

ANALYSIS OF FRAMEWROK

CHAPTER 3: GUIDING PRINCIPLES - RELIABILITY AND COMPLETENESS (Section 3E)

Question 13 and 14: 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.

NOTE: This objective analysis includes only the most prevalent, significant or controversial issues as far as they relate directly to the content of the Consultation Draft of the International <IR> Framework¹, for the attention of the Working Group and therefore not all matters raised in submissions are referenced in it.

Drafting this analysis involved considerable judgment in deciding how to categories comments into issues/themes and how to summaries the underlying positions. Statistics have been included to provide a snapshot and starting point for analysis. Although the statistics indicate the prevalence of different views, due consideration will be given to the substance of all positions expressed.

In total the IIRC received 359 submissions to the Consultation Draft. 352 are included in this analysis. The remaining 7 submissions (of which 6 were late and one was in too complex for collation) are being reviewed separately.

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A – OVERVIEW

- A1 There were 259 (73%) organizations and individuals who responded to Question 13 and 110 (31%) who responded to Question 14.
- A2 The mechanisms for enhancing reliability stated in the framework of robust internal reporting systems, stakeholder engagement, and independent, external assurance were used to analyse responses to Q14; several combination patterns of those three emerged as shown in Figure 1. A majority of the respondents perceived independent, external assurance as the strong mechanism for enhancing reliability (167 or 65% of those who responded); however, concerns were expressed regarding timing of the application of assurance in connection with the development of the Framework, coverage of information If assurance is applied to the integrated report, and the necessity for inclusion of a requirement for assurance in the Framework, as described in paragraph B4.
- A3 The numbers of comments on issues other than enhancing reliability mechanisms, such as balance, freedom from material error, completeness, cost/benefit, competitive advantage, and future-oriented information, are evenly spread as shown in Figure 4 (responses regarding “freedom from material error” need to be considered in combination with the comments regarding materiality set forth in paragraphs C2 and C3).The population of the comments for the purpose of this analysis are the combination of responses to Questions 13 and 14.

¹ <http://www.theiirc.org/consultationdraft2013/>.

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A4 Additionally, comments were also included in responses to Questions 13 and 14 that can be useful for the development of the other Guiding Principles and other concepts. These comments are grouped relating to:

- Other Guiding Principles (paragraph D1)
- Indications of involvement by those charged with governance (paragraph D2)
- Necessity for performance measurements, including KPIs (paragraph D3)
- Alignment of the Framework with existing standards (paragraph D4)
- Requests for guidance (paragraph D5)
- Time horizon aspects of the reliability concept (paragraph D6)
- Editorial suggestions (paragraph D7).

B – MECHANISMS FOR ENHANCING RELIABILITY

B1 To analyse the comments received for Q13, the responses were categorized by the three main mechanisms suggested in the draft Framework: ① **Internal control**, ② **Stakeholder engagement**, and ③ **External assurance** (see Figure 1). Figure 1 illustrates the pattern of responses to these three categories (labelled patterns 1-7). Paragraphs B2-B4 include the highlights of the comments from those respondents who think each mechanism is an important component to demonstrate reliability. Paragraph B5 covers Pattern 8 in Figure 1 that includes the other reliability mechanisms suggested by the respondents. One respondent (054) addressed all three mechanisms with the following points:

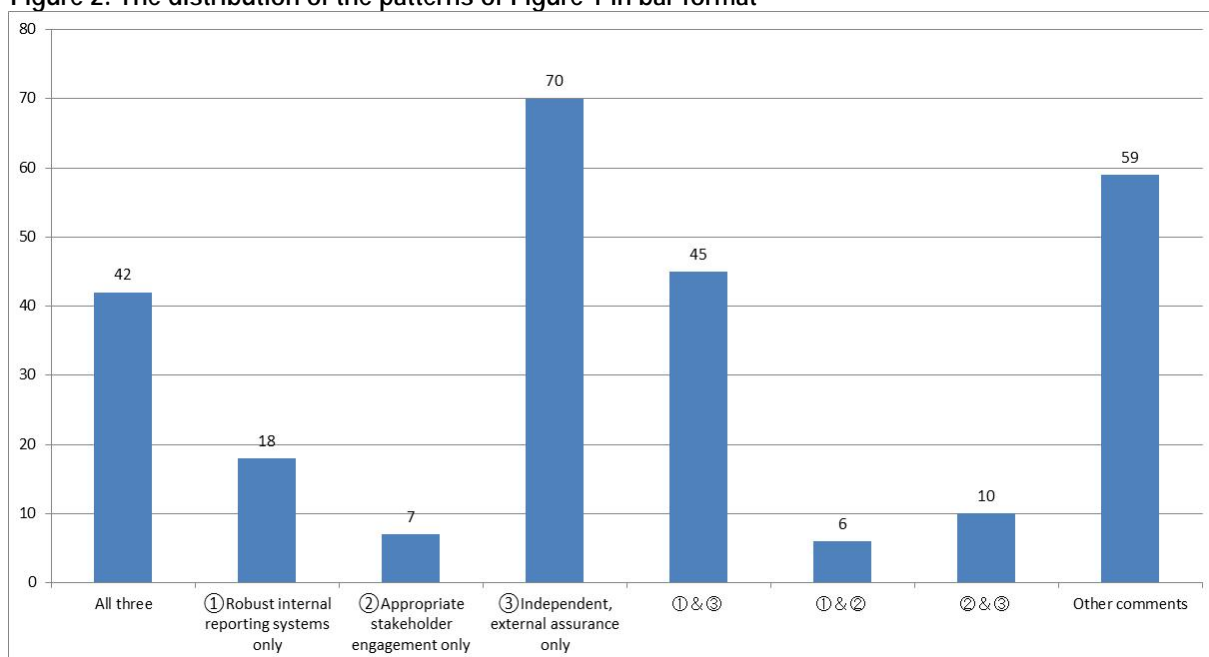
- Reliability is enhanced with robust internal reporting systems
- It is necessary to obtain independent external assurance to demonstrate reliability
- Stakeholder engagement ensures completeness of information.

