INTEGRATED REPORTING <IR>

2020 revision of the International <IR> Framework

Consultation Draft feedback

Questions 1 – 10

VOLUME 1

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Penny Gerber, Pick n Pay Stores Limited
Priyanka Mathur, Confederation of Indian Industry
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Ruchi Bhowmik, EY
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Sinem Ozonur, Garanti BBVA
Solange Garcia dos Reis, Universidade de São Paulo
Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)
Takayuki Sumita, WICI Global
Tim Sheehy, The Chartered Governance Institute
Toni Lutz, Prosus N.V.
Umair Khan, MCB Bank Limited
Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences
Valeria Café, Brazilian Institute of Corporate Governance (IBGC)
Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting
Veronica Poole, Deloitte
Vinicius Benevides, Independent
Yew Kee Ho, Singapore Institute of Technology
Zhanna Kazakova, Rosneft

Responses to 2020 Consultation Draft questions

Question 1. Do the adjustments to paragraph 1.20 simplify the statement of responsibility in an effective way?

Alan Willis, Independent

Yes. I agree with the Basis for Conclusions on p.8 of the Companion Document

Amanda Nuttall, Think Impact Pty Ltd

Yes. Agree that top-level accountability is critical and support the changes to the statement of responsibility. Given the proposed removal of the 'in accordance' clause, clear expectations should be provided regarding gradual adoption to ensure ongoing progression of that adoption within a reasonable timeframe.

Anant Nadkarni, Advisor Value Creation

Undecided

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The adjustments in paragraph 1.20 simplify the statement of responsibility in an effective way because this will help provide beginners with simplified way of start applying the framework and use paragraph 1.20 hence help providing a platform for effective implementation of the framework.

Anne Adrain, ICAS

Yes. The statement of responsibility is an important element of establishing and maintaining the credibility of an integrated report and we welcome its retention. However, we believe that this should include the establishment of strong governance and robust processes, systems and controls over the methods of collecting non-financial information and this should be more explicitly stated in the Framework. We support the removal of the application of a collective mind and the removal of the commentary on plans for a future statement of responsibility to avoid any unnecessary reporting requirements.

April Mackenzie, External Reporting Board (XRB staff views)

Yes. We would like to add under this response that we are very supportive of the IIRC's proposal (P1) to retain the required statement of responsibility from those charged with governance. We agree with the proposal (P2a) to remove the acknowledgement that those charged with governance have applied their collective mind to the preparation and presentation of the integrated report. In our view, the application of the collective mind is inferred in the acknowledgement of responsibility by those charged with governance. We agree with the proposal (P2b) to remove the required commentary on plans for a future statement of responsibility and the three year timeframe in which to do so. In our view, this requirement may have deterred organisations from starting on their journey. We agree with the proposal (P2c) to add "or the extent to which" to encourage organisations to start on the integrated reporting journey. New integrated reporters will not get it "right" first time and need time to evolve into the delivery of a full integrated report. This addition allows for that. This addition also provides useful information to users of the integrated report.

Aranzazu Piñeiro López, REPSOL

Yes. The adjustments to section 1.20 clarifies the requirements

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

Yes. Para 2C adds a new dimension by requiring preparers and their Boards to comment of the extent to which they are adopting IR, hopefully increasing awareness of the journey ahead for each company.

Bandile Manyana, Independent

Yes. Removal the commentary on the application of a collective mind is an unproblematic adjustments as the application of collective minds is not only implied but required of those charged with governance in carrying out of the gamut of their responsibility.

Barry Cooper, Deakin Integrated Reporting Centre

Yes. The proposed adjustment is effective. The statement to be required by the revised paragraph 1.20 will encourage those charged with governance to clearly and simply state: • that they are responsible for ensuring the integrity of the integrated report; and • their opinion / conclusion on whether / to what extent the report is in accordance with the <IR> Framework."

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Yes. We believe that the adjustments to paragraph 1.20 simplify the statement of responsibility in an effective way. The concept of "collective mind", while recalling the one of integrated thinking, is implied and may generate confusion. We agree on eliminating this concept. The other relevant concepts/aspects are still present and are now proposed in a more effective way.

Brad Monterio, Institute of Management Accountants (IMA)

Undecided. On Proposal 2(a): We agree on eliminating the text regarding (1) the application of the collective mind and (2) reporting on future statements of responsibility. On Proposal 2(c): While noting that the phrase “the extent to which” allows for flexibility in Board or management declarations, we believe that the phrase “in accordance with the Framework” is vague and unworkable. First, as practice is evolving, most companies that move toward sustainable business or integrated reporting reference aspects of different standards, and they are moving toward more convergence with mainstream financial reporting. We believe this is healthy evolution. Therefore, to address actual practice, it would be beneficial to specify with greater clarity whether “in accordance with the Framework” means an integrated report, in a generic sense, or full compliance with the specific aspects of <IR>. As a practical example, if an entity issues an annual report that complies with the standards issued by the Sustainability Accounting Standards Board but does not follow the six-capital approach, would this be “in accordance with <IR>?” Would the reporting entity’s Board or management need to affirm the “extent to which” the company’s SASB compliant report also complies with the Framework? As the work of the Corporate Reporting Dialogue demonstrates, this is a costly proposition with elusive benefits. This language is also contrary to the categorization of as a framework and general, high-level principles rather than a set of reporting standards. If is a high-level framework and set of general principles rather than definitive reporting standards, it is not possible for management and others in charge of governance to affirm “in accordance with” in a way that is meaningful. It also makes independent attestation problematic.

Brett Simnett, Radley Yeldar (RY)

No. We would like to see how this statement can either be combined with or supplementary to other statements required in a report such as the UKs requirement for a non-financial statement, viability statement, s.172 statement and going concern statement. Reports need to become more concise and a reduction or combination of these requirement will improve readability and reduce repetition

Bronwyn Forsyth, Strategic Advisory and Communications

Yes

Carol Adams, UNDP SDG Impact Team

Undecided. The text in 1.20: “This statement is enhanced by supplementary disclosures on the process to prepare and present the integrated report” (see also second dot point underneath it) gives the impression that the process of report preparation is all that requires governance oversight whereas governance oversight is required on an ongoing basis over the actions that form the content elements of the integrated report. We suggest that this is changed to: “This statement is enhanced by supplementary disclosures on the ongoing governance oversight of the integrated report content elements and the process to prepare and present the integrated report”. This could then include, for example: the existence and activities of a board sub-committee which monitors sustainable development risks and opportunities and outcomes for natural capital; the board process for developing strategy.

Carol McAleenan, AngloGold Ashanti Limited

Yes. The simplification does not reduce the governance responsibility, it will however reduce the reporting burden by removal of commentary on collective mind and the need to comment on plans for a future statement of responsibility.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes. We voted "yes" because we understood and interpreted the term "simplify" as "clarify". We believe that the amendments lead to a higher level of clarity regarding the content of the statement of responsibility and the responsibility of “those charged with governance”. If we were to interpret "simplify" as simplifying, we would consequently answer "no", as the required disclosures most likely will lead to higher costs and a higher level of complexity in the reporting practice. To our opinion the term "simplify" does not really comply with the objective and content of the adjustments to para 1.20. Furthermore, we are concerned about the new requirement that "those charged with governance" should also refer in their statement to "the extent to which" their integrated report is in accordance with the IIRC's framework. We think that this could fuel a certain expectation of the report users regarding the level of preciseness concerning the grade of divergence of the particular report from the framework. The requirement of such a qualifying statement can be perceived as conflicting with the general principles-based approach of the framework and could cause a gap between the perception of divergence of the management and the expectations of the users. This could result in a reluctance of managers to refer to the <IR> framework at all. In the light of missing objective measures for "the extent" of compliance, "those charged with governance" might be negatively exposed to such a statement for indemnity reasons. The qualifying statement could also challenge the assurance provider in cases when the integrated reported is subject to an assurance engagement. The provider will have a hard time to judge whether the "extent" of compliance with the framework, expressed by "those charged with governance", is "correct" or "plausible", taking into account that the IR framework does not include clear rules and the assurance profession has not (yet) developed appropriate assurance standards. An assurance statement on the integrated report and the adjunct statement of responsibly could cause misleading expectations of the users of the report. Therefore, we advocate not to include this addition ("the extent to which") in the revised version of the IR framework. Against this background, we wonder whether it would be favorable to refer in the statement of responsibility to the compliance with the concept of integrated thinking than to the compliance with the <IR> framework. Because the concept of integrated thinking is the core of IR, this could for example be done by explaining the implementation of integrated thinking regarding responsibilities within the company. This would also complement the requirements concerning the description of reporting processes and responsibilities and it would be suitable to explain to the users of the report the "companies IR journey".

Christopher Joy, Hong Kong Institute of CPAs

Yes. The proposals are positive but to facilitate Boards confirming that a report is "in accordance with the Framework" it would be helpful to provide a checklist type document for use by preparers rather than a summary of requirements in an appendix to the Framework.

Cora Olsen, Novo Nordisk Undecided. Regarding the last item, there should be some type of 'lowest bar', so that corporates can't just claim adherence to the framework. Minimum criteria should be defined to avoid confusion and undermining of the framework.

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA

Yes. CIMA supports the requirement for a statement from those charged with governance in the integrated report as it ensures accountability and report credibility. In our view the best integrated reports are those with a clear opening statement that weaves together the company's value creation story with the latest issues. On a separate note, we welcome the IIRC's efforts to address potential conflicts with national regulations by providing an exception. We would suggest that this exemption is used sparingly and is fully explained within the report.

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

No. We believe it is appropriate to maintain the statement of responsibility because of its beneficial potential to increase the quality of accountability processes and their related issues. However, this statement must consider not only the collective organisational mind but also the shared beliefs and moral attitudes that shape the social environment to which the entity belongs. An entity that discloses integrated reports must account for its role and actions in that environment. Therefore, social control and external social control mechanisms will be facilitated based on the pluralistic dialogical-political debate. Hence, we suggest defining the recognition of collective mind that contributes to integrated report preparation and presentation in terms of the number and position of people who share this collective mind, and the content (values and principles) that guides the interaction. Here, it is necessary to clarify that the guiding principles on which the IR proposal is based meet the changing needs of the capital markets. Therefore, the basis for reporting on the behaviour of organisations and their creation of value cannot be limited to the interests inherent in markets, but rather to democratic values. Furthermore, there are also other forms of organisation (not necessarily business) that require diverse forms of representation and visibility of the management of the resources entrusted, both financial and non-financial. There are also other ways of accounting for impacts on the social and natural environment that are not located in the logics of financial markets, especially in developing countries. To better understand how the value and allocation of capital resources are created, preserved or eroded, the reference point for action of business and non-business organisations should transcend the reductionist view of so-called sustainability compatible with economic growth and financial stability. While a statement on whether the integrated report has been submitted following the framework is not a prerequisite for the implementation of paragraph 1.20, we believe that it is necessary for the statement of responsibility to be precise insofar as its scope and application of the references incorporated therein. Otherwise, we have no comments.

Edeltraud Guenther, United Nations University

Undecided. They simplify, but an outlook into the future might be helpful.

Elizabeth Middleton, Independent

No. If those charged with governance should be charged with responsibility then it should be but in governance guidelines and not the framework. The directors should ultimately be responsible as per the companies house in the uk or if their is anything in other relevant Home Countries. This is supposed to be voluntary and therefore attaching any responsibility could prevent more companies from preparing IR. Any corporate information, including IR should face the same share of responsibility and not necessarily those charge with governance as if you want a one report then that would come the ceo/cfo/chairman/whole board etc and not those specifically with Governance as this could include an audit committee of other committees who are not responsible for the entire report but a small section. Therefore the company and those in charge of the company should be made accountable for it. Just like in legislation.

Fabio Silva, Eletronorte

Yes

Fay Hoosain, IRC of SA

Yes. • It is noted that the suggested amendment related to the supplementary process disclosures aligns with the 'apply and explain' approach in South Africa's King IV Report on Corporate Governance. • To avoid lengthy disclosures, consider emphasising that the supplementary process disclosures are to be concise. • Consider adding that those responsible confirm that the integrated report is an accurate and complete account of the organisation's value creation story at the date of approval by the governing body.

