ANALYSIS OF FRAMEWORK

CHAPTER 3: GUIDING PRINCIPLES – OTHER

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

Guiding Principles of D. Materiality and conciseness and of E. Reliability and completeness are specifically addressed in Questions 11-12 and 13-14, respectively, comments submitted regarding these two GP's were moved to the relevant analysis document.

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> Framework[1], 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   Approximately 40% of the respondents (138 of 353) provided comments to Question 15 regarding Chapter 3's Guiding Principles (GPs). A few also included comments regarding the GPs of Materiality and conciseness and Reliability and completeness even though there were separate questions for such GPs; however, such comments are included in the analysis of the respective GPs. A total of 170 issues were raised within these responses.

A2   The responses are categorized per Guiding Principle. Overall themes, not directly addressing a specific GP, are separately mentioned as Other/Overall. Comments regarding other than GPs were moved to the relevant analysis document.

Categories	number of issues raised	%

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[1] http://www.theiirc.org/consultationdraft2013/.

O. Overall/Other	39	23%
A. Strategic focus and future orientation	18	11%
B. Connectivity of information	21	12%
C. Stakeholder responsiveness	34	20%
F. Consistency and comparability	58	34%
Total	170	100%

A3   The following chart illustrates the respondents to Q15 by stakeholder group (perspective). Report preparers are the largest group of respondents to Q15.
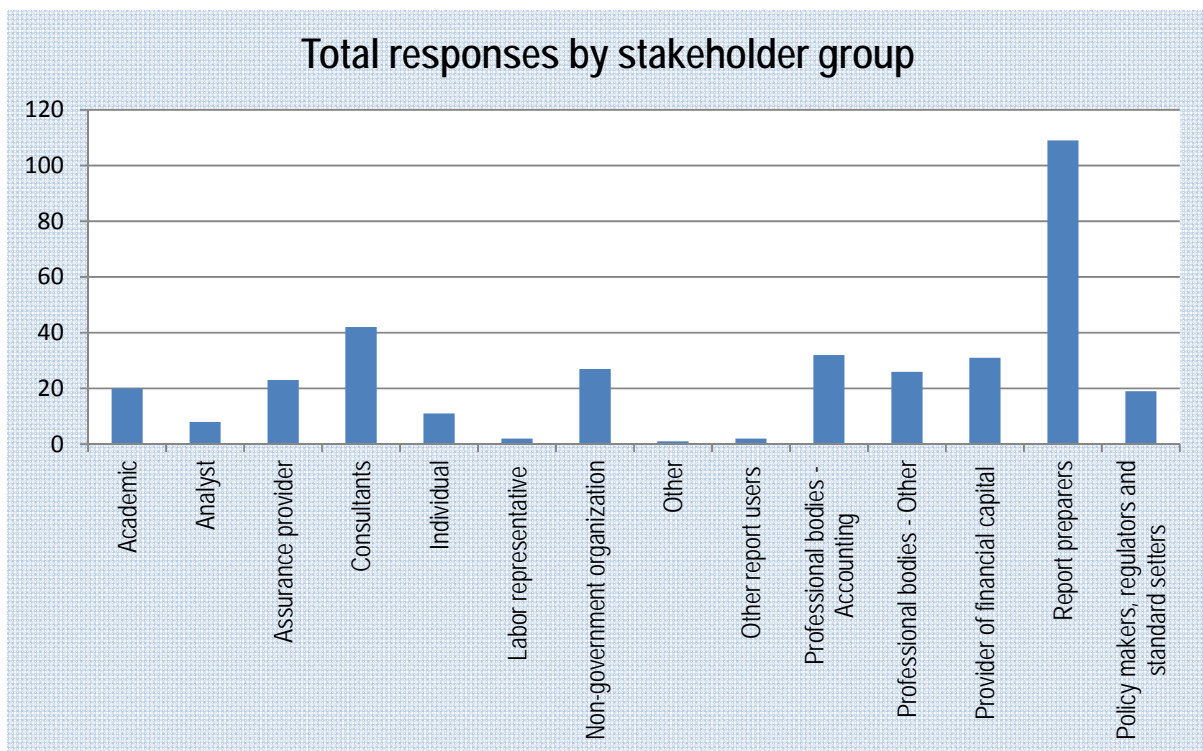
A4   Abbreviations used in this document
- GP = Guiding Principle
- FW = <IR> Framework
- CD / ED = Consultation Draft
- ERM = enterprise risk management

