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Q7: Q1(a) What is your experience with the multiple capitals approach in integrated reports?

The multiple capital approach relies on the availability of sufficient information about an organisation that encourages broader thinking about inputs and outcomes in relation to the six capitals. The internal systems and culture required to drive this approach are not always well established or embedded within an organisation. Additionally, the benefits of the multiple capital approach are not always clearly understood or communicated to organisations who view it as yet another reporting initiative in an ever-changing and evolving reporting environment.

Q8: Q1(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Guidance in the form of specific/sectoral and practical examples could be provided by the IIRC along with some of tangible benefits experienced by the organisations that have adopted the multiple capital approach. Also, more practical hands-on training could be considered, involving the early implementers, and supporters of, <ir>.

PAGE 3: Connectivity and integrated thinking

Q9: Q2(a) What is your experience with connectivity in integrated reports as an indication of integrated thinking and/or enabler of enhanced decisions?

The extent to which organisations attempt to link their strategy and business model to their KPIs and risk assessment is currently very limited which might be a consequence of a lack of demand or push for them to do so. This highlights that the connectivity principle in the <IR> framework is proving to be a significant challenge for those implementing <IR>.

Q10: Q2(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Our comments above would suggest that there needs to be a greater focus on the need for integrated thinking as part of the <IR> adoption process which might include some suggestions or examples on how it can and should be instilled and distilled throughout the organisation and the benefits thereof. Also, it has been identified that the adoption of <IR> is more likely if it has support at a senior level within an organisation, most notably where there is an influential and supportive CFO or Chairman in place.

PAGE 4: Key stakeholders' legitimate needs and interests

Q11: Q3(a) What is your experience with the identification, in integrated reports, of key stakeholders' legitimate needs and interests and how those needs and interests are considered and addressed?

Stakeholder engagement is vital however, there is a risk that, in trying to meet all the needs of a diverse range of stakeholders, the conciseness of the integrated report might be compromised as a result. We agree that the overall focus of <ir> should be on the needs of long-term equity investors but we believe that all the material impacts on each of the six capitals should also be reported.

Q12: Q3(b) What, if anything, should be done and by whom to improve this aspect of implementation?

We acknowledge that for those organisations that have adopted <ir>, the implementation process is a journey and, as more examples of good practice emerge, these might assist organisations to assess how their different stakeholders' needs might be considered, addressed and reported against.

PAGE 5: Materiality and value creation

Q13: Q4(a) What is your experience with the Framework's definition of materiality, in particular: • Application of the value creation lens? • Use of different time periods to identify material matters?

We have no direct experience of this area on which to form a response and therefore would refer you to the comments made in our response to question 3a.

Q14: Q4(b) What, if anything, should be done and by whom to improve this aspect of implementation?

In 2015, the International Federation of Accountants (IFAC) and the IIRC produced a joint paper on 'Materiality in <ir>'. It might be worth reissuing or repositioning this paper to raise awareness of its existence and highlighting how it could provide a useful source of reference for those considering the implementation of <ir>.

PAGE 6: Conciseness

Q15: Q5(a) What is your experience with the conciseness of integrated reports?

We would refer you to our response to question 3a in relation to the conciseness issue.

Q16: Q5(b) What, if anything, should be done and by whom to improve this aspect of implementation?

Again, the provision of guidance for implementers, including practical case studies, might be helpful in addressing the conciseness issue. Also, technological developments might provide a means of tackling conciseness. It has been identified that one of the main external social influences on <ir> adoption are corporate communication consultants. Therefore, using innovative, visual and interactive means of producing and presenting the integrated report might help to address the challenge around the conciseness of the <ir>.

PAGE 7: Business model – outputs and outcomes

Q17: Q6(a) What is your experience with the reporting of business model information, particularly outputs and outcomes?

The difficulty for many organisations regarding the reporting of their business model information is that, in many cases, the complexity and size of the organisation make it difficult to summarise their business model in a manner than can be easily digested and understood. As a result, often the business model is reported in a very generic style which is less meaningful for users and other stakeholders. The issue of commercial sensitivity might also be a factor in less informative or detailed information being made publicly available about an organisation's business model.

