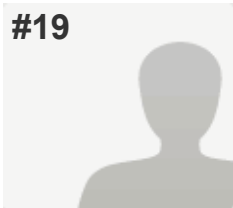


#19

**COMPLETE****Collector:** Web Link 1 (Web Link)**Started:** Monday, April 24, 2017 4:35:19 PM**Last Modified:** Monday, April 24, 2017 5:43:45 PM**Time Spent:** 01:08:25**IP Address:** 24.141.195.127

PAGE 2: Multiple capitals

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

I have spent over 20 years training accountants on the importance of non-financial capital in the creation of value and organizational sustainability.

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

Continues further engagement of the accounting profession in moving away from a focus on financial capital towards full system effectiveness and value creation. In particular an increased focus on Management Accountants who typically work internally and advise management on decision making.

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?

Through analysis of integrated reports have seen a strong bias towards using the framework for traditional approaches to ESG rather than true business model integration. The shift to integrated thinking is challenging for many organizations and while some "get it" I believe progress in seeing real change is slow.

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

Greater focus on strategy and the effectiveness of the business model which underpin any discussion on the six capitals. There needs to be more focus on the internal drivers of changed thinking by engaging management in the value of "telling a better story" both to their board and externally rather than focusing mainly on the board downward.

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?

From analysis of reports I see a continuing bias towards traditional approaches to stakeholder needs that are driven by traditional thinking around risk management and materiality. I see very little discussion on system based strategic thinking about risk related to capitals such as human capital, intellectual capital and process capability. I believe this is because the driver to embrace <IR> is "reporting" rather than strategic thinking.

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

Develop greater understanding between materiality and "system based" risk management around the six capitals. As an example for many organizations a core issue is brand and reputation but very little discussion is seen around human capital and its impact on brand value. Building a deeper understanding between value creation and the business model that drives decisions around six capitals is critical.

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?

"Materiality" remains heavily biased by mandatory reporting compliance and traditional accounting approaches. Consistent with a poor application of Enterprise Risk Management that looks at the overall business model many organizations do not yet present a coherent understanding on their value creation and more importantly where the risks of value depletion exist.

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

Engagement of IIRC with the risk management community to help build enterprise risk assessment as a driver for understanding value. Engagement with the management accounting profession (as opposed to audit / statutory reporting) to better build a "six capitals based" framework for risk assessment, strategic planning and decision making.

PAGE 6: Conciseness

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

As a researcher / user of reports I find them not to be concise in most cases. This is a problem as it translates into senior management and boards looking at what others do and becoming concerned about starting due to the apparent administrative burden against which many see "no value." I also see a lack of clarity for many reporters in understanding what users actually want to see.

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

I believe this is an "experiential" issue - that as more understanding and development takes place reports will become more focused. In particular the investment community need to better understand the value creation issue and its connection to what they see as value - being enhancement of financial capital. The better investors understand the potential risk and opportunity related to the effective use of all six capitals and its connection to sustainable financial performance, the greater the driver will be.

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?

As a researcher / user I see a few organizations moving in a positive direction however I still see little linkage between these discussions and areas such as RBM (Results Based Management) and VBM (Value Based Management). I also see little discussion on the value creation or depletion aspects on non-financial capitals.

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

I believe this links back to the better integration of enterprise risk management. I believe that much more work is needed in the impact of non-financial capitals on outcome "value" and the link between that and financial performance. While IIRC has "shied away" from efforts to define "value" I believe that traditional approaches using fiscal value measurement is now hampering the move forward.

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?

This area is problematic with many discussions on governance focusing on traditional board responsibility e.g. human capital is covered by the HR and compensation committee when in fact this board committee is only concerned with senior levels. Boards are typically more concerned with compliance on reporting and leave content to management. This is why a "reporting driven" approach will be limited in effecting changed thinking.

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

The 6 capitals approach must become integrated with strategic thinking and operational decision making. Through this effective management and oversight of ALL capitals will evolve.

PAGE 9: Other Guiding Principles

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

Strategic focus and future orientation has been discussed - many organizations still have problems setting long term purpose and mission so this reflects in limited time scale. Reliability and completeness remains a challenge; consistency and comparability is currently hard to achieve.

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

Most important is the focus on integrating <IR> and the 6 capitals to strategy and this should be an area of IIRC work and development; complementing this is work to help organizations understand value creation and depletion as an entire business model issue. Greater engagement of stakeholders on materiality - as an example through the use of company advisory groups and then engaging them in verifying completeness of the reports would be positive. I believe the work of organizations like SASB are helping develop consistency and comparability; the need to develop assessment tools on the overall effectiveness of the business model rather than metrics around each capital will help move towards greater comparability.

PAGE 10: Other Content Elements

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

I think what we see here is better reports from more experienced preparers. Those who are earlier in the process tend to be more biased towards traditional discussions while those more experience who have been on the journey of 3P's, CSR, Excellence and other "system based" approaches seem to have a broader response.

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

I believe that there are two initiatives that are key. First is the embedding of 6 capital based strategic thinking in the risk management and planning process which is something IIRC can provide guidance on. Second is the development of understanding at the board / oversight level of the inherent risks around the business model; in particular the organizations culture must be better understood as it reflects the effectiveness of the integrated business model.

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?

Based on review and research I believe that most who produce integrated reports are doing a good job in trying to understand the 6 capitals and move forward. The efforts on effective communications and use of model, charts, graphics and others to support metrics are generally well thought through.

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

I think by asking "how can I tell a better story" is critical here. Development of understanding of a) what value is for each capital and b) how the capitals interact to create value is a core foundation of developing better integrated reports.

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?

This is a very board question. Variability in response is to be expected based on both social and economic maturity and this will also apply to the learning and maturity of those engaging in creating reports - so there should be no expectation of anything other than variability.

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

There are only two solutions - mandatory requirements and an understanding of the benefit to the organization of integrated thinking as a way to enhance performance, reduce risk and increase sustainability. I believe that efforts by IIRC to help move the understanding of why <IR> will ultimately create value for the owners is the key are to focus on.
