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 | Christopher Gleadle |
| Title | |
| Organization | The CMG Consultancy |
| Country | United Kingdom |
| Email | christopher@thecmgconsultancy.com |

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 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 recent global financial crisis has caused a dislocation of trust between society and business. Integrated reporting, in the pursuit of sustainability, will help rebuild that trust and deliver a legitimacy to exist. Moreover, companies need to learn that stress points on an organization can have significant impact on corporate value. As such, directors need to understand the effects of the multiple environmental, social and economic stressors upon one another. To see how functional areas across an organization, its geographies and value chain can cause risk and cost on each other. Ignorance of the chain of events can destroy a

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

Yes: to create clarity, comparability and differentiation – a level playing field.

## 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.

Because, whether it is customers, companies want to engage, or investors through the reduction of risk, or employees to improve team cohesion, drive innovation and attract best talent from the ascendant eco-boomers; sustainability, and the introduction of integrated reporting, connects all the interdependent functional areas in a more holistic manner, driving down costs - delivering on-going value through the introduction of a continuous cycle of improvement.

## 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.

An international framework allows the global community and its diverse range of stakeholders to make meaningful comparisons to guide decisions as wide ranging as: whether to purchase from an organization, to, whether to invest.

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.

However, tier 1 / tier 2 suppliers should be included as a minimum. Indeed, for global companies to survive and prosper and compete in an ultra competitive world, embedding sustainability must include the supply chain because the supply chain can prove to be the biggest area of environmental and social risk. Exposure to a sustainably poor supplier will damage reputation and shareholder value. Supplier risk is investor risk.

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

The value chain should be seen as a solid bar. If part of the bar moves separately, it becomes stressed – ultimately breaking. Therefore, integrated reporting across SMEs will create meaningful, comparable and universally level playing fields, allowing individual businesses to create differentiation and value. SMEs engaged in sustainability, and integrated reporting, will prove themselves as companies that will not apply stress to the bar. As such, they provide surety of lower risk.

## 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

What you measure badly, you will manage badly.

To drive sustainability and eco-efficiency it is important to understand data capture is equal to how that data is used, measured and verified because the information gleaned from sustainability foot-printing helps create economic models, which assist in understanding the company impact in terms of environmental, social and economic behaviour. So, supporting the organization's business model and its ability to create and sustain value in the short, medium

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

Yes

It visualises the interdependence of the value drivers across the organisation and highlights the fact that sustainability deals with the ability for a company to manage environmental and social risks successfully. This being evidenced through the quality of supply chain management, integrated sustainability and accounting audit, implementation of environmental management systems, training, and lastly, the ability for a company to reap future competitive advantages from environmentally driven market trends and profit opportunities provided by the company's well developed sustainability and eco-efficiency policies.

## 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?

As a guide, they do set a firm foundation. However, at present, they do not allow for the importance of stakeholder input. For example: global business not only crosses environmental boundaries, but social and political ones too. Therefore, flexibility is essential, as across one organization there will be a range of priorities pertinent to the different ' local communities ' being served.

## 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?

Diversity in board structure is an element that should be identified. It is all too common that boards are made up of people from similar backgrounds, education and experience. This can then suffocate individual thought, as there is a high propensity for collective thought for the status quo. The recent global crash is a good resultant example. There should be a growth in a diversity of backgrounds to cause challenge and help create change. This could be applied through specialist Non Executive Directors. For example: specialist sustainability NEDs. There are many other examples where specialist NEDs would be appropriate.

## 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?

Yes.

Additionally, for example, it protects the company from poorly measured random environmental projects, bridging the gap between eco-intensity and eco-efficiency. As such, improvements in operational efficiencies will free up capital for re-investment into new technologies, optimising such investments, through linking sustainable procurement and organisational processes to these new technologies. Creating the cycle of constant improvement, value and risk mitigation.

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

No

The greatest challenge is for directors and investors to understand the symbiotic relationship between sustainability and governance.

The point surely: advantages resulting from social and environmental performance, whether through integrated reporting or regulatory compliance, are not a primary source of competitive advantage. For example: the mere fact of environmental compliance hardly allows a company to distinguish itself from its competitors, because most intra-industry peers are affected by

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.

For example: proactive ‘ event ’ prevention processes embedded into a company ’ s sustainability policy will aid operating efficiency and profitability because, for example, waiting to understand the financial impact after a negative ‘ event ’ is tantamount to the board burying their head in the sand and basing corporate risk management on the hope and a prayer that nothing will happen. This view being supported by studies from as early as the 1980 ’ s, and repeated since, which have shown consistently, and rising in magnitude, that:

## 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.

It is essential that directors, managers and the widest possible stakeholder groups should be included. If business leaders, whether large corporate, or importantly SMEs, are to overcome the bias towards immediate short-term solutions and switch to longer term thinking, then they will have made significant progress in adopting an attitude suited to the mitigation of increasingly complex and interdependent sustainability risks… developing a cycle of continuous improvement. The whole process supported by practical and empirical evidence.

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

The actions are interconnected – each will find weaknesses and highlight routes of improvement similar to the development and implementation of sustainability policies demanding new information pathways.

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

This process will clearly illustrate how the myriad of functional areas - that make up a modern global business - can work against one another causing a destruction of value. Also bringing into sight, the interdependence of cross border politics, economies and climate science: how to not go beyond global as well as localised environmental and social tipping points. Essentially, embracing integrated reporting as a model for environmental and social protection will aid economic protection. And, to facilitate this model effectively, the company needs to embrace a new entanglement between the functional areas to see: waste, emissions and inefficient resource use, as the negative impact on value they are.

Moreover, companies are accountable for what people say about them: customers, suppliers, investors and other societal stakeholders. It follows; society, to an extent, gives legitimacy for the company to exist, making sustainability critical for competitive advantage. Essentially, sustainability helps give the company leverage to control what the world has to say about it. For example, with the growth of social networks, blogs, on-line reviews etc, customers have become empowered to create further reaching touch points than the previous era of conducting business. Society is going to decide whether or not, what a company does, has value – and, society will position a company ' s sustainability efforts. If a company ' s sustainability reporting is integrated, accountable, verified and coherent with all actions and outcomes reported, society will position accordingly.

Additional questions: These are NOT compulsory but will help with analysis if completed

I have provided feedback that reflects:

- [x] 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)
- [x] Consultant (report preparer on behalf of a third party)
- [x] Assurance provider
- [x] 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**