

Framework for Integrated Reporting and the Integrated Report - discussion paper 25 Jan 2011: Some comments

Overall impression: very positive, the document highlights some important principles and brings together useful information relating to a more sustainable approach to organisational development

Suggestions for aspects that could be strengthened/enhanced

1. The fact that the report can be seen as a tool to help guide organisational/company change. Producing such a report is a starting point for the journey - so companies should not be intimidated if they can't produce a 'perfect' report in the first year - but it needs to reflect real change (for the better) within the organisation. (One page 19 this idea comes over, but it could be made clearer/referred to earlier).

Is this part of what makes the report different from 'traditional' annual reports?

It must be clear why we can no longer afford 'business as usual'

2. In Box 1: it would be helpful to include the role of everyone in the organisation - all staff need to be involved in the 'change' process and all staff can benefit - e.g. some things they can learn through a more sustainable approach to business will also relate to what they do at home (a simplistic example is recycling, energy saving). This will also strengthen the 'two-way' relationship between society/external stakeholders and a company.

In addition, although the initiative requires leadership from the executive - the change will ultimately require the involvement of all staff - so the leadership also needs to motivate and gain commitment from the staff and encourage their ideas and input

3. Page 10 - last bullet point about including other organisation's targets - suggest adding something about aspiring to the highest standards, as there may be a danger here of businesses 'colluding' and agreeing not to push the boundaries very far (?) After all, self-regulation does not always lead to the big changes that are required ...
4. Page 14, section 3.4, 2nd bullet: worth including staff development plans here? At least in the short-term the new approach will need some training/re-orientation/opportunities for staff to discuss the issues etc. Presumably these could also be given as an example on page 15, section 3.6 last bullet.
5. Page 15, Box 2:
3rd bullet - is it possible to include an example of the 'unusual/non-operating items'?
4th bullet - what is meant by 'segmented' information?
Last bullet: 'economic value' - can an example be provided for how this could be expressed?
6. Where is reference made to assessment of the externalities - i.e. cost to society/environment of the company's impacts? It seems to be generally covered in 'negative impacts' but I think it would be worth giving an example of how, for example a company's pollution is often paid for by society - e.g. through treating related health problems. It may be worth linking this (or including a cross reference) to the financial information box
7. Page 16, suggest making it clearer why it's important to provide information about remuneration – especially including the differential between the highest and lowest paid members in the company. E.g. here or elsewhere, include a reference to the fact that the gap between the rich and poor in SA has grown (despite the period of economic growth), and many people living in informal settlements are employed in the formal sector yet cannot access better accommodation

This issue of remuneration is important if issues related to poverty and social

inequality are to be addressed.

It could also be linked to values and the non-financial benefits that come with working for a more ethical/'sustainable' company

8. Page 17 Assurance: What about suggesting that companies give a draft of the report to key stakeholders to see if it reflects their perceptions of the company and their concerns about its impacts? (They must not gain any financial incentive for giving this review of course!) In the short-term, in the absence of credible assurance process for the social and environmental impacts this may help? Or suggest that the audit committee includes (on a non-payment basis) a couple of representatives of stakeholder groups?
9. Page 19 Step 1: It may help to list some of the factors/approaches that make the integrated report different from a combined report.

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