INTEGRATED REPORTING ⟨IR⟩

The Framework - Cover Memo

Objective

1. To review the draft Framework, revised following public consultation (Annex3.1), and:

    (a) Consider key technical issues discussed in this paper or raised by members

    (b) Recommend submission of the revised draft (amended as necessary) to the Council.

NOTE: THIS PAPER AND ITEM 3B ARE <u>NOT</u> CONFIDENTIAL. THEY WILL BE POSTED TO THE IIRC WEBSITE PRIOR TO THE MEETING IN ACCORDANCE WITH THE IIRC'S DUE PROCESS

Proposed actions

In advance of the meeting

2. **To help focus on key issues during the limited time available at the meeting, Working Group members are asked to notify the Secretariat in advance of any issues they would like to discuss in addition to those identified in Appendix 2 to this paper.**[1]

During the meeting

3. The Working Group will be asked to discuss key technical issues and to then vote on submitting the revised draft Framework to the IIRC Council, amended as necessary to reflect significant changes, if any, as determined by the Working Group.

4. In order to proceed, the IIRC Due Process requires that the revised draft Framework be "*recommended to the Council by at least two-thirds of the Working Group present or represented at a meeting (or if voted on out-of-session, is dissented to by no more than one third of the total membership). The reasons for dissenting votes, if any, are communicated to the Council prior to its vote*".

5. While the intention of the meeting will not be to wordsmith the revised draft Framework, it will greatly help focus the discussion if comments can be related to specific text as far as possible.

6. Discussion will proceed on the basis that all members have read, prior to the meeting, this covering memo and its appendices, the revised draft Framework (Annex3.1) and, to the extent they deem necessary, individual Consultation Draft (CD) submissions at http://www.theiirc.org/consultationdraft2013/ and the analyses by question at http://www.theiirc.org/resources-2/framework-development/technical-agenda-papers.

After the meeting (by 25 October 2013)

7. Notify the Secretariat of any editorial or specific wording suggestions.

Process to date

8. We are in the *3rd and final stage* of developing the Framework. This stage started with publication of the CD in April 2013 and is planned to end this December with release of the Framework. Technical projects will continue after release of the Framework – attached for information is a list of potential projects currently being considered (Appendix 4 to this

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[1]   Please send to lois.guthrie@theiirc.org

paper).

9. The *1st stage* was the development of the Discussion Paper – this was done over about a year to September 2011.

10. The *2nd stage* was the development of the CD, from December 2011 till April 2013. It involved:

- Analysis of feedback on the Discussion Paper

- Discussions at the Pilot Program (PP) Conference and webinars, involving both the Business Network and the Investor Network participants

- Research on Business model, Capitals, Connectivity, Materiality, and Value, conducted by Technical Collaboration Groups and published as a series Background Papers

- Publication of an Outline and then a Prototype Framework

- Discussion at 4 Working Group meetings, and out-of-session comments from Working Group members

- Review of numerous iterations and refinements by the Technical Task Force over fifteen 2-hour conference calls and 9 days of physical meetings

11. At all stages, there have been extensive outreach activities around the world, including roundtables, seminars, presentations, and workshops.

Consultation Draft

12. The CD was open for comment from 16 April till 15 July:

- We received 359 submissions, from every region of the world, and representing all stakeholder groups:
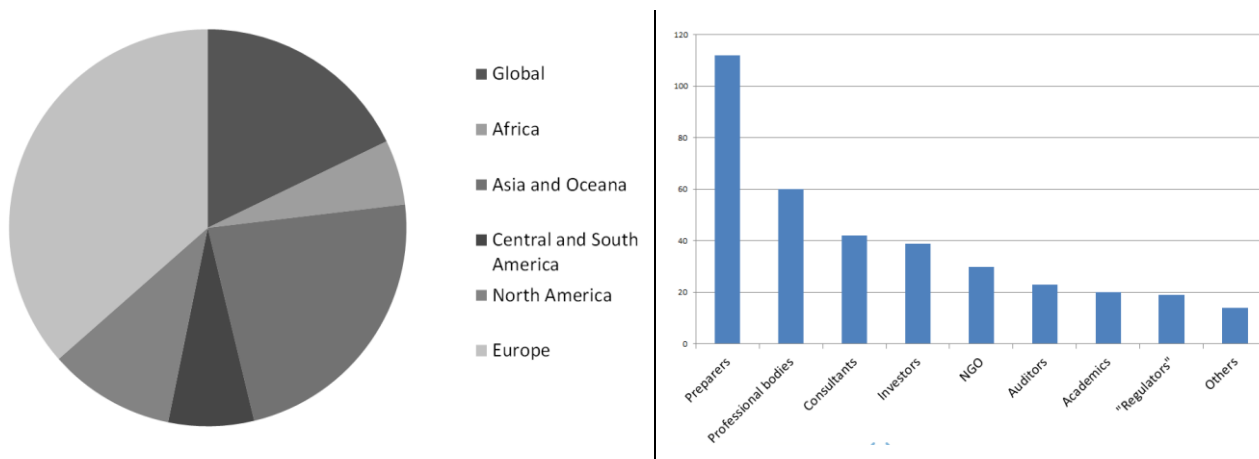
- Many of the submissions were from groups – when individuals and organizations named in group submissions are included, the total from whom submissions were received is over 600