B – KEY ISSUES RAISED

B1   The key issues raised in responses to Q15 are summarized in this section for the overall themes regarding Chapter 3 as a whole, and on the 4 Guiding Principles that were not specifically covered in Questions 11-14.

General comments regarding Chapter 3 of the CD

B2   Several respondents sought clarification between the GPs and Content Elements, believing that there was too much duplication between the two. Others commented on the need to link the GPs with existing frameworks rather than creating new GPs.

B3   Respondents recommended the following 3 additions to the GPs: stewardship, measurability, and transparency and accessibility.

B4   One respondent noted the inconsistent usage of language in the Framework making it difficult to ascertain whether an element of the FW is prescriptive, optional, or for guidance; the respondent cited several examples and believes that the draft FW implies that all other sections with command verbs are also requirements (271)

Strategic focus and future orientation (3A)

B5   One respondent recommended splitting *Strategic focus and future orientation* into two separate GPs. Respondents were most concerned with future orientation particularly given its implications for director liability, exposure to legal or regulatory issues, and commercial sensitivities.

Connectivity of information (3B)

B6   One comment summarizes what was mostly addressed concerning this GP: The IIRC Framework should provide indicators or methods of how to develop or explain that connectivity (085).

Stakeholder responsiveness (3C)

B7   Several responses addressed the concern that stakeholder responsiveness is an objective in its own right (122), or created 'for' reporting (149), and greater emphasis is welcomed in the FW on linking the report to existing stakeholder processes rather than creating processes for the report (149).

Consistency and comparability (3F)

B8   Most comments regarding this GP concern comparability and the need for standardization (including KPIs) and guidance on how to put it into practice.

C – OVERALL/OTHER GENERAL ISSUES/THEMES RELATING TO CHAPTER 3, GUIDING PRINCIPLES

C1   One respondent thought that the whole chapter would appear to be **very academic**, and superfluous for those organizations which already have integrated sustainability issues in their management processes, and possibly, if obliged to use the <IR> Framework, force them to explain issues unnaturally. Those which haven't integrated sustainability issues in the management process would try to use this chapter to cover up what they are really doing and try to present a different image. Either way, it **would not appear to achieve its objective** (334). Another respondent reported that at an IMA (Institute of Management Accountants) webinar hosted by the IIRC in early May (with over 900 participants) revealed the following, when participants were asked "what is the most challenging principle to implement from the integrated framework?" (019)

- Strategic focus and future orientation 34%
- Connectivity of information 18%
- Stakeholder responsiveness 13%
- Materiality and conciseness 7%
- Reliability and completeness 12%

- Consistency and comparability 16%

C2   Other general comments regarding Chapter 3 overall or other general themes included the following: (See AC2)

- Inconsistent use of language as to whether an element is prescriptive, optional, or for guidance
- The need to bring out integrated thinking more, the importance of defining report content correctly
- The belief that there is too much flexibility in the FW,
- Barriers to <IR>
- Concerns regarding competitive advantage (also see Section D for those specific to strategic focus and future orientation)
- The need to align the FW's GPs with other frameworks
- Concerns over scalability of the FW.

Additional GPs

C3   Respondents recommended the following additions to the GPs:

- Consideration of adding 'Stewardship' as a GP (311)
- Completing the principles with something called "measurability" (056).
- Transparency and accessibility of information should be separately listed as GPs in Chapter 3: While both of these principles are already mentioned in the FW, respondent submitted that these are higher order principles and should thus be separately listed as GPs in chapter 3. Respondent further noted that "conciseness" and "completeness" are already stated as GPs, but that these are the means to achieve transparency and accessibility of information (189).

