

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.

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Stakeholder group:	<input type="text" value="Assurance provider"/>

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

Organization name:	<input type="text" value="ETS Management Services"/>
Industry sector:	<input type="text" value="Financials"/>
Geographical region:	<input type="text" value="Africa"/>

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.

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.*

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 <IR> needs to be specific in its references to other reports in order to avoid necessitating a complete reading of the other reports for the required explanation. Cross references need to be appropriate and relevant.

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?*

Other

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

A well prepared and concise chapter. Unfortunately in these dynamic times the Framework can be nothing other than a perpetual work-in-progress.

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?*

It is as good a benchmark as can be established. It will develop and evolve in time based on the qualitative and quantitative influences of the various industries (paragraphs 2.23 - 2.25). From there the impact of the weighted emphasis can be taken into consideration for future amendment.

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?*

Absolutely. It covers the 'how' and 'what' we do and allows for the explanation of the 'why'. Specific reference to what social need drives the business strategy and its reason to exist could be made more clear in the definition.

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?*

I believe it is all encompassing of possible outcomes.

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)?*

By continually asking, and reporting on, the internal question as to 'why' within your business model you can ensure the sustainability of your model by adapting the strategy.

Other

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

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?*

Ultimately the good of all society is dependent on the creation of employment which in terms depends on the creation of wealth. I see no better KPI for the source of materiality measurement. Passage of time may change this view.

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 suggested mechanisms are correct and appropriate. I place the highest emphasis on independent, external assurance. External assurance needs to go further than simple tick-box responses and requires support of on-site verification.

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

KPIs in respect of the definition of 'completeness' standards. Confidentiality of competitive information will need to be paramount importance in the assurance process. Processes of protecting confidentiality alongside some form of industry benchmarks can be developed as data is more readily available. One can expect a level of resistance and nervousness until information flows are stabilised.

Other

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

Every effort should be made to maintain aspirational as opposed to directional, heavily regulated guidelines.

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).

Noted above in 7 - 9.

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, the statement should be included to allow the audience of the <IR> to have an understanding of the controls applied in its preparation. It should include names, relationship to the company and relevant professional qualification. It should also include information on any independent assurance providers.

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?

I believe it should be a combination of both approaches. There could be a need for specialist assurers being utilised in various aspects of the report however one general professional practitioner could take overall ownership of the completed report. The overall ownership would be to ensure that no submission can be assured selectively in order to avoid reporting unfavourable 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.

Disclosure of those charged with governance and assurance as stated in response to question 17 would offer this credibility.

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?*

The Framework offers guidelines to initiate an otherwise daunting project of preparing a report. Without the Framework there will be myriad various approaches to the project presenting the audience with the challenge of understanding the scribes interpretation of integrated reporting. These guidelines are concise but not prescriptive which allows for an element of creative license; being competitive freedom.

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?*

1. Balance between competitive advantage and benchmarking
2. Identifying appropriate KPIs
3. Defining the components of one's own business model

Other

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

A well prepared comprehensive document which offers a solid foundation on which to develop this complex process.

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