- During the consultation period, people from 175 countries visited the IIRC website

- The full submissions are publically available at http://www.theiirc.org/consultationdraft2013/

- A Word cloud of comments is included FYI as Appendix 1 to this paper

- Comments were analyzed by 16 individuals, each of whom looked at one question, or a small group of related questions. Their analyses are publically available at

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http://www.theiirc.org/resources-2/framework-development/technical-agenda-papers

- The 3 IIRC Technical Directors considered the relative importance of, and links between, the key issues/themes emerging from individual question analyses, and how they related to past discussions

Overall view

13. Given the range of issues addressed and views expressed in submissions, it is difficult to make generalizations about comments received.

14. It is, however, fair to say that the vast majority of submissions received were supportive of the CD.   For examples, only 14% of submissions disagreed or expressed a major reservation in answer to the question: "*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*".

Technical Task Force

15. Since the close of the consultation period, the Technical Task Force (TTF) has held:

- Four 2-hour conference calls
- One 3-day physical meeting.

16. TTF members have read individual submissions to the extent each member deemed necessary, and have collectively reviewed:

- Each of the question-by-question analyses
- Input from the Investor Testing Group
- Successive iterations of changes to the CD, resulting in the revised draft Framework at Item 3b.

17. While the number of submissions supporting a particular position was considered by the TTF in making changes to the revised draft Framework, this was certainly not the only, or necessarily the most important, matter considered.   In addition, the TTF considered whether proposals:

- Were:
    - o consistent with the objectives of <IR>
    - o consistent with the principles-based approach, the exercise of judgement, and continued innovation (in particular, few changes were made to increase the level of granularity/specificity regarding reporting methodology and "how to" issues)
    - o Practical to implement given <IR>'s current stage of evolution
- Focused on the preparation of the integrated report
- Improved the clarity of Framework concepts
- Enhanced the connection between Framework concepts
- Resulted in a more logical Framework structure
- Minimized duplication

- Improved accessibility, e.g., through the use of plain language

Key issues and changes

18. Appendix 2 to this paper discusses the following key technical issues identified by the TTF:

- Issue 1: Fundamental terminology
- Issue 2: Relationship with other information
- Issue 3: Materiality
- Issue 4: Value/value creation and capitals
- Issue 5: Suitable criteria for preparation and assurance
- Issue 6: Measurement and KPIs
- Issue 7: Involvement of those charged with governance
- Issue 8: Legal liability and competitive harm.

19. Appendix 3 to this paper maps significant changes in structure and movements of text in the CD to arrive at the draft in Item 3b. While quite a bit of text has been moved within the draft or to the Basis for Conclusions, the TTF is of the view that no significant text has been "lost". Successive mark-ups reviewed by the TTF have been available to Working Group members as the TTF's work has progressed, but a single mark-up reconciling the CD to the draft in Item 3b has not been prepared as it would be too complex.

Word cloud of substantive CD submission text

Key technical issues

Issue 1: Fundamental terminology

1.1 Although the terms "Integrated Reporting", "integrated thinking" and "integrated report" were defined in the Consultation Draft (CD), responses indicated ongoing confusion over this fundamental terminology:

- Some interpreted the term *Integrated Reporting* as the act of preparing an integrated report. Others thought the term represented a much broader process of connecting all internal and external information to clarify how the organization creates value.

- Some viewed the term *integrated thinking* as embodying internal management considerations and organizational philosophy, elements that may already be captured to an extent under the banner of *Integrated Reporting*.

- Some perceived the *integrated report* as a distinct document that may reference information found elsewhere. Within this group, some viewed the integrated report *necessarily* as an executive summary of a wider suite of disclosures. Others perceived the integrated report as a more fluid, nebulous concept encompassing a network of communications. (*This point is further discussed in Issue 2, below.*)

1.2 These differing interpretations point to a need to:

- Better clarify the meaning of these terms

- Determine the extent to which process, management and philosophy-oriented concepts should be included in the Framework*.*

Framework considerations

1.3 The TTF concluded that the Framework should separate:

- Context/process information about integrated thinking and Integrated Reporting (now in the Preface)

- Information about how to use the Framework, and fundamental concepts (now in Part I of the Framework)

- Content of an integrated report (now in Part II of the Framework).

