

## **Consultation questions**

The IIRC welcomes comments on all aspects of the Draft International <IR> Framework (Draft Framework) from all stakeholders, whether to express agreement or to recommend changes.

The following questions are focused on areas where there has been significant discussion during the development process. Comments on any other aspect of the Draft Framework are also encouraged through the questions.

Please provide all comments in English.

All comments received will be considered a matter of public record and will be posted on the IIRC's website ([www.theiirc.org](http://www.theiirc.org)).

**Comments should be submitted by Monday 15<sup>th</sup>, July 2013.**

Name:

Email:

Stakeholder group:

If replying on behalf of an Organization please complete the following:

Organization name:

Industry sector:

Geographical region:

## **Key Points**

If you wish to briefly express any key points, or to emphasize particular aspects of your submission, or add comments in the nature of a cover letter, then the following space can be used for this purpose. Please do not repeat large amounts of material appearing elsewhere in your comments.

## **Chapter 1: Overview**

### ***Principles-based requirements***

To be in accordance with the Framework, an integrated report should comply with the principles-based requirements identified throughout the Framework in bold italic type (paragraphs 1.11-1.12).

1. *Should any additional principles-based requirements be added or should any be eliminated or changed? If so, please explain why.*

### ***Interaction with other reports and communications***

The <IR> process is intended to be applied continuously to all relevant reports and communications, in addition to the preparation of an integrated report. The integrated report may include links to other reports and communications, e.g., financial statements and sustainability reports. The IIRC aims to complement material developed by established reporting standard setters and others, and does not intend to develop duplicate content (paragraphs 1.18-1.20).

2. *Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications?*

3. *If the IIRC were to create an online database of authoritative sources of indicators or measurement methods developed by established reporting standard setters and others, which references should be included?*

A) Indicators Map. It would be useful to design an indicators map regarding the report content. It could serve as reference and help for preparing the report. If the indicator is the same one that other organization includes in its guide, it should be convenient to include the reference. In addition, it will make it easy including the reference standard for the indicators that need calculations. In this way, we will achieve homogeneous and comparables reports.

In summary, it could include:

-Standards description.

-Links with the organizations taken as a reference

B) Regular Updating. The indicators guiding list could remain opened for gathering the new contents needs, that changes in the context of reporting could bring to organizations environment. It should be good too, pointing out which content needs are covered by every standard, and which necessities remain to be covered.

In summary, it could include:

- Current needs relating report contents

- To which extent these necessities are covered and which standards cover them.

- Reporting contents trends, as guidance for future indicators

### **Other**

4. Please provide any other comments you have about Chapter 1.

## **Chapter 2: Fundamental concepts**

### **The capitals (Section 2B)**

The Framework describes six categories of capital (paragraph 2.17). An organization is to use these categories as a benchmark when preparing an integrated report (paragraphs 2.19-2.21), and should disclose the reason if it considers any of the capitals as not material (paragraph 4.5).

5. Do you agree with this approach to the capitals? Why/why not?

6. Please provide any other comments you have about Section 2B?

### **Business model (Section 2C)**

A business model is defined as an organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term (paragraph 2.26).

7. Do you agree with this definition? Why/why not?

### ***Business model (Section 2C) continued***

Outcomes are defined as the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs (paragraphs 2.35-2.36).

#### *8. Do you agree with this definition? Why/why not?*

Yes, as it is explained in point 2.36, implications of organization activities not only concern to organization's capitals but also to the community as a whole.

#### *9. Please provide any other comments you have about Section 2C or the disclosure requirements and related guidance regarding business models contained in the Content Elements Chapter of the Framework (see Section 4E)?*

### ***Other***

#### *10. Please provide any other comments you have about Chapter 2 that are not already addressed by your responses above.*

## **Chapter 3: Guiding Principles**

### ***Materiality and conciseness (Section 3D)***

Materiality is determined by reference to assessments made by the primary intended report users (paragraphs 3.23-3.24). The primary intended report users are providers of financial capital (paragraphs 1.6-1.8).

