

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).

Comments should be submitted by Monday 15th, 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?*

Point 1.19 – We suggest adding: in the future, with further evolution of the Framework, specific indicators and their measurement methods may be defined, based on the best international practices and systems of indicators of various standards and frameworks.

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?*

Other

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

We suggest including in section “<IR> defined” point concerning key features and benefits of <IR> (for example that <IR> will provide comparability of companies). Argument: readers will get more complete idea of <IR>. In this section we suggest including concise information concerning difference between guiding principles and content elements. Argument: several principles and elements are similar (for example, content element “Strategy and resource allocation” and principle “Strategic focus and future orientation”), this can delude Framework users. Point 1.13 – We believe that material matters should be determined by company’s top management and representatives of its key stakeholders collaboratively.

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 suggested idea of capitals, because it makes possible to show organizational performance concerning capitals that it owns and that are owned by others or are not owned at all at a legal sense.

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

Point 2.24 – We suggest adding in the end of the point: “however, organizations should aim at quantifying KPI’s to the extent possible “. Later, the IIRC will have possibility to prepare recommendations concerning quantifying various capitals and their input in value creation.

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?

Point 2.26 – We agree with the suggested definition of business model, it allows companies to provide unified picture of value creation and of company’s impact on external environment.

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?*

Points 2.35-2.36 – We agree with the suggested approach.

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?*

Points 3.23-3.24 – We believe that a point should be added: material matters should be determined by company's top management and representatives of its key stakeholders collaboratively. Argument: this is necessary for increasing accountability.

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?

We suggest adding a section concerning reliability: internal control services and external auditors should assure financial and non-financial information.

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.

Point 3.3 – We suggest adding one more bullet – “Highlighting input of organization’s performance in the reporting period in strategy implementation (or in reaching strategic objectives)”.

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?

We believe that statement regarding responsibility for <IR> should be stated in the section "Information about the report" or in the CEO message. Separate statement is not necessary. Argument: It is additional information which will overburden the report.

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?

We suggest adding a distinction: assurance of reporting information credibility, compliance verification (regarding used standards) and public assurance. Auditors assure credibility of reporting information. Representatives of key stakeholders take part in public assurance in order to assure completeness and materiality of information, as well as responsiveness to stakeholder requests.

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.

Assurance can have respect to separate performance aspects, however companies should aim at assuring information to the extent possible. The Framework should underpin this aspiration of companies, in future several levels of application can be introduced (similar to GRI).

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).

Point 5.13, 2nd bullet – Replace “personnel” with “positions”. Not only personnel, but also representatives of key stakeholders can be involved in the materiality determination process.

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?*

We believe that further evolution of the Framework in the nearest future should be aimed at the following:

- Taking into account other stakeholders' interests (not only investors)
- Developing audit methodology for <IR>
- Developing system of performance indicators
- Developing sector supplements.

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?*

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