1.4 The TTF has also drafted a clearer definition of Integrated Reporting, which appears in the first paragraph of the Preface at Item 3b:

> Integrated Reporting (<IR>) is a process, founded on integrated thinking, that results in a periodic integrated report about value creation over time, and related communications regarding aspects of value creation by an organization.

Issue 2: Relationship with other information

2.1 Although the majority of respondents agreed with the way in which the CD described the interaction between <IR> and other reports and communications, there was significant confusion about:

- How an integrated report aligns with, refers to and avoids duplication with other reports and disclosures (e.g., financial and sustainability reports)

- Whether the concepts and principles of <IR> should be applied to existing corporate reports and communications and/or presented in a separate report.

Framework considerations

2.2 The TTF has changed the revised draft Framework to deal with the form of an integrated report and its relationship with other information as described in paragraphs 1.15-1.19 of Item 3b:

> 1.15 ***An integrated report should be a separately identifiable communication.***
>
> 1.16 It is anticipated that an integrated report would be prepared annually in line with the statutory financial reporting cycle. An integrated report may not satisfy all the information needs of intended report users. Organizations therefore provide other information (e.g., financial statements, a sustainability report, analyst calls, and a website) for compliance purposes or to satisfy particular information needs.
>
> 1.17 An integrated report may:
>
> - Be a standalone report.
>
> - Be included as a prominent and accessible part of another report or communication. For example, it may be included at the front of a report that also includes the organization's financial statements, or appear as an identifiable part of an organization's website
>
> - Satisfy existing compliance requirements. For example, an organization may be required by local law to prepare a management commentary or other report that provides context for its financial statements. If that report is also in accordance with this Framework it can be considered an integrated report. If the report is required to include specified information beyond that required by this Framework, the report can still be considered an integrated report if that other information does not obscure the concise information required by this Framework
>
> - Be a paper-based report, a PDF file, part of a website, an "app", or in any other reasonable form.
>
> 1.18 An integrated report is intended to be more than a summary of information in other communications. At a minimum, it also makes explicit the connectivity of that information.
>
> 1.19 An integrated report will often provide an "entry point" to other, more detailed information to which it is linked. The form of link will depend on the form of the integrated report (e.g., for a paper-based report, links may involve attaching other information as an appendix; for a web-based report, it may involve hyperlinking to that other information).

2.3 The TTF also considered various diagrammatical representations of the relationship between an integrated report and other information. It concluded that, because of the variety of reporting practices across jurisdictions, it would not be possible at this stage to include a universally applicable diagram in the Framework. The TTF recommends preparation of a document complementing the Framework that describes possible pathways for the presentation of an integrated report, with each jurisdiction encouraged to determine the most suitable pathway based on its context.

Issue 3: Materiality

3.1 Respondents took exception to two aspects of the CD's treatment of materiality, namely *audience* and *terminology*.

A. Audience

3.2 Over one-third of respondents expressed concern that the CD's definition of materiality:

- Places financial capital ahead of the other five forms of capital

- Ranks investor interests above those of other stakeholders

- Implies that monetization of information is necessary.

Framework considerations

3.3 The TTF has drafted the following revision to paragraphs 1.9-1.10 of Item 3b (what were paragraphs 1.6-.17 of the CD), which effectively:

- Elevates the understanding, or expectation, that providers of financial capital consider factors *beyond financial capital alone*

- Draws an explicit tie to value creation, a connection that many felt was lacking

- Shifts the 'primary' qualifier from report *audience* to report *purpose.*

Consultation Draft	Revised draft Framework
1.6 ***An integrated report should be prepared primarily for providers of financial capital in order to support their financial capital allocation assessments.***	1.9 The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. It therefore contains relevant financial and other information.
1.7 Although providers of financial capital are the primary intended report users, an integrated report and other communications resulting from <IR> will be of benefit to all stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators, and policy-makers.	1.10 An integrated report will benefit all stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators, and policy-makers.

B. Terminology

3.4 Almost 30% of respondents expressed concern over misalignment between the IIRC's definition of materiality and other common definitions already in use. Some suggested that the IIRC could provide guidance on determining report content without creating "yet another" definition of materiality. Objections to defining materiality in the Framework were rooted in the following:

- The link between materiality and a *financial threshold* is so well entrenched that it could hamper application of the concept to non-financial information

- Materiality carries with it a certain level of "legal baggage". Some organizations may feel legally compelled to include all information deemed material for regulatory filings in the integrated report.

