

## 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](http://www.theiirc.org)).

**Comments should be submitted by Monday 15<sup>th</sup>, July 2013.**

Name:	<input type="text" value="Kye Gbangbola"/>
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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 Building"/>
Industry sector:	<input type="text" value="Industrials"/>
Geographical region:	<input type="text" value="Global"/>

### 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.

Broadly IR is the way to go provided it has sustainability reporting at its core. If IR chooses to focus on investors by default two or more reports become necessary to cover all stakeholders. This detracts from the principle established by King 3, GRI, and the initial position of the IIRC pilot to have a single report. I have made the point as a representative on the pilot. It is a lost opportunity to focus only on investors because it excludes 93% of business carried out by SME's globally. Also the IIRC will be short lived, as a model it lacks sustainability and robustness where the need for a single integrated report remains, and bodies such as GRI have both the resources and competencies to deliver it with the 'buy in' of all business large, small, MNE, public, private, voluntary etc, within a couple of years. In short what the IIRC hailed as a crisis will have been wasted.

- G4 and IR need to harmonise and show linkage
- Sustainability reporting must be at the core of IR
- IR needs to be more inclusive
- IR needs to be more diverse
- The reports database provides no evidence of short concise reports
- Business case - the process for its determination and cases for how it is determined are simply unclear

## 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.*

Professional Assurance Providers - They must be competent in the business sector, knowledgeable on GRI and regulated.

### ***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?*

No. It breaks with the principle of what and why Integrated Report pioneers have laid out as the purpose of IR.

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, OECD, UNGC

## **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, because companies must understand the impact on the bottom line, Society, and the Planet.

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

Some experts argue that Capitals by definition are owned by others not organisations so clarification and definition are needed in the guidance.

### ***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

### ***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)?*

Needs to show what a business model response in IR looks like.

### ***Other***

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

BM is possibly the most important aspect of IR because it determines what matters and therefore how the company will manage its approach. Yet the vast majority of senior executives could not tell you their companies business model or how it is defined and the integrated process used to achieve the same. Not even amongst the IIRC pilot organisations. My point is the use of concepts that are not understood will lead to confusion, inconsistency, and lack of legitimacy as to what the report is seeking to achieve.

## **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. Materiality relates to a companies impact on Society and the planet not just investors.

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?

Through stakeholder feedback and professional and regulated assurance.

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).*

## 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, because it cuts to the principle of being responsible, showing leadership and being accountable.

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?*

The whole.

*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.*

No, because the industry is unregulated, there needs to be clarity of provider sector knowledge, capacity, competency and adherence to standards i.e. AA1000AS. I speak a lot on the subject of Assurance.

### ***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 remains a work in progress that has not achieved its original aims and objectives. It needs to acknowledge its position in relation to sustainability context and reporting or it fails to achieve a fundamental purpose to evidence business is responsive to our 21st Century problems of urgent and rapid impact reduction for the planet, society, and good profitable business performance.

## 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?*

As the above in relation to:

Business Model  
Material Aspects  
Assurance  
Capitals

## Other

24. *Please provide any other comments not already addressed by your responses to Questions 1-23.*

The Chartered Institute of Building (CIOB) is a global construction and property institution with professional membership comprising the individuals and organisations that design, construct and maintain the built environment we live in. These professionals are increasingly focused on life cycle impacts, energy, emissions, waste, materials, ecosystems etc. The CIOB are grateful for an opportunity to comment and for its participation in the Pilot.

The CIOB are consistently striving to achieve outcomes through the tools being developed that enable strategic responses to placing sustainability at the heart of everything we do.

The CIOB's have produced an Integrated report that hold to the original aims and objectives of a single report that has full value to investors and analysts wanting to understand how we create and sustain value through an integrated approach to financial and non financial reporting. Please feel free to contact David Hawkes, Michael Brown, or Kye Gbangbola (our registered contacts on the IIRC Pilot Programme) at the CIOB should you wish to discuss any of the comments further.

Please save the completed PDF form to your computer and submit via the IIRC website at [www.theiirc.org/consultationdraft2013](http://www.theiirc.org/consultationdraft2013)