

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.

Dear All

I have carefully read the draft that appeals the following comments:
I am impressed by the depth of the reflexion and exhaustiveness of the situation elements that have been included in this proposal.
I would recommend to work to get better harmonization on principles, glossary and objectives with existing international frameworks.
I hope that the IR will be a success taking into account the difficulties that will appear considering the differences of regulations, profiles and motivations.
Please be realistic on the deadline for implementation.

Best regards
Dolores Larroque

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.*

I would suggest to replace "Stakeholder responsiveness" by "Stakeholder Engagement" as the process is to involve for and share value creation through a permanent and transparent dialogue.

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?*

I agree on the necessity to link and avoid duplication in communication processes. However, it is not clear which document will be the MASTER one and which will be secondary documents. Will be the IR a document as a IR CONTENT INDEX with links to documents. There is a need to better explain this in order to increase the comparability. In terms of external assurance, will the audit company assess all the documents that are backlinked from the 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?*

GLOBAL REPORTING INDEX G4 for non-financial KPIs and the usual financial standards to avoid the creation of a series of new indicators and measurement methods that will create confusion.

Other

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

There is a possibility to create problems at the time to align SHORT, MEDIUM and LONG visions and objectives. This point is not enough explicit in the draft.

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?

I highly appreciate this concept of managing and anticipating the stock and flow of capitals. It will be a purposeful exercise to be made internally and verified externally.
I was not clear for me which CAPITAL represents the ownership of lands or buildings not effectively used and being depreciated overtime.

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

It will be useful to get a real example of an IR made on this basis for a company. Do you have any pilot tests in progress? The highest difficulty I see will be to define which capital aspects are material or not ?

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?

An organization's business model is its chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term.

Is value still positive? How do we balance negative and positive values?
It seems to be an interesting intellectual exercise but is it realistic for all organizations?

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 could have positive or negative consequences of a non-activity of an organization. Is this included in this definition?

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)?*

I like the notion of value drivers. However to be developed.

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?*

No. If it is an IR, it should be also included the non financial capital providers acting more on MEDIUM and LONG TERM. As it has been said that it is understood that it is not possible to convert everything in money amounts.

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

- How could we link the paragraph 3.25 about important aspects with the Materiality presented through GRI G4?
Any common reflexion on the subject

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?

What is a robust internal reporting system? Even if it is automatized through IT systems, this doesn't guarantee the exactness and accurateness of info.
What is an appropriate stakeholder engagement process?

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

Comparability will be important to sustain the IR initiative. Do you plan some sector guidances such as for EXTRACTIVE INDUSTRY? Transparency and redevability are expected as standard practices. How can the IR reinforce this need for a criticized industry?

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).*

Good to have the list of content elements and corresponding questions. For them it will be difficult to respond easily? I am afraid that the obesity of reports will increase instead of reducing it.

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 they should explain why they are credible as persons in charge of governance.

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

It must be very important and at the highest level of the organization.

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?*

It should cover the IR and the documents that are linked.

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.*

What will be the assessment criteria?

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?*

Harmonization with other frameworks is mandatory.

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?*

A list of suggested questions to prepare the content elements and others aspects of a IR.
A tool to identify the CAPITALS (entrance and exit) and the relations between.

Other

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

I have read the first version in French and after in English. The French one doesn't present things in the same way with a reduced impact due to non appropriate vocabulary; eg MATERIALITY named "Caractère important" in French instead of MATERIALITE. The same for "Stakeholder responsiveness" named "Réactivité à l'égard des parties prenantes" instead of ENGAGEMENT DES PARTIES PRENANTES. Idem for COMPLETEUDE instead of EXHAUSTIVITE...

I am very excited to participate to the IR deployment and at the same time, I hope that it will be realistic to do it with any type of organizations.

Please save the completed PDF form to your computer and submit via the IIRC website at www.theiirc.org/consultationdraft2013