

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:	<input type="text" value="CA Rajkumar S Adukia"/>
Email:	<input type="text" value="rajkumarradukia@gmail.com"/>
Stakeholder group:	<input type="text" value="Individual"/>

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

Organization name:	<input type="text" value="N A"/>
Industry sector:	<input type="text" value="please select"/>
Geographical region:	<input type="text" value="please select"/>

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.

The framework should be revised taking into account the objective of IR. The framework as such does not provide a clear picture on drafting an integrated report. It should included illustrations and examples to substantiate what is explained. Otherwise it seems to offer a vague picture. Further this is a report prepared or rather consolidated after a series of reports and statements have been prepared. Hence adopting a methodology that simplifies data collection, assimilation and use will be recommended. Integrated report should add value in assessing the performance of the organization as a whole and such assessment should be based on arrived facts and figures and any amount of imaginary and vague assessment method will simply defeat the purpose and render the report a mere formality

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.*

Out of the six principles discussion later in the draft framework, "Connectivity of Information" is the only principle that identifies itself with integrated reporting. All the remaining principles are as such adopted in the preparation of financial statements.

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?*

The interaction with other reports and communication is inevitable. IIRC should not stop with developing a framework for IR. Given that IR is a different from other reports creating standards for developing an IR is different from those developed by established reporting standard setters and 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?*

Sustainability reporting guidelines issued by GRI

Financial Accounting guidelines offered by IFRS

Other

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

Para 1.6 states "An integrated report should be prepared primarily for providers of financial capital in order to support their financial capital allocation assessments.

Comment: An Integrated Report is a comprehensive presentation of financial, environmental and social performance of an organization keeping in tab the sustainability feature of the organization for which it is prepared. The creation of value in this context is about assessing how viable (sustainable) the business of the organization is and how contributing (environmentally and socially contributing) the practices adopted by the organization is, while accepting that the " business of business is business".

Hence this report is primarily prepared for customers (end user's of the organization's product) and stakeholders (shareholders) and regulatory agencies (environmental regulating authority)

It is more appropriate this way as the trend aims to lead to one report moving forward the "Integrated Report" which is a consolidation of financial, environmental, social and sustainable statements.

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 framework talks about "Value Creation" by the organization presenting Integrated Report". Well, value is described in terms of growth of the various capitals identified by the framework, namely financial capital, natural capital, human capital, intellectual capital. This in turn conveys that the value creation in terms of classification of capital will benefit the user concerned, namely one providing financial capital is concerned about the value created in terms of capital.

This approach is as good as presenting different statements together namely financial statement, environment assessment, social viability. It is just about making available all statements together at one place. Hence the purpose of "Value creation" is unnecessarily complicated by the framework. In practice no one has the time nor the resource to contemplate upon an imaginary value creation against classification of each kind of capital

Instead the framework should aim at adopting an approach of scaling the performance of an organization say in a point scale of 1 to 5 by adding the financial, environmental and social factors derived on the basis of a point system, thereby rating the organization on the basis of an integrated report

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

No

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?*

This definition is not complete. In the sense, external factors namely the market requirement and viability factors should be covered

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?*

No, cause outcomes are not consequences, instead they are the goals or the guiding factors of business activity.

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)?*

No Comments

Other

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

Figure 2 in Page 10 talks about the value creation by an organization over short, medium and long term by interacting with the external environment and giving back to it. It would be more ideal to alter the figure denote the value creation in the form of environmental friendliness, financial stability and social responsibility. A differentiation between the inputs and value created output should be made evident. This may also be reflected in Figure 3

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?*

Materiality cannot be confined to reference to assessments made by the primary intended report users as stated in paragraphs (3.23 - 3.24). Further providers of financial capital alone cannot be regarded as primary report users as discussed in point 4 above.

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

No comments

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 any report is based on reliability of the source of information. Hence ensuring the data gathered are from a reliable source and analyzed by experts in the field will demonstrate the reliability of the report

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

No comments

Other

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

No comments

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).

No comments

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?

Such acknowledgements will add more authenticity to the IR and thereby accountability to preparers

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?

Integrated reporting as a whole should be covered. An IR is in itself a culmination of results from various other reports, accordingly categorized to offer desired 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 framework should be elaborated in the form of standards for integrated reporting. Identifying the differences to be adopted based on the industry of which the organization is a part thereof. The framework should aid in the development integrated report as a comprehensive and information laid report, instead of a namesake adding no value to its preparation.

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?

Measurement of "value creation" adopting a point system
Scaling the Organization taking all factors into account
Collection of data for Integrated Reporting

Other

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

No comments