

Dear Michael,

Following my previous submissions to IIRC, I write to comment on the draft IR Framework, appreciating that today is the due date for comments.

1. I note with concern that IIRC continues to insist that the principal audience for integrated reports is financial investors and the main purpose is to support financial investment decisions. As expressed in my previous contributions to this debate, it seems to me that this misses the essential purpose of <IR>. Whereas many financial investors hold shares for very short times, other stakeholders have much longer term commitments of their own investments (be they their working lives, their social assets, the global climate etc). Only via good <IR>, can leaders make balanced choices in their own decision processes for the long term good of all stakeholders.
2. IIRC's strong endorsement of the multiplicity of capitals and their importance to organizations of all sorts is most welcome. However, the logical conclusion to the need to recognise impacts on various capitals is that the principles of capital maintenance (for long applied in financial reporting) should equally apply to all capitals. It is my view that IIRC should articulate this duty. IIRC pretends to be presenting a principles-based approach: it therefore needs to specify the principles. Capital maintenance should be a vital principle.
3. Maintaining multiple capitals is the core requirement of organizations that wish to operate in a sustainable way. IIRC should not sidestep the issue of "what represents sustainable performance?" This question should lie at the heart of <IR>. Much of the data may not yet be available, but that only emphasises the need for IIRC to insist on asking the question. Society is about to be overrun by a tsunami of "Big Data". IIRC's duty is to specify the real questions so that such data can be used to feed real answers; not surrogate answers (that were all we could hope for in the ages of data scarcity).
4. Context is recognised by IIRC as crucial to effective <IR>. However, the Framework fails to specify how to include sustainability in <IR>. Context-Based Sustainability is a well-defined process that requires each organization to set its own sustainability norms in its own local context (recognising that some context is global). Actual performance can then be compared to the relevant sustainability norms. Without this yardstick, it seems to me that it is impossible to answer the vital question; "to what extent has the organization performed sustainably?"

I have raised all these issues in previous comments to IIRC. I have expressed my appreciation of the IIRC's increased recognition of multiple capitals. By the same token, I must also express my disappointment that financial primacy, capital maintenance, sustainability and context-based performance norms have still to be addressed.

Please acknowledge receipt of this contribution.

With kindest regards,

Sincerely yours,

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call4change