

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.

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Stakeholder group:	<input type="text" value="Other report users"/>

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

Organization name:	<input type="text" value="BearingPoint France"/>
Industry sector:	<input type="text" value="Not applicable"/>
Geographical region:	<input type="text" value="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.

First of all, the draft presented for consultation is both conceptually rich and actionable, resulting in a valuable document for organizations willing to prepare an Integrated Report. The presentation of the fundamental concepts enables the reader and future report maker to take a plunge in all elements developed further in a more practical way in the later chapters of the IR Framework.

Please find below the main questions for which a response has been developed as part of the consultation:

2 - 3: Link with existing reporting standards

5: Stricter use of capitals described

8: Details on other outcomes

11: Consideration of weak signals

16: Focus on upstream supply chains

19: Details on assurance

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.*

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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?*

1.19 - It would be great to precise the paragraph 1.19 with references to the established reporting standards setters and measurement methods that could be used by the reporting organizations as this would increase both the comparability and the reliability of the integrated report.

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?*

Without drawing an extensive list, it would best serve reporting organizations if this database is organized with different entries:

- by topic (e.g. financial reporting, ESG reporting, etc.), with possibility to cross topics (e.g. KPIs measuring environmental and financial value)
- by sector (as it is mentioned in the framework, sectors have common points that are material, making reporting on these points almost certain for all companies in the sector)

Other

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

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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?*

This approach has the merit of introducing a broader range of capitals than purely financial capital. The arguments for not requiring organizations to use the categorization of capitals as described in the framework are clear and understandable.

However, we do believe that as a framework, the IR framework should require that the reporting organizations describe their vision of the capitals, using the 6 capitals, notably as it will help reporting organizations to respect paragraph 4.5 and the primary audience to benchmark this vision within sectors.

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

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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?*

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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?*

This definition points towards the right direction in the sense that financial outcomes are interesting but the other outcomes should also be taken into account, even if negative, driving reporting organization towards measuring (if material) their impact on the different capitals (social, natural,...).

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)?*

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Other

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

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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?*

This approach to materiality corresponds to an efficient way of defining topics to be reported on. However, the methodology to define material matters often leads to underestimating future trends. The weak signals sent by external stakeholders need to be well considered in the process and carefully examined to define their materiality as some of them will certainly be future trends shaping the market, the access to resources, the stakeholders ecosystem, etc.

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?

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).*

4.8 and 4.9 - As part of the external environment there are a wide range of elements in the upstream supply chains that are part of the circumstances under which organizations operate. It would be interesting for organizations as well as the primary intended report audience to have a focus on this point in such a report as in a number of sectors, most of the capitals is likely to be located upstream, coupled with risks and opportunities to be dealt with. These elements are generally overlooked as their are unknown (distant from decision making centres, complex) and considered of low probability. Recent events in the textile sector (as an example) have had a material impact in the industry.

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?*

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?

Assurance should cover mainly the performance section, as well as all points mentioned in paragraph 4.5 (the materiality determination process, the governance body with oversight responsibilities for IR, the reporting boundary and how it has been determined, the nature and magnitude of the material trade-offs that influence value creation over time, and the reason why the organization considers any of the capitals identified in the Framework to be immaterial given its circumstances).

Assurance on performance elements is a key element to enable credibility and further comparability of the information contained in integrated reports.

All the other points mentioned above are key to be assured as well as they determine the underlying quality of the report (e.g. if the materiality determination process is flawed, most of the report loses value).

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?*

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?*

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