Q18: Q6(b) What, if anything, should be done and by whom to improve this aspect of implementation?

The provision of implementation guidance by the IIRC including examples of good practice and practical case studies would be helpful in addressing the implementation aspect.

PAGE 8: Those charged with governance / Framework identification

Q19: Q7(a) What is your experience with whether reports: (i) identify the involvement of those charged with governance, and (ii) indicate that they are presented in accordance with the Framework? What are the implications of excluding such information?

In our experience only one UK company presents its report on this basis.

Q20: Q7(b) What, if anything, should be done and by whom to improve these aspects of implementation?

One possible explanation for the low adoption rate is that <ir> is seen as an additional reporting burden in an increasing regulatory and crowded reporting environment and is still at an early stage of adoption. By continuing to provide guidance, and encouraging those who have adopted <ir> to promote the benefits of doing so, the IIRC might help increase the adoption rates across different jurisdictions. We welcome the reference to the Integrated Reporting Framework in the FRC's guidance to the Strategic Report but it has been identified that this may have created someone confusion over what role <ir> has in corporate reporting in the UK and would therefore welcome some clarification on this issue.

PAGE 9: Other Guiding Principles

Q21: Q8(a) What is your experience with the application of these remaining three Guiding Principles in integrated reports?

As far as the three remaining guidance principles are concerned, the issue of completeness or balance is extremely challenging and there is a tendency for organisations to focus only on their positive outcomes and remain silent on their negative impacts. The comparability and consistency principle is also difficult to address particularly for organisations that operate across different jurisdictions where different legislative and regulatory requirements apply.

Q22: Q8(b) What, if anything, should be done and by whom to improve these aspects of implementation?

As previously stated, the provision of examples where organisations have adopted good practice in ensuring completeness, balance, comparability and consistency in their corporate reports would be helpful. If these organisations can also be encouraged to share with others the benefits and advantages of applying these principles as part of their reporting duties then this might encourage others to follow their example.

PAGE 10: Other Content Elements

Q23: Q9(a) What is your experience with how these remaining Content Elements are reported in integrated reports?

The <ir> framework is seen by some as lengthy and containing too many questions which may act as a deterrent to the adoption and implementation of <ir> as that process might be judged to be too burdensome and time-consuming.

Q24: Q9(b) What, if anything, should be done and by whom to improve these aspects of implementation?

There might be an argument for the IIRC revisiting and refreshing the <ir> Framework on the basis of all the feedback received to explore whether it could be made more user-friendly.

PAGE 11: Other quality issues

Q25: Q10(a) Aside from any quality issues already raised in Q1-Q9, what is your experience with the quality of integrated reports?

As stated in an earlier response, the adoption of <ir> is on a journey and organisations continue to innovate and experiment with the content of integrated reports and the way in which they comply with the <ir> Framework. As this journey continues, and the concept evolves, so should we see improvements in the quality of the reports produced in terms of their adherence to the guiding principles of the <ir> Framework.

Q26: Q10(b) What, if anything, should be done and by whom to improve this aspect of implementation?

As previously stated, the provision of examples of good practice in integrated reporting, raising awareness of the benefits of adopting <ir> and considering whether the <ir> Framework needs to be refreshed or repositioned might help to improve this aspect of implementation.

PAGE 12: Other enablers, incentive and barriers

Q27: Q11(a) What is your experience with enablers, incentives or barriers to Framework implementation not covered by other questions, including the extent to which they apply particularly to: • Specific jurisdictions? • Large or small organizations? • Private, public or non-profit sectors? • Different stages of Framework implementation?

We refer you to our earlier answers

Q28: Q11(b) What, if anything, should be done and by whom to improve these aspects of implementation?

As previously stated, one of the most influential external factors to <ir> adoption is the use of corporate communication consultants therefore, by continuing to engage with these consultants, it might identify ways of overcoming some of the barriers perceived by organisations considering the adoption of <ir> as to how to go about producing an integrated report for the first time.

We would also suggest that consideration is given to the establishment of dedicated integrated reporting teams as opposed to cross functional teams as it has been indicated that these dedicated teams have greater success in the diffusion of integrated reporting throughout an organisation.