Requests for clarification, additional guidance or editorial suggestions

C4   Several respondents requested clarifications or additional guidance or provided editorial suggestions, including the need to more clearly distinguish between the GPs and Content Elements, placing Chapter 3 in an appendix so that the FW would focus on the Content Elements, more discussion on risk, and clarifying conciseness. (See AC4)

D – STRATEGIC FOCUS AND FUTURE ORIENTATION (3A)

D1   Several respondents expressed agreement with this GP:

- Positive comments concerned the opportunity that the application of this GP gives to gain better insight into risks in relation to strategy, which is often not disclosed by businesses (268), and
- The more instrumental <IR> can be in supporting the strategic drive of senior management and those charged with governance the more likely it is to be applied by them. Their application and take-up of Integrated Thinking is – as mentioned – critical to the take-up and success of the <IR> Framework. (276).

D2   One respondent recommended dividing this GP into two separate GPs: strategic focus' and 'future orientation', since the first sits in the present looking-forward; whereas the latter arguably sits in the future looking-backwards'; citing both are important and it is this difference that is important. The respondent further stated that most business would argue they have a strategic focus, but not all would be able to prove they have a future orientation (287).

Future orientation

D3   Almost all responses concerning this GP were about **future orientiation** issues, which can be further grouped in the following categories: (See AD3)

- Exposure to legal or regulatory (e.g., SEC) issues with respect to forward-looking statements, future outlook, and disclosure of mitigating actions in the risk management section (038, 246)
- Reputational and risk implications (028, 240, 317)
- Director liability (143, 317, 240, 343), including significant jurisdictional concerns in Australia (143, 343) or liability in general (130, 219)
- Commercial sensitivities (130, 228, 240, 317)
- Projections (120, 219)
- Timeframes (161)
- Assurance perspectives (147, 219)

Recommendations

D4   The following recommendations were made:

- The FW should provide more guidance on the important issue of liability and and reputational risk (028)
- A strategic focus and future orientation should be grounded in past performance and current circumstances (connectivity over time), the emphasis of which could be enhanced in this GP (219)

D5   Other general concerns regarding this GP included avoiding the use of terminology specific to the UK such as boilerplate (228). (See AD5)

E – CONNECTIVITY OF INFORMATION (3B)

E1   One respondent expressed agreement with this concept of connectivity stating that it *is critical in helping preparers to articulate their value creation story in an integrated and effective manner* (213), whereas another respondent recognized challenges and stated the following:

- Presenting "connected information" which shows interdependency between financial and non-financial information will constitute one of the major challenges companies will have to face when dealing with integrated reporting. Because of the lack of maturity on this aspect, enough time should be left to companies to experiment with different methods. (043)

Also, the term "story" was not seen as appropriate for a report and therefore that a more appropriate language choice should be made (228).

E2   Several comments expressed the need for clarification or additional guidance concerning this GP, including the need for metrics or KPIs; references to strategic, tactical and operational levels of connectivity; use of integrated thinking; and inclusion of certain concepts from the Materiality Background Paper. A number of respondents provided comments to clarify specific paragraphs, including with respect to the use of certain terminology. (See AE2)

F – STAKEHOLDER REPSONSIVENESS (3C)

F1   Several general remarks were made concerning this GP:

- Several responses addressed the concern that stakeholder responsiveness as an objective in its own right (122), or created 'for' reporting (149), and greater emphasis is welcomed in the FW on linking the report to existing stakeholder processes rather than creating processes for the report (149).
- Without stakeholder buy-in most organisations would fail, a point recognised in the framework's determination of value. Responsiveness is a key element in building trust (235).
- FCRSE deplores that stakeholders, especially employee representative bodies (never mentioned in the framework text) are not consulted during the preparation of the report as stated in GRI4 (stakeholders inclusiveness different from stakeholders responsiveness) (288).
- We commend the Council for including the stewardship concept as an objective of Integrated Reporting. We believe that stewardship is a fundamental principle of mainstream corporate reporting (311).

