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	Stephen Hine
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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.

We very much welcome the integrated reporting initiative. Integrated reporting (with the appropriate metrics) would permit and embed externalities into mainstream accounts and reporting. This would enable valuation of currently hidden costs (e.g. climate change and biodiversity) and the application of the 'pollution pays' principle (equally applicable for social issues). It is an incredible achievement to have got as far as the proposal. As integrated reporting develops, it will offer stakeholders, including sustainability reporters, a wealth of opportunities to develop current reporting, some of which we cannot yet see.

We are pleased that the IIRC's Discussion Paper states that the integrated report is not intended to replace or remove other reports and communications (such as sustainability reports or detailed website disclosures). We think it would be unfortunate if integrated reporting efforts resulted in some companies not providing investors and others with further information on sustainability (and we recognise that this is not the intent of the integrated reporting initiative). It is important that sustainability reports are retained, as information that may not

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. Stakeholders need to access information that is meaningful, measurable and verifiable, to help investors fully understand what a company is doing. Corporate reporting on non-financial issues has increased in quantity and quality over the past decade, but there still remain gaps in reporting and the quality of reporting itself remains patchy. Current top-level management reporting (for example, in annual reports in the UK context) may not include analysis of material ESG risks amongst other financial considerations, potentially leaving companies vulnerable to ESG risks and lost opportunities, and / or leaving questions about ESG initially unanswered for investors concerned about these risks.

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

Yes. As noted in the IIRC Discussion Paper, reporting requirements have often evolved differently in different jurisdictions, which has increased the administrative burden for companies operating in different jurisdictions, and made analysis more difficult and less comparable for international investors.

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 this is an excellent definition. We fully support the core definition stated on page 6 of the IIRC Discussion Paper about bringing together the most material information currently reported in separate strands (financial, management commentary, governance and remuneration, and sustainability) into a coherent whole.

However, page 6 also refers to "a single report". As noted in the Key Points section of this response form, we are in favour of an integrated report that replaces annual reports (or equivalent) with a more integrated and coherent analysis of a company's material risks,

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. We think the Framework is essential for development of an initiative that can evolve, gain the consent of, and be adopted by different jurisdictions, stakeholders and companies.

Currently, reporting is not harmonized and even on sustainability issues, there are a vast array of different metrics and measuring bodies. Harmonization of standards will immensely help all companies and investors, particularly those that have international presence and interests.

The IIRC will need to have comprehensive guidance for companies on the sorts of issues that

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, larger companies are more likely to have to deal with requirements from a greater number of different reporting jurisdictions, greater and more disparate impact in terms of their operating contexts, and their investors' decisions are more likely to affect capital markets across the world.

Part of making a compelling business case to investors is if a company has analysed all risks from so-called 'externalities' and doing so in a forward-looking manner using ESG factors as part of long-term business strategy and planning. If this disclosure is thorough and complete, it

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. Harmonized and standardized reporting across the board is to be encouraged. However, the IIRC may want to consider reducing the scale of reporting requirements (but not the concepts) for smaller enterprises.

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, these are a good choice of central themes, because they encompass the company's internal value chain: including inputs and outputs, drivers and objectives and the processes in between. It encapsulates the very steps that the company can influence to become more sustainable.

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

Yes this is a helpful concept. However, it is important to note that the lack of monetary valuation for some of these capital streams is the very essence for the need of integrated reporting. So this initiative must focus on providing comparable metrics for those sub-valued capital streams to permit a meaningful value analysis.

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?

Yes these provide a sound foundation for the preparation (and future development) of integrated reporting.

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 these provide a sound foundation for the preparation of integrated reports.

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?

EIRIS is a responsible investment research organisation, researching ethical, environmental, social and governance issues, for investors. We agree with some of the key benefits listed for investors: namely, assisting with fiduciary duty, future orientation and outlook, risks and opportunities, comparability and connected information.

However, in light of the points we have made in the Key Points section of this response, we think that an integrated report complemented by a fuller sustainability report or website disclosures could lead to the following listed benefits: "connected information"; "improved

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

The challenges listed for investors on page 22 include revised analytical techniques and investment supply chain driving a focus on the short term. We agree that these will be challenges for investors adopting integrated reporting.

There is also a further challenge of ensuring that useful information, which may not be material enough to be included in a top-level annual report (or equivalent), is not lost from sustainability reports. We think it would be unfortunate if efforts resulted in some companies not providing investors and others with further information on sustainability (and we reconigse that this is not

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 and no, for the reasons stated in the Key Points section of our response.

Integrated reporting will drive disclosure of information that is useful for integrated analysis by encouraging and linking the disclosure of material financial, management and sustainability information. This is useful and will give investors immense insight.

However, investors may also want to check the statements of management and their given disclosures. In the future, more detailed sustainability / stakeholder reports could act as 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?

In addition to the actions listed, we would encourage the IIRC to work with the Global Reporting Initiative and other indicator bodies, as well as research providers (such as EIRIS) to encourage companies not to dilute the sustainability information available for investors. We would be very happy to be involved in discussions around this issue.

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

EIRIS is of the opinion that harmonization is one of the most important actions. Many jurisdictions may be developing requirements in response to the integrated reporting initiative as we write (such as the recent consultation of the Department of Business, Innovation & Skills on narrative reporting). If changes are made at this stage that do not fit with integrated reporting now, it may be difficult to subsequently catch up. However, it is difficult to achieve harmonization without experience gained and feedback received from pilot programmes with investors, which we fully support.

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

The potential for change through the integrated reporting initiative is immense and its development so far to be highly commended.

Integrated reporting would permit and embed externalities into mainstream accounts, enabling valuation of currently hidden costs. Integrated reporting will drive disclosure of information that is useful for integrated analysis by encouraging and linking the disclosure of material financial, management and sustainability information. This would be extremely useful.

However, investors may also want to analyse the statements and disclosures of management and they may need more detailed information to be able to do so. We support the IIRC's position that integrated reports would be complemented by fuller information and sustainability reports elsewhere, with links to these included in the integrated report. The IIRC could work with organisations to develop this and the content covered in each.

A link in the integrated report to a more detailed sustainability / stakeholder report could act as a source of information that explains the top-level statements and key analysis in the integrated report; a source of information about sustainability impact that may not have been material enough for inclusion in the integrated report, and a resource explaining the definition of 'materiality' in the integrated report, which presumably will change over time.

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:
  EIRIS

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