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:	please select

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

Organization name:	BSR
Industry sector:	Not applicable
Geographical region:	Global

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?*

1.18 notes that organizations may publish other reports and information for compliance purposes or to satisfy particular information needs of a range of stakeholders. In order to clarify this yet further, we propose that the IIRC sets out a longer term vision of where integrated reporting stands vis-a-vis other communications, such as a sustainability report or financial statements. Our take is that a "one report" vision is not likely to happen - if this is the case, how can reporting in general be streamlined while also meeting reasonable legitimate concerns and needs of investors and other stakeholders? If an integrated report is to be "the jumping off point" for other reports (in other words, the "central report" vs. just "another report"), it would be good for the draft to articulate what the corporate reporting universe looks like (with integrated reporting at the centre).

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.

The introduction or overview is an opportunity for <IR> to provide more information on why it is needed in the first place, to address concerns about it being simply "another report" which organisations will produce. Indeed, we know the world has changed with mega-trends such as climate change impacting business and society in significant ways now and in the future. While sustainability does not have to be referenced per se (and we note the fact that it is avoided throughout the report with the exception of paragraph 1.18), the <IR> implicitly assumes a certain common understanding of global constraints by the user of the document already, which may not always be the case. We believe this broader sustainability context needs to be referenced more obviously in the introduction.
1.7 - audience. Suggest including additional categories of stakeholder missing in the list, including academics, unions, and broader civil society organisations.

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 support the broadened reference to different capitals and the diagram from 2.17 is a useful means by which the different capitals are visualized. Given that natural capital is the overall context within which the other capitals sit, we would suggest starting with its definition, before narrowing the focus to the other capitals, and concluding with financial 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?

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)?

4.24-4.25 - these paragraphs provide useful comments on organizations with multiple business models. We suggest including a reference to multiple business models in the initial discussion/ definition of business model in 2.26.

4.24.4.25 may also be the place in the document to provide additional guidance on how <IR> can be applied to public sector and/or not for profit organizations, since they are referenced in 1.10 already.

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?

We support the fact that the draft requires that companies disclose their process for determining materiality. However, the draft does not resolve the "one word, two definitions" challenge with materiality. Companies increasingly disclose materiality process details for "GRI compliant" sustainability reports and our concern is that companies are going to operate in a world where two separate materiality processes and outcomes are described. Given this reality, there is room for the IIRC to set out a vision on materiality: for example, "we want to work towards a world where the various concepts and definitions underpinning the materiality principle converge such that one common approach/framework can be applied that still result in reports that satisfy the information needs of different types of report users."

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

We support the emphasis the draft places on the role of stakeholders in the IR process through the "stakeholder responsiveness principle" and a need for companies to demonstrate "an understanding of the perspectives of relevant stakeholders" since "stakeholders actions have the potential to affect the organization's ability to create value over time". Related to our response to Q11, we do not support the "investors first" model of materiality, and believe the stakeholder AND investor view of materiality needs to be developed and articulated by the IIRC.

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?*

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).*

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?*

If integrated reporting is to really get traction, our take is that those charged with governance should issue a statement taking responsibility for the report.

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?*

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.*

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?*

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?*

Other

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

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