F2   One respondent questioned why 'inclusiveness' was removed from the heading while others sought clearer guidance on stakeholder inclusiveness. (See AF2)

F3   A number of comments were provided regarding specific paragraphs of this GP, concerning such matters as difficulties in, and lack of clarity around, reporting on stakeholder relationships; recommendations to eliminate the word 'expectations'; the concept of stewardship, and internal conflicts within the FW. (See AF3)

G – CONSISTENCY AND COMPARABILITY (3F)

G1   Most responses on Question 15 addressed this GP, with a consistency/comparability-ratio of 30% / 70%.

G2   A number of respondents (12) expressed the need for guidance concerning this GP. One respondent stated that <IR> should focus predominantly on the organization's ability to streamline its unique value creation story instead of focusing just on the present and that future adjustments to KPIs due to developments will influence consistency (016). Respondents also commented on the need for standardization on the use of KPIs, and two respondents noted that since 'standardized' KPIs are differently interpreted or measured, organizations should be obliged to define KPIs in their integrated reports (024, 201). Whereas others refer to other frameworks that should cover these issues regarding standardization of performance indicators (233) and that the FW should name these other tools or frameworks (335). (See AG2)

Comparability

G3   Some respondents stated that more emphasis should be made by the FW on the importance of publicly disclosing the organization's reporting policies and criteria used (031, 172, 176), for example by adding a requirement or recommendation in the FW (133, 201).

G4   A number of comments mention the distinction of comparison a) 'between' organizations and b) of organization 'own performance'. One respondent recommended that the FW have organizations apply similar principles to reporting on and quantifying impacts across the various capitals (200). One respondent stated that comparability can only be achieved if a rules based approach is followed, which the respondent did not support (354). Another suggestion was that the IIRC should foster exchanges among stakeholders within specific industries to see the extent to which it is possible to arrive at shared views on the principal quantitative and qualitative indicators (154). (See AG4)

APPENDIX

Para.	Comment

AC2	**C – OVERALL/OTHER GENERAL ISSUES/THEMES RELATING TO CHAPTER 3, GUIDING PRINCIPLES**
	
	General comments:
	
	• There **is inconsistent language** in the framework. We need to know whether an element is prescriptive, optional, or for guidance. Each section in chapters 3 and 4 contains the word "should" (e.g. 3.48 the information in an integrated report should be presented…) However, in the earlier sections, it is stated that reporters are required to comply with these principles. There needs to be a clear distinction. Further, many of the concepts and principles are stated to be aspirational or desired end states. It is assumed that these are not prescriptive elements of an integrated report. See examples... (271)
	• Integrated thinking is a critical aspect of, and benefit, from <IR>. It is mentioned within section 3B paragraph 3.9 in the CD, but should be brought out further within the FW. (265)
	• Defining report content correctly is crucial in making Integrated Report a valuable exercise, for reporting organizations and report users. Providers of financial capital need to take judgements over the risk and opportunities issues on the business and the steps being taken to address it. This requires a balanced perspective with analysis that is comparable to past reporting and targets, and also wider industry practice (128).
	• One respondent reported that participants at a workshop felt that there was too much flexibility in the GPs, and that although the level of flexibility does allow a business to show its unique position, the FW affords businesses with too much 'optionalism' on how to draft an integrated report and this flexibility will limit comparability between companies even in the same industry (217)
	• To the extent the framework is applied, at a minimum, <IR> will centralize information firms already report/misreport in a disaggregated fashion; however, the extent to which <IR> enhances transparency and accountability will be a function of management integrity (131).
	• Firms are likely not to be ready to report on nature and magnitude of material trade-offs that influence valuation creation over time (328).
	• Expanded reporting content and director liability concerns on reporting non-statutory information and forward looking statements/outlooks, may be a barrier to companies fully embracing <IR> in the short-term; accordingly, the IIRC is requested to continue its efforts to influence regulators in this area in order to facilitate the concepts of <IR> to be implemented in Australia (343).
	• The use, when applicable, of well-established reporting methodologies (e.g., GRI) should help to structure a reliable integrated report (258).
	• Concerns over **competitive advantage** included the following:
	   o Disclosure and reporting of business strategy will be done with caution (paragraph 3.10 and elsewhere); the disclosures of matters that are the most material are the very ones that should be protected the most. Companies may be inclined to disclose things that are less material, leading to disappointment for financial analysts and others with high hopes for <IR> (130).
	   o Organizations should not have to disclose information for <IR> purposes that would damage their interests (240); this respondent was in agreement wth the proposal in paragraph 3.42 of the FW, citing that emphasis should be on providing information that enables report users to form their own views on the future prospects of the business and that judgements over the future performance of the business should not be transferred from the investor to management (240).
	• Concerns regarding *scalability* of the FW for SMEs
	
