

## 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:	<input type="text" value="CORNET"/>
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Stakeholder group:	<input type="text" value="Analyst"/>

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

Organization name:	<input type="text" value="Independant consulting firm"/>
Industry sector:	<input type="text" value="Not applicable"/>
Geographical region:	<input type="text" value="Eastern Europe"/>

### 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.

<p>The IR project is really consistant. It respond, on the substance, to investors' expectations.</p> <p>Remain vigilant on some concepts that are vague or not subject to international consensus and definition as human capital (which can't be a set of indicators!).</p> <p>The framework must remain principles based and not rule based.</p> <p>The framework must take into account the capital providers as a complex ecosystem with multiple expectations and communication needs.</p> <p>The framework must clearly distinguish the needs of capital providers and communication tools that can be very different depending on target, local regulation, uses and practices.</p> <p>The framework must emphasise regulation compliance for financial informations. Speaking to capital providers, the IR should be considered as financial communication and respect financial regulations.</p> <p>There is a risk looking to meet all targets, all needs, all stakeholders with one framework ore one report...</p> <p>Congrats to all IR team, members and contributors. Rely on my support. Philippe Cornet</p>
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## 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.*

The framework should include all financial information principles

- equal shareholder information;
- temporality (frequency, speed, time availability);
- completeness (full and effective publication of regulated information);
- consistency (of all published information);
- completeness;
- objectivity;
- comparability must distinguish distinct ways: financial (inter-company and intra-company) and extra-financial (intra-company). Intra-sector comparability must come from sectoral initiatives
- materiality (materiality, significant, relevance, etc.) and specificity (sector-specific, firm-specific, etc., linked to materiality).
- clarity (understandability, ease of access to information, level of synthesis, global vision, conciseness etc.).
- accuracy and precision;
- sincerity (fidelity to reality, third-party checks, etc..).

Conciseness is a principle component of clarity.

### ***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?*

The integrated report may not compel issuers to a specific publication. The communication strategy and the choice of communication media are the sole decision of each firm. The IR must remove any ambiguity about the obligation to publish a special or dedicated report.

Integration of principles is quite suitable for mandatory reports or communication medium decided by the company.

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?*

GRI, CDP, WBCSD-CSI, IIGCC, EFFAS

## **Other**

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

Better distinguish substantive issues and form issues. Clarify too vague concepts. For value creation, we need to remind the need for rigorous methodology, transparent and stable over time.

## **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?*

We agree with the approach. Not with the way IR describe and explain it... Risk for capitals is to be only a title of a series of regulated or voluntary indicators... For capitals, It is not necessary to move away from financial principles: tangibles and intangibles. Categorization should be reviewed, on the basis of existing works.

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

Financial capital, intangible assets are largely framed by laws. Intangible assets are governed by IAS 38 standards (intangible) and IFRS 3 (business combinations). They cover a part of what the <IR> called intellectual capital (patents, licenses, rights, etc.). IR will win to be closer to financial rules, as it targets financial capital provider and financial ecosystem.

Why give a wide berth from existing principles?

### ***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?*

ok

**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?

ok

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)?

ok

**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?

Materiality is the most important point. The key point. IR would benefit to precise or distinguish three different reporting levels: material factors, operational requirement (including compliance) and philanthropy.

Conciseness is a component of clarity principle. And clarity includes understandability, ease of access to information, level of synthesis, global vision, conciseness etc.

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

ok

**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?

With external verification. The reliability concerns information, not the reliability or compliance to a framework...

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

GRI principles are proven, accepted and used. And It would be desirable to get closer to the GRI principles... and financial information principles... (see above).

**Other**

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

Better integrating voluntary reporting framework principles (ex. GRI) and financial information principles and rules... Converge with existing initiatives and rules...

## 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).

ok

## 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?

People in charge of reporting, process, perimeter, methodology are the basis of reporting requirements... Requirements should invite financial, audit, internal control, law, and SD departments to work together.

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?*

Third party verification of data, using ISAE rules. And third party verification for management system. Not suitable to verify <IR> compliance... How do you seriously check respect of principles? or concepts?

*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.*

see above. Compliance with IR may possibly occur after a sufficient experimentation and implementation. In ten years?

### **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).*

In general, proposed content elements are suitable. You have to let it open to companies to supplement, clarify, amend. Principles and not rules based ...

About materiality, IR should encourage companies to communicate thresholds of material factors.

## 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?*

Adapted to investors' needs and other capital providers. But widely interpretable... With all the risks of diversion. and companies that self-report according to the IR and state very far from principles and meaning.

## 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?*

Materiality, materiality and materiality! And i can help...

## Other

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

Congrats again. I agree with IR, i ll be an IR champion. I have already started with a day of awareness / training developed with AFNOR Compétences. However, much remains to be done and things to be clarified.

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)