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	Takayuki Sumita
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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

WICI is a collaborative multi-stakeholder

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.

N/A

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. The current reporting tends to focus only on financial performance, a result of the past corporate activities, from which most stakeholders can hardly predict the future corporate performance which they are most interested in. To provide them with some clues to the future performance of the company, each company needs to make clear 1) the value creation mechanism which is unique to the company and can last to a certain extent in the future, 2) the specific assets, including non-financial ones, for the company as the origin of the value creation mechanism, 3) the company's own perspective concerning risks and opportunities in the future, and 4) the strategy for the future business, including how it will utilize those assets

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

Yes. In a globalized economy, companies have an international basis of their operations, stakeholders as well as investors. Diversified systems to regulate business reporting covering financial and non-financial aspects in each country or region would increase compliance costs, while investors in the global market might neglect such diversified and/or duplicate information. All market participants would benefit from an internationally accepted broad reporting framework for assessing corporate value creation.

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 definition itself is not clear in the document. The idea of a single report is clear; however, the nature of the framework concepts is not as clear. We agree that the function of integrated reporting is to ask companies to identify material elements of its operation, to describe the relationships between them, and explain how they create and sustain value in the short, medium and long term.

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. By using a commonly accepted international framework with a forward-looking nature, value creation oriented, and free from bias of specific social value, both a company and its stakeholders can correctly recognize the material part of its activities and resources and interact with each other in a more dynamic and productive way, on the basis of an integrated report as a valuable communication, and by possibly leveraging on Internet as a collaboration, tool. This communication may improve sustainable activities for value creation, raise the predictability of the whole society, while reducing risk in general.

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?

Yes. As long as this activity aims for international framework, main target should be larger companies which operate globally. To have a wider scope of issuers from the beginning is a risky choice, because it might dilute the focus of value creation. On the other hand, if a proper framework is created, the essence should be applicable also to small and medium size enterprises, since they are core unit of companies. At the same time, it is true that investors are and should be the heaviest users of the disclosed information. In this context, we agree to start from the core part by focusing on larger companies and investors.

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?

As mentioned above, the concept underlying IR should be applicable to SMEs, because the value pursued by them is similar to that of larger companies. In case of the public sectors and NPOs, some modification might be necessary because of the nature of pursued value is different from private companies. We are concerned that to have a wider scope from the beginning might complicate the argument and delay reaching consensus on the reporting framework.

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. Companies provide a value creation mechanism which converts a range of tangible and/or intangible assets into value for investors and stakeholders. The value creation mechanism which is different company by company can be rephrased as a business model. Therefore, business model and value creation over the short and long term should be the central part of an effective integrated business reporting model.

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

The concept of multiple capitals is helpful to understand what is expected in describing the business model and value creation mechanism. Also, the flexible approach for describing capital is important as was mentioned on page11 of the discussion paper, stating 'not all capitals are equally relevant or applicable to all organization.' For example, ESG elements are often quoted as social capital, but we need to put more emphasis on the long term sustainability of a company in which most investors and companies are interested, including – but going beyond – environmental and social sustainability.
As to output, the diagram shown in page 10 is a bit misleading or difficult to understand,

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?

Guiding principles are collectively appropriate. Especially the focus on strategy is the core part which differentiates integrated reports from existing company reports. We believe that through guiding principles, we should aim to:
- Identify sources of differentiation of a company value creation mechanism from others;
- Make it clear the company unique value creation mechanism enabling long term sustainability. Present a comprehensive picture of the company's value creation activities, including financial data, financial performance and non-financial elements;
- Provide clues to stakeholders to predict future performance of the company;

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?

Yes. The proposed content elements are collectively appropriate. However, in each of them, there are some points to be modified as follows.

Operating context: the word ‘capitals’ needs to be included under the paragraph of resources and relationships as mentioned in guiding principles.

Performance:
- As pointed out in the answers to Q2 and Q6, material outcomes for the company should be

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?

Main benefits are to revitalize economy as a whole through:
- Increased motivation of employees as described on p. 24;
- Improvement in management through more substantive communication and dialogue with stakeholders;
- Realization of a strategy-oriented corporate management;
- Increase in profitability based on improved management;
- Reduction in reporting costs;
- Realization of winner abundant society by focusing more on the importance of differentiation

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

The biggest challenge is how to attain both materiality and comparability. To tackle this challenge:
- It is useful to present a skeleton of a narrative story to explain the value creation and corporate strategy of the company as illustrated in Annex 1. This approach is taken to avoid regulating the substance of disclosure of each company, while making the story understandable and comparable as possible.
- It is also important to ask companies to include measurable key indicators to support the narrative story. However, referring to KPIs might make a company feel to be obliged to

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?

N/A

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?

To analyze other pilot reports under similar frameworks would be also valuable.

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

N/A

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

To make it clear what is the short-term goal of IIRC activities as well as its long term vision would be helpful.
Another element that could be made clear is the linkage of Integrated Reporting with Sustainability Reporting, and in particular the fact that IR is not the evolution of the latter report.

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