3.5 The preceding sentiments were particularly prevalent in responses from Australia, Canada and the United States. To mitigate the above concerns, respondents proposed that the IIRC replace the word "material" with alternatives like significant, relevant, important or priority.

Framework considerations

3.6 While acknowledging the concerns noted above, the TTF concluded that, on balance, the word "material" should continue to be used in the Framework as it is well understood in the reporting community and its particular application in the case of an integrated report is adequately explained in the Framework.

Issue 4: Value/value creation and capitals

4.1 There was no specific question about value, but it was clear from responses (particularly those to Question 10, which asked for comments on fundamental concepts not addressed elsewhere) that there was some confusion around: what is value, what is value creation, value for whom, and does value/value creation need to be quantified?

4.2 The TTF discussed how to best define or describe value, with options (not mutually exclusive) including:

- The total of all the capitals, which is consistent with the concept of outcomes and is the flavour that flows through the Framework currently (although, as one submission points out, this is circular if we define capitals as stocks of value, which we do)

- Value "captured" by the organization, i.e., that portion of the capitals that the organization can turn to its own benefit (ultimately, this could be expected to be most likely captured in cash flows, but perhaps as an interim step it could be in enhanced reputation, creation of innovative new products and services, a more skilled workforce, etc.)

- The market value/cash flows of the organization (at least for most profit-oriented private sector company)

- Two components, being value created for: (a) The organization itself, which leads directly to financial returns to the providers of financial capital, and (b) Others (i.e., stakeholders other than providers of financial capital, and society at large).

- The successful achievement of the organization's objectives (which will typically include generating/attracting funds, but may be broader).

4.3 The TTF also considered requiring the organization itself to define (or describe), in its integrated report, what it means by value. A variation on this would be to have the organization report what its stakeholders see as value/valuable.

Framework considerations

4.4 The TTF concluded that the Framework (see Section 2C, paragraph 2.24-2.31 of Item 3b) should note that value created by the organization manifests itself in increases, decreases or transformations of the capitals, and that it has two aspects – value created for:

- The organization itself, which leads directly to financial returns to the providers of financial capital

- Others (i.e., stakeholders other than providers of financial capital, and society at large).

4.5 The TTF reconfirmed the position in the CD that value/value creation need not be quantified (see paragraph 1.14 of Item 3b).

Issue 5: Suitable criteria for preparation and assurance

5.1 Various concerns were expressed by respondents as to whether the Framework constitutes suitable criteria for both report preparation and assurance. While *suitable criteria* is defined in the auditing or assurance literature, and thus is commonly thought of as an assurance term, the Framework needs to constitute suitable criteria for the consistent preparation of integrated reports, regardless of whether assurance is sought.

5.2 These concerns resonate in the following:

- What measurement standards or criteria are used for the information reported (*further discussed in Issue 6, below*)

- Whether the integrated report is complete and how a preparer can ascertain completeness

- Whether the appropriate level of connectivity is reflected in the integrated report.

5.3 Accordingly, respondents of all types are looking for the Framework to provide sufficient information for consistent application by preparers. Assurance providers were concerned with the above and, in particular, with the ability to assess future outlook disclosures, but recommended that disclosures be made as to specific criteria used for measurements, range of outcomes and confidence intervals.

Framework considerations

5.4 The TTF considered the characteristics of suitable criteria (relevance, completeness, reliability, neutrality and understandability[2]) in revising the Framework, recognizing that comparability will be enhanced by preparers following a framework that provides suitable criteria for the preparation of an integrated report. To assist in the analysis of comparability, an additional Content Element, *Basis of Presentation,* has been included (Section 4H, paragraphs 4.41-4.51, of Item 3b). It requires that the integrated report contain a brief summary of the basis of presentation and, in particular, identify the significant frameworks or techniques used for measurement of material matters. Also included are several of the requirements formerly included in paragraph 4.5 of the CD, namely:

- A summary of the organization's materiality determination process.

- A description of the reporting boundary and how it has been determined.

- Identification of those with oversight responsibilities for the integrated report (*further discussed in Issue 7, below*).

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[2] Per the International Auditing and Assurance Standards Board's "*International Framework for Assurance Engagements*"

Issue 6: Measurement and KPIs

6.1 Respondents were concerned that the CD lacked specific rules for measurement or specific KPIs, which could result in a lack of comparability across organizations. Respondents requested: (i) further guidance on measurement rules, and (ii) more explicit reference to existing core financial and other KPIs.

