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.

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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.

We welcome this initiative and are grateful for the opportunity to comment on this discussion paper.

There are a number of issues where further consideration is necessary and these are picked up in the responses to the questions below.

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. But in addition to representing their value creation process, any company reporting should ensure that it adequately covers environmental sustainability issues. It is critical that companies include externalities in any representation of the value creation process. This should be focussed on communication of environmental impacts of the organization, as well as the environmental risks faced by the organization. Evidence suggests that currently many companies, both in the UK and internationally are not clearly reporting this information to investors/shareholders and other stakeholders.

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

Yes, ideally any action should be international in scope, in order that it has the greatest impact on business and presents the smallest compliance costs. It is essential that it should be adopted at an international level, however seeking international agreement on this will be challenging.

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?

Agree. The key part of the definition is the concept that integrated reporting "provides a clear and concise representation of how an organisation demonstrates 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?

In principle, yes, but need to be clearer about how the IIRC will aid and not add to the current reporting landscape.
It is stated that the concept of an integrated report will become an organisation's primary report but it is unclear how this will work in terms of existing regulatory and audit requirements, with respect to annual reports and accounts that are currently produced.

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. This is where the need for integrated reporting is greatest and, through the actions of investors, can have the greatest impact.

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?

Yes. The concept of providing a coherent report of an organisation's use of different forms of capital is universal and should be just as applicable to large public sector organizations or NGOs as a large company. The underlying principles of integrated reporting are relevant to SMEs but the actual reporting process, less so.

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, these are appropriate. However, depending on the relationship of the integrated report to what we currently know as the annual report and accounts, it will need to include an element of historic context and past performance data to fully inform investors/shareholders and other stakeholders.

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

It is helpful but only to a limited extent. There is an implication from this approach that all capitals are of equal standing and equally important in the sustainability of an organisation. However, it could be argued that natural capital underpins other "capitals" and so a depletion or impact on natural capital can have a greater impact on long-term sustainability than depletion of other capitals.

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?

It is unclear why "strategic focus" and "future orientation" should be identified as separate principles. Arguably any strategy should reflect management's expectations about the future, and should be considering "where the organization expects it will go over time".
Conversely, conciseness, reliability and materiality are different concepts rather than one principle. Materiality is a key concept and, as noted, this is a matter for senior management judgement. However, reliability of information should not be a reason or excuse for excluding material information from an integrated report; rather the uncertainties surrounding the data should be explained, as well as what processes management have put in place to increase the

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?

The content elements appear to cover the key areas. However, clarity is needed on how these elements of the integrated report relate to the existing annual report and accounts.

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?

Yes, although access to information should also be listed as a challenge (as well as a benefit).

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

Yes. The challenge that integrated reporting needs to address will be ensuring that access to information is at least maintained for stakeholders, and ideally improved. A key challenge will be to ensure that integrated reporting by companies is based on sustainability principles, i.e. the integrated report is seen to weave together the different strands of economic, environmental and social considerations.

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?

The actions listed all seem sensible next steps.

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

The priority given to “Outreach” should be high, as obtaining broad support across a number of regions and within different sectors will be important to the overall success of the project.

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
- [x] Interest of an organization, please provide the name of the organization:

  Defra (including Environment Agency input)

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)
- [x] Other, please specify:

  Responsible for developing Government policy and guidance on en

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