

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.

WWF-UK supports the principles of the International Integrated Reporting Project and believes it is a major step forward in terms of its holistic approach to the integration of ESG issues into business strategy and decision making. In particular we support the inclusion of the six forms of capital a business needs to consider in its strategy, not just a focus on financial capital.

We are concerned that the focus on investors (i.e. providers of financial capital) to the exclusion of other stakeholders is a backwards step. Key stakeholders who have an interest in the other capitals such as communities impacted by the company's business also need to be considered in the formulation of the framework.

We believe that the framework needs to recognise the importance of sustainable value or growth and that this language needs to be reflected in the document.

It is not clear from the document how this framework will be maintained and updated.

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.*

We are supportive of the principles as outlined.

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?*

We support the proposals in paragraphs 1.18-.120 but would hope and expect that over time the report will overlap and eventually be integrated with the financial reports as the integrated report information is key to explaining business strategy.

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?*

No comment

Other

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

We are concerned that the focus on investors (i.e. providers of financial capital) to the exclusion of other stakeholders is a backwards step. Key stakeholders who have an interest in the other capitals such as communities impacted by the company's business also need to be considered in the formulation of the framework.

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?*

We agree with the approach of using the six capitals as benchmarks in preparing an integrated report. However, we are not sure what value there is in disclosing why an item is not material – either it is or it isn't based on agreed criteria set out by the company.

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

Value comes in many forms and we do need to ensure the paper recognises clearly that quantification or monetary valuation is not always possible or appropriate. S 2.24 on quantitative and qualitative information on capital could be strengthened to reflect this.

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?*

We support the definition but would prefer to see "sustainable value" rather than just "value". We would also like to see impacts referred to.

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. A focus on outcomes which covers all aspects of the capital is important in that it does drive the need to consider impact right through the supply chain down to the local communities or ecosystems that the company and its supply chain rely on. We also support the inclusion of impact for this reason.

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)?*

We are pleased to see that planetary limits have been recognised (2.39), but the reference is light and could be strengthened particularly in reference to the implications for business strategy.

Other

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

We have no further comments on Chapter 2.

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?*

We support the proposals on materiality and conciseness.

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

No additional comments

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?

Ideally reliability should be provided through third party assurance. However, we recognise that the cost of third party assurance may discourage companies and impose constraints on what might be disclosed and therefore some flexibility may be required, at least in the initial stages of development.

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

We would question whether the concept of 'freedom from error' is completely appropriate for what is essentially a forward-looking report.

Other

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

No further comments

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).

The section on performance (4F) recognises that qualitative information will need to be given as well as quantitative, but gives more weight to quantitative measures and makes reference to using qualitative disclosures where it is not practical or meaningful to quantitatively measure material movements in capital. Value comes in many forms and we do need to ensure the paper recognises clearly that quantification or monetary valuation is not always possible or appropriate. S 2.24 on quantitative and qualitative information on capital could be strengthened to reflect this.

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?

This proposal seems to sensible provided such an acknowledgement does not create new legal responsibilities for those concerned, which could be a deterrent to adopting integrated reporting.

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

No comments

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?

No comments

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.

No comments

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).

We believe that an integrated report should ideally be integrated with existing reports in the medium to longer term.
The provision of some examples of integrated reporting may be helpful for preparers.
Investors do not seem to be reflected in the diagram at Figure 7 which is surprising given the stated focus of integrated reporting.

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?*

We recognise that the integrated reporting framework will evolve over time but believe it is a good framework particularly as it is structured using a principle based approach.

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?*

We do support the provision of practical examples, however it feels too early in the process to identify specific topics where explanatory material is needed.

Other

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

No additional comments

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