

14 December 2011

The International Integrated Reporting Committee

Per email to: dpresponses@theiirc.org

Towards Integrated Reporting: Communicating Value in the 21st Century.

Please find our comments regarding the discussion paper released by the International Integrated Reporting Committee.

We found the principles and suggested elements to be included in an integrated report, as set out in the discussion paper, a useful framework for the preparation of an integrated report. Integrated reporting is still in its infancy and we recognise that as integrated reporting develops, guidance may become more specific and extensive, but we believe that this discussion paper offers helpful guidance to companies preparing integrated reports.

We appreciate the non-prescriptive nature of the discussion paper. The discussion paper offers direction but steers clear of a checklist or rules-based approach, recognising that each entity is different and will disclose issues relevant to its operations. This approach will provide opportunities for preparers to differentiate their report and introduce creative ways of presenting relevant information to their respective stakeholders and will therefore assist in allowing best practice and minimum standards to emerge naturally that can be used in future standard setting.

Finally, we would like to congratulate the Integrated International Reporting Committee for the effort involved in producing this framework and the commitment to improving reporting internationally.

Desiree Jones

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Responses to questions and comments on the International Integrated Reporting Committee's discussion paper, *Towards Integrated Reporting: Communicating Value in the 21st Century.*

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

Yes, as identified in the discussion paper, disparate reporting models and frameworks have developed across jurisdictions resulting in reduced comparability and increased complexity within annual reports. This makes it difficult for stakeholders to assess how companies create value. Thus, we believe that action is needed to help improve how organisations represent their value-creation process.

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

Yes, as mentioned above, the separate development of reporting frameworks across jurisdictions has reduced comparability of these reports. Therefore, international action would improve the comparability. However, any action taken would need to be flexible enough to accommodate the various country-specific reporting requirements.

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

We agree with the definition, however, it would be more useful if the definition was concise with further explanatory notes. It is important that, based on the definition, it is clear as to what is and what is not an integrated report.

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

Yes, we support the development of an International Integrated Reporting Framework. The framework will provide consistency across reports from various geographical areas and enable shareholders and other stakeholders make informed decisions. The framework will also assist the preparers of integrated reports by providing guidance and clarity.

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?

Whilst we agree that the buy-in of large companies and their investors is essential to the success of an integrated reporting framework, due to the long timeframe to finalise the framework there is a concern that focussing on investors and large companies could alienate other stakeholders and organisations.

(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 organisations?

Yes, we agree that the concepts underlying integrated reporting will be equally applicable to small and medium enterprises, the public sector and not-for-profit organisations.

Q5. Are: (a) the organisation'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?

The organisation's business model is the way in which it creates value. We therefore agree that a good understanding of the business model is vital to understanding the results and sustainability of an organisation. Further guidance on what 'value' is would perhaps be a useful addition.

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

The concept of multiple capitals helpful in explaining how an organisation creates and sustains value is useful but further context and guidance would enhance the usefulness of this model.

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?

We believe that the guiding principles identified in the discussion paper provide a sound foundation for preparing an integrated report. We appreciate that the principles are not prescriptive but are rather conceptual principles underpinning the integrated report.

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 believe that the content elements identified in the discussion paper provide a sound foundation for preparing an integrated report and provide useful guidance. The elements are broad enough to not be considered prescriptive and this is useful as organisations will vary greatly.

It would perhaps be useful to include a scope in the content elements.

It is also important that the connected nature of these content elements is emphasised.

Q9. From your perspective (as a reporting organisation):

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

Yes, although these benefits would only be realised in the longer term.

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

Yes.

(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?

We believe that many investors and stakeholders will use the integrated report in conjunction with the detailed financial and non-financial information already available, which are valuable tools for in-depth analysis. Perhaps in the long term the integrated report will drive the disclosure of information, however it will take time for investors to change their behaviour.

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, although we acknowledge the difficulties facing the IIRC in developing and implementing the framework, the expected implementation process is lengthy. This could pose a challenge for companies who are already preparing integrated reports.

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

Within the discussion paper the guiding principles and content elements are considered. The process of preparing an integrated report is only briefly addressed and in this regard, the International Reporting Committee of South Africa's discussion paper is useful.