

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.*

We don't think any principles should be added, eliminated or changed.

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?*

Yes. The <IR> process should be applied to all reports and communications issued by the organization. As it is a process, there will be no duplication of content. Additional reports may be provided by the organization to comply with specific regulations. The more detailed mandatory report issued by the organization should be used as a platform on which the information organized according to the <IR> Framework should be disclosed. We think that, ideally, there should be in the future only one report that could replace all others.

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?*

The GRI reporting standards, as they are used globally.

Other

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

No comments.

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?*

Yes. This approach facilitates the <IR> process and gives a reference that would be helpful to assess the capitals the organization uses or modifies and their interdependence.

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

No comments.

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 could be used as a framework for describing the fundamentals of the activities of any organization.

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. The definition is useful in assessing the impact of an organization's business activities on the capitals. It also points out the necessity to discuss/disclose the effects on capitals up and down the value chain.

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)?*

There should be an analysis of the criteria (and the principles that guide those criteria) adopted by the organization when presenting the trade-offs between capitals, over time (trade-off between short and long time), and capitals external to the organization (item 2.25).

Other

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

No comments.

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?*

Yes. Both approaches are fundamentally important: (a) how the point in question would be perceived by providers of financial capital; (b) how the point in question has the potential to affect the strategy, business model or the capitals the organization uses or modifies.

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

The suggested approach is effective for quantitative and qualitative questions. As it's a matter of judgment by the administration, a good materiality determination process is important as opposed to merely following a set of rules and measurements.

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?

The reliability should be assured by including a description of the mechanisms and procedures the company has for ensuring reliability. In this sense, a description of the organization's governance should be included. The reports should include explanations as to how and why any forecasts made in previous reports have turned out differently. Along with the comparison with other reports and public information, this will build confidence in the quality of the information provided.

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

The section contains very important points to assure reliability:
- Absence of bias in the presentation of information (to provide both positive and negative information);
- Clear communication of limitations to the methodology used when informing estimates.

Other

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

The use, when applicable, of well established reporting methodologies (for instance GRI) should help to structure a reliable <IR>.

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).*

Sensitivity analyses of the most important external factors that could influence value creation should be included in section 4A, External environment (4.8 and 4.9). "Sensitivity analyses" are mentioned in item 4.37 however we think these analyses could also be helpful in understanding the relationship between external factors and value creation.

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, because this governance body is responsible for ensuring there is a reliable process for the identification of material matters and for collecting, measuring and reporting material information.

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

No comments.

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 should cover the aspects of the report usually audited already (financial reports, certifications, etc). There should also be an assurance that the company has processes and procedures in place that provide reliable information.

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.

No comments.

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).

No comments.

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 principles presented in the Framework should help the organizations to adopt the concept of integrated thinking and will provide valuable information for their own decision-making process. The <IR> will steer organizations towards a discussion about longevity and sustainability, which will be invaluable in helping to curb the short-term approach some investors adopt today

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?*

The IIRC should publish a compilation of the difficulties encountered and the solutions found by the organizations participating in the IIRC Pilot Program.

Other

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

No comments.

Please save the completed PDF form to your computer and submit via the IIRC website at www.theiirc.org/consultationdraft2013