

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="Report preparers"/>

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

Organization name:	<input type="text" value="AkzoNobel"/>
Industry sector:	<input type="text" value="Basic materials"/>
Geographical region:	<input type="text" value="Western Europe"/>

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.

<p>We have limited feedback to priority aspects.</p>
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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.*

(1.3, 4.4) Integrated report as part of company report
We would like the integrated report to be the prime company reporting tool. We would not want to create a separate 'integrated report', rather the 'integrated report' should be able to be part of (section/ sections) of an overall company report (in line with existing developments from a number of companies)

(1.6) Target audience
Rather than 'primarily for providers of financial capital' it should be 'as a minimum for providers of financial capital'. The company should determine their key stakeholders. In line with 1.7 and 1.8.

(3.4.9) Company specific v. comparable with other organisations
These objectives may not be consistent. If the report is focused on material issues for the company, the KPIs may not be comparable with those for other organizations. However, if the integrating reporting process decides to require common industry KPIs, these may not reflect the KPIs being used to run the company business.

(4.13) Forward looking statements
When the report is part of the legal reporting requirements, the long term elements may be limited by the country governance code.

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: integrated reporting principles should be applied across company reporting.
No: We would like the integrated report to be the prime company reporting tool. We would not want to create a separate 'integrated report', rather the 'integrated report' should be able to be part of (section/ sections) of an overall company report (in line with existing developments from a number of companies)

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?*

GRI, but with integrated reporting principles in the lead.

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?*

Yes. Agree with the principle of capitals (and that reporters should not have to use the term capitals). There should be flexibility for companies to retain a people, planet, profit concept and consider the capital elements within that framework.

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

Manufacturing capital: the scope/boundaries of manufacturing capital are least defined. There are likely to be very company specific interpretations and therefore no comparability (see also comment 21).

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?*

Yes, value creation is a good focus.

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?*

OK

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)?*

None

Other

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

2D Value creation as currently described will be subject to individual company interpretation – value for whom?

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?*

Yes. The approach (relevance, importance, prioritization) is consistent with the focus of the report around creating value.

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

The materiality assessment has the potential to conflict with the current G4 approach. Although stakeholder views can be included in each stage, 'importance to stakeholders' has a lower impact.

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?

As with other company reporting, through internal management, control and assurance processes and appropriate external assurance. This is reflected in the text.

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

None

Other

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

None

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).

None

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?

No. This is a company report so by definition is the responsibility of the board/ exec team and the appropriate governance processes.

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

None

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?

The report as a whole. This is a report about company strategy, processes and performance so should be assured in an integrated way,

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.

None

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).

Reporting boundaries: agree with the need to look outside reporting financial reporting entity when considering boundaries. However, need to recognise the impact on comparability. For example one company will determine that carbon footprint across the value chain is material, whereas another will select footprint from own operations. Based on current practice, comparisons are made on reported footprint/ revenue or footprint/ production without considering boundaries – this data will not be comparable.

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?*

It is good for general guidance.

It should lead to good company-specific reports, but not automatically to comparability.

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?*

Model report samples and simple 'how to' guidance: the most likely route to help reporters get over the barrier of first reporting. Development from there is an easier process.

Value creation (still not produced by team)

Other

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

Thank you!

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