

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.

I am very happy to see an integrated report coming into fruition for companies to report as this is so important for the companies as well as other stakeholders. I congratulate all the people who are involved in this process and like to be involved in the process and see a full report coming into action in the near future.

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.*

I agree with paragraphs 1.11-1.12 that an integrated report should comply with the principle-based requirements identified throughout the framework in bold italic type. It is also important that the businesses try to follow these steps in paragraph 1.12 when reporting as this is very important to other stakeholders. It would be important to businesses also as they would be able to identify the gap in information available and try to fill the gap which would be better for them in the long term.

I have one comment under the Audience of <IR>: though this report is mainly for providers of financial capital, as mentioned in paragraph 1.7, it should be of benefit to all other stakeholders interested and available to them to access.

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?*

I agree with paragraphs 1.18-1.20 and it is also important that the businesses try to follow these steps when reporting as it is very important for business and other stakeholders in the long term.

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?*

The World Bank (1997) Expanding the Measure of Wealth: Indicators of Environmentally Sustainable Development, The World Bank, Washington, DC., GRI framework, The natural Step, The Six Capitals Model are some of the main references that are available for integrated reporting.

I used World Bank's approach and developed a model to assess the sustainability of symbiosis between the industries who are using by-products of their process as resources. I used the capitals relevant to the industrial area and symbiosis situation for the research and the model is named as The Six Capitals Model. The article below has some indicators developed for the project. Kurup, B. and Stehlik, D. (2009) 'Towards a model to assess the sustainability implications of industrial symbiosis in eco-industrial parks', Progress in Industrial Ecology – An International Journal, Vol. 6, No. 2, pp.103–119.

The results of the application of this model is also presented at various conferences and published as a thesis.

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 agree that if an organization choose not to disclose any of the capitals as not material, they should disclose the reason why they have not chosen the capitals in the framework as a benchmark.

It can be possible that they choose human capital as well as intellectual capital as one capital or divide natural capital into natural capital and ecosystem capital. Intellectual capital is owned by businesses but it was created by employees and employees are the human capital of the business. Human capital can be enhanced and empowered by training and skill development and it can create value as financial capital from the innovation as well as intellectual capital if retained properly with low turnover rate.

Ecosystem capital is as much important as natural capital for business as well as other stakeholders to function as business as usual. For example quantity of water is as much important as the quality of water for business for the effective working. The same can be applied to social capital also. I choose human capital (business) and community capital (society) as part of the aspects of social benefits as they fit well for the research I conducted and developed the model accordingly.

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

Every business has a community of people attached to it whether it is the employees, community around the business as a place based, or the different stakeholders associated with businesses such as suppliers, contractors, clients. If the employees are from the local community, as they normally do in some organizations, business is not only creating human capital but also community capital. The framework has already provided a benchmark using social and relationship capital. If this category can include the community or society as place based it would be valuable as business can be proud of their value of achievements they created by creating local employment, enhancing the amenity value they created by improving the local area or the charity work they do to the community nearby. This may increase the social capital as they created their 'social licence to operate'.

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 with the definition and the business model has been prepared well including the future outlook and strategies for future. It has also put the opportunities and risks which is very important to recognise as an organisation. How do you incorporate the time frame in here such as the mentioned short, medium and long term? I believe for a case of training provided for the employees, it can be considered as long term positive benefit but short term financial deficit. At the same time, well trained employee can create short term benefit as well if can attract some projects since he is trained in a specific area.

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, I agree with the definition. But outputs such as by-products, emissions and wastes should be considered as the value created by the organisation (positive or negative) and try to manage it in a positive way. For example outputs can be the products, by-products, wastes, emissions, reputation and branding an organisation creates during the business process. If the organisation considers emissions and by-products as negative effect and not doing anything about it as it is not necessarily have to report in a detailed way, it gives a wrong impression about the organisation. On the other hand, if they decide to report it and try to mitigate or manage the by-products and emissions in a positive way, it can also create capital in the positive.

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)?*

Please see answer to question 8.

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?*

I do not agree that the primary intended report users are providers of financial capital. Unless all key stakeholders get the chance to have a say on the materiality, and if providers of financial capital are not aware of the importance of capitals developed and the importance of integrative reporting (which create or destroy value) the integrated reporting would not be able to be materialized and it would be just like any other normal reporting system where organisations only considers financial benefits without considering externalities.

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

Please see the answer to question 11.

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 per the definition of reliability, it should be enhanced by appropriate stakeholder engagement, external auditing in addition to internal reporting systems. As per defined in paragraph 1.12, there should be proper explanation why the data is unreliable and should not be disclosed.

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.

There will always be an issue with disclosure of information by an organisation due to commercial sensitivity as it is related to competitive advantage for organisations working in the same sector. At the same time, the reliability of information could also create advantage and thus value to that organisation if the information available at the right time for organisation itself. Disclosure of reliable information may create business opportunities with customers as well as suppliers. It also create business opportunities with organisations in different sectors. For example, the information available about the by-products and emissions can create business opportunities as these may be raw material for other organisations. CO2 can be an emission problem which needs to be addressed for one organisation, but it can be a resource for another organisation. The first organisation not only avoids the emissions and enhances the ecosystem capital but also creates financial capital by selling them to the second organisation. Unless the information is available to the key people, this opportunity can be materialized.

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?*

CEO's and external auditor's acknowledgement in the reporting system is normal practice in the annual and sustainability reports. It doesn't guarantee the availability of information and disclosure intent. If there is any other way, this could be managed in the report like by mandatory reporting system, it could be proven otherwise.

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?*

Assurance is to be obtained at least in the availability of data and reliability data disclosure.

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?*

I believe if the organisation follow this framework of reporting and used the benchmark created in here and using the guiding principles, it would be a remarkable reporting system which can be trusted by other stakeholders. As organisations are already reporting the information in different formats integrating and disclosing these value creation or destruction transparently, which will definitely a value creation for the organisation for its short, medium and long term and it would be worthwhile to create this capital oriented approach for the reporting.

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