and others, for corporations to release data directly from corporate tax forms. Adopting a country-by-country tax reporting standard would enhance

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, I agree, and am excited about this process. We need to understand how sustainability/CSR commitments interplay with financial reports.

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

Absolutely. With the rise of the internet the impacts of corporate operations throughout the world are increasingly clear. We need to understand the internal dynamics that lead corporations to behave as they do. Integrated reporting may provide business leaders another tool in seeing previously unrecognized and unexpected outcomes as they understand the relationships between sustainability metrics and the financial reports.

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?

Yes, I agree. I like the framing as telling a fuller story about value creation. It is expansive, rather than the current story which is reductive to a simple number called profits.

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, creating a one-stop report will focus corporate energy on one report, rather than a myriad of different surveys and questionnaires. Similarly it will help concerned stakeholders finding all relevant information in one place and in a format that will allow comparisons between companies.

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?

Not sure. Corporate success stems from responding to all stakeholders, not just investors? I would rather the process take more time and be inclusive, than be speeded along to develop a product which has a certain momentum and will be harder to change later. I have been a part of several industry standard setting processes in which a company or industry develop something without external consultation, and those initial efforts have more often than not become a source of resistance and conflict.

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?

Absolutely the concepts are valid for all enterprises. Obviously the resources available to complete the reporting will vary significantly by organization. It would be my hope that there might be various levels of participation as presently exist within the G3 process.

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?

Yes, I like the value creation focus, because company's that don't create value (or worse that destroy things like social capital) are not likely to remain as going concerns.

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

Yes, but as noted in my opening comment, I think you've left taxes out of the "capitals" frame. Taxes are obviously financial capital, but they are also tied to social capital as they fund the communties upon which business enterprises rest.

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?

Yes, they seem appropriate both collectively and individually. I wonder if there is not one that could be added about comparability.

This is a standard of financial reporting, so that one corporation can be compared to the next. I wonder if that is also an assumed part of the integrated reporting process. If not, it should be explicitly made so.

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?

Content elements appear to be missing how corporation engages with social governance -- its role in lobbying, electoral issues, and support of government through payment of taxes.

Corporate control/influence of the public sphere is a growing issue of public concern and business risk.

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?

It is striking how differently developed the "other perspectives" section is from investors and policy makers. No information has been given on the benefits and challenges facing each of these groups. It makes me feel like civil society and employees are distant cousins in this process, and that gives me pause about the viability and acceptance of this process by the broader stakeholder community.

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

As stated above, the lack of exploring the challenges related to NGO, employee and academic stakeholders, is striking and needs fixing.

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?

It depends on the process, and whether and how all affected stakeholders are included or excluded from the process. Focusing on usefulness solely to investors is a mistake, as it will leave information important to other stakeholders out, and the disclosure process will be more combative and arduous than it is now. If you proceed with an initial cut dominated by industry and investors, your chances of ultimate success will be negatively impacted. On the other hand if you choose a more inclusive process that will take more time, I believe the process will result in a superior product that satisfies the needs of the broader stakeholder community.

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, pilot programmes seem a good way to proceed, while simultaneously working on harmonization with governing bodies. I would encourage pilot programmes to be imaginative and expansive, erring on the side of more disclosure, not less.

With experience of filling out pilot reports, pieces that are poorly specified or difficult to measure can be set aside for further work. This is a better process than starting with that which is simple (and less meaningful) and seeking to add more difficult issues later.

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

Harmonization of varying standards seems like one of the most vital pieces of work.

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

Thanks for undertaking this work. It is vital and long overdue.

I have worked on corporate social/sustainability reporting since 1985, when I was involved in creating an early (and primitive) ratings process. It warms my heart to see how much progress has been made.

As stated at the outset, the crossroads we are at, provides an important opportunity to think about emerging sustainability issues. Sustainable taxes are one such issue. The global financial crisis and resultant moves toward austerity have placed taxes, including corporate taxes, in the center of the debate. In many national contexts, corporations are vilified as tax avoiders/evaders, much to the detriment of corporate reputations. Corporate public relation efforts to clarify their tax payments have fallen largely on deaf ears, because current tax reporting is unnecessarily obtuse and meaningless.

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:

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