Figure 1: Overall trend of responses to three specific mechanisms for enhancing reliability

Pattern	Internal control	Stakeholder engagement	External assurance	Number of counts
1	○	○	○	42
2	○	-	-	18
3	-	○	-	7
4	-	-	○	70
5	○	-	○	45
6	○	○	-	6
7	-	○	○	10
8	Comments on other possible mechanisms			59
Total	111	67	167	257

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Figure 2: The distribution of the patterns of Figure 1 in bar format



Internal reporting systems

- B2 Comments concerning internal reporting systems [including internal audit (internal assurance), internal control, data collection, data management, employee-management dialogue, employee training] included the following:
- Information cannot be sufficiently reliable based exclusively on the judgement of senior management and those charged with governance. It must consider the operating and functional units feedback, as well as that of other key stakeholders. (016)
 - A key determinate of reliability is the organization's ability to deliver on concepts, plans as set out in reports. (i.e., looking back). (030)
 - Readers should be able to inspect both systems available and procedures followed to acquire the information provided. (063)
 - The entity must include in the report, the internal control mechanism for <IR> to ensure the integrity of the information; it is advisable that the Internal Audit Department report on the adequacy and effectiveness of systems established by the entity to collate and analyse data and to report information required under the Framework (81)
 - Reliability and completeness of disclosures goes to the integrity of the organisation and the data management and data collection systems that are in place to record and collate the information that forms the basis of the disclosures in the integrated report. In order to improve the data collection within an organisation, there may be a need to invest in technology, thus resulting in additional cost to an organisation. (164)
 - Robust reporting systems are a fundamental prerequisite for reliable reporting and for some issues which may need to be covered by <IR>. These systems may require some time to develop, even after benchmarks and methodologies are agreed. (184)
 - Reliability is earned over time and therefore, a detailed description of processes used to achieve goals and outcomes, as well as consistency and a description of challenges and reasons for missed goals will also help to create reliability over time. Most users of reports review reports over time and sophisticated users do so even when approaching a new investment, so completeness and consistency over time tend to lead to reliability and credibility. (204)

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Stakeholder engagement

- B3 Comments concerning stakeholder engagement included the following:
- Reliability is also supported by the inclusiveness of stakeholders involved in a materiality determination process... as well as the inclusion of specifically the providers of financial capital in an expanded / further evolved step of the process. (118)

