

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="Professional bodies – Other"/>

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

Organization name:	<input type="text" value="Chartered Institute of Public Relations"/>
Industry sector:	<input type="text" value="Not applicable"/>
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>The Chartered Institute of Public Relations (CIPR) is the professional body for public relations practitioners in the UK. With over 10,000 members involved in all aspects of public relations, it is the largest body of its kind in Europe.</p> <p>The CIPR advances the public relations profession in the UK by making its members accountable through a code of conduct, developing best practice, representing its members and raising standards through professional development.</p> <p>Effective reporting should be aimed at providing reliable information that changes behaviour by enabling people to make better decisions. CIPR members are communications professionals who are largely responsible for the delivery of messaging between their organisations or clients and internal and external stakeholders, and therefore are critical in the integrated reporting process.</p> <p>Public relations is the newest component of Integrated Reporting, and there should be no doubt that it should form a part of the Framework. The civic and societal strands into which PR falls render it a necessity for the delivery of any piece of communication about an organisation's strategy, governance, performance and prospects with respect to its value over the short, medium and long term.</p>

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 agree with the general current principles-based requirements outlined in the report. We believe consideration needs to be given to role of professionals in the preparation and communication of the reports, who should be accountable to an external organisation for their professional conduct, which goes beyond the 'senior management' as outlined in 3.32. We also believe there is a valid question around ensuring the reliability of reports, which could be addressed through auditing for compliance with the principles of <IR> and against sector specific reporting standards.

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 agree that the <IR> process should be applied continuously to all relevant reports and communications.

This raises the question of consistency throughout reporting. In order to ensure consistency and successful integration, communications professionals should be included in all planning and producing of such reports. The input of a communications professional is particularly vital given that the emphasis of <IR> is strategic focus, conciseness, future orientation, the connectivity of information, and the ability to create value - all of which are the main objectives of, and fall under the remit of a public relations and communications team.

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?*

Our strong recommendation would be for references containing indicators and measurement methods that stressed the need to measure and report 'outcomes' as well as outputs.

Our other suggestions include:

The Global Reporting Initiative - <https://www.globalreporting.org/Pages/default.aspx>

International Accounting Standards Board - <http://www.ifrs.org/Pages/default.aspx>

AccountAbility - <http://www.accountability.org/standards/index.html>

Public relations professionals recognise that the measurement and evaluation aspect of a reporting process can be difficult. We therefore recommend that the IIRC look to include guidance already established by the CIPR and contained in the Barcelona Declaration of Measurement Principles, published by the International Association for the Measurement of Evaluation and Communication.

Other

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

Whilst the Consultation states that "an integrated report should be prepared primarily for providers of financial capital" we would also recommend that strong weighting be given to other key stakeholders including employees and communities. This reflects the understanding of 'value over time' as more than a financial metric, recognising that value is largely underpinned by reputation and understanding.

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 to the capitals as outlined in the consultation document. We are particularly pleased to see the inclusion of reputation as part of intellectual capital, as well as the categorisation of social and relationship capital including key stakeholder relationships and the sharing of information.

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?

The Business model outlined in paragraph 2.26 aligns closely to the way communications professionals consider public relations: working with inputs, activities, outputs outcomes. This approach will allow the communications and business activities of any organisation to align better, making the reporting of such a cross-section of activities much easier to undertake.

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?*

We agree with this definition, and in doing so also point out an important point made in the AMEC Barcelona Principles (mentioned in response to Q3) that 'measuring the effect on outcomes is preferred to measuring outputs'.

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)?*

Other

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

Section 2D; value creation, is of pivotal importance for any communications professional and as such we welcome the inclusion of a discussion surrounding the key components of value. We support the broad approach taken in the consultation document to express value as a result of interactions, activities and relationships and would encourage this approach in any final framework.

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?*

No. Whilst the concept underpinning this definition is adequate, its practical implications will shift too much focus onto financial capital as a priority eclipsing all other aspects.

Firstly, we would advise that senior management include a broad spectrum of those employed within an organisation at senior level - including those with remit for communications. Secondly, we would ask that with reference to a material's impact on value over time, those responsible for such assessments are not solely fixated on monetary value.

We have previously expressed some reservations about the intended users being solely providers of financial capital, as we feel that such a well written report will hold value for all stakeholder.

Materiality equated to financial capital is not a problem per se but it should not exist at the exclusion of other factors which influence value over time, and therefore should be included in discussions of materiality.

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?

We agree that reliability is essential for <IR> to work as expected.

Reliability may be ensured through consistency as well as the accurate management of such a task. We would suggest that communications professionals could take a role in overseeing the creation and delivery of reports, as the sharing of information is fundamentally the remit of a communications team, and as such can be consistently, reliably and efficiently produced by those with the most knowledge and experience.

However, at some stage the question of legitimacy through external auditing will need to be addressed.

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

Again, with reference to the fact that senior management is charged with exercising judgement as to whether information is sufficiently reliable to be included in a report, we recommend that this management team includes a communications professional who will have sound knowledge of the Barcelona Principles and will be experienced in selecting and presenting information.

Other

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

The guiding principles outlined in Chapter 3: Strategic focus and future orientation; connectivity of information; and stakeholder responsiveness are unequivocally the domain of a senior public relations practitioner.

Strategic focus and future orientation: Anticipation of trends, consideration of political impacts, and of potential external threats are part of a practitioner's daily workload.

Connectivity of information – is central to the way in which public relations practitioners work, specifically when working across departments. Public Relations professionals are therefore uniquely placed to appreciate the need for connectivity and the lack of silos.

Stakeholder responsiveness – This is the crux of much of a PR practitioners work. Without stakeholder buy-in most organisations would fail, a point recognised in the framework's determination of value. Responsiveness is a key element in building trust.

It is for these reasons we strongly recommend that an accountable public relations practitioner be involved with the preparation of an integrated report, informing content and presentation of information.

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).*

We agree that the content elements are sufficient and provide a solid basis for <IR>.

We are supportive of the notion that an integrated report should stand alone as a concise communication, and therefore we recommend that its creation and distribution be centred within the communications team.

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?*

The more pertinent point should refer to exactly who is charged with governance. As any report will be used as a communications tool it is vital that a communications professional should sit within the governing body that is responsible for producing such a report.

In addition to this, we would recommend that the responsibility for the report rests with the communications team. in partnership with senior managers This is essential, as the team will include the most qualified individuals who can piece together a piece of reporting that not only exists independently, but is also consistent with other organisational reporting, and is appropriately shared with communities and stakeholders. The communications team will be charged with protecting the reputation and securing the value of any organisation, and therefore are very closely aligned with the objectives of <IR>. The communications team should be accountable to a professional code of conduct.

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?

We would recommend that assurance should cover the report as a whole. This is to ensure consistency and alignment across the report. It is essential that the report meets a standard applicable to all aspects, and therefore there should be no discrepancy between aspects. Again, the question of how the report should be audited is pertinent.

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?*

The Framework will be very useful for those writing an integrated report; providing information, setting guidelines and also making a strong case for the necessity of <IR> to an organisation.

As stated throughout our response, we have made several recommendations that would strengthen the framework document, including the recommendation that public relations professionals should be a part of any management team overseeing a report.

With these recommendations, we commend the Framework and look forward to its publication.

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