Francesca Flamini, Enel SpA

Yes. The proposal correctly eliminates some redundancies and too general terms ("collective mind"). Furthermore it helps to enhance committment by eliminating the "future plans" requirement

Gail Boucher, Principles for Responsible Investment

Yes

Ganeshkumar Vijayakumar, DQS India

Yes

George Gkouskos, European Reliance General Insurance Company S.A.

Yes

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Yes. The adjustments to paragraph 1.20 simplify the statement of responsibility as the framework now describes the requirement in a more complete way.

Graham Terry, Independent

Yes. I think the changes to paragraph 1.20 are useful and clarify the role of those charged with governance. My only concern is that some organisations may provide lengthy descriptions of the processes followed. Maybe the wording could be adapted to encourage disclosure of the material aspects. From discussions, I have been involved in, there have been suggestions that the approval by the governing body should be dated. This makes sense to me as it would provide a basis for identifying which events were known to those charged with governance.

Graham Terry, The South African Institute of Chartered Accountants - Cape Town Discussion Group

Undecided. Whilst the discussion group believes that the responsibility for the integrity of the integrated report should remain with those charged with governance, the feeling was that the integrity of the report could be enhanced if senior management also independently gave assurance about its integrity. Whilst the governing board should be aware of all material issues, in reality, there are sometimes matters of which members of the board are not fully apprised, or of which management has a more incisive understanding. Care would need to be taken to ensure that the wording does not relieve the governance board of its responsibility. One member of the group suggested that consideration should be given to placing the onus on the board to obtain whatever assurances it requires from management and to make a statement along those lines? In this way the ultimate responsibility would lie with the board which would need to determine how and on which aspects it needs to engage with management.

Graham Gunn, The Saudi Investment Bank

Yes

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes. We suggest making it clearer in paragraphs 1.14, 1.20 and in the Executive Summary of the <IR> Framework as to how an integrated report is deemed to be presented in accordance with the <IR> Framework, say by complying with the requirements listed in "bold italics" in the Appendix – Summary of Requirements. The Appendix – Summary of Requirements can be reformatted to make it easier to read for report preparers, assurers and the board when it approves the report.

Henry Daubeney, PwC

Yes. Further, preparers should be encouraged to use existing legal requirements in their territory as the foundation with a statement on any additional procedures put in place for the integrated report, supplementing this. This will simplify the process for users with a single rather than double statement and so support greater adoption.

Huey Jiuan Yan, HELP University

Yes

Ian Kramer, CFO Forum

Yes. The simplification does not reduce the governance responsibility, it will however reduce the reporting burden by removal of commentary on collective mind and the need to comment on plans for a future statement of responsibility.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. The adjustments to paragraph 1.20 enhances the statement of responsibility in an effective way where legal or regulatory requirements preclude a statement of responsibility from those charged with governance, in such a way that process-related information should explain the measures taken to ensure the integrity of integrated report. We however believe that the supplementary disclosures should be made a requirement by the IIRC framework as it provides additional comfort to users of the integrated report that those charged with governance have implemented systems and processes supporting the report. Further, sample statement of responsibility with standard terms tailored to different scenarios should be developed example when those charged with governance do not fully comply with the <IR> Framework and included in IIRC Framework or elsewhere. This is important to achieve a level of consistency and comparability of statement of responsibilities issued in different jurisdictions.

Irina Paschke, Kirchhoff Consult AG, Hamburg

No. The responsibility statement is considered redundant and therefore should be omitted: Any information provided in the integrated report should be considered based on the joint recognition of the management's responsibility for it. Information regarding the application of the <IR> Framework could be included (...in accordance with...) in the "About this report"-chapter with no reference to the details of the scope.

Ivan Topolya, Independent

Yes. By excluding "collective mind" reference the adjusted paragraph 1.20 provides both:

- consistency with the adjusted Glossary item 17 (if adjusted) and the new paragraph 1.21 (if introduced) to include the cases where a single person might be considered to be the body responsible for overseeing the preparation and presentation of the integrated report
- applicability of the collective mind intent of the original Framework if a multiple-person board is a body responsible for overseeing the preparation and presentation of the integrated report.

By adding the "or the extent to which" feature the adjusted paragraph 1.20 provides more options:

- for preparers to make a specific statement on Framework requirements that are covered by the integrated report through a deeper analysis by the oversight body, and
- for the users of the integrated report to obtain a clearer picture of integrated report adherence to Framework and gaps to be addressed further.

J Robert Gibson, Hong Kong University of Science and Technology

Undecided. I agree with change BUT the guidance to Boards on what is 'in accordance with the Frameworks' is very poorly done. See my answer to question 2 for the remedy. (From Q2 response: The changes made are good but not sufficient. Reason: The definition of what is 'in accordance with the Framework' is very poorly done. Details: 1) To find the requirement for being 'in accordance with the IR Framework' one has to carefully read through the Framework determining what is in 'bold italics'. 2) The 'Appendix - Summary of Requirements' includes all the items in bold italics except paras 21 and 22. 3) Mention of what is 'in accordance with in the Executive Summary and 1.14 add to complexity of the presentation and are not mentioned in the appendix I recommend. A) The Appendix is reformatted as a 'Practice Aid Checklist': Requirements for a report to be in accordance with <IR>' with a complete list of the requirements including those in 1.14. For a company this can then be a document which staff preparing the report complete and provide (a) to those assuring the report and (b) the board when it approves the report. B) The Executive

Summary and 1.14 references this Practice Aid Checklist'. C) The sections in the report in bold italics are made two font sizes larger than the normal text so it is easier to see them.)

Jake Atkinson, Climate Disclosure Standards Board

Yes. the amendments proposed do simplify and clarify the statement of responsibility, including removing unnecessary terminology and acknowledging the importance of national legislation in report preparation. However, it would be beneficial to clarify the relation to the mainstream report here, i.e. the statement of responsibility for an integrated report subsumed by the responsibility for the annual report.

Jayantha Nagendran, Smart Media (Pvt) Limited

Yes. It is generally accepted that the Board (those charged with governance) takes responsibility for the disclosures in an annual report. Provisions in the Companies Act/s (or equivalent) require directors to deploy a robust business model, far-sighted strategy, strong governance and risk management frameworks along with sound oversight. When the statutory 'annual report' transforms to an 'integrated annual report' the primary audience – the investor – does not change. Hence, there can be no dilution or 'simplification' which will lead to boilerplate statements on 'processes' etc. with little or no accountability. Mere assurance by a third party carries little weight. That said, we see Proposal 2 effectively removing the rigidities that prevailed, while the revised paragraph 1.20 reasonably balances the concerns of investors and report preparers alike. When coupled with the legal and regulatory environment of the jurisdiction, the revised paragraph 1.20 looks acceptable.

Jo Cain, Materiality Counts

Yes

Johannes Dumay, Macquarie University

Yes. Is more simple

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Yes. Briefly, CPA Australia agrees with the: (1) removal of a required reference to a collective mind, as set out in Proposal 2a, (2) removal of a required description of future plans to include a statement, as set out in Proposal 2b and (3) clarification that full adherence to the <IR> Framework is not a prerequisite to apply Paragraph 1.20, as set out in Proposal 2c.

Qualifications and explanations: CPA Australia in its response to Topic Paper 1 (Responsibility for an integrated report) devoted a significant amount of commentary to this pivotal issue. We will not repeat the observations and recommendations made in that response, but will focus our response to this, and the subsequent Consultation Draft questions, to significant matters of drafting. In terms of the paragraph commencing "Where legal or regulatory requirements...", an alternative approach is to have the paragraph 1.20 requirement apply on an 'if not, why not' basis, either through embedding such words in the opening words of 1.20 or as a third dot-point. The paragraph in question could then be cited as an example of a 'why not'.

Jona Basha, Accountancy Europe

Yes. Accountancy Europe supports keeping the requirement for a statement from those charged with governance in the integrated report as it ensures top-level accountability and report credibility, which in turn unlock assurance. In addition, we welcome the IIRC's efforts to address any conflicts with local regulations by providing an exception to the rule for such cases and require process-related disclosures. We also support the IIRC's proposals to remove required commentary on the application of a 'collective mind' and on plans for a future statement of responsibility. This could potentially alleviate the reporting burden for some preparers.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

No. We believe that it improves the statement of responsibility, but does not simplify it.

Joshua Rayan, Joshua Rayan Communications

Yes. It makes it clearer and more understandable and reduces the burden of responsibility placed on the organisation.

Karen Koch, Eskom Holdings SOC Ltd

Yes. The proposed changes seem to address the apparent discomfort by some businesses to include a statement of responsibility. The preference would be to keep the process-related disclosures voluntary, and not make it a requirement, as it could lead to further boilerplate disclosures

Kelli Favato, Independent

No

Kevin Dancey, International Federation of Accountants (IFAC)

Yes. We support the removal of the application of a collective mind and the removal of required commentary on plans for a future statement of responsibility. We also support the proposed additional text to paragraph 1.20 (but with some clarifications as per our response to questions 2 and 3). We believe the statement of responsibility is crucial to demonstrate clear accountability of those charged with governance for the oversight of the preparation and presentation of an integrated report. This includes ensuring the establishment of strong governance and robust processes, systems and controls over wider information collection systems for non-financial data. It also requires those charged with governance to oversee a broad set of business and reporting risks and assess the connectivity and consistency between information in the integrated report and other reports and disclosures, including the financial statements.

Leda Romero, Kellun

Yes. Companys which are transitioning to an IR model may not be ready to fully use the framework, this proposal lets them explain in what extent they're implementing it.

Lisa Martin, Sustainz Business Solutions Limited

Yes. • Support inclusion of 'Statement of Responsibility' provisions to ensure accountability, credibility and integrity, and agree with statements in Consultation Draft – Companion Document (page 8). • Proposed additional content substantially informs requirements, and reflects a more principles-based approach.

From Q2: • Support retaining required 'Statement of Responsibility', although agree removing reference to 'collective minds' is more succinct and relevant, and less ambiguous. • Removing commentary on plans for a future statement of responsibility may not be applicable to all (given legal compliance expectations). The proposed new paragraph acknowledges that legal or regulatory requirements may preclude a statement of responsibility (thereby acknowledging the requirement for flexibility), but sets the clear explanation that process-related information should explain measures taken to ensure the integrity of the IR. In my view, this statement strikes an appropriate balance. • Inclusion of additional text in second bullet 'or the extent to which' the integrated report is presented in accordance with the <IR> Framework, acknowledges that the evolution of integrated thinking (and presentation of reporting in accordance with the framework) does take time, and may, in fact, not be achievable in all contexts (e.g. public sector organisations, some jurisdictions)."

Loshni Naidoo, SAICA Yes. The responsibility for reporting is included in the fiduciary duties of the directors (South African legislative/ regulatory requirements) and therefore simplifying the statement does not dilute these responsibilities.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Yes. We agree with the retention of the statement of responsibility and the extent of compliance with the framework. We consider this will demonstrate clear accountability of those charged with governance and aid users in understanding the level of comparability with other reports. We also note both aspects are a pre-requisite for independent assurance.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

No. Not enough clarification. I would separate between the approval of the IR process (Board) and the responsibility (that could stand with top and senior management

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

Yes. We believe disclosing/stating the extent to which companies have been able to apply the IR framework is helpful for users as companies may not be able to 'comply' with all aspects of the framework. We consider that the revisions are likely to encourage more companies to provide this statement notwithstanding that the IR framework is voluntary.

Mark Hucklesby, Grant Thornton International Limited

Yes. We support the adjustments made to paragraph 1.20 because it reminds and reinforces the responsibilities of "those charged with governance" of the reporting entity. Recognition that a "one size does not fit all" solution is a welcome addition to what was previously published. We also support removing the previously required commentary on: • the application of a collective mind • eliminating the need to comment on plans for a future statement of responsibility, and • clarifying that full Framework adherence is not a prerequisite to apply paragraph 1.20.

Martin Fryer, Mercury NZ Limited

Yes. Removing language that is hard to comprehend e.g. "collective mind" or potentially difficult to prove compliance with is a positive step forward.

Milan van Wyk, University of Johannesburg

Yes. We are in agreement with the proposed changes and think it will make the statement of responsibility easier to understand.

