



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?

Edelman firmly supports creating a universal reporting structure/system that enables organizations to better communicate with their stakeholders. For most companies the prospect of creating an integrated report is daunting. A more uniform structure will alleviate the perceived challenges and amplify the perceived benefits of creating an integrated report—similar to how the GRI guidelines increased the accessibility and occurrence of CSR reporting.

Furthermore, integrated report will help organizations re-define their value creation process as less siloed and fragmented. We believe participating in integrated reporting will help organizations move towards integrated thinking.

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

We agree the action needs to be international in scope, because we need to knit together the existing voluntary and involuntary standards that exist around integrated reporting across the globe. This will also benefit large, multi-national corporations which often have the largest impacts. Perhaps most importantly, creating a unified international framework will make integrated reports more digestible for the investor community: investors will have clear expectations for the content of a report, regardless of country. Furthermore, an international framework will allow the leaders (such as South Africa) to share best practices, which will accelerate all of our efforts.

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 two sentence definition at the top of page six is accurate and comprehensive. However, this definition may not speak directly enough to the market perspective and that integrated reporting provides an opportunity to assess the sustainability of a company's growth and any potential risks. This could be remedied by more explicitly stating that integrating reporting gives stakeholders the full context (ESG factors) necessary to evaluate the financial performance of an organization as well as the risks and opportunities to which their business model is exposed.

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?



As per our response to Q1 (B), we do support in the development of an integrated reporting framework and believe it should be international in scope. However, we stress that any new reporting framework must reduce, not increase, administrative burden and must somehow align with existing reporting structures.

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?

We agree that it is strategic to first focus on larger companies. As one of the primary goals of this movement is to demonstrate the value of integrating financial and non-financial data to investors, gaining the attention and support of the investor community is vital to the movement's success. Gaining wide-spread investor buy-in will make integrated reporting a "must-do," not a "nice-to-do"—i.e., it will help transform integrated reporting into the norm. Larger companies also have more influence and are in a better position to be able to increase awareness of integrated reporting simply by doing it, both among the public and the company's suppliers.

First focusing on larger companies will enable IIRC to test-drive and hone a framework that small and medium sized companies can use later on.

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?

These two themes are appropriate, but we recommend advocating for a third central theme: sustainability context. While a business model does consider external factors, we believe it is important to explicitly address sustainability context, including the constraints and demands on environmental and social resources in locations of operation. Sustainability context also includes forecasting issues that could impact the business, such as development trends or climate change.

Regarding theme (B), we believe the framework should not evaluate an organization's "ability to create and sustain value," but rather an organization's transparent communications about this ability (or lack thereof). Actually *evaluating* companies on their value-creation could serve as a barrier and dissuade some companies from reporting. Having companies communicate their "ability to create and sustain value" and other important indicators, without the evaluation component, is a first step and can serve as a driver to organizational change.

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

We do think this is a valuable concept. However, as this concept is not prevalent in mainstream business thinking, it may need socialization in order to get buy-in.



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?

These Guiding Principles provide an excellent basis for an integrated report. One other principle to consider is quality. While “conciseness, reliability and materiality” speak to quality of information, quality can also encompass balance, timeliness and truthfulness. In order to combat the issue of greenwashing, reports need to provide high quality information that stakeholders can fully trust.

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?

We recommend adding one Content Element: Report Parameters, in which an organization can disclose its reporting process, the scope of the report, and process for ensuring accuracy of data (audits and assurance).

We also have two questions. First, should there be a Content Element that clearly outlines the expectation to report on an organization’s differing streams of capital and the various types of value they create? Secondly, how does the IIRC foresee this framework working with other well-adopted reporting frameworks such as GRI and CDP? (I.e., could an organization report using the IIRC overarching framework while also responding to GRI indicators and CDP disclosures?) These frameworks must be taken into consideration if IIRC wishes to be comprehensive and reduce administrative burden for companies that are already reporting out on these well-known indicators.

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?

We largely agree with the main benefits as presented in the Discussion Paper, but have a few recommendations. First, we believe that “Building trust in organizations and organizational reporting” is an important benefit for all three of the perspectives you have listed. Secondly, we believe that you should create a list of benefits that the reporting organization will gain. For example, these might include:



- Use of the reporting process as a management system and tool to drive decision making
- Better assessment and comparability of financial and nonfinancial factors
- Increased attractiveness as an employer (talent recruitment and retention)
- More internal collaboration across functions
- Greater engagement with stakeholders
- Higher levels of trust among stakeholders
- Potential for less administrative burden

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?

We agree with the listed next actions. We recommend adding in two additional actions. The first is Evaluation and Modification of Framework. Listening to how organizations are using the frameworks, as well as how using the framework affects their performance, will require a dedicated effort. This effort will be vital to refine and improve the working model of the integrated reporting framework.

The second action is Data Collection. This would be a more long term effort (possibly in collaboration with an academic institution) in which the IIRC evaluates the stock performance of companies with integrated reports, as compared to companies without integrated reports. This would help build the library of evidence necessary to demonstrate the importance of integrated reporting to investors.

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

For this phase we recommend focusing efforts on the Pilot Programme, Framework, and Evaluation and Modification of Framework. It is strategic to invest time and energy in creating a thought-out and tested framework that successfully works for organizations. Once this has been accomplished, IIRC can invest more time in the remaining actions.

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

Thank you for the opportunity to provide feedback. Edelman is attuned to stakeholder perspective of integrated reporting versus only the investor perspective. This is rooted in that Edelman is a privately-held company without investors, and we believe IIRC should be applicable to all companies, public and private. The 2012 Edelman Global Trust Barometer illuminates that a company's reputation increasingly depends on its ability to integrate social, ethical and environmental elements into how it conducts its business and that this ability is important to a broad array of stakeholders. While the Barometer reinforces that trust levels relate largely to business competence, it also signals that future trust will hinge on societal-focused behaviors.



We also recognize social media and non-traditional forms of communication as important ways for companies to share their ESG and financial data and believe it could be useful in the integrated reporting process.