	   o One respondent stated that workshop participants felt that the **FW may limit value adding activates** such as setting longer aspirational goals, ability to sit with smaller stakeholders (217).
	   o Scalability of the FW for SMEs, the public sector and family owned businesses needs to be addressed (226)

	Several respondents suggested that the FW's GPs should be aligned with other existing frameworks:
	• Some GPs such as stakeholder responsiveness or materiality are already detailed by other frameworks (e.g., GRI) (008).
	• It should be investigated if the GP can be more aligned with the guiding principles of GRI without doing harm to the <IR> concept and objective; greater alignment can lead to more acceptance of the FW as concepts are recognized (105, 116)
	• Better integration/convergence of FW with voluntary reporting framework principles (e.g., GRI) and financial information principles and rules is needed (186).
	• Other frameworks (GRI, CDP among them) have more developed frameworks for reporting and disclosure parameters (Section 3.11). In order to provide reduced burden on reporting entities for multiple reports, the ED should reference or adopt suitable frameworks (130).
	• The principles mentioned in the ED are existing ones; the fact that this content already exists should be explicitly mentioned, and the relationships between the new GPs and existing principles used in other reports should be clearly explained (249).
AC4	Requests for clarifications or additional guidance, and editorial suggestions provided:
	• Several recommendations were made to more clearly distinguish between the GPs and the Content Elements (e.g., the GP, *Strategic focus and future orientation* and Content Elements, *Strategy and resources allocation plans* and *Future outlook*) (053, 219)
	• Some thought that more guidance was needed on some of the GPs; specific examples cited are addressed under the specific GPs to which they relate.
	• Chapter 3 could be placed in appendices, so that the FW would focus on the Content Elements and the Preparation and Presentation – these elements being the most concrete and innovative inputs compared to existing international frameworks (008).
	• More discussion regarding risk is requested (093).
	• Chapter 3 contains a few relative terms such as fundamental, extreme, key, critical and important. IFRS also contains a number of relative terms and experience is that this has led to **significant debate about what these terms mean** in practice; it would be helpful to try where possible to omit the use of relative terms unless they are used consistently and are needed to enhance understanding (216).
	• Clearer definition of "financial information" is needed and its relations with the overall concept (including capital) (333).
	• Comments were provided about clarifying conciseness:
	o Conciseness in integrated reports should not be equated with a small number of pages (127).
	o It is to be noted that the IIRC has not defined "conciseness" (e.g., as a maximum number of pages). This guidance is key ...., it is unlikely that integrated reports will achieve conciseness and usability unless there are a limited number of clearly-defined, quantifiable cross-sector metrics for the capitals (246).
AD3	**D – STRATEGIC FOCUS AND FUTURE ORIENTATION (3A)**
	Concerns regarding forward-looking statements included the following:
	• One respondent was strongly opposed to legal or regulatory requirements applying to the disclosure of future-orientated information and any obligation to publicly update such information and stated that the assumptions applied by a business, and the volatility of those assumptions, are commercially sensitive and there should be no requirement for mandatory public disclosure (317)
	• Forward-looking statements about medium or long term value creation will have legal and competition constraining the report content, to the extent that the report will add little new insight over existing public reports (246)
	• It is important to ensure that limitations and assumptions for any information being presented are clearly expressed so that users can apply their judgement over the reliability of information contained in the report given the reputational and risk implications for directors (240)
	• Organizations should not be compelled to disclose forecasted or projected performance (120)

