

## 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.

## 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 principle-based requirements listed with the consultation draft cover the key elements that should guide the creation of an integrated report.

### ***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?*

It is important for the framework to recognise that although the identified primary audience for an integrated report is providers of financial capital, its content will be of interest and benefit to other stakeholders interested in an organizations ability to create value over time. Making this clear within this section, would be beneficial and assist organizations who wish to adopt this reporting approach but only have a single provider of capital who they report to directly, such as a crown corporation.

It is appropriate that there should be the option to produce separate financial and sustainability reports in addition to the annual integrated report. Organizations should, however, be encouraged to keep their reporting concise and relevant, moving to one report where possible, to prevent report overload.

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 database should include a reference to the Global Reporting Initiative's Sustainable Reporting Guidelines.

**Other**

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

N/A

**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?

The six categories of capital discussed within the framework are a useful guide to help organizations consider the different sources of capital which are important to their organization. It is appropriate that the framework does not require organizations to adopt the capitals terminology and refer to them by name within their report, as long as each of the elements are discussed. This enables organizations to talk about their impact on the different capitals in a way that is meaningful to them.

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

N/A

**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.

**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.

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)?

N/A

**Other**

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

N/A

**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 agree with the definition of materiality and the approach suggested within the consultation draft.

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

N/A

**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?

To demonstrate the reliability of an integrated report, organizations should provide details of the steps they have taken to ensure reliability, for example the development of robust internal reporting systems or external assurance.

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

N/A

**Other**

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

Integrated thinking is a critical aspect of, and benefit, from integrated reporting. It is mentioned within section 3B paragraph 3.9 in the consultation draft, but should be brought out further within the framework.

We agree with statement 3.19 that an integrated report should not attempt to satisfy all the information needs of all stakeholders, and that some organizations may choose to produce additional separate reports e.g. Finance Report, investor presentations etc. It would, however, be helpful to re-word this slightly to say..."other communications could include....." to enable each organizations to decide what other communications are required.

## 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).

N/A

## 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?

Including a requirement for such a statement, would help ensure that overall responsibility for the report sits with the highest governance body, and that they are sufficiently involved in its production to ensure it is providing an accurate and reliable overview of how the organization creates value.

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

N/A

**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?*

The framework should allow some flexibility around the level and extent of assurance carried out on the integrated report, to enable an organization to decide what is most valuable to them. Organizations may choose to have the whole integrated report assured, to confirm it is in-line with the international framework, or focus on certain elements, such as indicators, where they believe assurance is most beneficial. This approach would help to ensure the cost of assurance is not prohibitory whilst enabling companies to focus on the areas of most importance. In order for this approach to be effective and transparent, companies would need to clearly state which areas of the report have been assured.

*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.*

N/A

**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).*

N/A

## 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?

## 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.

N/A

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)