

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.

On the whole, Natixis AM is very pleased with the evolution of the Framework, our inputs and expectations were definitely heard and met. The theoretical approach to <IR> seems quite accomplished and we have very few remarks to make at this point.

We see the implementation of the Framework as the next big challenge. The quality of the integrated report that are and will be developed will define the level to which <IR> achieves the goal we set as responsible investor: allowing every investor to take better, wiser investment decisions.

To this regards, we encourage the development of workshops within the Investor Network and of greater dialogue between investors and PP members.

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, Natixis AM finds the principles-based approach adequate and complete.

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. Natixis AM considers that Integrated Reporting should be a concise presentation of material factors, thus summarizing and contextualising other more detailed reports. For a matter of good understanding, Natixis AM encourages companies to integrate their <IR> at the beginning of their annual report (as opposed to examples where the integrated reporting is divided in chapters that are integrated all through the annual report, which makes it quite unreadable).

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?*

Natixis AM encourages GRI and IIRC to work together towards helping companies developing adequate and consistent indicators

Other

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

void

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?

Natixis AM considers this approach to be relevant and complete. More specifically, Natixis AM supports the breakdown of capitals since it allows companies to separate extrafinancial capitals (human capital, natural capital, etc.) from the classic financial capital.

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

void

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?

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?*

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)?*

Other

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

In paragraph 2.38, the first sentence is "Providers of financial capital are focused on value in the form of financial returns". As responsible investor, Natixis AM encourages IIRC to complete this sentence. Indeed, from a long term investor point of view, financial returns can only happen where there is value creation for all stakeholders. Therefore, most investors also include extrafinancial aspects in their definition of value.

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?*

Natixis AM agrees that the concept of materiality should respond to the main report users. Since those users are investors, there is obviously a risk for the companies to end up with a very unclear and/or heterogeneous definition of materiality. Natixis AM encourages IIRC to work with GRI in helping companies on this aspect, since GRI's definition of materiality was recently refocused on investors. Natixis AM also agrees that the Investor Network could be a very appropriate structure to help members of the Pilot Programme understand the investors' approach to materiality.

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

void

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 should be demonstrated by qualitative information on internal reporting systems and stakeholder engagement. As external assurance is already used to assess information provided in the annual report, and as <IR> is still in progress, Natixis AM is not in favour of external assurance for the integrated report itself.

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

void

Other

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

void

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).

void

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?

As management buy-in is definitely a necessary predisposition to elaborate a consistent integrated report, people in charge should be identified. Natixis AM also encourages companies to provide information on the elaboration process and the teams that were involved.

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

void

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?

Companies seek independent external assurance for their annual report. As integrated reporting is a concise view of the otherwise detailed annual report, and as integrated reporting is still in development (ie not ready to be standardized), Natixis AM is not in favour of additional external assurance for the integrated report (as a whole or for specific aspects).
In future years, the Framework might become standardized. At that point, Natixis AM may reconsider its opinion.

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.

void

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).

void

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?*

In order to take wise investment decisions, investors need better and more complete information on the companies they invest in. The content of the Framework seems to be appropriate to this regards, since it encourages companies to provide concise information on their context, their situation, their strategy and how the objectives will be met, focusing on material information, global picture, qualitative information and key indicators, from short to long term.

Therefore, on the theoretical aspect, <IR> seems to be appropriate and quite accomplished. Yes, its implementation by companies will be decisive to determine the extent to which <IR> reaches its goal.

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?*

Since the implementation is a big challenge, two topics should be given priority in order to support companies in their efforts:

- definition and assessment of materiality;
- development of key indicators that are consistent to the company and its sector;

In order to develop material on these topics, work should be done in connection with GRI and the investor network.

Other

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

void

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