Monique Pattillo, Calvert Research and Management
Yes. By removing the additional commentary, the reader is able to focus on the company's actual adherence to the IR Framework.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. 'Application of a collective mind' as stated in the current framework is already provided for by the sole reason of requiring a Statement of Responsibility from those charged with governance. Therefore, its deletion removes repetition that resulted. In addition, the meaning of this phrase is unclear and is not defined in the Framework glossary. Its removal therefore any uncertainty associated with it is eliminated. The adjustments clearly articulate the allowable circumstances under which an entity is excluded from having the statements of responsibility i.e. prohibition by legal and regulatory requirements. This adjustment makes it clear that prepares should ensure that this statement is included unless if laws and regulations prohibit its inclusion in which case that fact should be disclosed. This is coherent with removal of the current paragraph associated with explaining why the statement is not included and disclosing plans to include it in the future as well as the timeframe.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes. Although our Board has no issue with the statement of responsibility, I do think that a simplified statement will encourage more organisations to start with the Integrated reporting journey and it will be easier to convince their board members to include this statement

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes. I suggest making the following change in the starting sentence of the second paragraph of 1.20 to make its tone of language consistent with the first paragraph: "The statement SHOULD BE / MAYBE / CAN BE enhanced by supplementary disclosures..........."

Nick Ridehalgh, Australian Business Reporting Leaders Forum Yes

Nimet Vural , Independent

Yes. It is transparent and clear

Nowmitta Jahanzaib, ICMAP

Yes. They try to confine the paragraph 1.20 to remain within the limits of statement of responsibility and not making the entire IR framework to bring in its ambit.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

Yes. We support the proposed removal of commentary on the application of a collective mind and the need to comment on plans for a future statement responsibility. Based on our experience, it is tough for a Board of Directors to commit to a collective mind stance in the preparation of an integrated report, as some of them may not fully understand the integrated reporting concept and hence they are unable to claim the application of a collective mind.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

Yes. The draft proposal for P3 and P4 provides more clarity to adopters and potential adopters on the information to be disclosed, specifically on the responsibility of those charged with governance. It also indirectly encourages adopters to have proper internal process in place to ensure the integrity of the integrated report regardless of their level of maturity in reporting. The removal of the term "collective mind" is welcomed as questions have been raised as to the meaning of the term when the preparation of the integrated report involves both preparers and those charged with governance. In addition, it is encouraging to see the definition in Glossary now aligned with that of TCWG in the IAASB Glossary. The IIRC should also take cognisance that the level of jurisdiction and regulations surrounding responsibilities of those charged with governance vary across countries, markets, and sectors.

Olaf Brugman, Independent

Yes. Governance is key factor in (sustainable) business performance. Stakeholders should be able to understand who is responsible.

Omair Jamal, Independent

Yes. The application of collective mind is an obvious fact therefore exclusion is supported. It would be a challenge to define "to what extent" the framework is applied. The principles and elements given in the framework are too broad and open for wider range of interpretation, therefore, a crisp identification of the extent to which framework is applied would be difficult.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. We support the proposed simplifications on paragraph 1.20. The revisions will make it easier for those charged with governance in all institutions, irrespective of legislative requirements, to disclose this statement which is important as it provides credibility, accountability and ownership of the integrated report. However, to achieve consistency and avoid confusion, we propose inclusion of clarity – even if in the appendix – on how those charged with governance can evaluate and provide an opinion or conclusion about whether, or the extent to which, the integrated report is presented in accordance with the <IR> Framework. How do they assess the extent?

Paul Hurks, NBA

Undecided. We acknowledge that removing required commentary on collective mind and future plans would simplify the requirement and would alleviate the reporting burden. We would recommend to keep a clear requirement about to what extent <IR> Framework adherence has been achieved.

Penny Gerber, Pick n Pay Stores Limited

Yes. The responsibility statement has been simplified. No impact on Governance and accountability.

Priyanka Mathur, Confederation of Indian Industry Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

Yes. Proposed changes are fine.

Reina Mizuno, Japanese Institute of Certified Public Accountants

Yes. We believe that disclosures on the process followed to prepare the integrated report and the role of those charged with governance would be useful information when assessing the credibility of integrated reports. We support paragraph 1.21, which explicitly states that governance structures of organizations vary among jurisdictions, as it would allow flexible application of the <IR> Framework in accordance with cultural and legal systems of each jurisdiction.

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM No. The removal of the section on integrated thinking does not simplify the elaboration of the report and is not beneficial, as it disconnects the organization's responsibility to disseminate real and consolidated information through integrated thinking. The modification of the flexible stretch to “the extent to which it is in accordance with the Framework” is useful because it opens up opportunities for organizations that are in the process of adopting the Framework that has been started, but not finalized.

Richard Chambers, The Institute of Internal Auditors

Undecided. Paragraph 1.20 is simplified with the removal of the required commentary on the application of a collective mind and plans for a future statement of responsibility. However, it does not go far enough to provide transparency to the audience, because there is no mention of establishing confidence in and credibility for what is included in the integrated report. Internal audit is ideally position to convey both and is routinely tasked with providing assurance to the governing body on all aspects of the organization’s activities. We believe this function is an important addition to the <IR> Framework, and there should be disclosure of the efforts made to provide assurance.

Richard Dale, Newcastle University

Yes. This seems very clear and very sensible.

Richard Martin, ACCA

Yes. We agree that it is important to retain this statement covering both responsibility and extent of compliance with the Framework. This will help stakeholders reading the report have confidence in it and understand the extent of comparability with other reports. Both elements are a pre-requisite for independent assurance over the report. We support the amendments proposed.

Robbie Campo, Cbus Super Fund

Yes. Cbus is supportive of the proposed changes to paragraph 1.20, to encourage additional disclosures which reinforce the statement of responsibility. We suggest that the additional note could be edited slightly to make clear that these additional disclosures are encouraged, rather than required. “We strongly encourage the inclusion of supplementary disclosures to this statement…”

Ron Gruijters, Eumedion

Yes. Generally, we welcome the proposed changes to 1G, but we are undecided as to their effectiveness in terms of actually improving the reporting process by preparers. The adjustments under 1.20 and the rest of 1G, as well as to the glossary, can help to simplify and clarify the various elements therein contained and to lower any barriers therein for adherence to the <IR> Framework by preparers. As we stated in our response to the focus engagement consultation earlier, we do wonder if such clarifications or simplifications will be able to address the root causes of companies remaining vague about (compliance with) the application of the framework. But overall, the proposed changes to 1G and the glossary should provide some additional clarification for preparers; they seem to allow for flexibility for preparers; and they will possibly enable investors to have a more focused discussion with preparers on the application of the <IR> Framework. This can also limit the so-called 'cherry picking' of elements of the <IR> Framework by preparers. Also, we are under the impression that many preparers apply elements of the <IR> Framework to their annual reports, without applying elements of integrating thinking within their organisation. To the extent that the proposed changes to section 1G and the glossary will contribute to encouraging preparers to provide more insight into the process of preparing the report or that they will allow for a basis to discuss such matters with preparers, we also welcome these overall amendments.

Ruchi Bhowmik, EY

Yes. The revised language simplifies the statement of responsibility clearly and allows for preparers to provide the information relevant to their organization in line with the principles-based approach of the framework and in accordance with jurisdictional regulations.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

Yes

Sinem Ozonur, Garanti BBVA

Yes. Improved transparency.

Solange Garcia dos Reis, Universidade de São Paulo

Yes. Collective mind: How is it possible to affirm or verify whether a kind of thinking (holistic, integrated, systemic, collective) was applied? It is not possible as 'collective' is an adjective of the thinking. In the context, it means the skill of managers which can bring quality to the organization and their way of reporting.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Undecided. The proposed adjustments do not simplify the statement of responsibility. It would be better to leave preparers free to choose whether to include this statement and ask them instead to include on a compulsory basis the process-related disclosure. The process-related disclosure could substitute the responsibility statement.

Takayuki Sumita, WICI Global

Yes

Tim Sheehy, The Chartered Governance Institute

Yes. It is well known that in some jurisdictions there are real or perceived conflicts with local regulations and any mechanism that can ameliorate the situation is to be encouraged so that there is as little reluctance as possible by preparers to participate. In addition, it is well known that preparers are confronted with multiple standards and frameworks and again amendments that ameliorates this burden are to be supported.

Toni Lutz, Prosus N.V.

Yes. The simplification does not reduce the governance responsibility, it will however reduce the reporting burden by removal of commentary on collective mind and the need to comment on plans for a future statement of responsibility.

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

No. As a former assurance provider, I have had several discussions in the past with companies that simply put financial information in the same chapter as non-financial information and then stated that they issued an integrated report. Adding "or the extent to which" gives preparers the opportunity to argue that you do not have to meet all requirements to be able to state that you have issued an integrated report. I strongly advise against offering such an option and propose to replace bullet 3 with the current bullet 3 of 1.20.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. We agree that paragraph 1.20 has been simplified by removing the term ´collective mind´ (P2a), a concept that may be difficult to understand. Also, the change reinforces the document's the principle-based approach, by including the possibility for organizations to affirm the extent to which they are aligned with the framework (P2c) - and not just whether aligned or not, in binary form.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. We understand that the ideal would be to keep it as it is, but we also recognize that the concept of "integrated thinking" needs to be better understood. If it is necessary to withdraw due to regulation in some jurisdictions, IIRC should be careful not to reduce the responsibility of management.

Veronica Poole, Deloitte

Yes. We support this proposal. In our response to the Focused Engagement exercise we noted: 'Disclosures from those charged with governance on the role they played in exercising governance and oversight over the preparation and presentation of the report that explains how integrated thinking has been applied by a company is most helpful for users, and can enhance transparency and accountability.' We also noted the value of process-related disclosures.

Vinicius Benevides, Independent

Yes

Yew Kee Ho, Singapore Institute of Technology

Yes. Allows preparers to do partial adoption. However, would the adoption of "the extent to which the integrated report is presented in accordance with the Framework" be a step backward. In the current form, it is a binary response : 0 - Not in accordance to Framework or 1 - in accordance with the Framework. With introduction of 'the extent to which', will it not introduce an element of subjectivity concerning how much is 'the extent'? Even a slight adherence to the <IR> Framework can be deemed as to 'an extent in accordance to the <IR> Framework'. I like to push the "the extent to which" a bit more: Should IIRC take a stronger position that the adherence to Framework would produce informative reports and non-adherence would produce less than informative reports. Then adherence should be binary: informative reports in accordance to <IR> Framework and less than informative reports otherwise. An approach using "the extent to which" is less than optimal. The international accounting standard framework takes the presumption that application of accounting standards will produce true and fair financial statements and that presumption is only rebutted when evidence suggest otherwise. That drives auditing standards which require auditors to state explicitly whether the financial statements are prepared in accordance to the accounting standard as a "Yes" or "No" response and not to "the extent to which ". The challenge will be a matter of timing as if <IR> Framework is still in the adoption phase, a phasing in approach with "the extent to which" may be a justifiable and judicious approach at this juncture.

Zhanna Kazakova, Rosneft

No. 1. It's clear that the statement should be corrected, so it has some widely unknown terminology (ex. collective mind). 2. The responsible person should legally in charge with governance.

Question 2. Does the framing of process disclosures meet the goals of promoting accountability and integrity while still providing flexibility?

Alan Willis, Independent

Yes. I agree with the Basis for Conclusions on p.9 of the Companion Document

Amanda Nuttall, Think Impact Pty Ltd

Yes. Support the proposal to encourage disclosures about process and responsibilities. To further encourage integrity of process and support harmonisation between different frameworks, it would also be useful to support disclosure about any other frameworks and guidance used to develop the report (not to support one framework over another, but to promote transparency in reporting as to the frameworks that have informed the report).

Anant Nadkarni, Advisor Value Creation

Yes. It first gives a choice and also alternatives where legal action covers the issues.

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The framing of process disclosures is a good idea for not only will help meet the goals of promoting accountability and integrity while still providing flexibility but also is expected to provide a clear scope of responsibility among senior management and the highest governing board.

Anne Adrain, ICAS

Undecided. However, we would draw your attention to our response to question 1 and the need for strong governance and robust processes, systems and controls over the methods used to gather and obtain non-financial information. We would also highlight that the current wording may be interpreted as an additional requirement for those charged with governance within the statement of responsibility. Therefore, we suggest that the IIRC revises the wording in paragraph 1.20 to clarify which disclosures are required and which disclosures are voluntary.