	• The need for safe harbours to be addressed in order to provide forward-looking information, particularly in Australia (143)
	• Many companies are worried about how to provide meaningful forward-looking information without compromising competitive position; the anti-competitive clause is understood but also seen as a tool for many companies to hide behind (228).
	• Future-oriented information provides important information to report users; respondent suggested that the FW encourage a statement in the report by management/governance body, as follows: "An integrated report contains future orientated or forward looking information that is inherently subject to uncertainty and the assumptions and outcomes may differ from those portrayed in the report" (189).
	• Questions were raised as to how long a time frame is future orientation and how to ensure that meaningful representations are made rather than general "motherhood" statements (161).
	• Concerns over assurability:
	    o Despite the difficulty, audits of future-oriented predictions may be critical in keeping reporting organizations honest (147)
	    o Providing a strategic focus and future orientation might generate future projections that will be very difficult from an assurance perspective (219)

AD5	Comments on specific paragraphs:
	
	• Paragraph 3.3: In this paragraph, there is another opportunity to gain insights into how risks are managed that are associated with a company's strategy; companies do not talk about this explicitly and it causes issues. The FW could enable companies to 'air their dirty laundry' and learn from their mistakes (268)
	• Paragraphs 3.5/3.6
	    o The term "boilerplate" disclosures should be clarified, particularly when statements be appropriately "boilerplate" from a legal perspective in relation to forward-looking or "hostage to fortune" disclosures (246).
	    o Avoid use of terminology specific to the UK such as boilerplate on page 16 (paragraph 3.5) (228)
	    o One response stated that **3.5** and **3.6** are in conflict: If the future is uncertain—what choice do firms have but to use boilerplate disclosures to hedge against the risk of being wrong, and therefore be criticized or sued, or to protect sensitive/controversial corporate strategy (147).

AE2	**E. CONNECTIVITY OF INFORMATION (3B)**
	
	Comments requesting clarification or additional guidance:
	
	• Several comments concerned the need for metrics or KPIs in connection with this GP:
	    o The FW should point out more explicitly the importance of the KPIs since they are the key for a good connectivity, materiality and future orientation (056).
	    o The IIRC Framework should provide indicators or methods how to develop or explain that connectivity (085)
	    o It is necessary to define new "composite" metrics, because the methodology behind the connectivity between financial and nonfinancial aspects is not described (201).
	• FW should refer to the connectivity of information at strategic, tactical, and operational levels and the importance of aligning and linking this information (021).
	• Although we support the idea that not all capitals need to be monetized, connectivity can help drive this effort to establish integrated thinking in organizations that are primarily driven by financial indicators (more explicit guidance on the connectivity issue would be helpful!) (194)
	• FW can be improved by better acknowledgement of an evidence-based connection between current and future states of the company, and by placing more emphasis on the need for the user to understand the connection between current capabilities and strategy, governance, performance and prospects (170).
	• The Materiality Background Paper for <IR> makes the connection between stakeholders and the concept of capitals more explicit; this critical interconnection should be made more apparent in the FW as well and not be left to indirect or implicit references (301).

