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	Dwight Justice and Kirstine Drew
Title	Trade Union Representatives
Organization	Trade Union Representatives Appointed to Represent the Council of Global Unic
Country	International
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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.

Summary

1. This submission on the Discussion Paper 'Towards Integrated Reporting, Communicating Value in the 21st Century' is made by trade union representatives appointed to represent the Council of Global Unions with respect to the Global Reporting Initiative and related areas. We welcome the opportunity to submit comments to the International Integrated Reporting Committee (IIRC) on its Discussion Paper on Integrated Reporting.

2. A priori we recognise the potential value of developing a new approach to reporting that combines the currently "disconnected strands" of financial and non-financial reporting to the extent that it:
• increases the transparency of an organisation's activities and;
• increases the accountability of an organisation for its adverse impacts on society;

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?

We believe that there is a need to strengthen the transparency of an organisation's activities and increase the accountability of an organisation for its adverse impacts on society. Trade union users of sustainability reports describe the standard of reporting on labour issues as patchy, poor and all too often incomplete and therefore misleading or deceptive. The result is a low level of transparency and accountability to stakeholders and a low level of trust in sustainability reports.

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

We agree that any action to develop Integrated Reporting of financial and non-financial information should be taken at international level because: many organisations, large and small, operate across national borders; there is an increasing drive for organisations and national standards to conform to international norms of behaviour; and to support 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?

We do not agree with this definition because it places insufficient emphasis on the risks to and impacts on stakeholders and society. Using "value creation" as the over-arching framework risks confusing the sustainability of the enterprise with sustainable development. We consider that the definition could be strengthened by making reference to "economic, social and environmental value" in order that the core concepts of "sustainable development" and "social responsibility", and the implication of these concepts for the information that should be reported on, will be sufficiently reflected in "integrated reports".

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?

A priori we recognise the potential value of developing a new approach to reporting that combines the currently "disconnected strands" of financial and non-financial reporting to the extent that it:

- increases the transparency of an organisation's activities and;
- increases the accountability of an organisation for its negative impacts on society.

We understand that the extent to which it is possible to connect these different elements is

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?

We agree that an initial focus on larger companies is reasonable because the complexity of larger companies makes their impacts the hardest to identify. Indeed, an important source of the interest in non-financial reporting can be related to the concern over the growing power of large business organisations. However, we do not agree that the initial focus should be on the reporting needs of "investors" (i.e., shareholders). This ex ante prioritisation of issues relevant to shareholders runs counter to the principle of materiality. It is essential from the outset that the design process adheres to the principle of materiality and meets the needs of the full range of internal and external stakeholders. Otherwise there is a risk of designing into the Integrated

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?

The concepts will be relevant but the reporting requirements will be different or less.

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?

See answer to Question 2.

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

We do not find the concept of multiple capitals to be helpful to the task of improving transparency and accountability of companies (organisations) as regards their activities and impacts on stakeholders and society. We find it too abstract.

In June 2011, the UN Human Rights Council endorsed the Guiding Principles for the UN Protect, Respect, Remedy Framework. This Framework establishes that respect for human rights is the global standard of expected conduct for enterprises. The corporate responsibility to respect requires enterprises to conduct due diligence so as to identify, prevent and mitigate

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?

The adequacy of the Guiding Principles will depend on whether they support our objectives of increasing transparency of the organisation's activities and improving the accountability of an organisation for its adverse impacts on society. At this point we consider that collectively they provide a bias towards the interests of the company and are not sufficiently focused on the interests of society. Individually they are not always expressed in plain language.

Guiding Principle: Conciseness, Reliability and Materiality

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?

"Performance" should be renamed "Activities and Impacts" so as to avoid the conflation of the sustainability of the enterprise with sustainable development.

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?

We consider that the main benefits of Integrated Reporting should be to increase the transparency of the activities of companies and to improve their accountability for adverse impacts.

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

The list of main challenges omits the significant risk of biased reporting, resulting from management's reluctance to report unfavourable or negative information.

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?

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?

Governance

On governance, we have concerns over the process and the fact that the IIRC has not engaged the necessary expertise with respect to labour. This contrasts with the GRI and its more credible, inclusive multi-stakeholder process. There is an impression that the current governance of the IIRC is dominated by accounting industry interests, which could even be perceived as a conflict of interest. As well as being of concern to stakeholders that have misgiving about the role of accounting firms in non-financial assurance/auditing, it may alienate

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?

Employee v Worker

The document refers to “employee” rather than “worker” throughout. The term used should be “worker” as defined in ISO 26000. Other authoritative international instruments including the OECD Guidelines for Multinational Enterprises and the ILO MNEs Declaration use the term “worker”. Many if not most organisations have a high proportion of workers who are not direct employees. This represents a major shortcoming in the Discussion Paper, as it renders invisible and excludes a large number of people who are stakeholders in the organisation.

Due Diligence

Since the endorsement of the Guiding Principles for implementing the UN Protect, Respect, Remedy Framework, due diligence has emerged as the over-arching principle for responsible business conduct. Any reporting framework should include the requirement to report on due diligence.

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:

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