April Mackenzie, External Reporting Board (XRB staff views)

Undecided. We are concerned that adding additional disclosures into the <IR> Framework may result in an integrated report no longer being "a concise communication...". However, we note that many organisations may already be required to provide information on governance. For example, composition of boards, roles and responsibilities of board members, committees etc. on their websites or in another report. Where this information is provided elsewhere the ability to cross reference to it could alleviate this concern. We do not support the proposal (P3) to include process disclosures unless these are framed clearly as an encouraged disclosure and the ability to cross-reference to these process disclosures is permitted under the <IR> Framework. We interpret the current framing of process disclosures more as a 'required' than an 'encouraged' disclosure. We recommend that the IIRC reframe paragraph 1.20 to make it clear that the process disclosures are an encouraged disclosure, this may be achieved by amending the current drafting to "Organisations are encouraged to provide supplementary disclosures....". We note that paragraphs 1.16 and 3.38 of the <IR> Framework allow links to more detailed information outside of the integrated report. We recommend that the IIRC make it clear in paragraph 1.20 that organisations can cross reference to process-related information that may be provided on an organisation's website or in another report.

Aranzazu Piñeiro López, REPSOL

Yes. The classes proposed are flexible and an the same time requires an overview of how roles, responsibilities and controls related to the governance of the integrated reporting process are established

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd. Yes. P3 & P4 reinforce the need for the establishment of sound systems for regular, reliable non-financial information. Organisations need to have the same robust internal controls over pre/non-financial information as those in place for financial information with audit trails to enhance the credibility of reports.

Bandile Manyana, Independent Yes. The framing of process disclosures is in keeping with the ethos of a principle-based (as opposed to prescriptive) IR framework. The approach accomodates for diversity of governance environments, processes and protocols.

Barry Cooper, Deakin Integrated Reporting Centre Yes. The process-related disclosures proposed are effective, with the exception of an inconsistency between paragraph 1.17 and the proposed revised paragraph 1.20, and a minor but important wording change ('processes') to the proposed paragraph 1.20. The proposed change to paragraph 1.20 complements and supplements the content-related statement, without prescribing the form / words for the process-related component, and so provides flexibility. As such, the change further supports and adds a further level of depth to the content-related component in terms of accountability and integrity.

Why Proposed Revision to Paragraph 1.20 will be Effective in Australia: In Australia, the revised paragraph 1.20 will be fully aligned with and complementary to the revised Principle 4 and new Recommendation 4.3 of the ASX Corporate Governance Principles and Recommendations, and supporting commentary, which became effective for financial years beginning on or after 1 January 2020: Principle 4: "A listed entity should have appropriate processes to verify the integrity of its corporate reports." Recommendation 4.3: "A listed entity should disclose its process to verify the integrity of any periodic corporate report[48] it releases to the market that is not audited or reviewed by an external auditor." Commentary: "Increasingly, investors are relying on a broader range of periodic corporate reports than audited or reviewed financial statements to inform their investment decisions. This includes an entity's annual directors' reports, quarterly activity reports, quarterly cash flow reports and, in some cases, integrated reports (if prepared as a separate annual report)[49] and sustainability reports. Where a corporate report of this type is not subject to audit or review by an external auditor, it is important that investors understand the process by which the entity has satisfied itself that the report is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. This can be disclosed in the report itself or more generally in the entity's governance disclosures in its annual report or on its website. [48] "Periodic corporate report" is defined in the glossary: an entity's annual directors' report, annual and half yearly financial statements, quarterly activity report, quarterly cash flow report, integrated report, sustainability report, or similar periodic report prepared for the benefit of investors. [49] "Integrated report" has the meaning given in the International <IR> Framework, available online at: www.integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf. The principles of integrated reporting can be used in preparing existing reports, for example, the directors' report or the operating and financial review."

In Australia, typically the <IR> Framework will be used in preparing the Operating & Financial Review (Australia's interpretation of Management Commentary, and the equivalent of Strategic Reports and Management Discussion & Analysis in other jurisdictions) included in the entity's annual Directors' Report for listed entities. Listed entities such as ANZ and NAB use the <IR> Framework in preparing non-statutory 'annual reviews' (effectively integrated reports although not titled as such), which are not captured by the definition of a 'periodic corporate report' contained in Recommendation 4.3. Some non-listed organisations in Australia prepare integrated reports and claim voluntary adoption of ASX Corporate Governance Principles and Recommendations. They will be able to state that they have applied Recommendation 4.3 in terms of the content of their integrated report as well as that their integrated reports are in accordance with the <IR> Framework. It will then remain for organisations to integrate the process-related disclosure proposed in the revised paragraph 1.20, with the 'process to verify the integrity of periodic corporate reports' disclosure required on an 'if not, why not' basis by Recommendation 4.3. Provided that they have a clear and fulsome Basis of Preparation which explains how: • narrative describing 'the business' – the organisation's strategy, risk and opportunity management, resources and relationships (refer italicised footnote below) - has been compiled, and • self-determined metrics not required by financial or standability reporting standards have been identified in terms of their 'fit' to the business and how they have been calculated, they should be able to state that their Operating Financial Review / Annual Review is in accordance with the Framework.

The Exception. However, the proposed revision will still be an impediment to those 'on a journey' to integrated reporting adoption and who are demonstratively committed to full adoption of the Framework. This is because paragraph 1.17 and / or paragraph 1.18 have not been amended in line with the proposed change to paragraph 1.20. Entities who are only partially adopting the <IR> Framework, because they are implementing integrated reporting strategically over a period of years (not because of unavailability of reliable information, specific legal prohibition, or significant competitive harm), are prevented from claiming that their integrated report is 'in accordance with' the Framework. This is in conflict with the spirit of the proposed paragraph 1.20, which states in relation to the statement required by those charged with governance as to their responsibility for an integrated report: "Their opinion or conclusion about whether, or the extent to which, the integrated report is presented in accordance with the Framework." A Basis of Preparation could make clear, for example, that an integrated report is in accordance with the content elements of the Framework, but not all of the guiding principles. It may be that the integrated report in an early year has not yet achieved sufficient conciseness or connectivity, but work is ongoing to ensure that these guiding principles will be met in the near future. Through the Basis of Preparation, readers will be on notice about these report attributes and plans for further development, integrated reporting adoption will be promoted, and the public interest in the Framework will be preserved if the quality of what is reported is intact. Formal recognition of the journey to integrated reporting as the IIRC drives widespread adoption of the Framework continues would reflect today's reality. Few integrated reports today fully adopt the Framework even where they claim to do so in statements from those charged with governance. This is most often because the boundary of the integrated report is not defined as required by paragraph 1.12 ('designated and identifiable'). 'Other information' in terms of International Standards of Auditing and Assurance is not isolated and separated from the integrated report information, and so implicitly the integrated report is the whole report in which integrated reporting information is included (for instance, an entire annual report which may run into hundreds of pages), and will not be concise. Just as it can take time to develop information the inclusion of which will improve the integrated report, it can also take time to exclude information which would not be a concise integrated report. The IIRC should accommodate this journey. Separate identification of each piece of 'other information' would result in clumsy and lengthy Bases of Preparation, statements from those charged with governance, and assurance reports on the integrated report. In our view, it would be preferable to accommodate the journey over a limited period of time for reasons other than the specific exemptions in paragraph 1.17 provided that a clear and fulsome explanation of the plans for and path to remediation is included in the Basis of Preparation required by paragraph 4.40.

The IIRC should define a minimum level of adoption of the <IR> Framework for which it would be acceptable to claim partial adoption of the Framework while the journey continues. For example, this could involving specifying that: • all content elements must be adopted; or • no exclusions to reporting topics identified for inclusion in the integrated report through applying the materiality determination process set out in paragraphs 3.18-3.20 of the proposed Framework revision, and captured in black letter paragraph 3.17, should be permitted. That is, it should not be possible to selectively exclude material reporting topics from the integrated report. We also believe that it would be appropriate for paragraphs 3.17-3.20 of the Framework to be amended to bring them into line with the current draft of extended external reporting guidance from the International Auditing and Assurance Standards Board, where 'materiality' terminology has been reserved for assurance decision making, and the more meaningful term of 'the entity's process to identify reporting topics' has been used. In our view, the proposed paragraph 1.20 is correct in recognising that integrated reporting adoption is a multi-year journey, and recognises the IIRC's strategy of promoting widespread adoption of the Framework. Paragraph 1.18 should be amended to allow evolving application of the Framework to fully align paragraph 1.17 with the revised paragraph 1.20. A time limit for full adoption of the Framework over a three reporting cycle period would be consistent with integrated reporting journeys to date, and also with first time application of International Financial Reporting Standards. Such a transition approach would have similarities to the way in which the transition to

International Financial Reporting Standards occurred. A fixed date was set at the jurisdictional level whereby adopting entities needed to make an unreserved statement of adoption. However, certain exemptions were made in relation to comparative information on the declared adoption date on cost benefit grounds. The approach proposed above is similar in that most organisations are making resource allocation choices as they stage their integrated reporting journeys.

Listed entities using integrated reporting principles with reference to the Framework, as defined in a Basis of Preparation prepared in terms of paragraph 4.40 of the Framework so as to make clear the extent to which the report has been prepared in accordance with the Framework, would be able to state that they have applied Recommendation 4.3 in terms of the content of that corporate report. This approach will be preferable to today's situation where many organisations talk about preparing their integrated reports 'with reference to' the Framework or other similar terms. There is a wide variety in such terms, causing confusion as to what each means as to the extent to which the Framework has been adopted, or will be adopted. It may be appropriate for the next revision of the Framework to revisit this matter based on further progress on adoption of the Framework globally. Reporting on ESG Risks In addition, Recommendation 7.4 of the Fourth Edition of the ASX Corporate Governance Principles and Recommendations relating to the reporting of ESG risks (for example, in relation to climate change and COVID-19) has been aligned with Recommendation 4.3: Recommendation 7.4: A listed entity should disclose whether it has any material exposure[63] to environmental or social risks[64] and, if it does, how it manages or intends to manage those risks." Commentary: To make the disclosures called for under this recommendation does not require a listed entity to publish an "integrated report" or "sustainability report". However an entity that does publish an integrated report in accordance with the International Integrated Reporting Council's International Framework,[66] or a sustainability report in accordance with a recognised international standard,[67] may meet this recommendation simply by cross-referring to that report. [66] See note 49 above [see 49 above under Recommendation 4.3] 67 Such as: • the Global Reporting Initiative's standards, available online at: www.globalreporting.org/standards/gri-standards-download-center /; • the various sustainability accounting standards published by the Sustainability Accounting Standards Board, accessible online from www.sasb.org /; or • the Climate Disclosure Standards Board's Framework for reporting environmental and natural capital, available online at: www.cdsb.net/sites/cdsbnet/files/cdsb_framework_for_reporting_environmental_information_natural_capital.pdf . Organisations will be able to cross-reference to the required Recommendation 7.4 disclosures if included in an integrated report under Recommendation 4.3, without further detail. This will enable such risk disclosures to be made in a strategic business context, re-enforcing a key aspect of the distinctive contribution of integrated reporting ('the business' is at the centre of the integrated report) . We recommend to organisations that the Basis of Preparation in their integrated report include a diagram 'mapping' their corporate reports portfolio, with clear identification of the 'flagship corporate report' (the integrated report), and showing how to navigate to more detailed corporate reports for those stakeholders requiring further detail. Typically, the flagship corporate report would be the Operating & Financial Review (or equivalent for non-listed entities) prepared in accordance with integrated reporting principles. The more detailed reports could include financial reports prepared in accordance with IFRS or US GAAP, and sustainability reports prepared in accordance with GRI or SASB standards or disclosures recommended by the TCFD. Elements in these reports which are material to the organisation's value creation will also be in the integrated report, with a signpost to the relevant sustainability report or information for more detail. It would be useful to cover this area in guidance supplementing the Framework.