External assurance

- B4 Comments concerning external assurance included the following with respect to the timing, coverage and the necessity for requiring assurance by the framework: (These should be taken into consideration with the primary responses regarding assurance in Questions 19 and 20)
- Timing of the application of assurance in connection with the development of the Framework:
 - The concept of <IR> needs to be more defined before assurance should be applicable. (062)
 - External assurance will create additional costs, which may limit the use of <IR> because, at least initially, stakeholders and management may not fully understand the benefits of preparing integrated reports. Therefore, at this development phase of the Framework, it may be beneficial to allow participating companies and their stakeholders to decide nature and level of external assurance required. Following experience and further consultations, independent third-party assurance should be required and that such third-party assurance should be provided in accordance with high quality, internationally accepted assurance standards such as those established by the International Auditing and Assurance Standards Board (IAASB). (108)
 - Coverage of information if assurance is applied to the integrated report:
 - The most relevant mechanism to ensure reliability is, in one hand, a concrete and concise framework and set of standards in which the report is based, and in second hand, by external auditing processes. If the integrated report is going to be connected to other – probably audited – existing reports (financial statements, sustainability reports), a mechanism to link the data provided in the integrated report with those audited figures in the other reports could be outlined. (066)
 - As <IR> should also stand for an integrated audit, there should be one auditor with overall responsibility for the assurance of the complete set of <IR> (e.g., financial statements and sustainability data). (083)
 - Guidance is required on external assurance of the integrated report as a whole, considering the levels of assurance obtained on the financial statements (reasonable assurance) and on the sustainability report (limited assurance) (139)
 - Guidance should be provided as to the best manner to distinguish parts within the integrated report that are covered by the assurance report. It will be good if such guidance can also denote the manner to identify the level of assurance (i.e. reasonable, limited or no assurance). On the other hand if an assurance report is given only for the selected sections of the report, it will have an impact on the credibility (reliability) of the Integrated Report taken as a whole which needs to be considered when proving any guidance in this regard. (341)
 - Essentially all quantitative data; respondent stated that assurance on other disclosures such as risks would practically not be possible. (072)
 - Assurance over key stakeholder engagement mechanisms and the materiality process in particular would be helpful to provide stakeholders with comfort that voices have been adequately heard, understood and fairly prioritised in the decision making process (169)
 - An element of external verification will be required to validate the reliability of an integrated report, but not all statements will be verifiable, and these, if honestly prepared and presented, should not be dismissed as of less value than the verifiable ones (295)

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- The reliability of an integrated report could be demonstrated through an external / third-party verification, notably regarding the reliability of the quantitative data provided by the reporting organization (both financial and non-financial data) (008)
- Companies already report certain information externally through investor presentations that assurance is not provided on such as KPIs, etc.; this should stay that way. (150)
- In the longer term, non-financial information (narrative information and KPIs) should be subject to a similar level of assurance as financial information; this will improve the quality of this information and provide investors with confidence in relation to the completeness and reliability of information disclosed. (157)
- Necessity for the inclusion of a requirement for assurance in the Framework:
 - A minimum set of requirements for assurance should be defined by the <IR> Framework, such as proved quality standards, independence and the minimum level of assurance. A third party assurance should be obligatory, if the integrated report should be of importance for capital market actors. (080)
 - The <IR> Framework should explicitly call for independent third-party assurance on integrated reports, and should specify that such assurance should be provided in accordance with high-quality, internationally accepted assurance standards such as those promulgated by the International Auditing and Assurance Standards Board (IAASB) (120)
 - External assurance which is certainly an important element for a report credibility and reliability may be provided but should not be obligatory; respondent cited that the primary assurance for the reliability of the report is the judgement of senior management and those charged with governance exercise as written in the Framework. (105)

Other comments

B5 Pattern 8 represents those comments that do not mention any of these mechanisms but are not necessarily against the components of the mechanisms that are proposed in the Framework. These respondents identified other means of demonstrating reliability or provided other comments relating to the following:

- Approaches to preparation
 - Reliability of <IR> may be demonstrated by observing whether all the material facts are disclosed, whether policies and principles are consistently followed while preparing an integrated report and whether standards are followed to facilitate comparability (010)
 - Alignment with existing reporting frameworks, such as IFRS and GRI (see further discussion in paragraph D4)
 - The reliability should be assured by including a description of the mechanisms and procedures the company has for ensuring reliability; in this sense, a description of the organization's governance should be included. (258, 293)
 - Evidence that the reporting process is becoming embedded in the regular business management processes (263)
 - Evidence of integrated thinking is demonstrated through management structure, independent input to board level, clarity of assigned roles and responsibilities beyond short-term financial profit at board level, evidence of meetings and discussions. Reliability of an integrated report, with integrated thinking as the backbone, will thus be demonstrated. (328)
 - The overall system of governance can be structured and resourced with the correct skills to ensure reliability (348)
 - The reliability and completeness of materiality determination, which is dependent on the robustness of the processes, including the engagement of a broad range of stakeholders (who could impact on risk) (037, 118, 131, 142, 173, 293, 308); one respondent did not think stakeholder engagement would play a role in reliability (321)

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- A highly reliable integrated reporting process involves a circular process: the indicators that the organization uses to measure its strategic performance are subject to a robust materiality determination process; the information that is fed into the materiality determination process is subject to a robust stakeholder engagement process; and a robust stakeholder engagement process would be subject to a comprehensive understanding of the entities business model and its value chain, as well as the internal and external operating environment. The connectivity of these different elements of the integrated reporting process is thus compulsory to gauge reliability. The factual correctness of any piece of information in the integrated report is subject to the connectivity principle; otherwise the relevance thereof cannot be illustrated. (131)
- Indications of involvement by those charged with governance or others as a means of ensuring reliability (see further discussion at paragraph D2)
- Consistent use of KPIs is the best way to ensure reliability (324) (See further discussion in paragraph D3)
- Replace “reliability” with “faithful representation” consistent with the IASB and FASB (137, 155, 184, 193, 216, 296 and 311)
- Organizations struggle to provide future-oriented information in a meaningful manner. If the regulatory regimes can provide more balanced protection for uncertain statements by organizations, organizations will be enabled provide the disclosures that integrated reporting framework considers necessary.(164)
- Outcomes of more robust reviews and summaries of stakeholder engagement should be made available (017)