Framework considerations

6.2 The TTF reconfirmed the position in the CD that the prescription of measurement rules is beyond the remit of a principles-based Framework; this stance will be reinforced in the Basis for Conclusions. Also:

- The section on "A principle-based approach" (paragraph 1.11-1.14 of Item 3b) has been strengthened to emphasize the need for consistency of measurement methods across different reports/communications

- Although the CD already included brief guidance on the selection of suitable quantitative indicators, that guidance was nested under the Content Element *Performance*. It was agreed that the prominence of this discussion should be elevated and it now appears as a cross-cutting issue in paragraph 4.56 of Item 3b.

Issue 7: Involvement of those charged with governance

7.1 In response to the Question 18 in the CD, just over 50% of submissions agreed (fully or with minor qualification) with adding a requirement for those charged with governance to include a statement acknowledging responsibility for the integrated report.

7.2 The main reasons given for support included that such a statement would:

- Demonstrate that those charged with governance accept their responsibility for the integrated report

- Assist in ensuring the reliability of disclosures and/or the overall creditability of the integrated report

- Increase accountability for the content of the report.

7.3 The main reasons given by respondents who disagreed, or agreed with qualification, related to:

- No statement being necessary because the CD already stated that those charged with governance "*are responsible for ensuring that there is effective leadership and decision-making regarding <IR>, including the identification and oversight of the employees actively involved in the <IR> process (e.g., those involved in identifying material matters, and in collecting, accumulating, measuring and reporting material information)*" (paragraph 5.17 of the CD; see paragraph 3.41 of Item 3b). It also required disclosure of "*the governance body with oversight responsibility for <IR>*" (paragraph 4.5 of the CD)

- The inclusion of a statement may result in additional liability/legal concerns, and the IIRC have not fully considered the impacts of this in each jurisdiction.

Framework considerations

7.4 The TTF concluded that although a statement from those charged with governance should be encouraged, it would be premature to require it in all cases, at least until legal and related implications are better understood.

7.5 The TTF also noted that, particularly in some jurisdictions, those charged with governance may not always take an active role in the preparation of the integrated report. It agreed, therefore, to revise the requirement to identify a "governance body" to recognize this fact and ensure that intended report users are informed of the actual level within the organization from which the integrated report emanates. It now refers (paragraph 4.43 of Item 3b) to disclosure of "the governance body or the highest level of management responsible for the integrated report".

Issue 8: Legal liability and competitive harm

8.1 A number of respondents raised concerns about the potential for disclosures (particularly future-orientated ones) to result in legal liability and/or competitive harm.

Framework considerations

8.2 With respect to *legal liability*: The TTF noted the importance of this issue and the fact that it is being considered by the IIRC from a policy perspective, including the call for "safe harbours" raised by some respondents. The TTF also retained the exclusion in paragraphs 1.7-1.8 for an integrated report to not apply the Framework to the extent that specific legal prohibitions result in the inability to disclose material information, and noted the relevance of the:

- discussion of completeness (paragraphs 3.47-3.53 of Item 3b, particularly with respect to future-oriented information at paragraphs 3.52-3.53)
- reference in paragraph 4.40 of Item 3b to legal or regulatory requirements regarding the Content Element *Outlook*.

The TTF did not, however think that substantive changes were needed in the Framework (particularly given its principles-based and voluntary nature) to respond to the possibility that some information might, in some circumstances in some jurisdictions, result in a potential legal liability to the preparer.

8.3 With respect to *competitive harm*: The TTF revised the wording now in paragraphs 1.7-1.8 of Item 3b (previously paragraphs 1.11-1.12 in the CD). Those paragraphs allow an integrated report to not apply the Framework to the extent that disclosure of material information would cause significant competitive harm. Under the CD, an organization taking advantage of this exclusion was required to indicate what information was omitted and explain why. In the revised draft Framework, this has been replaced with the guidance in paragraphs 3.51 of Item 3b:

> 3.51 In including information about material matters dealing with competitive advantage (e.g., critical strategies), an organization considers how to describe the essence of the matter without identifying specific information that might cause a significant loss of competitive advantage. Accordingly, the organization considers what advantage a competitor could actually gain from information in an integrated report, and balances this against the legitimate information needs of the intended report users.

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Significant changes in structure and movements of text

The purpose of this Appendix is to highlight significant changes in structure and movements of text between the Consultation Draft of the International <IR> Framework and the revised draft Framework at Item 3b.

Please note that this document is intended to be a high level overview and does not contain an exhaustive list of changes. Based on feedback received during the consultation period changes have been made to improve accessibility through the use of plain language, minimizing duplication and streamline the document. Changes of this nature have not been included below unless they are considered significant to the overall interpretation of the Framework.