Recommended Wording Change. For completeness, the word 'processes' should be added between 'Related' and 'systems' in the proposed revised paragraph 1.20. That is, the first bullet should read " Related processes, systems, procedures and controls. 'Business model' is defined in the Glossary as "An organisation's system of transforming inputs through its business activities into outputs and outcomes ..." "Related systems" in this context refers to systems which automate business activities within business processes, rather than the higher level use of the word "system" at the start of the definition of business model. Footnote to answer to Question 2: For example, innovation, intellectual property, technology, quality of governance and strategic management, customer satisfaction, employee strategic alignment and regulatory engagement. "

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Yes. Disclosures about an organization's reporting process and related responsibilities foster governance bodies to clarify their engagement with integrated reporting during the phases of the integrated report preparation. Albeit process disclosures may vary significantly due to the flexibility allowed to preparers, these disclosures – at least potentially – promote accountability and integrity.

Brad Monterio, Institute of Management Accountants (IMA)

Undecided. Proposal 3 for amending Paragraph 1.20 is confusing. This proposed language is not actionable, it is merely descriptive and suggestive. We concur with IFAC's response. We observe that the proposal is not guidance; it provides "suggestions" for disclosing aspects of an entity's governance and control systems. Today, companies regularly disclose non-financial metrics around Board and management composition, and additional disclosures around governance, accountability, and trust could be beneficial. However, from a preparers' perspective and as a practical matter, the proposed last paragraph appears to require detailed assessment and disclosure of internal systems of financial reporting and sustainable-business reporting in a way that easily goes far beyond current requirements and could run contrary to law. For example, we note that current reporting regulations in the U.S. under Sarbanes-Oxley, which are among the most stringent in the world, do not require external disclosure of systems and processes; they only require management's assessment (and in the case of larger organizations, attestation of this assessment by independent auditors) that the controls over financial reporting are effective. Any disclosure of the actual systems would require significant consultation and input from corporate counsel. We recommend that IIRC perform robust due diligence outreach and consultations with leading legal organizations to determine feasibility before suggesting this disclosure.

Brett Simnett, Radley Yeldar (RY)

Yes

Bronwyn Forsyth, Strategic Advisory and Communications

Yes

Carol Adams, UNDP SDG Impact Team

No. The text in 1.20: "The role of those charged with governance, including relevant committees, in the process of preparing and presenting the integrated report." does not allow for disclosure of governance oversight on an ongoing basis concerning report content elements such as the strategy. See answer to Q1. (From Q1 response: The text in 1.20: "This statement is enhanced by supplementary disclosures on the process to prepare and present the integrated report" (see also second dot point underneath it) gives the impression that the process of report preparation is all that requires governance oversight whereas governance oversight is required on an ongoing basis over the actions that form the content elements of the integrated report. We suggest that this is changed to: "This statement is enhanced by supplementary disclosures on the ongoing governance oversight of the integrated report content elements and the process to prepare and present the integrated report". This could then include, for example: the existence and activities of a board sub-committee which monitors sustainable development risks and opportunities and outcomes for natural capital; the board process for developing strategy.) Such ongoing governance oversight is critical to long term value creation and addressing sustainable development risk and opportunities and impact on achievement of the SDGs.

Carol McAleenan, AngloGold Ashanti Limited

Yes. Process disclosures will enhance transparency and reliability of the report, however too much information explaining process could compromise the conciseness of the report. It may distract from the report focus and the responsibilities of the board/ senior management, and not be beneficial to users.

Charlotte Hugman, World Benchmarking Alliance

Undecided

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes. We do believe that the intended goals are met. However, we also would like to point out our concern that the expectations with regard to the process disclosures could rise too high, causing a considerable disclosure load on the reporting companies and also a potential conflict with the framework-principle of conciseness. Therefore, it would be useful to include a corresponding reference to this principle in para. 1.20.

Christopher Joy, Hong Kong Institute of CPAs

Yes. See comment under Q1. (The proposals are positive but to facilitate Boards confirming that a report is "in accordance with the Framework" it would be helpful to provide a checklist type document for use by preparers rather than a summary of requirements in an appendix to the Framework.)

Cora Olsen, Novo Nordisk

Yes

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA

Yes. CIMA supports this type of disclosure as they provide relevant information, enhance accountability and integrity whilst providing flexibility

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central Yes. We agree that encouraging disclosure of the organisation's reporting process and related responsibilities can contribute to accountability and integrity, without reducing flexibility. Nevertheless, we consider essential that the referent of accountability incorporated be an open and dialogical one. That is one that includes the voices of those actors without power and/or not represented or underrepresented. Financial and non-financial reporting processes have the potential to obscure conflicts and tensions between the organisation and its stakeholders. Therefore, a dialogical approach will promote an adequate public debate around the problematisation of corporate performance and its impacts, as well as its accountability or even a possible social intervention.

Edeltraud Guenther, United Nations University

Yes

Elizabeth Middleton, Independent

No. Accountability should lie with the company and applies to all information distributed from the company to stakeholders. The terminology seems to be more confusing.

Fabio Silva, Eletronorte

Yes

Fay Hoosain, IRC of SA

Yes. • It is important to note that process disclosures, on their own, cannot take the place of accountability for the content, but will serve to assist with credibility. • It is proposed that the revised paragraph 1.20 should clarify the meaning of 'extent' to which preparers are presenting their reports in accordance with the International <IR> Framework (<IR> Framework) and explicitly state that this relaxation is only applicable to first-time or early (say, two years) preparers.

Francesca Flamini, Enel SpA

Yes. The proposal enhance committment and responsibility for the integrated report by requiring disclosure over integrated reporting process

Gail Boucher, Principles for Responsible Investment

Yes

Ganeshkumar Vijayakumar, DQS India

Yes

George Gkouskos, European Reliance General Insurance Company S.A.

Yes

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Yes. We think that the process disclosures surely promote accountability and integrity by presenting data and information flows and key controls.

Graham Terry, Independent

Yes. My only concern is as described above under question 1. (My only concern is that some organisations may provide lengthy descriptions of the processes followed. Maybe the wording could be adapted to encourage disclosure of the material aspects. From discussions, I have been involved in, there have been suggestions that the approval by the governing body should be dated. This makes sense to me as it would provide a basis for identifying which events were known to those charged with governance.)

Graham Gunn, The Saudi Investment Bank

Yes

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes. Please see our response to Q1.

Henry Daubeney, PwC

Yes. Note: see response to question 3 (However, consider further examples and guidance to avoid the emergence of generic statements.)

Huey Jiuan Yan, HELP University

Yes

Ian Kramer, CFO Forum

Yes. Process disclosures will enhance transparency and reliability of the report, however too much information explaining process may distract from the report focus, and the responsibilities of the board/ senior management and not be useful to users.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. The framing of process disclosures meets the goals of promoting accountability and integrity while still promoting flexibility. However, provision of illustrative disclosures to preparers of integrated report is highly recommended to serve as guidance and achieve a level of standardisation and comparability across the various jurisdictions. In addition, we will recommend contextualizing this accountability and integrity to that expected by providers of financial capital whose information needs integrated reporting aims to satisfy. This is to distinguish it with accountability and integrity expected by all providers of capital which may become problematic and a challenge given their various expectations from businesses. Accountability and integrity expected by all providers of capital may conflict making it difficult for those charged with governance to navigate.

Irina Paschke, Kirchhoff Consult AG, Hamburg

No. The responsibility statement (and supplementary information) is considered redundant and therefore should be omitted: Any information provided in the integrated report should be considered based on the joint recognition of the management's responsibility for it. Information regarding the application of the <IR> Framework could be included (...in accordance with...) in the "About this report"-chapter with no reference to the details of the scope.

Ivan Topolya, Independent

Yes. By addressing key requirements in the adjusted paragraph 1.20 in relation to process disclosures, accountability is emphasized by introducing the need for the reporting organization to demonstrate the state and organization of internal controls in preparing and presenting the integrated report. These additional requirements are beneficial for users of the report and the integrated reporting oversight body as well since they provide the opportunity for the organization to conduct a thorough review of systems, procedures, and controls in place aimed to deliver valuable, relevant, and reliable reporting. If the illustration of practices used in presenting integrated reports (see the answer to question 6) would be widely addressed by IIRC, then practitioners would have the option to consider approaches applied globally in delivering their message on the ways the reporting process is set up and governed, while allowing to keep the proposed adjusted paragraph 1.20 in line with the principles-based approach of the <IR> Framework – thus providing flexibility.

Jake Atkinson, Climate Disclosure Standards Board

Yes. The framing certainly provides flexibility, but may not be interpreted as promoting accountability and integrity to a great degree, in this regards the framing could be more explicit in the aims of such disclosures.

Jayantha Nagendran, Smart Media (Pvt) Limited

Undecided. The main benefit of process-related disclosures will be to encourage integrated thinking within the organisation and its operationalisation. That will improve the integrity of the report. Beyond that they will have little value as these 'disclosures' soon become yet another routine appendage which only make a mockery of good governance while adding to the clutter. See our response to question 1.

Jo Cain, Materiality Counts

Yes

Johannes Dumay, Macquarie University

Yes

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Undecided. Please refer our response to Question 1, particularly in relation to the apparent unclean objective expressed in the words of the process disclosure paragraph. With respect to the paragraph commencing "The statement is enhanced...", we query whether this, as an assertion, leaves open the question of what it is that is being enhanced and from whose perspective – the preparer or the reader of an integrated report. The two immediately preceding dot-points are statements from those charged with governance (TCWG) that they have recognised their role and have accordingly formed an opinion. If it is assuming that what is sought is an explanation of how TCWG formed their opinion, we suggest that it might be more efficient to seek a description of the due diligence applied. If, on the other hand, the paragraph is intended to illuminate the understanding of the reader, the text would be better shown as 'grey letter' guidance rather than a blackletter requirement.

Jona Basha, Accountancy Europe

Yes. Accountancy Europe supports process-related disclosures as they provide relevant information, enhance accountability and integrity whilst providing flexibility. Despite the IIRC's intention to allow for such disclosures on a voluntary basis (Basis for Conclusion, proposal 3, bullet point 3), the current wording may be interpreted as an additional requirement to the statement of responsibility from those charged with governance. Therefore, we suggest the IIRC to revise the wording provided in the second paragraph in 1.20 of the <IR> Framework and clarify whether such disclosures are voluntary.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

Yes. Because it is necessary that, whether these disclosures are voluntary or mandatory, the opportunity must be given to manifest them.

Joshua Rayan, Joshua Rayan Communications

Undecided. I think there is improvement, but it can be better. There needs to be stronger linkage of corporate governance.

Juliet Taylor, WBCSD

Undecided. The proposed amendments encourage disclosure about systems, procedures, controls, responsibilities and activities that explain the process for preparing and presenting the integrated report. However, the final paragraph under 1.20 could be made clearer. As it's stated now, it could be interpreted that no statement of responsibility is needed where legally precluded. The way the intention is described in the consultation document companion document is stronger. That is, process-related disclosures are encouraged to supplement the statement of responsibility where it can be given or recommended as an alternative where the statement is precluded by law. To avoid confusion, it would be helpful to clarify the distinction between governance requirements that pertain to (a) the integrity of the integrated report (in paragraph 1.20) and (b) governance requirements that refer to the way those charged with governance must create an "appropriate oversight structure to support the ability of the organization to create value" (see paragraphs 2.22 and Content Element 4B.)

As stated in our response in March 2020, "We do not think that it is possible to specify the exact systems, procedures and controls necessary to prepare an Integrated Report as they will vary between companies".

Karen Koch, Eskom Holdings SOC Ltd

Yes. As stated earlier, provided that the disclosures are voluntary or recommended. (The preference would be to keep the process-related disclosures voluntary, and not make it a requirement, as it could lead to further boilerplate disclosures.)