	Comments provided regarding specific paragraphs of this GP are as follows:
	• Paragraph 3.7:
	o **Select a Different Term to Describe the Connectivity Elements**: We struggle with the term components in paragraphs 3.7 and elsewhere as it appears to mean something akin to the elements or building blocks of the Framework. However, in paragraph 4.12, for example, the term 'components' is used to indicate parts of remuneration. The IIRC should consider whether there might be a more accurate and less confusing term to describe the connectivity elements (219).
	• Paragraph 3.8: It is not clear what kind of "established silos" are a concern – examples would be helpful (246)
	• Paragraph 3.9:
	o The first sentence of this paragraph regarding imbedding integrated thinking is important because nonfinancial information should migrate to the management systems (263)
	o The explanation of drivers between integrated thinking and <IR> (Section 3.9) is **circular logic**. If external reporting is for parties considering financial capital only, this is substantially equivalent to ERM (Enterprise Risk Management) (130).
	• Paragraph 3.11:
	o Transfer the item on financial information from paragraph 3.11 to paragraph 3.10, as one of the elements of information connectivity. Justification: 3.12 states that information connectivity and the adoption of an integrated report are preferable when the report is logically structured, correctly presented, written in clear language and includes navigational tools (273).
	o A question was raised regarding the connectivity of internal and external reporting described in this paragraph and whether it is necessary for information reported externally to be consistent with that used internally by management and those charged with governance. (147).
	o Explicit statement of the connection between environmental policies and the innovation processes to deliver new products and processes would be helpful (it is implied here but would be helpful if it's a little stronger) (115)
	o 2nd bullet:
	▪ Delete "especially as it relates to future cash flows", not necessary (133)
	▪ Positive comments concerned that the 2nd bullet of this paragraph makes the relationship with the intrinsic value (economic value) of the organization (263)
	o 3rd bullet - keep, important; 4th bullet - keep, important (and elevate/emphasize the concept more) (133).
	o Consistency is desired by analysts (financial and otherwise). However, consistency is not always possible. Even mature accounting frameworks have different rules and conventions for financial reporting on matters as basic as revenues and liabilities (U.S. GAAP and IFRS) Organizations prepare and submit reports using both frameworks. Migration of all financial reporting frameworks towards IFRS is over a decade in the making. By contrast, non-financial reporting at 15 or 20 years, is still in its infancy. Migrating these towards a consistent framework will be a similar challenge. (130).
	• Paragraph 3.12:
	o The FW should explain that the integrated report should connect information from a wide variety of published documents and should not necessarily be one report. This would emphasize the importance of integrated thinking, encouraging each organization to assess how information resulting from integrated thinking will be disclosed. (273)
AF2	**F. STAKEHOLDER REPSONSIVENESS (3C)**
	• It's not clear why the word "inclusiveness" was removed from this heading; we would prefer it be added back (133).
	• ...we believe that the narrative associated with the stakeholder inclusiveness principle should be made stronger, and explicitly linked with the company's process to identify material issues, as the process of stakeholder engagement helps companies identify issues and priorities that long term investors would find relevant in terms of the company's value; the narrative could also be enhanced to give companies clearer guidance on (i) how to talk about their approaches to multi-stakeholder dialogue, and (ii) the impact of such

