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	Terence Jeyaretnam
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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.

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. There is a need to transition towards universalised norms on disclosure of an organisation's value creation process. A principles-based disclosure framework can provide the foundation for a more systematic evaluation of organisational financial and non-financial performance.

Financial disclosure has traditionally been recognised as the most tangible insight on corporate performance. Non-financial factors were (and continue to be) not considered to be adequately material (in an accounting sense), nor tangibly or reliably quantifiable. It is

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

Yes. Companies and investors operate in a global marketplace. Different reporting requirements in different operating environments create additional work and complexity for all. An international framework would reduce barriers for understanding organisational performance, and facilitate consistency and comparability on performance norms across sectors. A uniform approach will provide inherent efficiencies in evaluating performance. It will encourage competitiveness and improve disclosure standards. Consistent disclosure standards will provide a more level playing field which can positively impact on investment decision making and capital attraction.

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 aspiration of greater coherence to disclosure and reporting is a necessary goal for a global market context. While this is desirable, much depends on the detail of the framework, how it is supported by national instruments, how administrative guidance and support frameworks are organised and overseen by regulators. A key question is how the framework might provide guidance on how materiality is defined transparently and consistently and in a way which more objectively reconciles financial and non-financial considerations of the concept.

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. A reporting framework should provide the basis for a globally consistent reporting standard.

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?

No. Integrated reporting is about communicating company value to all stakeholders – internal and external. It is not about developing a reporting format that is attractive to one stakeholder group over others. According to the discussion paper, one of the five guiding principles of Integrated Reporting is responsiveness and stakeholder inclusiveness and these must be reflected in the development of the framework.

Investors and corporations are traditionally concerned only in non-financial capitals (i.e. human, natural, social etc.) only to the extent that they impact on financial returns. Issues

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?

In order to adopt integrated reporting small to medium enterprises (SMEs), public sector agencies and not for profits are likely to require extensive, easy to understand advice. If the initial focus of the framework is on investor audiences who are disparate from the broader reporting audiences, it may mean that the framework is not suitable for (SMEs), public sector agencies and not for profits. It is recommended specific working groups are convened to address these differences and develop initial interpretive advice for such sectors.

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. A deficiency of current reporting models is that they focus on retrospective and short term performance and do not ensure companies collect and publish sufficient information for stakeholders to understand company value in the long term.

Properly adopted, integrated reporting is likely to require a significant change to many organisations' business models as their understanding of 'value' is broadened, and performance is examined over the longer term.

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

This concept needs rigorous testing through the pilot program to ensure it is of assistance to companies and stakeholders in their understanding of the multiple interactions that influence business value. It will be important to engage the key influences in organisations to ensure understanding and uptake of the concept of multiple 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?

Suggested additional principles:
• Comparability. To understand company performance stakeholders need to understand it in relation to sector and other company performance.
• Neutrality. Non-financial reporting is perceived by many to be lacking neutrality. Company successes are played up and failures or challenges frequently under-reported or omitted.

It would also be appropriate to add some guidance regarding the links between the guiding principles (e.g. the link between strategic focus and the organisation's material issues).

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?

Context has been a useful principle in sustainability reporting but is reflected as "operating context" in the framework. What an organization does, the sector of which it is a part and the regions in which it operates all help to determine its non-financial impacts. More overt references to sustainability or non-financial operating context would be useful beyond the reference to "significant external factors that affect the organization's ability to create and sustain value in the short term."

It would also be worthwhile including guidance around the process of determining materiality,

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?

In addition to those listed in the discussion paper, the benefits of integrated reporting may include:
• Improved, non-financial reporting through use of common metrics, 'issues' and reporting format allowing for greater comparison of performance and commitment to ESG factors.
• Clearer picture of company strategy and future direction
• Companies identifying opportunities rather than just looking at risk avoidance.

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

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?

We believe the challenges of adopting integrated reporting are understated. As noted previously, integrated reporting will require a significant change to company operations and company understanding and disclosure of value creation. Specific challenges include:
• Ensuring the reporting boundary is sufficiently broad to incorporate the various inputs and outputs of the organisation's business model will be critical. Some organisations define their boundaries of influence too narrowly by, for example, not commenting on supply chain or customers. Furthermore, a recent study by Leeds University Euro-med Management School found the majority of sustainability reporters omitted or distorted data from their own

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?

In addition to the listed actions, we suggest there needs to be a period of direct consultation with:
• the full range of stakeholders of pilot companies.
• key professional organisations (and not just the accounting bodies) whose members are key influencers in organisational reporting and disclosure. (e.g. Institute of Chartered Secretaries, company directors, Corporate Lawyers Associations and audit firms).
• a large cross section of current reporters (from various sectors, including non-listed entities) and their stakeholders (and not just shareholders).

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?

Social and environmental risks are greatest in the significant economies of the future such as China and India, yet the framework appears to be based on Western reporting and corporate practices and the needs of shareholders on Western exchanges. It is recommended the framework encompass the needs of stakeholders in these rapidly emerging economies. The pilot program needs to include more participants from outside of Europe and northern America if is it to be truly global.

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:

  Net Balance Management Group

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