Kelli Favato, Independent

Yes

Kevin Dancey, International Federation of Accountants (IFAC)

No. The approach taken in paragraph 1.20 is slightly confusing in that the whole paragraph is in bold italics (and therefore also in the appendix - summary of requirements), and as per paragraph 1.17, "Any communication claiming to be an integrated report and referencing the Framework should apply all the requirements in bold italic type" unless one of the exceptions outlined in paragraph 1.17 applies. But the wording that the statement "is enhanced by supplementary disclosures" and that these disclosures "can include, for example" does not suggest that this is a requirement (nor does it appear to be the intent if the goal is to provide flexibility). This part of paragraph 1.20 looks out of place in the appendix – summary of requirements: "This statement 'is enhanced by' supplementary disclosures on the process followed to prepare and present the integrated report. These disclosures 'can include, for example': - Related systems, procedures and controls, including key responsibilities and activities - The role of those charged with governance, including relevant committees, in the process of preparing and presenting the integrated report." All other requirements in the appendix provide clarity as to what report preparers "should" include, not examples of what they "can" include. We suggest that the IIRC makes clearer the distinction between what is a requirement within paragraph 1.20 and what is guidance. For example, we would support making the following a requirement: "An integrated report should include a statement from those charged with governance that includes: - An acknowledgement of their responsibility to ensure the integrity of the integrated report - Their opinion or conclusion about whether, or the extent to which, the integrated report is presented in accordance with the <IR> Framework. - Supplementary disclosures on the process followed to prepare and present the integrated report. Where legal or regulatory requirements preclude a statement of responsibility from those charged with governance, this should be clearly stated. In such cases, process-related information should explain measures taken to ensure the integrity of the integrated report." Then making this the guidance (and therefore not in bold italics and not included in the summary of requirements): "These disclosures can include, for example: - Related systems, procedures and controls, including key responsibilities and activities - The role of those charged with governance, including relevant committees, in the process of preparing and presenting the integrated report." Alternatively, at a minimum, we would suggest not making this part bold italics and removing from the summary of requirements: "This statement is enhanced by supplementary disclosures on the process followed to prepare and present the integrated report. These disclosures can include, for example: - Related systems, procedures and controls, including key responsibilities and activities - The role of those charged with governance, including relevant committees, in the process of preparing and presenting the integrated report."

Leda Romero, Kellun

Yes. It allows the company to describe which other standard they may be using.

Lisa Martin, Sustainz Business Solutions Limited

Yes. • Removing commentary on plans for a future statement of responsibility may not be applicable to all (given legal compliance expectations). The proposed new paragraph acknowledges that legal or regulatory requirements may preclude a statement of responsibility (thereby acknowledging the requirement for flexibility), but sets the clear explanation that process-related information should explain measures taken to ensure the integrity of the IR. In my view, this statement strikes an appropriate balance. From Q1: Proposed additional content substantially informs requirements, and reflects a more principles-based approach.

Loshni Naidoo, SAICA

Yes. • Disclosing processes should provide context that will give readers a better understanding and perspective of the reporting organisation. • However, the concern is balancing the principle of conciseness and the volume of disclosure as a result of the additional process disclosures that will be included. Reporters should ensure that their supplementary disclosures are not lengthy.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Undecided. We do consider that the framing of process disclosures does help to promote accountability and integrity, while also providing flexibility. However, in line with our comments made with respect to question 1, we consider that the requirement to include process disclosures should be relocated within paragraph 1.20. We also consider that the examples of process disclosures (and other non-mandatory material) should be appropriately formatted. In addition to this, we suggest the IIRC consider providing some guidance around the quantum of information expected to be provided by organisations when making process disclosures. (From Q1 response: the section covering process includes both a statement requiring disclosure of process and examples of what could be included. Additionally, the entire section is formatted in bold italics which means that the entirety of this content is mandatory. We recommend that process disclosure is included as a third bullet point for inclusion in the statement from those charged with governance. There also needs to be much clearer distinction between the mandatory elements and non-mandatory elements (ie. examples) of the process disclosure through appropriate text formatting. The last part of paragraph 1.20 ('where legal or regulatory ...' etc.) suggest that process disclosures are required regardless of the inclusion a statement of responsibility. We suggest this could be more simply achieved through requiring the proposed three bullet points for the statement from those charged with governance on an 'if not, why not' basis. Where situations, such as that anticipated in the final paragraph of 1.20, would represent a basis for not including the first bullet point of the statement. In our opinion, paragraphs 1.21 and 1.22 lack a clear connection to the relevant parts in paragraph 1.20. We suggest this could be addressed by making clear references in paragraphs 1.21 and 1.22 to the parts of paragraph 1.20 that are being supplemented, ie. the statement by those charged with governance. The statement of responsibility is now just one component of the broader statement.)

From Q1 response: We do not consider that the adjustments made simplify the statement of responsibility in an effective way. We agree with the requirement for an acknowledgment of responsibility, the opinion / conclusion (regarding the extent to which the report is presented in accordance with the Framework), and process disclosures. However, we consider these requirements could be presented in a simpler, more effective manner. For example, the section covering process includes both a statement requiring disclosure of process and examples of what could be included. Additionally, the entire section is formatted in bold italics which means that the entirety of this content is mandatory. We recommend that process disclosure is included as a third bullet point for inclusion in the statement from those charged with governance. There also needs to be much clearer distinction between the mandatory elements and non-mandatory elements (ie. examples) of the process disclosure through appropriate text formatting. The last part of paragraph 1.20 ('where legal or regulatory ...' etc.) suggest that process disclosures are required regardless of the inclusion a statement of responsibility. We suggest this could be more simply achieved through requiring the proposed three bullet points for the statement from those charged with governance on an 'if not, why not' basis. Where situations, such as that anticipated in the final paragraph of 1.20, would represent a basis for not including the first bullet point of the statement. In our opinion, paragraphs 1.21 and 1.22 lack a clear connection to the relevant parts in paragraph 1.20. We suggest this could be addressed by making clear references in paragraphs 1.21 and 1.22 to the parts of paragraph 1.20 that are being supplemented, ie. the statement by those charged with governance. The statement of responsibility is now just one component of the broader statement.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

Undecided

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

Undecided. In our view, the introduction of the disclosures around the process of preparing an integrated report is likely to result in boilerplate and are unlikely to be informative.

Mark Hucklesby, Grant Thornton International Limited

Yes. Every organization looking to apply the <IR> Framework is unique, and our view is the <IR> Framework should reflect what makes each reporting entity unique against a backdrop of accountability, integrity, comparability and transparency. We also agree focus should be given to disclosures under the following headings noted in the updated <IR> Framework, namely: • related systems, procedures and controls, including key responsibilities and activities, and • the role of those charged with governance, including relevant committees, in the process of preparing and presenting the integrated report

Martin Fryer, Mercury NZ Limited

Yes. The current framing of process disclosures allows for flexibility.

Milan van Wyk, University of Johannesburg

Yes. We are in agreement with the proposed changes. The added disclosures should provide for more rigour in reporting. Currently there is significant diversity across disclosures in practice. The supplement should result in more consistent disclosures across entities. The revisions should however take care not to advocate for overly lengthy disclosures.

Monique Pattillo, Calvert Research and Management

Yes. The additional disclosure adds context and transparency around a company's alignment with the <IR> Framework.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

No. This proposal requires ‘disclosure of process followed to prepare and present the integrated report’. The proposal falls short of making the requirement to communicate the essence of this disclosure which according to the Companion Document is to report on involvement of senior management and the governing body in the reporting process among others. The paragraph proposing the disclosures gives related systems and role of those charged with governance only as examples. While these examples do give guidance to the preparers as to the direction they should take in making the disclosures, the primary purpose of the disclosures should be asserted in the paragraph. Perhaps a second sentence is required before introduction of the examples to explain the purpose of the disclosures.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes. Sharing the process followed by the organisation will enhance the integrity of the information supplied - when the reader has an overview of the process followed it will support transparency and build trust

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes

Nick Ridehalgh, Australian Business Reporting Leaders Forum

No. There appears to be an inconsistency between paragraph 1.17 and the proposed revised paragraph 1.20. The proposed change to paragraph 1.20 supports the content-related ‘accountability and integrity’ statement, without prescribing required narrative for the process-related component, thereby providing some flexibility. However, the proposed revision does not support those organisations that are on a ‘journey’ towards integrated reporting adoption. This is because paragraphs 1.17 and 1.18 have not been updated to reflect the proposed change and flexibility allowed in the revised paragraph 1.20. Entities who have decided to move towards full adoption of the Framework over a period of years are prevented under the current paragraphs 1.17 and 1.18 from claiming partial adoption of the Framework or adoption with exceptions for strategic reasons other than those regarding legal probihition etc. There are many organisations globally who are taking this 'journey' approach. Developing the integrated report over a number of years and explaining each year 'the extent to which' their integrated report has been prepared 'in accordance with' the Framework is not identified as an allowable exemption. This appears to be in conflict with the changes made to paragraph 1.20. The IIRC should define a minimum level of adoption of the Framework for which it would be acceptable to claim partial adoption of the Framework whilst on the journey. There should also continue to be a time limit (i.e. 3 years) for the planned journey and organisations should be required to explain their proposed plan and timeline towards full adoption.

Nimet Vural, Independent

Yes. Because it shows an alternative recommendation

Nowmitta Jahanzaib, ICMAP

Yes. The consultation draft fully encompasses the related disclosures for processes and related responsibilities for achieving integrity and accountability.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

Yes. We agree with the proposal to insert a statement of responsibility. However, where legal or regulatory requirements preclude inclusion of such a statement, the <IR> Framework should be clear how preparers and reviewers should operate in such an environment.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

Undecided. It should be considered whether the words "it is enhanced" should be replaced with "can be enhanced" as they may imply that it is a requirement rather than an encouragement to disclose the process followed to prepare and present the integrated report. Some preparers have responded that they find the term "integrity" in relation to the integrated report may have differing interpretation and that some guidance on that matter would be helpful. For example, there should be clarification whether integrity refers to the ethical compass, reliability, consistency, transparency and honesty, and whether it also refers to the connectivity of different elements within the report and completeness of the report.

Omair Jamal, Independent

Yes. The Consultative Draft now does not have the option to omit the statement, rightly, because this option was not in accordance with the core principles of any corporate reporting.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. The process disclosures meets the goals of promoting accountability and integrity while providing flexibility. Such supplementary disclosures would provide context and enable any user of the integrated report to gain a better understanding on the thinking and processes applied by the organization to prepare the report. It will also provide appropriate information required to assure integrated reports.

Paul Hurks, NBA

Yes. We agree with the proposal in general. We would recommend to refrain from mentioning examples in the <IR> Framework itself.

Penny Gerber, Pick n Pay Stores Limited

Yes. Process disclosure could increase transparency and therefore promote accountability and credibility - but only up to a point. Disclosure should be concise and relevant. Too much peripheral information could obfuscate or distract, or merely create an additional reporting burden for preparers, without additional value for users.

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

Yes. It is important to ensure that the supplementary disclosures should not be lengthy.

Reina Mizuno, Japanese Institute of Certified Public Accountants

Yes. The proposal aligns with the idea of recognizing variations in governance structures and processes for corporate reporting. On the other hand, we understand that the reporting process involving those charged with governance is still evolving, and different organizations could have so many different practices. Accordingly, we believe it is in the best interest not only for users of the report to understand what kind of systems and processes are implemented by an organization, but also for other organizations who can learn from precedents, thereby contributing to the overall development of corporate reporting practice. We suggest that the <IR> Framework encourages preparers to describe features of their reporting process with concrete explanation to avoid boilerplate narrative.

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

Yes. The included item on the declaration of responsibility is effective, as it presents the role of the person in charge, the process of preparing and presenting the IR and allows the inclusion of information such as systems used and activities.

Richard Chambers, The Institute of Internal Auditors

Undecided. Accountability and integrity require transparency. This section needs to include the role internal audit plays throughout the organization, providing assurance on data collection processes and on the reliability of data used in the report.   The statement referenced in Paragraph 1.20 from "those charged with governance" acknowledges their "responsibility to ensure the integrity of the integrated report." Paragraph 1.20 goes on to say: "This statement is enhanced by supplementary disclosures on the process followed to prepare and present the integrated report. These disclosures can include, for example: • "Related systems, procedures and controls, including key responsibilities and activities • "The role of those charged with governance, including relevant committees, in the process of preparing and presenting the integrated report." We believe this is an opportunity to modernize the Framework by specifically describing the role of internal audit as an integral part of effective governance and a major contributor to the improvement of disclosure reporting by assuring the accuracy and completeness of information for the governing body. Internal audit provides a tool for organizations to share information that has been verified and to build trust.   "

Richard Dale, Newcastle University

Yes. This seems very clear and very sensible. There is a risk of this directly impacting on the conciseness concept which report preparers will need to address as some of the processes are necessarily complex.

Richard Martin, ACCA

Yes. Process disclosures may be a helpful supplement to the statement of responsibility and better support assurance activities. However, care should be taken to not add excessive length to the report. The <IR> Framework should therefore encourage them but the wording of 1.20 needs to make their voluntary status clearer and for example the phrase "is enhanced" might be better replaced by "can be enhanced". We accept that where there are legal or other restrictions on providing the statement of responsibility then process disclosures should be provided as the next best thing.

