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	Nithya Iyer
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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 Australian Council of Superannuation Investors (ACSI) would like to thank the International Integrated Reporting Committee (IIRC) for the opportunity to contribute to this discussion paper.

ACSI represents the interests of 42 superannuation funds, who collectively manage over $300 billion in investments. ACSI aims to enhance sustainable long-term value for the retirement savings that are entrusted to our members as fiduciary institutional investors. We do this by representing the collective rights and interests of our members in the management of environmental, social and corporate governance (ESG) investment risk. ACSI works to achieve genuine, measurable and permanent improvements in the ESG performance of entities in which our members invest and in the ESG investment practices of our members and their investment advisors and managers.

As long-term investors, ACSI members believe that transparent and accountable markets are

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?

ACSI believes that organizations need to better represent their value-creation and risk mitigation processes than they do currently. Transparent and accountable markets are essential to sustained wealth creation.

In 2011 ACSI together with the Financial Services Council released the ESG Reporting Guide for Australian companies with this precise issue in mind. As stated in the Guide, institutional investors and companies have struggled to find common ground in defining the ways that environmental, social and governance (ESG) factors influence their shared goals to achieve

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

ACSI believes that it is important for investors internationally to be clear about what their reporting requirements are. If investors internationally are able to reach consensus on what they desire from reporting this will assist in encouraging companies to revise their reporting processes.

However the depth and breadth of information desired by each stakeholder should not be diluted to facilitate wide-spread consensus across a broad-range of stakeholders. Currently companies provide multiple reports for the needs of multiple stakeholders and it may not be

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?

ACSI agrees that the IRC definition captures the key purpose of Integrated Reporting. However it must be noted that whilst Integrated Reporting is “intended to combine the most material elements of information currently reported in separate reporting strands”, many companies to not currently report the information desired in any format and this would be a challenge for implementation.

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?

Earlier this year ACSI and the Financial Services Council developed the ESG Reporting Guide for Australian companies to assist companies to improve their current reporting practices to align with the needs of investors. As such, ACSI supports action by the International Integrated Reporting Committee to help improve how organisations represent their value-creation process to align with the needs of stakeholders internationally. However the format by which companies disclose information will naturally differ between the legal and investment frameworks of different jurisdictions, therefore any internationally supported framework should only provide guidance as to the desired content of reports; a prescriptive template would be

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?

ACSI agrees that the initial focus of Integrated Reporting should be on reporting by larger companies and on the needs of their investors. Larger companies are likely to have more resources dedicated to producing company disclosures and will therefore be more capable of adapting to new reporting requirements. Additionally larger companies tend to have more investors than smaller companies and therefore there is greater likelihood of receiving interest from more investors regarding the success of integrated reporting requirements.

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.

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?

ACSI agrees that both the organisation's business model and its ability to create and sustain value are appropriate central themes for the future direction of reporting. The organisation's business model determines the kinds of future events that are likely to impact upon its operation. Its ability to create and sustain value currently shows stakeholders what inputs and outputs it relies upon, allowing for an analysis of the availability and volatility in these inputs and outputs over the medium-long term.

In addition, integrated reporting should aspire for organisations to disclose their impact on the

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

ACSI is satisfied that the concept of multiple capitals helps in explaining how an organisation creates and sustains value. The six capitals provide for the categorisation of a spectrum of financial and non-financial impacts that an organisation may incur whilst also providing a space where external impacts that an organisation has on its operating environment, including non-financially and intangibly, can be recorded.

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?

ACSI is satisfied that the Guiding Principles in the Discussion Paper are sufficient for the foundation for preparing an Integrated Report. Collectively they are appropriate in capturing the nature of information required to holistically illustrate the position of the company and its intended direction. The Principles are also individually sound in specifying the content to be disclosed in reports, however there is potential for companies to claim that providing detailed information about its future interests and plans would compromise its competitive position and this is an issue that the commentary provided with Integrated Reporting guidance will need to address.

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?

ACSI is satisfied that the Content Elements identified in the Discussion paper provide a sound foundation for preparing an Integrated Report.

ACSI recommends further consideration on:

• Whether the IRC will advocate for specific methods or best practice guidelines for disclosures under each Content Element? If so how will guidance be chosen in areas where there is more than one method? Will this involve industry consultation?

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?

Investor perspective - ACSI agrees with the stated benefits of Integrated Reporting presented in the Discussion Paper. We support moves to increase the transparency and accountability of companies and hope that targeted and meaningful reporting will eliminate impertinent and redundant disclosure requirements, increasing the standard of company reporting across the board.

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

ACSI agrees that each of the challenges identified in the Discussion Paper are valid concerns in Integrated Reporting.

From an investor perspective, the implementation of integrated reports will mean a much larger quantity of non-financial information will be provided for analysis. Consequently investors will need to find ways to ensure that the information gained is accurately and consistently analysed. In addition, as stated in the Discussion Paper, investors and analysts will need to develop tools for the analysis of investment returns and non-financial impacts over

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?

Over the long-term if there is concerted and persistent efforts put towards the development of comprehensive integrated reporting guidelines and there is widespread consultation and participation in the process ACSI is confident that integrated reporting will result in greater disclosure of information from companies. Particularly if the initiative has the support of large Australian companies and key investor groups. Material progress does however rely on regulatory support and potential policy changes.

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 – ACSI agrees that the next steps proposed by the IIRC are appropriate.

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

1. Pilot Programme;
2. Framework;
3. Measurement and Reporting Practices;
4. Outreach;
5. Harmonization; and
6. Governance.

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

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:
  The Australian Council of Superannuation Investors

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