#### *11. Do you agree with this approach to materiality? If not, how would you change it?*

Being concerned that the main function of integrated reporting is value creation, and value is the result of, following the Draft (point 3.14), all stakeholder, it could be considered as an inconsistency that materiality was only define by providers of financial capital.

The integrated reporting concept may provide value for more typologies of organizations than the profit ones only. That will deliver a conceptual alignment that will ease obtaining homogenization of value, and of the communication in relationships among organizations.

*12. Please provide any other comments you have about Section 3D or the Materiality determination process (Section 5B).*

***Reliability and completeness (Section 3E)***

Reliability is enhanced by mechanisms such as robust internal reporting systems, appropriate stakeholder engagement, and independent, external assurance (paragraph 3.31).

*13. How should the reliability of an integrated report be demonstrated?*

*14. Please provide any other comments you have about Section 3E.*

***Other***

*15. Please provide any other comments you have about Chapter 3 that are not already addressed by your responses above.*

## **Chapter 4: Content Elements**

16. Please provide any comments you have about Chapter 4 that are not already addressed by your responses above (please include comments on the Content Element Business Model [Section 4E] in your answer to questions 7-9 above rather than here).

## **Chapter 5: Preparation and presentation**

### ***Involvement of those charged with governance (Section 5D)***

Section 5D discusses the involvement of those charged with governance, and paragraph 4.5 requires organizations to disclose the governance body with oversight responsibility for <IR>.

17. Should there be a requirement for those charged with governance to include a statement acknowledging their responsibility for the integrated report? Why/why not?

Yes, it must be a requirement, as integrating reporting is a tool for creating value, and also a part of company's strategy for its achievement.

In the same way as strategy's approach and the design of business model are a Direction's responsibility, integrated reporting, as a tool for value creation that shows among its contents both strategy and business model, must have the explicit commitment of the leadership of the company.

18. Please provide any other comments you have about involvement of those charged with governance (Section 5D).

### **Credibility (Section 5E)**

The Framework provides reporting criteria against which organizations and assurance providers assess a report's adherence (paragraph 5.21).

19. *If assurance is to be obtained, should it cover the integrated report as a whole, or specific aspects of the report? Why?*

Yes, it must contain the integrated report as a whole. Too, verification should integrate Legal Documentation, Corporate Governance and Sustainability Report audits.

20. *Please provide any other comments you have about Credibility (Section 5E). Assurance providers are particularly asked to comment on whether they consider the Framework provides suitable criteria for an assurance engagement.*

### **Other**

21. *Please provide any other comments you have about Chapter 5 that are not already addressed by your responses above (please include comments on the materiality determination process [Section 5B] in your answer to question 11 above rather than here).*

## **Overall view**

22. Recognizing that <IR> will evolve over time, please explain the extent to which you believe the content of the Framework overall is appropriate for use by organizations in preparing an integrated report and for providing report users with information about an organization's ability to create value in the short, medium and long term?

## **Development of <IR>**

23. If the IIRC were to develop explanatory material on <IR> in addition to the Framework, which three topics would you recommend be given priority? Why?

-Alignment between organizational structure and Integrated Reporting Process. Further information regarding features and characteristics of the alignment between organizational structure and Integrated Reporting Process, being concern of the capitals, the business model and the value creation. Here, the IIRC should give more setting information, given that those concepts are of its own, and developed for this project.

-Other Types of Organizations. Point 1.10 says that although the framework is thought mainly for its application in private sector, making the convenient fittings it could be applied to public sector and to nonprofit organizations. The extension of information set out to other type of organizations, would be a global benefit for the flow of information and value in the community as a whole.

-Other Relevant Communications. Extend of guidance relating to the application of the framework to other relevant communication, such as analyst meetings and investor relations section in the website (point 1.18).

## **Other**

24. Please provide any other comments not already addressed by your responses to Questions 1-23.

Please save the completed PDF form to your computer and submit via the IIRC website at [www.theiirc.org/consultationdraft2013](http://www.theiirc.org/consultationdraft2013)