Robbie Campo, Cbus Super Fund

Yes. We strongly support the proposed approach to use process disclosures to meet the goals of promoting accountability and integrity. In our experience these are an effective scaffolding to achieve accountability, integrity and mature an organisation's approach to integrated thinking and reporting. From Q1 response: We suggest that the additional note could be edited slightly to make clear that these additional disclosures are encouraged, rather than required. "We strongly encourage the inclusion of supplementary disclosures to this statement…"

Ron Gruijters, Eumedion

Yes. For Q2-Q5, we refer to our answer to Q1. It applies to all of the proposed amendments to section 1G and glossary as addressed by Q1 to Q5. (To the extent that the proposed changes to section 1G and the glossary will contribute to encouraging preparers to provide more insight into the process of preparing the report or that they will allow for a basis to discuss such matters with preparers, we also welcome these overall amendments.)

Ruchi Bhowmik, EY

Yes. Given the <IR> Framework takes a principles-based approach, categorizing the process-related disclosures into two classes is appropriate. Preparers have the ability to expand upon this disclosure as needed to address the particular circumstances.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

Yes. We agree that providing disclosures on an organisation's reporting processes and related responsibilities for the preparation of an integrated report can provide helpful information. Indeed, understanding who is responsible for the integrated report can, in itself, provide a clear indication of its significance within the organisation. Expanding the <IR> Framework to cover disclosure of processes and responsibilities might also encourage organisations to consider the appropriateness of their existing processes and responsibilities which would be a positive outcome. However, this type of information will most likely need to be provided at a high-level and, as result, there is a risk of boilerplate disclosures. In our view, the key element of this disclosure is to understand which individuals within the organisation have ultimate responsibility for the integrated report. Additional information regarding processes/general responsibilities for the production of the report might then be located elsewhere, with a cross reference to this standing information within the report.

Sinem Ozonur, Garanti BBVA

Yes. The proposal supports the guidance role of the <IR> Framework.

Solange Garcia dos Reis, Universidade de São Paulo

Yes. Process-related disclosure can provide important internal information on the integrated reporting procedures, keeping the intention to report and respecting the maturity stage of each organization.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Yes. But the difference between 'approval' and 'responsibility' of the integrated report should be kept distinct and better explained in the <IR> Framework. The framing of process disclosures could potentially help SMEs in better structuring their reporting process, also in view of the assurance of the report. From an investor viewpoint, it is important to know who holds the accountability for integrated reporting.

It would be better to leave preparers free to choose whether to include this statement and ask them instead to include on a compulsory basis the process-related disclosure. The process-related disclosure could substitute the responsibility statement."

Takayuki Sumita, WICI Global

Yes

Tim Sheehy, The Chartered Governance Institute

Yes

Toni Lutz, Prosus N.V.

Undecided. More industry specific guidance required across all sectors.

Umair Khan, MCB Bank Limited

No. Requirement paragraphs should not include words or requirements like 'can include'.

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Yes. The supplement to the statement of responsibility is now considered as encouraged. I would not frame it as such in the final proposal, but present it as a necessary enhancement to the statement of responsibility. In the text it does not read as an option but as a necessary enhancement.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC) Yes. The maintenance of the declaration of responsibility, optionally supplemented by process-related disclosures, helps to promote accountability, transparency, and the proper responsibility of the governance agents involved with the reporting. It also promotes the flexibility and universalization of the <IR> Framework, recognizing that some jurisdictions preclude the statement of responsibility. In such cases, disclosures on the reporting process are the recommended alternative.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. There was a tendency of agreement for the option of flexibility and the appreciation of business maturity.

Veronica Poole, Deloitte

Yes. We support this proposal. The framing in the proposal is consistent with the recommendation in our response to the Focused Engagement exercise.

Vinicius Benevides, Independent

Yes

Yew Kee Ho, Singapore Institute of Technology

Yes

Zhanna Kazakova, Rosneft

Yes

Question 3. Does the Consultation Draft strike an appropriate balance between maintaining a principles-based approach and usefully informing preparer considerations?

Alan Willis, Independent

Yes. I agree with the Basis for Conclusions on p.9 of the Companion Document

Amanda Nuttall, Think Impact Pty Ltd

Yes

Anant Nadkarni, Advisor Value Creation

Yes. The aspect of governance brought in is critical and helpful.

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The Consultation Draft strikes the balance as to a large extent it avoids providing contradicting requirements such as that of avoiding specifically mentioning the name of the process that should be followed by an entity to prepare and present the integrated report.

Anne Adrain, ICAS

No. We fully support the principles-based approach, but we believe the principles should explicitly recognise: a) the relationship between sustainable development risks and opportunities and long-term value creation; and b) impact on achievement of the SDGs. This approach is addressed in the three fundamental concepts in the SDGD Recommendations (Adams et al, 2020), published by the IIRC and others, and may be a helpful source of reference. https://www.icas.com/__data/assets/pdf_file/0007/531709/ICAS5045_SDGD_Recommendations_A4_22pp_AW3-1.pdf

April Mackenzie, External Reporting Board (XRB staff views)

Undecided. We do not support the proposal (P3) to include process disclosures unless these are framed clearly as an encouraged disclosure and the ability to cross-reference to these process disclosures is permitted under the <IR> Framework. Subject to the comment above, we agree with the proposal (P4) for the simple categorisation in paragraph 1.20.

Aranzazu Piñeiro López, REPSOL

Yes

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

Yes. I believe this will provide the impetus necessary for organisations to invest in building robust non-financial information systems with reliable audit trails. It will also support assurance, risk management and identifying material matters.

Bandile Manyana, Independent

Yes. The two categories of process disclosures provide sufficient scope for operational and oversight activities.

Barry Cooper, Deakin Integrated Reporting Centre

Yes. The Consultation Draft strikes an appropriate balance between maintaining a principles-based approach and usefully informing preparer considerations. The <IR> Framework retains its: • integrated thinking foundation (better business practice) – a key distinguishing feature of the <IR> Framework compared to all other reporting frameworks in existence today. Reporting on The Business – its strategy, risks and opportunities, resources and relationships, governance and business model - is at the heart of integrated reporting. Integrated reporting is the intellectual anchor point for integrated thinking, and an integrated report provides a window into the quality of the organisation's integrated thinking; • basis on three fundamental concepts - it is a conceptual framework, a further distinguishing feature of the Framework. As stated in the June 2020 feedback paper on the Accountancy Europe paper, 'Interconnected Standard Setting for Corporate Reporting', it is now well accepted that the <IR> Framework is at least the starting point for the conceptual framework for connected corporate reporting; • guiding principles and content elements reflecting integrated thinking and the conceptual framework which drive the preparation of an integrated report through black letter requirements – accordingly, the <IR> Framework retains its principles-based character; and • other mandatory requirements, which mean that the boundary of and responsibility for the integrated report are clear when the integrated report is included within another document or is named something other than an 'integrated report'. That is, the <IR> Framework is not only a 'principles-based' approach. It also has standards defining the report boundary and content, and provides a basis for self-determining narrative to describe the business (could be diagrams, pictures and graphs as well as words) and metrics reflecting the individual organisation's business. These matters are critical underpinnings for a global approach to integrated reporting assurance, and are central to the Deakin University submission to the International Auditing and Assurance Standards Board on its Extended External Reporting Assurance Consultation Paper.

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Yes. We believe that process-related disclosures do not jeopardise the principles-based approach of the IIRC Framework. On the opposite, we believe that a detailed explanation of the processes followed to prepare and approve the integrated reports at various corporate levels would improve stakeholders' understanding of the preparers' engagement with integrated reporting and enhance the overall accountability of the organization.

Brad Monterio, Institute of Management Accountants (IMA)

Undecided. We agree that <IR> is most effective by utilizing a principles-based approach. However, there is a difference between broad conceptual statements and principles-based standards. We observe that <IR>, including the proposed amendments, applies these interchangeably, leading to confusion and a lack of actionable guidance.

Brett Simnett, Radley Yeldar (RY)

Yes

Bronwyn Forsyth, Strategic Advisory and Communications

Yes

Carol Adams, UNDP SDG Impact Team

No. We fully support the principles-based approach, but we believe the principles should explicitly recognize: a) the relationship between sustainable development risks and opportunities and long-term value creation and b) impact on achievement of the SDGs. The three fundamental concepts in the SDGD Recommendations (Adams et al, 2020) that were published by the IIRC and others would address this. Further, given the desire of the IIRC for the <IR> Framework to be an umbrella framework for corporate reporting, it should reference other frameworks that can 'usefully inform preparer considerations'.

Carol McAleenan, AngloGold Ashanti Limited

Yes. Overall the draft assists in informing the preparer by communicating considerations and possible changes.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes

Christopher Joy, Hong Kong Institute of CPAs

Yes. We support a principles based approach. Preparers would be further helped by aligning requirements of the Framework and other reporting standards e.g. GRI, SASB.

Cora Olsen, Novo Nordisk

Yes

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA

Yes. CIMA supports providing additional disclosures on the two key areas identified. Such disclosures will provide information on preparers' considerations in preparing the integrated report which is the principle aim of integrated reporting. We believe that such disclosures help foster the principle of integrated thinking which is one of the key aims in this type of reporting

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

Yes

Edeltraud Guenther, United Nations University

Yes

Elizabeth Middleton, Independent

No. Wouldn't it be more explanatory that certain information came from certain departments rather than specific people. Again in the UK the board is responsible for all disclosures of corporate information and IR is the same corporate information. Trying to give examples can be off putting to some users as they may exclude some items that they don't think follow your examples, but under their own steam may have included.

Fabio Silva, Eletronorte

Yes

Fay Hoosain, IRC of SA

Yes. The IIRC Technical Team and Framework Panel are commended on a well-considered process disclosures supplementation.

Francesca Flamini, Enel SpA

Yes. The proposal enhance responsibility and committment for integrated report with general requirement, i.e. maintaining its principle based approach

Gail Boucher, Principles for Responsible Investment

Undecided. The absence of comparable, standardised information from companies is one of the most common concerns with the existing reporting guidelines. Companies and other issuers report using differing standards and KPIs, which makes investor analysis difficult and time consuming.

George Gkouskos, European Reliance General Insurance Company S.A.

Yes

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Yes. The principles-based approach is maintained. However, we believe it would be appropriate to provide more examples, which are useful for preparers.

Graham Terry, Independent

Yes

Graham Terry, The South African Institute of Chartered Accountants - Cape Town Discussion Group

Undecided. The specific wording was not discussed.

Graham Gunn, The Saudi Investment Bank

Yes

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes. It is good that the framework follows a principle-based approach and avoids duplicating other frameworks developed by organizations like GRI.

Henry Daubeney, PwC

Yes. However, consider further examples and guidance to avoid the emergence of generic statements.

Huey Jiuan Yan, HELP University

Yes. Allows for substance over form on disclosure of integrated governance

Ian Kramer, CFO Forum

Undecided. The framework requires the supplementary documents and FAQ's to achieve the balance.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. We are of the opinion that the Consultation draft strikes a balance between maintaining a principle-based approach and usefully informing preparer considerations. Whether this balance is appropriate is a different consideration when one considers that jurisdictional variations may call for different levels of balance in this situation. Striking appropriate balance between maintaining a principle – based approach and usefully informing preparer consideration may be challenged by the incentives for preparers which may vary from jurisdiction to jurisdiction. We therefore recommend that IIRC should, on this question, aim at striking "a balance" rather than "appropriate balance"

Irina Paschke, Kirchhoff Consult AG, Hamburg

Yes

Ivan Topolya, Independent

Yes. If the illustration of practices used in presenting integrated reports (see the answer to question 6) would be widely addressed by IIRC, then practitioners would have the option to consider approaches applied globally in delivering their message on the ways the reporting the process is set up and governed while allowing to keep the proposed adjusted paragraph 1.20 in line with the principles-based approach of the Framework – thus striking an appropriate balance.

J Robert Gibson, Hong Kong University of Science and Technology

Undecided. It is good that the framework follows a principle-based approach and avoids duplicating the Topic definition work done by organisations such as GRI and SASB. Divergence between the framework's principles and those of the other reporting standards make it difficult to for reporters to report to a high quality against both. They also make it more difficult to interpret their reports.

