

Dear IIRC,

Allow me to offer feedback on the Discussion Paper. I am a Vice President at SustainAbility, Inc, and while my views are shaped by conversations with colleagues, clients and partners, the feedback below is my own.

For starters, I applaud the effort to drive the integration of financial and sustainability reporting. Ultimately, this will help push companies to take longer-term and more holistic views of their business activities. It will also compel companies (and their stakeholders) to think more critically about the issues which are most material (and thus make the integrated report).

It's clear from the paper that mainstream investor engagement is a desired outcome for integrated reporting, but I get the sense from this paper that the IIRC is assuming that investors will care once the reports are integrated. From experience, I don't think this will be the case, so I encourage the IIRC to seek the perspectives of "disbelievers" - the vast majority of investors that don't know what sustainability means, and might not even read annual reports! These will be challenging conversations, but your final result will be stronger.

On page 4 of the Discussion Paper, the authors state that "it is not enough to keep on adding more information - the connections need to be made clear and the clutter needs to be removed." I couldn't agree more, but companies face significant pressure to continue to add information to their reports, and thus it would be good to provide clear guidance and examples of how companies can prioritize and reduce the clutter (perhaps coming out of the pilot phase).

The Paper cites the importance of comparability, and I agree for the most part. Yet, the framework should allow for company-specific context to be properly considered as even companies in the same sector that appear quite similar face different contexts (which analysts must assess).

Related to this, I would caution The IIRC not to be too prescriptive, as there is value in voluntary, unstructured reporting from companies. For example, companies experiment with different formats and issue coverage to more effectively reach different audiences. Related to this, I would encourage The IIRC to keep the framework simple for companies (as a plethora of principles, indicators, pages, etc. will stifle interest and creativity).

Lastly, while again I applaud the effort, this project is being launched into an overarching economic paradigm which will make aspects of it very challenging. For example, the framework rightfully includes Future Orientation as a Guiding Principle and Future Outlook as a Content Element. Yet, we have a financial system which increasingly discounts long-term thinking and thus companies are not incentivized to make long-term investments. Similarly, capital markets are now disturbingly short-term, with day and high-frequency trading fast becoming the norm. I recognize that these sorts of systems challenges go beyond the remit of The IIRC, but I encourage you to explore them as they pose significant obstacles to your goal.

Thanks for your consideration, and I look forward to the rest of the process.

Best,

Michael

Michael Sadowski
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