		dialogue on corporate strategy and decision making (233)
		• Should guidance be included around identification of key stakeholders in this section? (268).
AF3		Comments on specific paragraphs:
		• Paragraph 3.13: The requirement in 3.13 could prove difficult to meet as it is virtually impossible to quantify the "quality of an organisation's relationships with its key stakeholders" (215).
		o Stakeholder responsiveness is another example where more clarity on the intentionality of the ED for stakeholders interested in financial and non-financial capitals would be helpful (130).
		o Additionally, we recommend the IIRC develops explanatory material on the nature and extent of disclosures required about stakeholder relationships (311).
		• Paragraph 3.15: An extra bullet might be added here - saying that stakeholders might be involved in the identification and development of products that meet social and environmental needs (115).
		• Paragraph 3.15/3.23: According to 3.15, stakeholders provide insights that are intended to assist the organization in many areas (identify material matters, including opportunities and risks, …). This amounts to considering that stakeholders are co-managers of the company and therefore lose their role as third parties. While emphasizing the importance of a constructive dialogue with stakeholders, companies consider that it is neither appropriate nor feasible. In addition, this would contradict 3.23, which defines materiality by reference to the influence that a matter would have on the assessments of the report users (112).
		• Paragraph 3.16: The stakeholder responsiveness requirements are a bit vague, and difficult to translate into action (e.g. 3.16 which states that we need to disclose "The nature and quality of the organization's relationships with key stakeholders" and "How key stakeholders' legitimate needs, interests and expectations are understood, taken into account and responded to")(038)
		• Paragraph 3.17: It is unclear whether there is an expectation to include the process description as to how stakeholders have been defined and how the engagement processes are happening, or whether companies should just include particular topics that are of concern to key stakeholders. If the former is the case, then standards and/or further guidelines would be helpful (220).
		• Paragraph 3.18: Stakeholders might also be involved in the development of new products and services as part of the developing open innovation approach (115).
		• Paragraph 3.19: Stakeholder responsiveness.
		o It is a good and clear paragraph with some concrete examples of where communication with several stakeholders could and should take place; respondent recommended taking a similar approach when defining where <IR> should go in the first place (220).
		o We agree with statement 3.19 that an integrated report should not attempt to satisfy all the information needs of all stakeholders, and that some organizations may choose to produce additional separate reports e.g. Finance Report, investor presentations etc. It would, however, be helpful to re-word this slightly to say…"other communications could include….." to enable each organizations to decide what other communications are required (265).
		o 3.19 / 3.21: The objective is to avoid information that may not be relevant to the purpose pursued by <IR>. With the objective of being accurate and not vague we suggest adding the word "SIGNIFICANT" and eliminating the word "EXPECTATIONS". The idea is to avoid information or expectations that may not be relevant to the purpose pursued by <IR>. This suggestion is in accordance with paragraph 3.19 (051, 076).
		• Paragraphs 3.20 / 3.21 refer to the notion of stewardship; respondent suggested that this be expanded to address an organization's duty of care to safeguard stakeholder interests and its associated value preservation obligation. The importance of emphasizing the requirement for maximum transparency in relation to associated responsibilities and accountabilities should also be considered (021).
		• Paragraph 3.21
		o Paragraph 3.21 should be changed to read "Where a stewardship responsibility is not imposed by law or regulation, the organization may nonetheless be ethically obligated to exercise stewardship responsibilities …" This would reflect the obligation to respond to citizen stakeholders (012).
		o …3.21 to be modified to remove the tentative wording that organisations "may" choose to report on

	capitals that are not imposed by law or regulation. The true value of <IR> can be seen when companies report on ALL capitals material to the organization and all its stakeholders (238).
AG2	**G – CONSISTENCY AND COMPARABILITY (3F)** Regarding comparability much detailed guidance was requested in general (208, 222, 336), also specifically mostly because respondents struggle with comparability or think it is a challenge (161) due to a) different unique value stories, each with its own KPIs (058, 101, 155), b) differences in material disclosures even *within* sectors/industries (068, 106, 121, 256), c) the challenge how to make value-adding and management insight more concrete (101), d) the differences stakeholder interests (068), and e) unclear definitions (246 – terms "boilerplate" or "hostage to fortune").
	Several comments expressed the need for standardization on the use of KPIs: • Mentioned is the need for standardization (336, 013) • Clear definitions on KPIs (222) • Industry/sector specific definitions (256) • One respondent stated that the FW should not come up with own sets of indicators (or be prescriptive) (215) • Another expressed that a bit more binding recommendation could be made which indicators to use (028) • Concerning flexibility one view is to let organization be more flexible in which KPI to use (212), • Another view is that this flexibility will limit comparability between companies even in same industry (217). • Some level of obligation of disclosure of KPIs should be incorporated in the FW (103) • One suggestion to ease comparison between companies was to disclose ratios rather than numbers (121).
AG4	Comments mentioning the distinction of comparison between organizations and of the organization's own performance: • One response addressed the importance to make a distinction of a) comparability between organisations (within or across sectors/industries) and b) comparability of an organizations own performance over time (035). • Most responses concerned the first type of comparison - **between organizations** (013, 021, 024, 028, 051, 055, 058, 076, 088, 106, 107, 117, 121, 169, 184). • Others responses concerned the organizations **own comparison over time** (035, 078, 162, 354), the first 2 in the light of investors point of view. • One stated that consistency in time is more important than comparison between organizations (162), addressing the importance of *own comparison over time* over comparison *between organizations* (205, 312). • A challenge of the mismatch between the time horizons for financial, social and environmental performance is addressed (200, 201) • Some state that the type of comparison that is most important depends on the stakeholder and its agenda (078).