Significant structural changes

Significant structural changes include:

- Adding a *Preface*. The Preface deals with Integrated Reporting and integrated thinking, allowing the main parts of the Framework to focus on the preparation of an integrated report
- Replacing the *Summary of Principles-Based Requirements* at the front of the document because it caused confusion with Chapter 1 *Overview*. It has been replaced by an *Appendix* that includes the text of all the blackletter requirements, which was called for in submissions
- Incorporating the guidance in Chapter 5: *Preparation and Presentation* into the relevant sections as part of the Content Elements or Guiding Principles to minimize duplication and to enhance connections between Framework concepts
- Separately publishing the *Basis for Conclusions*, mentioned in the Consultation Draft as possibly being included as an appendix to the Framework.

The structure of the revised draft Framework is:

Preface (<IR> and integrated thinking)

Executive summary (1 or 2 page summary, to be prepared)

Part 1: Introduction

    Chapter 1: Using the Framework

    Chapter 2: Fundamental concepts

Part 2: The integrated report

    Chapter 3: Guiding Principles

    Chapter 4: Content Elements

Glossary

Appendix – Summary of requirements

Significant movements of text

Chapter 1: Overview	Location in revised draft Framework at Item 3b
Integrated reporting <IR> definition (para 1.2-1.4)	**Moved to preface:** references to Integrated Reporting and integrated thinking have been removed from the draft Framework and are now included in a Preface. **Replacement:** 1A Integrated Report defined

Objectives of <IR> (para 1.5)	**Moved to preface:** references to Integrated Reporting and integrated thinking have been removed from the draft Framework and are now included in a Preface. **Replacement:** no replacement
Audience for <IR> (para 1.6-1.8)	**Renamed:** 1D Intended purpose and users of an integrated report ▪ Black letter requirement of paragraph 1.6 removed and wording surrounding the audience of the integrated report significantly changed.
Objective of the Framework (para 1.9-1.10)	**New location:** 1B Objective of the Framework ▪ Objective updated to focus on the process of preparing an integrated report, as opposed to Integrated Reporting.
Application of the Framework (para 1.11-1.12)	**New location:** 1C Application of the Framework ▪ Wording of bullet points amended to recognize the difference of non-disclosure between; the unavailability of reliable data or specific legal prohibitions and where disclosure of material information would cause significant competitive harm.
A principles based approach (para 1.13-1.14)	**New location:** 1E A principles based approach ▪ Added quantitative and qualitative information from Chapter 2 (para 2.24).
Integrated thinking (para 1.15-1.17)	**Moved to preface:** references to Integrated Reporting and integrated thinking have been removed from the draft Framework and are now included in a Preface. **Replacement:** no replacement
Interaction with other reports and communications (para 1.18-1.20)	**Renamed:** 1F Form of report and relationship with other information. ▪ Additional black letter requirement added; ***"an integrated report should be a separately identifiable communication."*** ▪ Changed to provide more guidance and clarification over what format an integrated report can take.
Chapter 2: Fundamental Concepts	**Location in revised draft Framework at Item 3b**
2A Introduction (para 2.10-2.11)	**Renamed:** 2A The value creation process ▪ Discussions restructured to centre around the different components of Figure 3 (detailed octopus) ▪ Figure 3 modified to should the circular flow of outputs. ▪ Added; business activities from Chapter 2C: The business model (para 2.30 and 2.33) ▪ Added; outcomes from Chapter 2C: The business model (para 2.35)

	▪ Removed figure 2 as an unnecessary duplication.
2B The capitals (para 2.12-2.25)	Discussion on the Availability, quality and affordability of capitals (para 2.22) and Complexity, interdependencies and trade-offs (para 2.25) have been moved to 4I General reporting guidance – para 4.57 and 4.59.
2C The business model (para 2.26-2.36)	**Moved to Content elements:** Discussion on business model has been moved to 4C Business Model (previously 4E).
2D Value creation (para 2.37-2.45)	**Renamed:** 2C Value creation for the organization and for others ▪ Discussion on value significantly modified to focus on value creation for the organization and for others. ▪ Removed; Value for providers of financial capital (para 2.38-2.40), The meaning of value (para 2.41-2.44), and Value drivers (para 2.45). ▪ Added; Figure 4: Diagram of value created for the organization and for others.
Chapter 3: Guiding Principles	**Location in revised draft Framework at Item 3b**
3A Strategic focus and future orientation (para 3.2-3.6)	No significant changes
3B Connectivity of information (para 3.7-3.12)	No significant changes
3C Stakeholder responsiveness (para 3.13-3.21)	**Renamed:** 3C Stakeholder relationships
3D Materiality and conciseness (para 3.22-3.29)	**Split**: into two content elements: 3D Materiality and 3E Conciseness ▪ Black letter requirement split into two, materiality and conciseness ▪ Removed; definition of materiality (para 3.23-3.24) ▪ Added; sections from Chapter 5B: The materiality determination process including; Identifying relevant matters (para 5.4-5.5), Assessing importance (para 5.6), Assessing the magnitude of effect (para 5.7-5.9) ▪ Added: Chapter 5G: Reporting boundary
3E Reliability and completeness (para 3.30-3.47)	**New location:** 3F Reliability and completeness ▪ Added para 5.17 from involvement of those charged with governance
3F Consistency and comparability (para 3.47-3.52)	**New location:** 3G Consistency and comparability
Chapter 4: Content Elements	**Location in revised draft Framework at Item 3b**

