

## 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.**

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Stakeholder group:	<input type="text" value="Report preparers"/>

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

Organization name:	<input type="text" value="Institute of Sustainable Development"/>
Industry sector:	<input type="text" value="Not applicable"/>
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.

First of all, we want to express our gratitude to your efforts and hard work.

Here again, we want to stress on the clarification of the use of <IR> differed with other reports, specially <Sustaibability Report>, that brings the consideration of guidance standards between <IR> framework and GRI 4 for adoption. It could have some confusion when <IR> has to be assessed for external assurance as well as in the process of report planning.

When the definite use of <IR> is suggested, which to integrate all other report roles, we believe its adoption on businesses would be proliferated.

## 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 comment.

### ***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?*

As the first point, ISD(Institute of Sustainable Development) and NEOECOS would like to clarify the interaction with other reports and communications. For example, many organizations might be confused of the relation between GRI Guideline and requirement of <IR> Framework. We want to make sure asking some questions as below.

1) If an organization prepares integrated report, do they comply with GRI guideline as well as IR Framework? Otherwise, is IR enough for compliance with IR framework at a minimum?

2) Many Sustainability Reports are complied with GRI Guideline. If an organization prepares sustainability report complying with GRI 4, do they have to comply with IR Framework as well?

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 recommend this paper for measurement references.

Omaima Hassan and Claire Marston , Disclosure Measurement in the Empirical Accounting Literature: A Review Article, September 2010 ([http://www.qass.org.uk/2011-May\\_Brunel-conference/Hassan.pdf](http://www.qass.org.uk/2011-May_Brunel-conference/Hassan.pdf))

## **Other**

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

We also anticipate that a stand-alone integrated report will be published annually. However we wish that <IR> is not an additional reporting requirement that could be a burden to organizations. So we want to make sure within this question. Is <IR> the integrated process of a corporate reporting related to financial and non-financial including Sustainability Report and other reports?

## **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, I agree.  
The categories cover all aspects of capitals that an organization can consider in business which are tangible and intangible, financial and non-financial. Since businesses have been stressed mainly tangible and financial aspects, this approach could bring all out of an organization have to care and consider for business responding to the social responsibility interactively.

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

No comment.

### ***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, I agree.  
Business model can be, in other word, systems for capital management. Building a proper business model of an organization is for effective use of capitals.

### **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, I agree.

As enforcing the social responsibility according to the climate change (for example) based on the business risks, organizations have to include overall consequences for their business model which in return bring a net increase in short or long term.

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 comment.

### **Other**

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

No comment.

## **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?*

I agree with that the materiality is the view of senior management on their business strategies, capitals and risks, but it should include stakeholders as primary intended report users to assess the materiality effective according to the para. 3.27. It would help an organization have both positive and negative view on the business circumstances in balance.

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

However I consider it also should have additional process of determining the materiality with employees who are more in sites and can recognize and diagnose the material aspects to suggest.

**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?

I agree with that the reliability of an <IR> is the combination of balanced information with positive and negative matters and enhancement of internal and external mechanisms.

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

No comment.

**Other**

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

It is important to ensure balance for no bias. The paragraph 3.34 provides that one of the important methods is the selection of presentation formats not to unduly or inappropriately influence assessments. Could <IR> framework or IIRC suggest the specified presentation formats or its guidance officially for user?

## 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 comment.

## 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?

We uphold strongly a statement acknowledging responsibility of those charged with governance. As mentioned at Para.5.17, they have ultimate responsibility for how the strategy, governance, performance and prospects lead to value creation over time, their documented statement make communicate to all persons working for or on behalf of the organization in accordance with commitment.

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

In regard of Section 5D, we suggest to introduce term "Chief Governance Officer (CGO)" instead of "those charged with governance" in <IR> framework. CGO is a senior executive reporting to the CEO who is tasked with directing the people, business processes and systems needed to enable good governance from inside the corporation in support of the board of directors. Some companies including Allianz, Kodak and Vodacom have appointed CGO. The term will be useful to understand the role and the meaning better.

**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?*

It should cover the <IR> as a whole. Because as its characteristics of <IR> are interconnected such as capitals, business model, governance, consequences, etc., <IR> can not be assessed by specific aspects but in the whole connected aspects.

*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.*

As mentioned at para.1.19, the Framework does not prescribe specific indicators or measurement methods. Therefore, in case of assurance, it would be needed the protocols for performing assurance engagements, or indicator or measurement tool developed by others. If an integrated report is complying with IR framework only without consideration for other reporting standard, can the <IR> be assured its adherence as complete and appropriate reporting by external assurance with existing protocol or measurement tool? Please explain how to assure integrated report more detailed.

**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 comment.

## 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?*

No comment.

## 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?*

Capitals, Business Model, Value creation.  
We think those three topics are including overall the guidance of <IR> in business to give understanding on financial and non-financial, tangible and intangible matters.

## Other

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

No comment.

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)