

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.

We have just started working with the draft framework as we prepare our first Integrated Report. Therefore the release of the draft framework was timely for us. Overall we are finding the framework very useful and seems to make good sense. The business model, strategic focus and findings from the Black Sun have been especially useful in helping to communicate and gain buy from our colleagues to reporting in an integrated manner. There is a strong business focus to the framework which is also helpful in discussions with business colleagues and in position the report NOT as a sustainability report

I am sure after we have completed our first IR we will have a much more detailed understand and comments on the framework

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.*

The principles seem relevant and focused. Only comment relates a potential conflict between the principles of reliability and conciseness, and materiality and completeness - specifically some additional guidance may be useful in helping report writers to be both concise and complete

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 in particular agree with 1.19 - it would be very helpful to have key international standards mapped to IR framework including key indicators at a high level (so as not to cause a shift away from the principle led approach)

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
LBG
GHG protocol
Jurisdiction by jurisdiction outline of compulsory disclosures e.g. NZ IFRS and New Zealand GAAP

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 but there is lots of subjectivity around defining what to include under each capital and which ones are material. It could lead to imbalanced reporting and be difficult for stakeholders to access if an organisation is accurately representing (and measuring) its capitals. Therefore some further guidance would be helpful in assuring consistency

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?*

Yes really like the diagram. It is a really good concise summary of IR and has helped us to get some good cut through when explaining the framework and benefits of reporting this way

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

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.

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 though it does not talk about how broader stakeholder engagement fits into this materiality process. A robust and transparent materiality process is essential to this principles based process and strong guidance/principles seem essential

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?

Agree that all of the above are important with the caveat that there are some challenges with external assurance of an IR - see comments below
As mentioned above, robust stakeholder engagement and a transparent materiality process is vital

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.

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).*

Content elements seem to have a good logical flow. Specifically like the future outlook component. We have only just started to work with them so the proof will be in the final report and reader responses to it.

4.24 - 4.26 : this isn't clear to us about how you would choose different options and the benefits of doing so. Connectivity could be lost between brands/businesses which are material to investors decision making

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?*

Yes but don't need to specify how this should be done. It is important that those responsible for governance of the business acknowledge their responsibility for all aspects of this report

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?

Having the whole report assured is good in theory but the cost and value is questionable in practice. Given this is a principles based framework it is open to interpretation which has potential to lead to quite a long assurance process. It would require some new or amended assurance standards
Certainly agree with assuring GHG emissions and financials of course. Perhaps with some clearer guidance around materiality processes this could streamline the assurance process of other parts of the report. Even having the materiality process assured to a certain standard would be an important step

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?*

Good starting point and driving the right behaviour/reporting. As more companies start to report along this framework it would be good to see a community of best practice emerge which 'ranks' reports and sets standards of good practice. This would supplement the framework and add credibility without having to shift away from a principles based approach

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?*

Materiality - clear process and expectations
Capitals - definitions and scope
Assurance

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