

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="Kawaguchi, Mariko"/>
Email:	<input type="text" value="mariko.kawaguchi@dir.co.jp"/>
Stakeholder group:	<input type="text" value="Other report users"/>

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

Organization name:	<input type="text" value="Japan Socially Investment Forum"/>
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.

<p>We are concerned about the structure of the whole report. We recommend following changes</p> <ol style="list-style-type: none">1) The background paper explaining about the factors why Integrated Reporting is indispensable is necessary as a introduction . Most of the society is not aware of the ESG risks, hence the importance of Integrated Reporting.2) More precise explanation of 6 category of capital is necessary as an independent document.3) other background paper explaining about value creation, connectivity, materiality are necessary as supplement4) chapter 2 and 3 should be more summarized and shortened as readers get tired before reaching what are the reporting elements are . Therefore explanation in Chapter 2 and 3 should be provided as an independent document as indicated above.5) The subject is intermingled in " integrated reporting (<IR>)"and" an integrated report" , and the difference of these words is unclear, especially the second chapter.6) Should recommend step by step approach. Full coverage of the components is very difficult for most of the companies.
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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.*

1. NO, but step by step approach should be accepted.

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?*

2. No. Each country has different corporate financial reporting legislations. This seems to fit UK legislation but is not realistic for other companies with different systems such as Japan.

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?*

3. We do not understand why IIRC is mentioning about data base. If you are going to establish a database provider, first you should explain about the governance structure first before asking this question.

Other

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

None

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?

5. Basically Yes, but it is very difficult and hard to make various stakeholders understand such concept in appropriate time, therefore very thoughtful explanation is necessary.

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

None

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)?

9. The Figure 3 is very difficult to understand and misleading to some people. Need more elaboration.

Other

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

10. Chapter 2 should be shortened summing the message. More precise explanation should be provided differently by other supplementary document.

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

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

None

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?

13. Reliability will take time to build up. It will be developed through interactive communications process by corporations and investors. We believe that the process of defining materiality by the responsible management and disclosing the process of assurance by a third party, will be the key to develop reliability.

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

None

Other

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

None

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).

Order of the elements should be changed to A, B, E, D, F, and (C+ G) : in addition C and G should be integrated.
4.4 Why stand-alone report is necessary? It can be integrated as a part of annual report or other existing reports
4.11 Process of appointing the leader should be disclosed not only their remuneration and incentives.
4.34 The expected maximize (not average) impact of critical challenges should also be disclosed

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

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

None

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?

19. Before answering the question, the methodology and the definition of assurance must be presented. But a whole assurance seems very difficult, step by step some aspect approach should also be approved but in the longer term, whole assurance will be necessary.

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.

Mentioned above

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).

None

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?*

22. Since it is a very difficult task to make investor relations people to fully understand this concept and definition of components, the success will depend upon the marketing efforts by IIRC to make stake

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?*

Supplementary document about valuation and connectivity.

Other

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

Covered by the first question

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