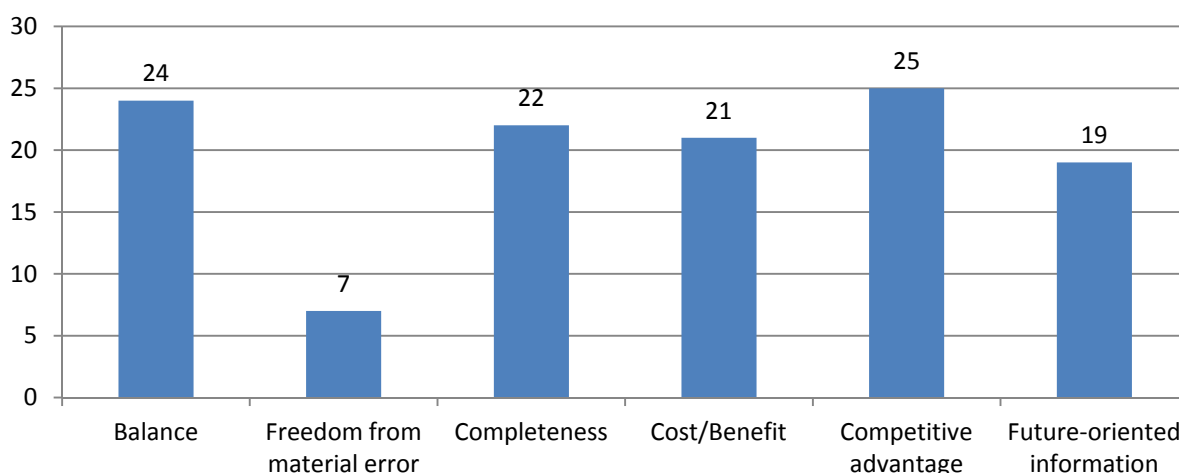
C – OTHER CONCERNS AROUND SPECIFIC HEADINGS IN THE DRAFT FRAMEWORK

C1 Comments addressing matters other than reliability mechanisms are categorized by the headings in the draft Framework. The components of the *Reliability and completeness* Guiding Principle in the draft Framework are as follows.

3E Reliability and Completeness	Reliability	Balance
		Freedom from material error
	Completeness	Cost/benefit
		Competitive advantage
		Future Oriented information

Figure 3 illustrates the components of the Guiding Principle with comments. While the number of comments specific to “freedom from material error” is rather low, 34 comments relating to materiality and materiality determination process were included by respondents in their responses to Questions 13 and 14, as indicated in D1.

Figure 3: Components of the Guiding Principle with comments



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C2 Regarding balance, there are comments that mention items that are not included in the draft Framework such as the balance between narrative and quantified information, and balance between subjectivity and objectivity. Comments about freedom from material error include issues about the types of information such as data and/or non-financial information including narrative information. As to Completeness, there is a concern regarding the trade-off with the concept of relevance. Further research is requested around cost/benefit and commercial sensitivity. Concerns for disclosing future-oriented information were shown but also there is a suggestion for having more legal protection for the future information to overcome such concern. Highlights of the comments for each category include:

