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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 are following these developments in IIRC mostly from business practioners (our members) point of view, without forgetting the wider stakeholder community interests. We are a member of GRI and have commented on the G4 Guidelines. We are also an NPO of CSR Europe, and would especially raise your attention to the findings of their Laboratory Project Delphi (more information from Ms Sibylle Baumgartner of CSR Europe), which are proving interesting results which would be useful as a basis of IIRC work. Thus we recommend liaising with CSR Europe would be useful especially keeping in mind the new EU plans on introducing more or less mandatory ESG reporting requirements in 2012.

SUMMARY OF CONSULTATION QUESTIONS

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 to dpresponses@theiirc.org or online at www.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.

The World has Changed – Reporting Must Too (page 4)

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

Yes, we believe improvement is needed, but many companies may think the “value-creation process” is more close to management theories than everyday business. We find it easier to continue speaking about financial and non-financial performance, explaining that they are so much linked with each other that they cannot be kept separate any more, but we have to integrate all material elements into one single report. This report explains better than the separate ones how sustainable, responsible management affects financial results and – when correctly carried out – increases transparency of the reporting company. The beef here is not just introducing new kind of reporting – to come out with such reporting needs new kind of management. Maybe we end up with “improving value-creation process”, today some front-runners are rather talking about integrated strategic management, where report is the end result, the tip of the iceberg. The value creation is in there, for the most advanced. For practical purposes we recommend that the integrated reporting in this form should be left to only for the most advanced reporters on a totally voluntary basis. Additionally, the monetary and intellectual investment required would leave out the SME field widening the gap between the front-runners and SME’s.

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

Yes, all such information must be international in scope, as businesses and business networks are becoming more and more international, and stakeholders need standardized, accountable information for comparing companies. Please consider the “country-by-country reporting” concepts of EU in this area as well.

Towards Integrated Reporting (page 6)

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

We agree, though as said in Q1, to deal with value creation needs very practical instructions.

An International Integrated Reporting Framework (page 8)

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

Yes, if we do not get it, financial and non-financial performance will continue being separately managed and measured and the connections will not be understood thoroughly. However, the leading edge thinking might come from strategy management area (e.g. McKinsey’s article What Really Drives Value in Corporate Responsibility, December 13, 2011) and should be closely followed by the IIRC.

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?

As we find the transition phase difficult and laborious, we can forecast that big companies do this first, especially listed companies – and investors are interested in them. But plenty of SMEs have started to prepare GRI reports as they are suppliers to big companies and these big companies start requiring proof of responsibility from their suppliers. A GRI report suits this purpose. If the SMEs are left out in planning IIRF, both parties will lose this possibility of exchanging information. Of course the SMEs can continue with non-financial performance reports, but if information on the supply chain will be even more important in Integrated Reporting than it is in GRI, SMEs should be taken into account.

(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?

It is hard to say yet as the draft does not give us enough practical information. If big companies are not that familiar with management theories, SMEs are even less theoretical – we wonder if value-creation and correct understanding of the various capital flows is easy for them.

The public sector is more traditional in their reporting, and not-for-profit organizations are less transparent than the companies nowadays. As to both these groups, this type of reporting would be desirable because it would require them to be more open about their strategic targets and objectives and their success in reaching those. Their goals and targets are not as straight forward as in the corporate sector.

Business Model and Value Creation (page 10)

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?

As said, this is becoming more theoretical than reporting based on accounting law, corporate governance code, GRI Guidelines and various standards. Describing business model and value creation are closer to financial reporting of today, and improving this type of information is valuable for listed companies and

investors. We wonder if non-listed companies – there are also very big companies in that group – need to analyse their strategy and business model in the similar way?

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

This looks interesting but it is hard to take a position without seeing more detailed instructions on how to use this concept. As we think CFO will be the owner of Integrated Reporting, this will leave the sustainability officers in a minor role. We are afraid that many CFOs are reluctant to adopt non-financial performance indicators into integrated reporting, compared to sustainability officers who could rather see this change happen. Thus, also the concept of multiple capitals may first be difficult for the CFO and the Board, but hopefully they can overcome this suspicion. It also depends whether the use of multiple capitals will proceed on a voluntary basis – this type of approach might be difficult to regulate. And again, remember the SMEs, they should participate!

Guiding Principles (page 13)

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?

Content Elements (page 14)

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?

They are OK.

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)

Q9. From your perspective:

- (a) Do you agree with the main benefits as presented in the Discussion Paper? Why/why not?*
- (b) Do you agree with the main challenges as presented in the Discussion Paper? Why/why not?*
- (c) 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?*

From the reporting organizations' perspective, the answer to a, b and c is mainly positive, but the Discussion Paper is so far very round-worded and theoretical, and we would not want to take very strong positions. If the new Framework is practical, easy-to-use and succeeds in connecting hopes and opinions of the key stakeholders, it is very much what we need.

For the regulators, a big challenge will be what and how to regulate. Financial reporting is now strictly regulated, GRI reporting is in most countries voluntary. How do you integrate regulated information with voluntary information? Combining tens of pages of financial statements and notes to financial statements with all possible GRI indicators cannot happen without reducing part of this information. Can we reduce something from the regulated financial indicators? How does materiality assessment fit into now regulated financial indicators? What will happen with GRI sector supplements?

Future Direction (page 25)

*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?
(b) What priority should be afforded to each action?*

As reporters, we are very interested in the Exposure Draft, regional roundtables and harmonization.

Why?

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