Overview (para4.1-4.3)	▪ New content element added: 4H Basis for presentation ▪ Removed black letter para 4.4 and 4.5 and where applicable these requirements have been incorporated into other Content Elements. ▪ New section: 4I General reporting guidance
4A Organizational overview and external environment (para 4.6-4.9)	No significant changes
4B Governance (para 4.10-4.12)	Removed para 4.12 on remuneration and incentives as it duplicates the last bullet point.
4C Opportunities and risks (para 4.13-4.17)	**Renamed:** 4D Risks and opportunities
4D Strategy and resource allocation (para 4.18-4.20)	**New location:** 4E Strategy and resource allocation
4E Business model (para 4.21-4.26)	**New location:** 4C Business model ▪ Restructured to bring in text from the Fundamental Concepts: Chapter 2C Business Model, and to centre the discussion around the business model flow in the octopus diagram
4F Performance (para 4.27-4.32)	Moved para 4.31 to 4I General reporting guidance – para 4.56
4G Future outlook (para 4.33-4.37)	**Renamed:** 4G Outlook
Chapter 5: Preparation and presentation	**Location in revised draft Framework at Item 3b**
5A Frequency of reporting (para 5.2)	Discussion over <IR> as a process has been removed, and guidance on frequency of reporting incorporated into Chapter 1 – para 1.16
5B The materiality determination process (para 5.3-5.13)	**New location:** 3D Materiality
5C Disclosure of material matters (para 5.14-5.16)	Para 5.14 moved to 3D Materiality – para 3.29 Para 5.15-5.16 moved to 4I General reporting guidance – para 4.53 and 4.54
5D Involvement of those charged with governance (para 5.17-5.18)	Para 5.17 moved to 3E Reliability and completeness – para 3.41 Para 5.18 moved to 4H Basis of presentation – para 4.44

5E Credibility (para 5.19-5.21)	Merged with Guiding Principle: 3F Reliability and completeness
5F Timeframes for short, medium and long term (para 5.22-5.24)	**New location:** 4I General reporting guidance – para 4.60-4.62
5G Reporting boundary (para 5.25-5.30)	**New location:** 3D Materiality
5H Aggregation and disaggregation (para 5.31-5.34)	**New location:** 4I General reporting guidance – para 4.63-4.65
5I Use of technology (para 5.35-5.41)	Removed from the framework.

Potential technical projects

OUTPUT	PROJECT
ONGOING FRAMEWORK DEVELOPMENT	
Revision plan	Establish an issue identification plan to facilitate the **FRAMEWORK REVISION PROCESS**. Identify necessary revisions via (i) interviews with users and preparers, (ii) survey of reports, (iii) review of blogs and (iv) common queries
THOUGHT LEADERSHIP	
Awareness piece	Prepare awareness piece on **ASSURANCE** to explain: • levels of assurance • variations across assurance standards and assurance providers • characteristics of 'good' assurance and identify issues for consideration by assurance standard-setters
Research paper	Consider commonalities and differences in **USERS' INFORMATION NEEDS**; in particular compare and contrast the information needs of providers of financial capital versus those of broader stakeholders interested in an organization's ability to create value over time. (Ref: ACCA project on societal benefits of <IR>)
FRAMEWORK IMPLEMENTATION **Interpretive guidance and case studies**	
Case studies	Develop guidance on **PATHWAYS TO <IR>** including: • Internal change management • Embedding integrated thinking • Information systems and technology • Relationship with current reporting landscape May be able to leverage (i) Pilot Programme Yearbook, (ii) Harvard Business School case studies and (iii) Black Sun behavioural survey
Interpretive guidance and case studies	Discussion papers or guidance for implementing the Framework for: • **SMES** • **NOT-FOR-PROFIT ORGANIZATIONS** • **PUBLIC SECTOR ORGANIZATIONS**
Interpretive guidance and case studies	Interpretive guidance and examples on **MATERIALITY** that go beyond the Background Paper and leverage aspects of 2011 Pilot Programme Practice Guide. Focus could be: • link between conciseness and materiality • reconciliation of the approaches defined by the IIRC, IASB and GRI • examples of the materiality determination processes