- Balance
 - Balance is the crux of the Reliability and Completeness section, especially when firms are allowed to report through narrative description rather than hard numbers. (147)
 - Organizations should state which information has been estimated, the level of subjectivity and their ability to obtain objective measurement. (273)
 - It would be preferable for the Framework to record that 'fair, balanced and understandable' forms an acceptable basis for preparing an integrated report. (321)
 - There is a lack of clarity as to what is meant in 3.31 by "The reliability of information is affected by its balance and freedom from material error" (019)
 - The term "balance" should be replaced with "neutrality" in the IASB's conceptual framework because the words in paragraph 3.33 are almost identical to the words in paragraph QC14 of the IASB's conceptual framework. (193)
- Freedom from material error
 - Narrative is just as susceptible to material error as data; reporters should be encouraged to ensure that narrative is equally supported by systems and evidence and subject to internal assurance processes such as compliance auditing. This may mean adjusting the text under paragraph 3.35. (031)
 - Paragraph 3.35 on freedom from material error does not require disclosure of measurement uncertainty, and more detail and explicit guidance would be helpful in this regard. (120)
 - There will need to be ways to gain assurance from 3rd parties that integrated reports are reliable and free of material error, especially for non-financial processes and internal control frameworks. (147)
 - The point in paragraph 3.35 that "freedom from material error does not imply that the information is perfectly accurate" was questioned and concern expressed that it might put a damper on the credibility of <IR> (251)
- Completeness
 - Stakeholder engagement does not add reliability and completeness (217)
 - Completeness is one of the most critical dimensions in <IR>. As long as the capitals are not covering all relevant dimensions, a report is - by definition - not complete. However, this is a trade off to a brief report that covers only "the most relevant". (257)
- Cost/Benefit
 - The cost of the additional areas to include in the report such as 'Social' is prohibitive as it will involve the need to hire specialists to provide the needed expertise both for the company and its auditors. This applies more to large international organisations with a substantial share issues to investors such as pension funds or borrowing from banks etc.. Unless it can be shown to provide real value information to management that surpasses its cost it will be difficult to 'sell' to top management. (006)
 - The current language in the draft Framework suggests that managers will indeed be allowed to say that the cost of collecting data is simply too high, so they will choose not to report. (009)
 - It would be necessary to place greater emphasis on cost/benefit - i.e., companies should wherever possible attempt to quantify the costs and benefits associated with the capitals. (022)
 - Feasibility and cost should be considered when determining the extent, level of specificity and preciseness of information to be included in a communication, in contrast to paragraph 3.38, which

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indicates that it would be inappropriate to refrain entirely from making disclosure on the basis of cost. (112)

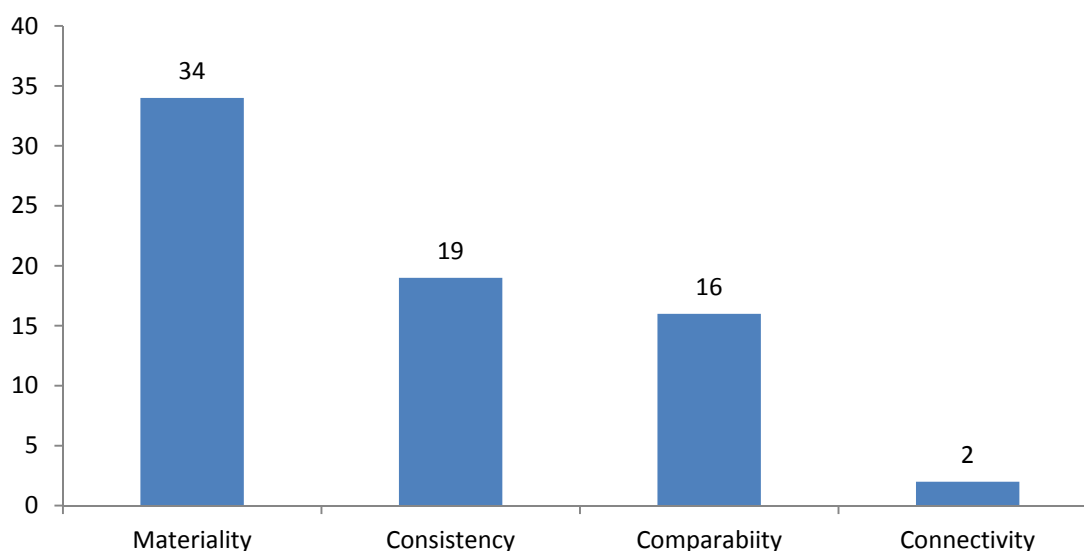
- The section on cost/benefit is inconclusive and of limited assistance to reports in its current form. Paragraph 3.41 could be improved by providing guidance on timeframes for cost/benefit evaluation in reporting systems to be undertaken. (169)
- The integrated report should not only include the cost trade-offs on the value of information, but also what is being done instead, if (and when) cost prohibits collection of reliable information. (170)
- The cost of implementing systems to obtain the information must be exceeded by the value of the enhanced reliability of the information to the decision-making process. (248)
- It is not entirely clear if companies are encouraged to take steps toward issuing an integrated report (even if somewhat deficient) while simultaneously building up internal resources and capacity to issue a “complete” integrated report in the future. It is better that a cost/benefit analysis does not cause companies to refrain from or slow down the process of disclosing ESG or other relevant information, as indicated in paragraph 3.38. (222)
- The greater the materiality, the greater the need for disclosure. Therefore, information of greater materiality must be disclosed, independent of the costs of measuring and obtaining it. The most important information is the most material information. Paragraph 3.39 states that an organization should evaluate the cost and benefits of disclosing information. When doing so, they should define the scope, level of specificity and accuracy of the information to be disclosed. However, we do not recommend the non-disclosure of material information simply because of the possible costs involved. (273)
- Competitive advantage
 - Commercial confidentiality is correctly flagged as a potential barrier to effective <IR>; one fundamental aspect of a corporation is its propensity to secrecy. Respondent is willing to research this aspect of corporate life, and to understand how it is mitigated in practice (064)
 - It might be better to consider removing the last sentence under paragraph 3.45 “If material information is not disclosed because of competitive harm, this fact and the reasons for it are to be explained in the integrated report.” It does not seem appropriate to require this of companies from a cost/benefit perspective, as the potential risk of tipping off a competitor to potentially sensitive information could far outweigh the benefit of disclosing the omission of competitively sensitive information in the report. (120)
 - Commercial sensitivity should not be an excuse for failure to consider or disclose information in the integrated report; case studies to show how information on market positioning can be disclosed without exposing market-sensitive data could be provided (236)
 - While the reasons for excluding material information because of “competitive harm” will be explained in the integrated report (paragraph 3.45), concern was expressed that the statement itself is highly judgmental and subject to overly broad interpretation by senior management and those charged with governance. (241)
 - In as far as competition concerns and confidentiality will prevent reporters from disclosing strategic, forward-looking information related to the six capitals, assurance providers can at least verify and confirm that the due process has been followed. (118)
 - There should be a higher hurdle for omitting disclosures in an integrated report - i.e., disclosures should only be omitted if they cause a significant commercial disadvantage (122)
 - As discussed in paragraphs 3.42 to 3.47, a serious impediment to <IR> is the potential impact on competitive advantage through disclosure of value drivers, and through the disclosure of future-oriented information (177)
- Future-oriented information
 - Reservations were expressed about reliability and completeness of future-oriented information that can be presented in the integrated report because of subjectiveness, volatility and uncertainty underlying such information. (068)
 - Future information including data is impossible to assure substantively. (099)

