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	Dr Vijith Kannangara
Title	Chairman
Organization	Smart Media (Private) Limited
Country	Sri Lanka
Email	vijith@smart.lk

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

Specialised producer of annual reports

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 are Smart Media – The Annual Report Company.

Over the past 15 years we have produced more than 1,400 annual reports, and presently do business in six countries, namely, Sri Lanka, Bahrain, Oman, Qatar, UAE and Hong Kong.

We are a company that has been constantly challenging and reshaping the structure and content of reporting, a recent example being our first attempt at integrated reporting for the Diesel & Motor Engineering PLC annual report 2010-11 (refer: http://www.smart.lk/sample_of_our_work_integrated_approach1.php)

As a practitioner dedicated to enhancing the reporting standards of client companies, we are excited by IIRC's initiative. We look forward to providing feedback during the development of the Exposure Draft of the Integrated Reporting Framework.

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.
Starting with the requirement to file financial reports triggered by the Great Depression of the 1930s, reporting has expanded and evolved over the decades to include other aspects such as governance, risk management, CSR and now sustainability. While these serve to provide 'more information', they are often disjointed and add to the clutter. This calls for a paradigm change in the approach. Value creation - viewed from all angles - lies at the root of such an approach.

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

Yes, more so for large organisations.
In an increasingly globalised and connected economy there is a need for standardisation (at least on major reporting parameters) to enable understanding and comparability.

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?

Yes, in general.
While appreciating the need for brevity, we presume the term 'commercial' would include the political, legal/regulatory, economic and technological contexts.

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.
Please see response to Q1 (b).

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.
It may be better to segment organisations at the outset (large/small, global/local etc) and develop standards concurrently. This will help in identifying similarities and differences, that could be harmonised or differentiated at an early stage. A sequential approach may lead to reworking what has already been completed, or forcing a 'fit' on the next segment that is taken up for consideration.

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, at concept level.
However, content and focus may vary.

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 to both.
Said differently, the value delivered to the various stakeholders of a company and the value of those stakeholders to the company are two sides of the same coin. The former is what is usually discussed in sustainability reports, while the latter comes under the realm of knowledge management reports or intellectual capital statements. Considering these two sides simultaneously, while drawing on related research, we developed a methodology when attempting our first integrated annual report in 2011.

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

Yes, although as of now there does not appear to be a universally accepted classification or methodology for their measurement.

The concept of intangible or non-financial capital (and its components) is not new. However, given its growing significance (as clearly brought out in the diagram) it merits further research, particularly in the areas of classification and measurement, and in understanding its precise role in the value creation process.

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?

1. 'Future orientation' under Guiding Principles and 'Future outlook' under Content Elements are somewhat similar in scope. Perhaps 'Future orientation' could be moved and merged with 'Future outlook'.

2. One may include 'Boundary setting' under Guiding Principles: (i) basis of selection of entities for reporting (control and impact), and (ii) breadth and depth of disclosures (of Content Elements).

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?

Looks appropriate, subject to comments given under Q7.

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, quite a comprehensive account.

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

Yes.
For the Reporting Organisation one may include 'changing the mindset'.

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?

Yes.
However, investors will want to supplement it with more current/detailed information as well.

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?

Yes.
However, everything need not be invented here. For instance, lessons learnt from earlier initiatives (such as Intellectual Capital Statements - The New Guideline, Denmark; Framework for IR,South Africa; etc) could be given equal attention.

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

In terms of timing, high on priority would be (i) analysis of the feedback on the IR Discussion Paper; (ii) lessons learnt from other similar initiatives; and (iii) outcome of the IIRC Pilot Programme.
Priorities for the rest and a roadmap would probably evolve as IIRC makes progress.

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

1. Consider including a discussion on length and formats. For instance, the Integrated Report (paper or electronic) could be a very concise and interesting read, with the user invited to request or drill down for more details on specific topics of interest.

2. Consider including a discussion on attempts by others in setting integrated reporting frameworks and guidelines, and the outcomes Please see response to Q10 (a).

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:

  Smart Media (Private) Limited

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