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Interpretive guidance and case studies	Interpretive guidance and examples on **CONNECTIVITY** that go beyond the Background Paper. Leverage aspects of 2011 Pilot Programme Practice Guide
Interpretive guidance and case studies	Interpretive guidance and examples on **VALUE CREATION** that go beyond the Background Paper. Focus could be on the link between stakeholder relationships and value creation. Leverage aspects of 2011 Pilot Programme Practice Guide
Interpretive guidance and case studies	Interpretive guidance and examples on **CAPITALS AND OUTCOME** that go beyond the Background Papers. Focus would be on how organizations are reporting outcomes with respect to less well developed capitals (e.g., intellectual and human capitals), how they are being connected to financial information, how to 'account' for externalities and trade-offs, and boundary and attribution issues.
Interpretive guidance and case studies	Interpretive guidance and examples that help organizations understand how to interpret and implement the Framework with respect to **REPORTING BOUNDARIES**
Interpretive guidance and case studies	Interpretive guidance and examples on **BUSINESS MODEL** that go beyond the background paper. Include comprehensive guidance for organizations with multiple business models. Leverage aspects of 2011 Pilot Programme Practice Guide
Interpretive guidance and case studies	Interpretive guidance and examples that help organizations understand how to interpret and implement the Framework with respect to **FUTURE ORIENTATION** including such matters as (i) legal and competitive issues, (ii) assurability, (iii) disclosure of assumptions, (iv) estimation ranges and (v) link with strategy and outlook
FRAMEWORK IMPLEMENTATION **Resources**	
Database	Regularly update current **DATABASE OF EXAMPLES**, which is soon to be expanded from examples of Guiding Principles and Content Elements to include full reports that have won awards
Database	Establish a **DATABASE OF EXTERNAL RESOURCES** that references authoritative sources of KPIs, internal control frameworks and reporting processes. Requires development of criteria for inclusion (due process, availability, sector/ geographical coverage). Purpose must be clear – cannot be seen as an endorsement
Database	Contribute to a **DATABASE OF LEGISLATIVE AND REGULATORY REQUIREMENTS** being developed by others
Resource	Update **WEBSITE FAQs** to align with final Framework and provide non-authoritative answers to new questions
Guide	Update and publish the **GETTING STARTED GUIDE** developed for Pilot Programme in 2011 to be consistent with Framework when issued
FRAMEWORK IMPLEMENTATION **Development of infrastructure**	
Development of infrastructure	Develop **TRAINING MATERIAL** for delivery by others (either through some sort of 'endorsed trainer program' or otherwise) and/or review and endorse training materials prepared by others

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Development of infrastructure	Advance the **QUANTITATIVE DEPICTION OF NON-FINANCIAL CAPITALS** by working with others who are developing: • key performance indicators • measurement approaches • monetization methodologies
Development of infrastructure	Explore **TECHNOLOGY ISSUES** such as (i) data collection/accumulation, (ii) border implications of online reporting (e.g., identifying what constitutes the integrated report and how it relates to linked information) and (iii) use of social media
Development of infrastructure	Work with others to develop an **XBRL TAXONOMY** for integrated reports
Development of infrastructure	Consider a form of **ACCREDITATION FOR <IR> PRACTITIONERS** to engender confidence in the market and achieve more consistent reporting
OUTREACH, AWARENESS AND POLICY DEVELOPMENT **(Technical assistance to others in IIRC)**	
Research paper	Build a compelling **BUSINESS CASE** for <IR> in the eyes of report preparers, investors, civil society and policy makers and regulators
Communications	Promote and explain <IR> through **ARTICLES, BLOGS AND SLIDE DECKS**
Interpretive guidance	• Prepare communication on the **RELATIVE POSITIONING OF <IR>**, financial reporting (including management commentary) and sustainability reporting • Consider **MAPPING DOCUMENTS** that relate <IR> to other frameworks also, e.g., UNGC, PRI, CDSB/CDP, and ISO
Development of infrastructure	Consider ways to strengthen relationships with the **ACADEMIC COMMUNITY**, e.g., develop online clearing house for academics to share their research proposals, papers, syllabi and teaching aids
Resource	Contribute to **LEGISLATION AND REGULATION DATABASE** to ensure <IR> is accurately depicted
Development of infrastructure	Influence **LISTING REQUIREMENTS** for stock exchanges interested in invoking <IR> as a listing requirement