D – OTHER COMMENTS FOR ADDITIONAL CONSIDERATIONS

Other Guiding Principles

D1 There are 71 comments about reliability in relation to other Guiding Principles, as illustrated in Figure 5. The comments for the Guiding Principle of “Consistency and comparability” in the Framework are separated for this analysis purpose as concerns were expressed on comparability whereas most comments relating to consistency emphasized its importance. The comments indicate that application of Guiding Principles such as *Materiality and conciseness*, *Consistency and comparability* and *Connectivity of information* are also enhancing reliability. However, concerns and difficulties were expressed especially about materiality and comparability resulting from the perceived lack of clarity for the process of determining material matters. Whereas, the comments about consistency and connectivity emphasized their importance rather than raising concerns or identifying difficulties.

Figure 5: Comments related to the concepts included in the Guiding Principles



Highlights of the comments for each category include:

- Materiality
 - The main challenge is how to include what is really material to the business and industry versus reporting on a vast range of topics and indicators (128)
 - The problem with requiring an integrated report to include ‘all material information’ (paragraph 3.36) is determining what information is material to whom. (321)
 - The main challenge to including “all material matters, both positive and negative, in a balanced way without material errors “ is how to include what is really material (128)
 - The compromise between completeness and materiality will take some experience and learning time before it is commonly understood by businesses, investors and other stakeholders (077)
 - While the Guiding Principle ‘Reliability and completeness’ refers to ‘information’ in a number of places it suggests that material information may be omitted because of the unavailability of reliable ‘data’.

“This raises two questions - whether there is sufficient clarity that all information (not just data) is subject to this principle and, secondly, it tends to imply that nothing needs to be reported on a material issue if reliable data are not available. We suggest adjusting this so that reporting organizations are a) encouraged to report qualitative information on all material issues, irrespective of the availability of reliable data, and b) clearly extending the principle of reliability to all information, including qualitative narrative.” (031)

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- Consistency
 - Enhancing financial statement disclosures allows organizations to communicate to providers of financial capital on important investment drivers, within the current reporting and assurance framework which has the benefit of adding a greater level of credibility, reliability and consistency to the information disclosed. (128)
 - One of the most important methods to ensure balance and consistency in the presentation of information within an integrated report over time is reporting against previously reported targets, forecasts, projections and expectations. We recommend adding "over time" in this context (par. 3.34) and referring to this topic within the "Consistency" chapter as well (see par. 3.49 and 3.50) (155)
 - Emphasize the importance of maintaining the consistency of information published in different reports and, as such, the adoption of integrated approaches in all reports produced by the organization. (273)
 - Reliability of <IR> may be demonstrated by observing whether all the material facts are disclosed, whether policies and principles are consistently followed while preparing an integrated report (010)
- Comparability
 - Section 3F (consistency and comparability) is likely not to be satisfied (i.e., comparison among competitors will not be possible) if each company is allowed to choose individually which indicators are material. (009)
 - How will the "suitable level of comparability" be determined? Internally or by a third-party? (016)
 - A major task to be done is to create a list of authoritative indicators that will help to ensure comparability. (066)
 - Comparability will be important to sustain the <IR> initiative; a question was raised as to whether there will be any sector-specific guidance, such as for the extractive industry (294)
 - Reliability of <IR> may be demonstrated by observing whether standards are followed to facilitate comparability (010)
- Connectivity
 - Guidance on completeness is best addressed by emphasising the role that connectivity should play in ensuring material matters identified in one content element are followed through across the report. (122)
 - The connectivity of different elements of the integrated reporting process is compulsory to gauge reliability. The factual correctness of any piece of information in the integrated report is subject to the connectivity principle; otherwise the relevance thereof cannot be illustrated. (131)

