

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.

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

Organization name:	<input type="text" value="Tata Motors Ltd."/>
Industry sector:	<input type="text" value="Industrials"/>
Geographical region:	<input type="text" value="Asia"/>

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.

Appreciate the detailed draft IR framework prepared by IIRC, addressing the corporate reporting needs to provide a concise communication about strategy, governance, performance and prospects, leading to the value creation over the short, medium and long term. It is not only about just reporting but also about shaping the future of business through the "integrated thinking".

Provided comments on the draft IR framework with respect to; grouping of capitals, combining outputs & outcomes in business model, need of external assurance of complete report, etc. Please refer respective sections of this document for details.

There are already many corporate reporting frameworks in existence and IR should not be treated as one more additional reporting by organizations. Hence, I would also request the IIRC to review the purpose of IR framework for making it truly "integrated".

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.*

All relevant reporting principles for defining the content and quality of the report have been considered in the draft.

However, the words "senior management and those charged with governance" mentioned under 3D (3.23, 3.24) & 3E (3.31, 3.32) of guiding principles and in other parts of the draft, may be substituted by the word "Organization".

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?*

Strict No. Ultimate objective of the integrated report should be to replace all existing corporate reporting frameworks such as of annual financial reporting, sustainability reporting as per GRI and so on. From industry perspective, there should be just one report, addressing the concerns of range of stakeholders related to economic, environmental and social dimension of the business. Then only it can be truly called as "integrated" report. If not, please use any other term in place of "integrated" for the proposed reporting.

It is agreed that the specific information in an integrated report will necessarily vary from one organization to another to express its unique value creation story. But it is also required to prescribe a list of indicators, initially generic and then sector specific as the IR framework matures over a period of time. This is required to bring uniformity in IR reporting across diverse sectors of reporting organizations. It will also help improve comparability of reports from the viewpoint of intended readers / stakeholders.

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?*

IIRC may refer the readily available indicators prescribed under GRI framework.

Also, may please carry out a study on benchmarking of annual reporting framework of different countries and pick the best elements/aspects to suitably cover them in the proposed IR framework.

This will also be helpful in improving the participation of governmental agencies of different countries in formulation and implementation of the IR framework.

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?*

All stated capitals in the IR framework are material to the organizations.

However, the social and relationship capital may be called as "Social" capital. Similarly, human capital is a part social capital. Hence, social and relationship capital plus human capital may be covered under one umbrella of "Social" capital.

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

As regards 2.24 on quantitative and qualitative information, it is agreed that it would be impractical to expect organizations to quantify all uses of and effects on the capitals. However, emphasize may be given to quantitative reporting to the maximum possible extent and should discourage qualitative reporting.

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?*

The definition may be slightly modified as "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, in line with it's vision (purpose) and mission."

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?*

Outputs and outcomes should be combined under the "Output" as it will be difficult to draw a line between what should be reported under output and what should be called as outcome, unless it is clearly specified in the IR framework. It is very likely that reporting organizations may repeat outputs under outcomes and vice-versa.

Moreover, combining outputs and outcomes will also balance the proposed IR model with "Inputs" at entry and "Outputs" at the end, with business activities at the core(central) of the business model.

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)?*

Hope, proposed business model diagram will add value to the organizations rather than becoming an ornamental piece of corporate reporting.

The model/framework should be short, simple and free of jargons, so that organizations from all levels find it easy to report. Thus, it will help improve participation of more and more organizations across all sectors, around the globe in IR reporting.

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?*

As mentioned earlier, the words "senior management and those charged with governance" mentioned under 3D (3.23, 3.24) of guiding principles may be substituted by the word "Organization".

As per the proposed IR framework, the materiality is determined for primary intended report users (ref - 3.23), that is, mainly for the financial capital providers (ref - 1.6). However, considering the various capitals involved, the materiality determination should be done for all concerned stakeholders.

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

As per 5.13, it is required to disclose the key personnel involved in the identification and prioritization of material matters and to identify the role of those charged with governance in the process. It is not clear why it is required to disclose the key personnel and how this will add value to the process of reporting.

It is implied that top management of the organization(ref - 4.5 and 5D) is responsible for the content and quality of the report. Hence, there is no need to write it again for materiality determination, separately.

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?

Reliability of an integrated report should be demonstrated through; emphasizing the need of complete and balanced disclosure of both positive and negative performance with respect to material issues/matters, quantitative information disclosures and through the use of standard units of measurements of associated key parameters.

Also, as mentioned earlier, the words "senior management and those charged with governance" mentioned under 3E (3.32) of guiding principles may be substituted by the word "Organization".

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

Need to encourage crisp and material information disclosure through IR which will be sufficient for addressing the concerns of relevant stakeholders. In addition to bringing credibility, it will be helpful in conserving the resources spent on reporting and improving the productivity of the organizations.

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).*

There should be a linkage (integration) of opportunities and risks covered under 4C with materiality matters of organization.

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?*

This is required to authenticate the contents and quality of information disclosed through the IR.

It should be typically like a message / statement signed by the top management, with prescribed content elements, including an overview of organizational performance.

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?

Assurance may cover the entire report, so that there is no scope left for misleading the stakeholders.

Also, part assurance may lead to differentiation of reports like A/B/C grading of GRI reports and may again result in misleading the stakeholders.

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.

External assurance may be encouraged for bringing credibility to the corporate reporting.

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?*

The IR framework addresses the inputs and outcomes of financial, manufacturing, human, social and natural capital. It is in fact the language evidencing sustainable business, presenting the material information about organisation's strategy and performance on economic, environmental and social issues.

Therefore, the purpose of the IR may be reviewed from the viewpoint of eliminating all other "silos" of reporting frameworks and replacing with "integrated" reporting in it's true sense.

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?*

Following three topics may be considered for developing the explanatory material;

(i) Materiality Determination - It is the core of reporting and should not get diluted while preparing the report.

(ii) Business Model - it covers numerous elements of business like inputs, strategies, resource allocation, business processes, outputs, outcomes, etc. Explanatory material would be helpful to understand and apply these elements in reporting, appropriately.

(iii) Preparation and Presentation - The report is an output/result of IR framework. Hence, explanatory material is required to clearly state expectations about the type/kind of disclosure of all relevant material information in the report as intended by the IR framework.

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