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	Bruce Klafter
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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.

I am concerned that moving towards IR may come at the expense of sustainability reporting. Our approaches to stakeholder engagement and sustainability communication are still maturing. I would also like to point out that the legal definition of "materiality" drives financial reporting and the term has a dramatically different and broader meaning in the context of sustainability communications. That difference should be recognized and needs to be reconciled somehow.

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?

I am undecided since it is unclear where/how value creation is driven today. i.e. it may not be primarily related to sustainability, but rather to brand value, intellectual property, etc. Consequently, I am not certain if IR addresses the problem statement posed in this paper.

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

Business is increasingly global in nature and non-financial reporting should most certainly be international in scope.

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?

As a concise definition, this one works well. However, it still begs the question of what exactly is an integrated report after you "merge" financial reports (increasingly filled with legally required sections and boilerplates and with little substantive discussion) and sustainability reports (driven by the myriad requirements of GRI and incredibly diverse in content, form, etc.)

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, I would welcome developments in this direction; my organization does not have an official position yet. My suggestion is to focus in the short term on the "alternative pathways" to IR because I think those would be significant advancements in and of themselves.

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, because reporting is largely in that domain to begin with.

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?

Not necessarily, since the financial aspects are dramatically different at the moment. I think the IIRC needs to consider the "special" issues pertinent to SMEs as well as consider a sectoral approach.

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?

Companies are increasingly reluctant to provide even short-term guidance, so the prospect of commenting upon long-term plans, strategies, etc. is going to be challenging for many and it is difficult to bound in terms of format, etc.

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

It is an interesting construct, but I would be careful introducing too many new sets of terms.

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?

There is no explicit reference to performance data and that is an issue; it may be covered in the materiality section, but it is at odds with the future orientation guideline. Companies are increasingly being scrutinized in terms of dozens of performance parameters and while we discriminate in terms of which ones to respond to, we are not likely to give up and eschew the ratings entirely.

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?

This is where there is a significant departure from the GRI and needs to be reconciled. The principal gap is in terms of "management approaches".

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?

The benefits stated are simply a reiteration of the benefits of sustainability reporting generally. I am still unconvinced that IR will help realize those benefits or will enable them to be maximized in ways that are not presently available to companies.

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

Yes. As I stated at the top, I would add the potential detriments to sustainability management that may come from the approach.

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?

Since I am not part of the investor community, I don't have an opinion on the subject. Most analysts are not focused upon these issues, judging by the questions raised at quarterly and annual reporting events.

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?

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?

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