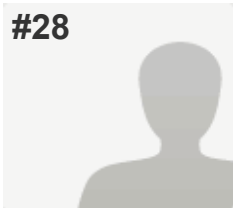


#28

**COMPLETE****Collector:** Web Link 1 (Web Link)**Started:** Friday, April 28, 2017 4:25:46 AM**Last Modified:** Friday, April 28, 2017 4:29:39 AM**Time Spent:** 00:03:53**IP Address:** 101.167.170.234

PAGE 2: Multiple capitals

Q7: Q1(a) What is your experience with the multiple capitals approach in integrated reports?

We note that the link to strategic objectives is generally working. However, organisations could improve their disclosure around trade-offs, for example, providing evidence behind the decision.

Many organisations report on each capital in turn rather than communicating the integration between capitals. However, this interconnectivity is often demonstrated better by organisations in investor presentations rather than their annual report. Users would like to see improved disclosure of the interdependences between the capitals, ie their linkage and connectivity.

Q8: Q1(b) What, if anything, should be done and by whom to improve this aspect of implementation?

We note that the Capitals background document was released prior to the launch of the Framework. We therefore consider it may be an appropriate time to update this document based on the final Framework, other supporting documents and current practice. The IIRC may also wish to reconsider its classification as a background document on the website.

We understand that some organisations are currently organising their report around the capitals, although this may not be how the business is actually managed. We consider that an integrated report should reflect how the business is managed, rather than being structured by capitals. We recommend that the IIRC redraft how the capitals are introduced in the framework to provide clarity that the intention is to use them as a lens for viewing the business to ensure all aspects are covered rather than a basis for presentation for the integrated report.

In the current economic environment, we note that the following matters are gaining importance and would be relevant to Integrated Reporting. We recommend that the IIRC consider how organisations should view these through the capitals lens or another aspect of the framework and update any necessary guidance to reflect them.

- Inequality and inequity
 - Organisational scale, ie too big to fail
 - Customer focus
 - Tax and Base Erosion profit shifting
-

PAGE 3: Connectivity and integrated thinking

Q9: Q2(a) What is your experience with connectivity in integrated reports as an indication of integrated thinking and/or enabler of enhanced decisions?

We understand that it maybe not be possible to infer whether integrated thinking is happening by looking at the integrated report. According to research findings, many organisations that showed a highly-integrated report had substantially less internal integration, i.e. what was happening behind the scenes was different. As a result, whilst some organisations are applying integrated thinking to decision making, some integrated reports are produced entirely by the sustainability or communications team and are siloed from the rest of the organisation. Alternatively, some integrated reporting is integrated into the financial report of the organisation.

Research also indicates that responsibility for IR is often siloed away from rest of organisation in the sustainability reporting area. If sustainability is well integrated into an organisation, than this can help lead to improved integrated thinking.

Q10: Q2(b) What, if anything, should be done and by whom to improve this aspect of implementation?

This is likely to depend on an organisation's structure and focus and we consider it unlikely that the IIRC can improve the implementation of this through their current channels and focus. This would require a different approach to engage with the leaders of the organisations to embed integrated thinking within their structure and focus. This would also cross over with the activities of other bodies such as the UN Global Compact as this is about operations rather than reporting.

PAGE 4: Key stakeholders' legitimate needs and interests

Q11: Q3(a) What is your experience with the identification, in integrated reports, of key stakeholders' legitimate needs and interests and how those needs and interests are considered and addressed?

We note that a formal and robust materiality process is often closely linked to good stakeholder engagement. However, observations indicate that some organisations maybe placing undue focus on stakeholder engagement and therefore better balance is needed in the integrated reporting process. Stakeholder engagement has become a business unto itself with consultants offering a well-designed process and as a result organisations are outsourcing the process and potentially the responsibility.

Q12: Q3(b) What, if anything, should be done and by whom to improve this aspect of implementation?