Indications of involvement by those charged with governance

- D2 Some respondents indicated that the involvement by those charged with governance or others is a means of ensuring reliability:
- Reliability is demonstrated by the commitment shown by the directors to present a balanced and complete story of their company's plans and progress in creating value (220)
 - An integrated should clearly define who is responsible for its production and approval (196, 268)
 - 10 respondents were in favour of including a requirement for a statement or declaration of compliance with the Framework (202, 315) and most identified that such statement should be by those charged with governance or highest ranking office (027, 078, 145, 150, 189, 203, 252, 323); placement of such a statement varied as to whether such statement is included in the report (4 respondents) or on an <IR> homepage (027);
 - The integrated report should be signed by those with oversight responsibility (e.g., those charged with governance, the board of directors or supervisory board) (162, 257) or CEO (172, 200, 201)

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Necessity for performance measurements, including KPIs

D3 Comments of 14 respondents concerned key performance indicators (KPIs) and quantitative data. These respondents indicate that the disclosure of quantitative data will enhance reliability from the perspectives of comparability, assurance and balance:

- Consistent use of KPIs is the best way to ensure reliability; the most powerful and therefore primary mechanism to ensure reliability is the requirement for consistency in reporting. Entities choose a way of reporting and a set of KPIs to report on and should consistently report on these KPIs. Changes or exclusion of KPIs should be explicitly explained and may be warranted in those less frequent situations where the strategic direction or priorities are changed. Entities' value propositions and strategies are different and hence it is not likely that all the same KPIs are used to manage entities even in the same industry. Paragraph 3.51 acknowledges this. (324)
- An integrated report should contain an overview of performance data, for instance in the form of a statement(s) to help the report user better understand the company's position. Accounting policies for material data presented in a statement format should be included. (098)
- More explicit reference to the link with core financial value drivers (Financial Capital KPIs) will help to improve Comparability, in addition to encouraging use of recognised sustainability accounting standards such as the WRI/WBCSD GHG Protocol, Waterfootprint Network standard and related ISO standards. (118)
- Performance descriptions and measures should address (i) delivering on the objectives described in the Business Model and Strategy (reward indicators); (ii) managing the risks arising from their Operating Context (risk indicators); and (iii) progress in delivering on their Strategy (performance indicators). (122)
- KPIs in respect of the definition of 'completeness' standards. (140)
- Although we agree that industry benchmarking is appropriate, sometimes this might not suffice, and the organization could also use external international benchmarks prepared by organizations such as the World Business Council for Sustainable Development (WBCSD) and the International Labor Organization (ILO). (252)
- For the purpose of <IR>, measurable information should be attested to by independent experts to provide limited assurance regarding the accuracy of the key performance indicators reported. Utilizing a database of industry-specific key performance indicators consistently would assist in achieving this goal. (315)
- While assuring the reliability of information is important, there must be a comparability of metrics and definitions. (323)

Alignment of the Framework with existing standards

D4 38 respondents recommended that the Framework be aligned with established standards for enhancing the reliability especially in terms of the mechanisms of internal reporting systems and independent, external assurance. Highlights of such comments and the established standards specifically mentioned in the comments are as follows:

- Describe the status of the control environment (IT, governance, etc.), e.g., refer to COSO or similar guidelines. (103)
- Reliability and completeness of information must be safeguarded by internal control systems and (corporate) governance processes (like e.g. COSO), monitored by those charged with governance. (109)
- It would be good to also reference the GRI principles of Balance and Accuracy in the discussion of how reliability is demonstrated... that is part of what adds to reliability (118)

