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	Chris Hegarty
Title	Senior Policy & Advocacy Adviser, Scotland
Organization	Christian Aid
Country	UK
Email	chegarty@christian-aid.org

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 substance of our answers is to be found in responses to specific questions, below. In terms of general comments, suffice to say that Christian Aid is interested in this process and we believe we have something to contribute to it, especially in areas relevant to our priority advocacy issues: a) climate change, and b) the increasingly high-profile issue of corporate tax & sustainability.

Please feel free to get in touch with us in future.

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, Christian Aid's interest lies in reducing poverty and working with companies to further that objective is an important element of the work that we do. We believe that there are substantial potential benefits to having organisations, especially companies, improve and enhance the way in which their activities are reported and represented, particularly in terms of the enhanced transparency and accountability that such improvements could bring about. We would echo much of what is set out in pages 4 and 5 of the Discussion Paper around the changing world and the need for reporting to evolve to reflect such changes.

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

Ideally, yes. While improvements at a national, regional or sectoral level would be welcome and could have notable benefits, piecemeal or partial improvements are of limited value. In our work on corporate reporting – for example on international corporate tax transparency, or mandatory corporate reporting of greenhouse gas emissions – it has become increasingly clear that such changes are easier if there is consistency across international boundaries. Advantages include lower cost of compliance for multinational companies (and therefore more willingness from such organisations), as well as easier cross-border comparisons by users of the data provided (such as NGOs). However, we recognise the need to pilot innovative

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?

The definition is a helpful starting point, though we question the use or meanings of several aspects:
The sentence: 'It provides a clear and concise representation of how an organisation demonstrates stewardship and how it creates value' makes two implicit assumptions or assertions: 1) that the organisations involved do demonstrate stewardship, and 2) that they do create value.

Demonstrating stewardship:

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, for the reasons mentioned earlier about the benefits of international frameworks as opposed to more piecemeal equivalents. The current shift towards more harmonised international accounting standards would appear to offer an analogous process, as well as the opportunity to build other, non-financial elements into a more holistic International Integrated Reporting Framework.

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?

It is clear that the relationship between companies and their investors is important and is a primary factor behind the need for high-quality corporate reporting. But we would argue that other relationships are equally as important, and often even more important, and should not be neglected. For example, the relationship between corporate behaviour and greenhouse gas emissions is crucial to understanding and tackling the challenges of finite resources and climate change. The relationship between profits made and taxes paid by multinational corporations in some of the world's poorest countries is vital to understanding and challenging the fairness of the international tax system, and fundamentally to address structural inequality

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?

The concepts are equally applicable but it is probably realistic to recognise that, at some point down the size scale, there is a limit in terms of organisations having the resources required in order to comply with such requirements, as well as there being diminishing benefits of them doing so.

One approach in the short to medium term might be a limit set in terms of turnover and/or assets. If such an approach were to be taken, we would advocate setting these limits relatively low, due to the same logic as underpinned the point on materiality in the answer to Q2, i.e.

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?

Setting aside reservations over the use of the term 'value creation' (see answer to Q2), the broad approach to a business model set out on p10 of the Discussion Paper and the notion of the multiple capitals employed does provide a much more rounded and holistic view of a company's operations.

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

Setting aside reservations over the use of the term 'value creation', the concept of multiple capitals is useful in terms of encompassing the various factors on which companies rely in order to function effectively and efficiently, and the interconnectedness of their operations with wider, non-financial factors. Tying in with the answer to Q4a, it will be important to establish, recognise and deal with the ways in which non-financial capitals are often equally or indeed more important than financial capital. Presenting organisations' reports in this way should be an important step in enabling and encouraging the various providers of such capitals (e.g. in terms of human capital - potential employees) and overseers of such capitals (e.g. in terms of

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, on the face of it, but much will depend on the depth of information provided in actual reports. It might be helpful at some stage in the development of this process to provide some case study examples of what an Integrated Report of the type foreseen by the IIRC could look like and seek reactions from all concerned (as is alluded to on p25 of the Discussion Paper). Of particular importance would be the level of 'bare minimum standards' that would be established in terms of the quantity and the quality of information that companies would be required to provide. We have seen highly variable quality and quantity of information in terms of CSR reporting in the UK since the Companies Act (2006) requirement to report on

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?

In general our answer is similar to the one above. There is also one specific area where we would welcome explicit inclusion of another factor. Christian Aid believes corporate taxation is an area of enormous relevance and importance in terms of many companies' contributions to the societies in which they operate. Since it is only possible to gauge the appropriateness (or otherwise) of a company's corporate tax contribution in the context of its profits in each country, we would welcome the explicit requirement to report both profits and taxes on a country-by-country basis.

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?

If Integrated Reporting is implemented successfully, properly and 'with teeth' it would seem likely that even greater and broader benefits would accrue. For example it would lay bare the necessity for many companies to tackle the long-term risks to their businesses presented by climate change (and for their investors and other stakeholders to be supportive of this move).

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

Perhaps the greatest challenge or risk is in ensuring that this implemented with sufficient thoroughness as to achieve the worthy goals and intentions set out in the Discussion Paper.

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?

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?

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

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

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:
  Christian Aid

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