No specific comment

PAGE 5: Materiality and value creation

Q13: Q4(a) What is your experience with the Framework's definition of materiality, in particular: • Application of the value creation lens? • Use of different time periods to identify material matters?

We note that the level of rigor and sophistication in an organisation's materiality process can impact whether or not all views of stakeholders are taken into account.

We understand that through the value creation lens, the risks generally get more focus than the opportunities. However, often positive contributions are more freely shared by organisations than the negatives, meaning value creation and value erosion are not reported with equal balance. Some value creation stories are clear and unique but many are generic and similar for a whole industry.

Q14: Q4(b) What, if anything, should be done and by whom to improve this aspect of implementation?

The materiality process currently lacks clarity, with organisations adopting a mix of financial and sustainability methods. We consider that clearer guidance on the 'impact' materiality lens for integrated reporting would be helpful. The Statement of Common Principles of Materiality from the Corporate Reporting Dialogue could be helpful in working out how the financial and sustainability materiality methods can come together and help align them. We note that there is also joint guidance from IFAC and IIRC. However, both publications could be better publicised.

PAGE 6: Conciseness

Q15: Q5(a) What is your experience with the conciseness of integrated reports?

Conciseness remains an area of challenge for many reporters. In order for the Integrated Report to be concise, it may act as a high level summary report with other additional reports providing the detail. Whilst all these reports can be connected, overall, there is still a high volume of reporting for the organisation.

Q16: Q5(b) What, if anything, should be done and by whom to improve this aspect of implementation?

One area which could be improved is guidance around the proportion of space that should be given to each aspect as currently this doesn't always align to material issues.

PAGE 7: Business model – outputs and outcomes

Q17: Q6(a) What is your experience with the reporting of business model information, particularly outputs and outcomes?

No specific comment

Q18: Q6(b) What, if anything, should be done and by whom to improve this aspect of implementation?

No specific comment

PAGE 8: Those charged with governance / Framework identification

Q19: Q7(a) What is your experience with whether reports: (i) identify the involvement of those charged with governance, and (ii) indicate that they are presented in accordance with the Framework? What are the implications of excluding such information?

No specific comment

Q20: Q7(b) What, if anything, should be done and by whom to improve these aspects of implementation?

No specific comment

PAGE 9: Other Guiding Principles

Q21: Q8(a) What is your experience with the application of these remaining three Guiding Principles in integrated reports?

No specific comment

Q22: Q8(b) What, if anything, should be done and by whom to improve these aspects of implementation?

No specific comment

PAGE 10: Other Content Elements

Q23: Q9(a) What is your experience with how these remaining Content Elements are reported in integrated reports?

No specific comment

Q24: Q9(b) What, if anything, should be done and by whom to improve these aspects of implementation?

No specific comment

PAGE 11: Other quality issues

Q25: Q10(a) Aside from any quality issues already raised in Q1-Q9, what is your experience with the quality of integrated reports?

No specific comment

Q26: Q10(b) What, if anything, should be done and by whom to improve this aspect of implementation?

No specific comment

PAGE 12: Other enablers, incentive and barriers

Q27: Q11(a) What is your experience with enablers, incentives or barriers to Framework implementation not covered by other questions, including the extent to which they apply particularly to: • Specific jurisdictions? • Large or small organizations? • Private, public or non-profit sectors? • Different stages of Framework implementation?

No specific comment

Q28: Q11(b) What, if anything, should be done and by whom to improve these aspects of implementation?

We recommend that the IIRC analyse the similarities between the Operating and Financial Review (OFR) in Australia and the International <IR> framework. It may be helpful to then promote <IR> to Australian businesses as some additional steps from the OFR rather than something fundamentally different.

The IIRC should revisit how technical guides, publications and background documents are presented on the website to provide clearer direction for new adopters of how to start and continue their <IR> journey. It would also be helpful use the website to provide a clearer step by step guide for organisations of their <IR> journey at a manageable pace.