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Organization's name	Standards	Number of comments	Note
International Auditing and Assurance Standards Board (IAASB)	International Standard on Assurance Engagement (ISAE 3000)	6	http://www.ifac.org/auditing-assurance/publications-resources
Global Reporting Initiative	GRI G4	5	https://www.globalreporting.org/reporting/g4/Pages/default.aspx
Committee of Sponsoring Organizations (COSO), a joint initiative ²	COSO internal control framework	4	frameworks and guidance on enterprise risk management, internal control and fraud deterrence
International Accounting Standard Board (IASB)	IASB conceptual framework; IFRS	4	http://www.ifrs.org/Current-Projects/IASB-Projects/Conceptual-Framework/Pages/Conceptual-Framework-Summary.aspx
Financial Accounting Standard Boards (FASB)	U.S.GAAP	3	http://www.fasb.org/home
International Organization for Standardization (ISO)	ISO standards	3	http://www.iso.org/iso/home.html
The Institute of Directors in South Africa	King III Code	2	Governance Principles and the King Report on Governance
US Securities and Exchange Commission (SEC)	Sarbanes-Oxley Act (SOX) (while one commented "no SOX")	2	Top management must individually certify the accuracy of financial information
Financial Reporting Council	The UK Corporate Governance Code	1	Each country may have its own code for governance.
International Labor Organization (ILO)	ILO Labor Standards	1	http://www.ilo.org/global/standards/lang-en/index.htm
PR organizations ³	Barcelona Principles	1	public relations measurement
Water Footprint Network	The Water Footprint Assessment Manual	1	http://www.waterfootprint.org/?page=files/WaterFootprintAssessmentManual
World Resource Institute (WRI) World Business Council for Sustainable Development (WBCSD)	GHG Protocol (Greenhouse Gas protocol)	1	international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions

Requests for guidance

D5 Additional guidance relating to reliability was requested around declaration by the governance body, assurance, internal reporting systems, and freedom from material error, as listed below. However, one respondent stated that the Framework should not provide guidance or requirements on the mechanisms used to ensure the reliability of the information contained within an integrated report. (181)

- A 'practice-aid' checklist to assist with making a declaration by the governance body (027, 171)
- Guidance related to assurance:

² American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), The Association of Accountants and Financial Professionals in Business (IMA), The Institute of Internal Auditors, and the American Accounting Association (AAA)

³ The International Association for Measurement and Evaluation of Communication (AMEC), the Public Relations Society of America (PRSA), the Global Alliance for Public Relations and Communication Management, the Institute for Public Relations (IPR) Measurement Commission, and the International Communications Consultancy Organization (ICCO)

Question 13 and 14 – RELIABILITY AND COMPLETENESS

- The <IR> Framework should contain guidance on assurance. (029, 075, 120, 131, 181, and 264)
- More explicit guidance on the relevant level of assurance for an integrated report and the integrated process for drawing up the information (029)
- The value of assurance and the nature of appropriate subject matter that is suitable for assurance could be further addressed in the framework. Report preparers should be encouraged to prepare reports as though it will be subject to external assurance. This will mean that an audit trail should be maintained for information that is being presented in the integrated report as far as possible. (131)
- Others requested guidance in general on assurance without specifying that it should be included in the Framework (139, 155, 169, 271, 272, 322, 344)
- More guidance on 'robust internal reporting systems' (in separate documentation on Application Guidance) or external references (133)
- More guidance should be given on methods for and expectations of reporters in ensuring reliability. Further, rather than stating it 'may be' appropriate for an integrated report to describe the mechanisms employed to ensure reliability, this should be a requirement. (149)

Time horizon aspects of the reliability concept

D6 Several respondents believe that reliability will improve over time:

- If the report was going to be more numbers centric, then initially the numbers may be very unreliable, but then over time the numbers will become more reliable as they are used, and corrected. (042)
- Reliability and completeness: We agree with that definition of completeness as well as that of reliability, but in addition, we believe that reliability is earned over time and therefore, a detailed description of processes used to achieve goals and outcomes, as well as consistency and a description of challenges and reasons for missed goals will also help to create reliability over time. (204)
- Ultimately, we believe this reliability will be proven over time to the degree that the users of a company's integrated report are able to garner the insights they need to understand its value creation story and are not surprised by developments that impact such value. (326)

Editorial suggestions

D7 The following editorial suggestions were made:

- The title of section 3E is "Reliability and completeness", but the first paragraph under that section (paragraph 3.30) turns immediately to material matters and contains the requirement for an integrated report to "contain all material matters, both positive and negative and without material error." We suggest that there is no need for the requirement at 3E to say that the integrated report should contain material matters as that is addressed elsewhere in other requirements. We think the requirement at paragraph 3.30 should read "information in an integrated report should be reliable" and then go on to define reliability. (193)
- Revise the wording in Paragraph 3.30 from "material error" to "material error or bias", to align with Paragraph 3.33. (301)
- It is important for the <IR> framework to clearly distinguish between the reliability of the information reported, and third-party assurance on that information. (120)
- Revise the wording in paragraph 3.39 to read as follows: "Costs to the organization (both time and expense) may arise from the need to establish or strengthen processes, information systems, and controls for capturing and aggregating information or making estimates. Until such processes, systems, and controls are implemented, it may be impracticable or impossible for certain information to be fully and reliably included (i.e., included to the optimum extent, level of specificity, and precision)." (219)