

## 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.

All in all, we feel that the draft is a good step in the right direction to creating a strong framework. There are still a few areas that need some clarification, and refining, but all in all, this is a good base framework.

## 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.*

No, the proposed requirements look fine.

### ***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?*

We agree, but can an Integrated Report be issued without the other reports? The Integrated Report is the connector of all other reports.

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?*

We feel that any online database of indicators or measurement methods should be a resource, but not something that is required to be used.

## **Other**

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

Section 1.10 – states that the Framework is intended primarily for application by private sector, for-profit companies of any size. We feel that this is the group least likely to implement. Public Sector and not-for-profit seem more likely to implement in our opinion.  
Section 1.13 – States that “Senior management and those charged with governance therefore need to collectively exercise judgment to determine which matters are material” We feel that this statement is not as strong as it perhaps ought to be and is too subjective.

## **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?*

Overall, we have no objections, and it appears to fit well into the concept of an Integrated Report.

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

none

### ***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?*

Yes, it sounds complete.

### **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, it seems appropriate and we like the fact that it addresses both positive and negative.

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)?*

2.34 – Determining materiality will change as users and perspectives change. This may provide inherent challenges for completeness.

### **Other**

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

Nothing additional to add.

## **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?*

We feel that section 3.23 provides no value, but that 3.24 along with the process explanation in 5B do a much better job of defining materiality.

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

none

**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?

In a similar way that it is currently demonstrated, using internal controls, stakeholder engagement and external assurances.

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

If external assurance is an enhancement of reliability, you may want to look further at section 5.20 where external assurance is optional.  
If you are attesting, do you need to disclose what you cannot test? Should there be some transparency of what cannot be tested?  
Should management mention the things that they look at but cannot measure?

**Other**

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

Will there be an organization that will review integrated reports and provide commentary, in a way similar to the review of 10K and 10Q's are reviewed by the SEC?

## 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).

4.11 appears to be asking for too much information on a practical basis, and that will likely make it difficult for companies to be concise.  
4.5 – The first bullet point “The organization’s materiality determination process” we feel this is a critical component to be included.  
4.15 – The first bullet point – is this too asking companies to reveal too much? And does it conflict with other statements? It appears to allow no safe harbor on disclosure.  
Section 4D – we believe that large organizations will have difficulties in being concise.

## 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 holds them accountable, much like Sarbannes Oxley requirements for senior management acknowledgements.

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

none

**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 – we feel section 5.20 is crucial, and that CPAs play a crucial role in providing assurance on the whole report, with additional assurance from other outside experts, like actuaries and other outside experts providing assurance to the CPAs on other aspects of the report.

*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?*

In some places, specifically 4.11, 4.19, 4D and 4C, it appears that the current draft Framework drops too far into the details, where the overall framework stays at a higher level. The framework could be stronger if the entire structure stays at the higher level. The essentials are all there in the current framework, and overall it appears to be appropriate.

## 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?*

1. Capitals, particularly Social and relationship
2. Business model, additional explanation would be helpful.
3. Strategy resource allocation.

## Other

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

We feel it could be of value to make sure that the framework is fully vetted by the investor market and gets acceptance at the global level to allow for the Integrated Report to replace other required reporting. Who is the target audience? Who is asking for Integrated Reporting? Is this demand driven? Perhaps investor relations can be used to drive this idea.

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)