

The IIRC welcomes comments on all aspects of the 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 Framework are also encouraged through the questions.

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. **The principles identified for the <IR> framework are broad enough and do not need any modifications at this time. Should the need arise they can be amended in the future, depending on the experience gained from using the <IR> in practice.**

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 (paragraph 1.18-1.20).

2. Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications? **Paragraph 1.20 should be expanded to include 'the core competencies of the organization' after 'the business model'.**
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? – **In my humble opinion, a standard set of indicators across diverse industries and sectors does not work in practice. Many others (KNOQUA, INCAS, RICARDA, Athena Alliance, MERITUM, Intangible Asset monitor, etc...) have tried this approach in the past without much success. They have either identified indicators that are too generic - in order to be relevant to a wide range of industries - or that are too specific and hence relevant only to a handful of industries. Any effort in this direction should therefore necessarily be industry specific in order to be both relevant and specific.**

Other

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

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? **I think the nomenclature requires a slight change. I suggest that Intellectual Capital as mentioned in this section should be renamed to 'Structural Capital' and 'Social and Relationship Capital' as mentioned here should be renamed to 'Relational' Capital. These changes will bring the nomenclature in this document in line with what has been widely developed, standardized and understood by various experts in the field of Intellectual Capital.**
6. Please provide any other comments you have about Section 2B?

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? **I agree in general, with the following suggestion. I suggest a small enhancement to figure 3 in section 2B. Between the 'Inputs' circle and the 'Business Activities' circle, another circle should be introduced named 'Core Competencies'. This is because the various input capital that a business receives are first used for establishing core competencies, that are then used to perform business activities that result in value-added output resulting in outcomes such as profit, brand-proliferation, etc.**

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? **I agree**
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 (Section 4E).

Other

10. Please provide any other comments you have about Chapter 2 that are not already addressed by your responses above. **As rightly mentioned in section 2.25, there is a complex interdependency of capitals in any business. Further, the complexity increases exponentially with the size of the organization. Therefore I want to make two points here :**
- In order to manage complexity, the organization using <IR> should have the flexibility to report it for individual business units separately, if it is not able to prepare a single <IR> report for the entire organization.**
 - Further for each business unit, the core competencies of that unit should be identified along with some indicators (which could be across different types of capitals) that are critical to understanding and managing the sustenance of those core competencies in the long term.**

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

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? **The mechanism for ensuring reliability should be the same as the one in use at the present time for ensuring the reliability of statement financial statements, i.e. audits by external independent auditors. Such auditors need not necessarily be chartered accountants. Rather they should be trained consultants who hold a holistic view of business and who can assess relatively quickly whether the <IR> process followed by the business confirms to the letter and the spirit of the guiding principles outlined in this draft document.**
14. Please provide any other comments you have about Section 3E.

Other

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

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). **In continuation with the suggestions I have made earlier, the content elements should also be expanded to include a description of how the business is either ensuring sustenance of existing core competencies or investing in the creation and development of newer core competencies. In case, some core competencies are becoming outdated a description of the sun-setting of such core competencies should also be included here.**

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, this requirement is a must. It is no different from the present situation where the CEO and CFO of the business are required to certify the correctness of every published financial statement.**
18. Please provide any other comments you have about involvement of those charged with governance (Section 5D).

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 integrated report as a whole, in order to ensure that there are no unintended leakage points in the report with connotations, similar to the 'fine print' that we have seen in many other places in the business world.**
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. **The framework does provide suitable criteria for an assurance engagement. As this point, such criteria are rather broad based. With experience, these will get tailored down and become more specific. I foresee that the trajectory of such an improvement cycle will be no worse than the trajectory of improvements that we have seen in the accounting world.**

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).

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? **One thing is very clear at this moment. The regulatory financial statements produced as per the accounting standards do not provide enough information to the financial community for making informed investment decisions. In this context, the accounting community has failed the investing community. Therefore the need for an integrated report which not only provides the financial information but explains the rationale behind those numbers in a cogent, concise and uniform manner is the need of the hour. The <IR> draft has been defined to fulfill this objective and therefore it will provide**

users with much better information about an organization's ability to create value in the short, medium and long terms.

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? **I suggest that the following topics be given priority for the development of further material:**
- a. **The process of developing an <IR>**
 - b. **The database of KPIs by industry**
 - c. **Sample <IR> reports that have been developed for real businesses**

Other

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