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: Bokani Tshidzu

Email: bokani@vertigoventures.com

Stakeholder group: Other report users

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

Organization name: Vertigo Ventures

Industry sector: Not applicable

Geographical region: 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.

Our mission is to increase the accountability of organization through transparent reporting, as such it is very encouraging to see the steps ahead that the IIRC is proposing in this consultation. Having recently compared the annual and sustainability reports of the top global pharmaceutical companies for the VV-Good Index, we saw a lack of consistency in disclosure and reporting that made the comparison of sustainability performance more challenging.

We would therefore encourage the IIRC to consider some KPIs which can be industry agreed and show progress year on year. Furthermore, there is room for more encouragement of the reporting of the impact of governance policies, for example reporting not just on human rights policies that may have been agreed to by the company but the reduction in human rights violations as a result.

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.*

More emphasis could be made on a 'core' set of industry-specific metrics which all companies from that sector could report on, with other metrics which are optional. Currently the Framework leaves room for ambiguity.

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?*

A minimum set of requirements in the main documents would set clearer expectations, otherwise organizations could disclose data in a sparse, inaccessible way using the website links.

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?*

Vertigo has a database (VV-Impact Metrics) of hundreds of indicators which we would be willing to work with the IIRC to contribute. VV-Impact Metrics was the basis of the benchmark VV-Good Index which was recently published and picked up by national papers in the UK.

Having such a resource would create the 'common language' key stakeholders have been asking for. The database of indicators has been developed with international NGOs, reputable higher education institutions and contributors from the private sector using existing international guidelines.

Other

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

> It is unclear how 'license to operate' will be defined and measured.

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?*

> It may be helpful to introduce a contextual element to the information reported where possible, for example what percentage of greenbelt is being used for a new factory-site.

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 definition seems comprehensive and we would agree with it.

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?

> The definition seems comprehensive and we would agree with it.

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)?

> N/A

Other

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

> N/A

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?

> Clearer guidelines on how materiality will be decided are needed. For example rather than the organization deciding materiality alone, there could be an independent consultation to ensure the report meets stakeholder expectations.

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

N/A

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?

An external assurance firm, separate from the auditing company would support with more independent assurers making it easier to 'ask the difficult questions'.

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

N/A

Other

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

N/A

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).*

N/A

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?*

A statement which shows the decision-making process around materiality and who is responsible for reporting would be preferable, as acknowledging responsibility will not necessarily tell stakeholders how the report has been developed.

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

N/A

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 whole report in order to ensure that the whole document is accurate and that contestable data is not allocated to a different part of the report which is not assured.

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.*

> N/A

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).*

> N/a

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 is a great starting point in the short term and provides a strong foundation for rigourous, transparent and comparable reporting. However the lack of specific metrics leaves the same room for ambiguity which today makes reporting more challenging to decipher.

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?*

1. Specific metrics and how to collect the data: Companies claim to not have consistent advice on this issue
2. Advice on engagement with stakeholders to ensure transparent decision-making when it comes to the materiality of reporting: It is important to ensure that quantitative information is not hidden in 700 pages of images and 'narrative' making it difficult to access and compare information.
3. How the information will be translated by different stakeholders:

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