

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:	<input type="text" value="Hanne Thornam"/>
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Stakeholder group:	<input type="text" value="Report preparers"/>

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

Organization name:	<input type="text" value="EY Norway on behalf of Kristin Hurum (Cermaq), Tina Flem (Posten Norge), Eli Munkelien (KLP)"/>
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.

The framework could be made more accessible by being shortened and more to the point:

- Divide the framework as GRI did with the G4 protocols. Create a separate implementation guide with examples, and a separate document for the guiding principles
- The structure could be made clearer by taking inspiration from the architecture of traditional laws (i.e. the accounting act consists of the law (short text), legislative history and regulations)
- Reduce the normative language: the draft contains numerous normative elements: "an integrated report should include", "should answer" etc. The normative language could overwhelm new reporters and discourage them from creating an integrated report
- Chapter 2 needs to be shortened:
- Create a dedicated section for definitions excluded from chapter 2
- Include more graphics/ illustrations
- Include more examples and graphics to provide the companies with illustrations they can use as tool to ensure internal buy-in
- Publish examples of best practice and/or a dummy report

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.*

Clarify the difference between "future outlook" and "strategic and future orientation" – it seems more logical to view future focus as a guiding principle, than a content element as it is natural to address the future outlook in relation to each of the other content elements, not as a content element in itself

Define boundaries for strategic direction and future outlook - businesses should not be required to disclose business critical strategies and future plans.

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?*

The consultation draft does not define whether the integrated report is to replace the annual report. This lack of clarification imposes a potential risk of fragmentation. It is, however clear from the draft that the purpose of integrated reports is to enable providers of financial capital to make better informed decisions and show how non-financial capitals can affect a company's accounts and balance sheet.

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?*

No response

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?*

It appears as though capital related to reputation and brand has been "marginalized", as this is merely a minor part of intellectual capital and social and relationship capital. Is this intentional? If so, it would be useful to gain more insight into the rationale behind integrating reputation and brand as part of other capital areas, rather than for example being a distinct capital area in its own right?

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?*

No response

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?*

No response

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)?*

No response

Other

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

No response

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?*

The IIRC approach to materiality differs from the GRI materiality methodology in several regards. The differences include the definition of report users/stakeholders, the axis of the materiality matrix and by implication a broader perspective with regards to capital areas. An explanation of the differences and synergies between the two approaches would be useful.

Perhaps the GRI materiality assessment could be considered to be one part of, or input to, the IIRC assessment. In particular to uncover value drivers with regards to the social and relationship capital area.

For public companies the target audience for the annual report will be its public owners. In order to better include

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

It is not clear how the IIRC materiality assessment distinguishes between the different time-horizons (short , medium and long-term).

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?

No response

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

No response

Other

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

No response

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).

No response

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?

No response

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

No response

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?

No response

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 response

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).

No response

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?*

No response

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?*

No response

Other

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

No response

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