Jake Atkinson, Climate Disclosure Standards Board

Yes. The two sets of example disclosures cover the key areas that report users would be interested in understanding for an annual report. However, that the Framework should be more explicit in naming the systems, procedures and controls around the mainstream report as where connections should be made.

Jayantha Nagendran, Smart Media (Pvt) Limited

Yes. Agree as long as those charged with governance take responsibility for the integrity of the report as stated in the first two bullets of paragraph 1.20.

Jo Cain, Materiality Counts

Yes. Good to see less focus on the statement of responsibility from those charged with governance (TCWG) in a literal sense and more focus on: - Processes for IR development. - Including roles of TCWG on Committees. - Extension to detail the extent to which the <IR> Framework has been applied.

Johannes Dumay, Macquarie University

No. Probably more confusing if not becoming pedantic about who is responsible. It is simply a top-down framework.

John Gill, CPA (Australia) retired

Undecided

John Purcell, CPA Australia

Yes. Our general observation across the broad span and construct of the Consultation Draft, is that this characteristic has been maintained.

Jona Basha, Accountancy Europe

Yes. Accountancy Europe supports providing additional disclosures on the two key areas identified: (1) related systems, procedures and controls, including key responsibilities and reporting activities and (2) the role of those charged with governance in the reporting process. Such disclosures would provide useful information on preparers' considerations in preparing the integrated report.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

Yes. Because in our opinion the framework provided by the Consultation Draft does not go too deep into the preparer's considerations, so that in some way the balance can be achieved.

Joshua Rayan, Joshua Rayan Communications

Yes. The changes made are making things clearer for reporters.

Juliet Taylor, WBCSD

Yes. The companion document explains that proposed "process and related responsibilities" changes to paragraph 1.20 refer only to related systems, processes and controls and the role of those charged with governance in order to conform with the principles-based approach. In other words, the lack of prescription about the type of systems, procedures etc. that should be used or the role of those charged with governance is consistent with a principles-based approach.

Karen Koch, Eskom Holdings SOC Ltd

Yes. The guidance is sufficient, while covering the principles. As stated earlier, mandatory disclosures would be strongly discouraged

Kelli Favato, Independent

Yes

Kevin Dancey, International Federation of Accountants (IFAC)

No. We understand and support the intent to strike an appropriate balance between maintaining a principles-based approach and usefully informing preparer considerations. We also have no objections to the proposed text around the inclusion of process-related information, including the role of those charged with governance in the process of preparing and presenting the integrated report. However, as per our response to question 2, we suggest that the IIRC make clearer the distinction between what in paragraph 1.20 is a requirement and what is guidance.

Leda Romero, Kellun

Undecided

Lisa Martin, Sustainz Business Solutions Limited

Yes. • Removing subsequent bullet points requiring explanation of roles, steps to include statements in future reports and specific timeframes aligns more appropriately with the principles-based approach of the <IR> Framework. • Replacing this with provision to include 'supplementary disclosures' places greater emphasis on the systems, procedures, controls and responsibilities that will ultimately deliver robust integrated thinking and reporting. The guidance provided in these proposed new statements is more targeted and relevant.

Loshni Naidoo, SAICA

Yes. Overall, it does overall assist in informing the preparer by communicating considerations and possible changes.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Yes. We support the intent to strike an appropriate balance between maintaining a principles-based approach and usefully informing preparer considerations. However, in line with our responses to the previous questions, we recommend that the IIRC consider clarifying the part of paragraph 1.20 that is a requirement (compared with guidance).

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

Yes

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

No. The content of the additional process disclosures in paragraph 1.20 overlaps with some of the information that would be found in a corporate governance report. This raises the broader question of the purpose and scope of the integrated report e.g. are the aims intended to be similar to those of the Strategic Report in the UK or the IASB's Management Commentary or is it intended to be a report that combines all the key elements of information that are typically found in the front-end of annual reports (strategic report and corporate governance report). In our view, the Strategic Report and the Corporate Governance report whilst related have distinct purposes e.g. one provides management's view on the development, performance, position and future prospects of the company whereas the other provides information about a company's oversight and accountability functions. We urge the IIRC to consider this as it will help determine disclosure content.

Mark Hucklesby, Grant Thornton International Limited

Yes. As noted in the supporting materials, extending the Glossary's definition of "those charged with governance" to include management and adding two new paragraphs to Section 1G (addressing the responsibility for an integrated report) to recognize variations in governance models, in our opinion is appropriate. After a period of time the sufficiency of this guidance may need to be reassessed, but for the time being we believe what has been reflected in the updated Framework is appropriate.

Martin Fryer, Mercury NZ Limited

Yes

Milan van Wyk, University of Johannesburg

Yes. We do however believe that more rigour could be provided to ensure more comparability within industries and companies within certain industries.

Monique Pattillo, Calvert Research and Management

Yes. The option to provide disclosure beyond the guidance is helpful for those organizations whose disclosures do not fit neatly into the two broad classes.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. The Consultation Draft does strike an appropriate balance between maintaining a principles-based approach and usefully informing preparer considerations. However, the Draft should ensure to include at a minimum the purpose of a particular disclosure prior to giving examples. This approach will help preparers appreciate the reasoning behind the disclosure and not to use the examples as a checklist of what's required to be disclosed.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes. In the absence of an audit opinion for the integrated report, stating this information will firm up the responsibility of the report and also explain the extent to which the information presented are in accordance with the <IR> Framework. Companies with a more robust process will be able to explain key systems and processes used and this will be helpful information for readers and other preparers of integrated reports.

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes

Nick Ridehalgh, Australian Business Reporting Leaders Forum

Yes

Nimet Vural, Independent

Undecided. What if a necessary question is not available in FAQ section. So, details are more important. Everything should be taken into consideration.

Nowmitta Jahanzaib, ICMAP

Yes. Based on the feedback received from the market it adequately guides the preparer of Integrated Report to disclose the related systems and procedures and the role of those charged with governance in line with principal based approach combined with flexibility for variations existing in different organisations culturally.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

Undecided. The Framework is a principle-based framework. Despite the two suggested disclosure points included in Paragraph 1.20 are commonly used, the inclusion of the two suggested disclosure points under Paragraph 1.20 of the Framework may suggest that they are obligatory to the users of the Framework. In view of this, we recommend the examples to be included in a 'guidance' to the Framework. If the two suggested disclosures are meant to be mandatory disclosures to support the statement of responsibility, we would suggest to re-phrase these disclosures instead of terming them as 'examples' for clarity.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

Yes. A certain level of balance is achieved. Where relevant, references can be made to international guidelines/framework to further guide the preparer of the integrated report.

Omair Jamal, Independent

Yes

Patrick Kabuya, Africa Integrated Reporting Council

Yes. The Consultation draft strikes a balance between maintaining a principle-based approach and usefully informing preparer consideration. This maintain the overall approach of the <IR> Framework, being principle-based. From Q3 response: However, there is need to review positioning of the examples included under Proposal 4: should the examples be included in this section or in an illustrative example? We are of the view that presenting the examples in this section may limit the preparers as they may only consider these two examples. Instead, we propose that the <IR> Framework stipulate the principles that those charged with governance should consider in determining processes that they should disclose. Specific examples including those in P4 should be included in an illustrative example which should be published by IIRC.

Paul Hurks, NBA

Yes. Please see also our answer in Q2. (We would recommend to refrain from mentioning examples in the <IR> Framework itself.)

Penny Gerber, Pick n Pay Stores Limited

Undecided. There is the risk that additional disclosures become more cumbersome and burdensome for preparers - without adding significant value to users.

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

Yes

Reina Mizuno, Japanese Institute of Certified Public Accountants

Undecided

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

Undecided

Richard Chambers, The Institute of Internal Auditors

Undecided. It would be useful to include principles of good governance, and specify that the head of audit provides integrated assurance to the organization. The global International Professional Practices Framework (IPPF) specifies that the head of audit should share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and to minimize duplication of efforts.

From Q1 response: Paragraph 1.20... does not go far enough to provide transparency to the audience, because there is no mention of establishing confidence in and credibility for what is included in the integrated report. Internal audit is ideally position to convey both and is routinely tasked with providing assurance to the governing body on all aspects of the organization's activities. We believe this function is an important addition to the <IR> Framework, and there should be disclosure of the efforts made to provide assurance.

Richard Dale, Newcastle University

Yes. There is a complex balance here between promoting wider adoption and losing the principles on which <IR> was inspired. Overall, I think you have got a good balance here but would caution beyond moving any further away from the underlying principles.

Richard Martin, ACCA

Yes. The guidance provided in the Framework itself is at an appropriate level and FAQ's would be a suitable supplement. The FAQ's could for example helpfully address the issues around the Framework and requirements on those charged with governance coming from national legislation.

Robbie Campo, Cbus Super Fund

Yes. We are supportive of the approach proposed in terms of defining those charged with governance to include management in the Glossary, although note that currently, the Cbus board provides oversight of the preparation of our Annual Integrated Report including the statement of responsibility.

Ron Gruijters, Eumedion

Yes. For Q2-Q5, we refer to our answer to Q1. It applies to all of the proposed amendments to section 1G and glossary as addressed by Q1 to Q5. From Q1 response: Generally, we welcome the proposed changes to 1G, but we are undecided as to their effectiveness in terms of actually improving the reporting process by preparers. The adjustments under 1.20 and the rest of 1G, as well as to the glossary, can help to simplify and clarify the various elements therein contained and to lower any barriers therein for adherence to the <IR> Framework by preparers. As we stated in our response to the focus engagement consultation earlier, we do wonder if such clarifications or simplifications will be able to address the root causes of companies remaining vague about (compliance with) the application of the framework. But overall, the proposed changes to 1G and the glossary should provide some additional clarification for preparers; they seem to allow for flexibility for preparers; and they will possibly enable investors to have a more focused discussion with preparers on the application of the <IR> Framework. This can also limit the so-called 'cherry picking' of elements of the <IR> Framework by preparers. Also, we are under the impression that many preparers apply elements of the <IR> Framework to their annual reports, without applying elements of integrating thinking within their organisation. To the extent that the proposed changes to section 1G and the glossary will contribute to encouraging preparers to provide more insight into the process of preparing the report or that they will allow for a basis to discuss such matters with preparers, we also welcome these overall amendments.

Ruchi Bhowmik, EY

Yes. The revised <IR> Framework provides more concise and descriptive language for preparers when drafting an integrated report without becoming overly burdensome in process or prescriptive. Preparers can provide more detail if needed for any component of the report. From Q2 response: Given the <IR> Framework takes a principles-based approach, categorizing the process-related disclosures into two classes is appropriate. Preparers have the ability to expand upon this disclosure as needed to address the particular circumstances.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

Yes

Sinem Ozonur, Garanti BBVA

Yes. Balance with an improved clarity.

Solange Garcia dos Reis, Universidade de São Paulo

Yes. Categorization and a few more details can help organizations to report without taking away the principled nature of <IR>.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Yes. But the proposed revisions should be fine-tuned taking account of the suggestions provided here. From Q2 response: It would be better to leave preparers free to choose whether to include this statement and ask them instead to include on a compulsory basis the process-related disclosure. The process-related disclosure could substitute the responsibility statement.

Takayuki Sumita, WICI Global

Yes

Tim Sheehy, The Chartered Governance Institute

Yes. The current wording for 1.20, in particular the last three dot-points, can be seen as prescriptive. The proposed new wording remains principle-based whilst at the same time providing guidance that recognises constraints that may exist in various jurisdictions.

Toni Lutz, Prosus N.V.

Undecided. More industry specific guidance required across all sectors.

Umair Khan, MCB Bank Limited

No. Requirement paragraphs should not include words or requirements like 'can include'. No discussion on external assurance practices to ensure integrity of reports.

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Yes. Proposal 4 makes it possible to enhance on the process followed to prepare the integrated report, while sufficient freedom is given to decide on the appropriate form of disclosure.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. In line with the principle-based approach, the suggested changes may facilitate the preparation of the document, by providing more objective directions on the provision of complementary information.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. The majority opted for the withdrawal, if no declaration of responsibility is included. It is worth mentioning that these items contribute to the awareness of integrated thinking.

Veronica Poole, Deloitte

Yes

Vinicius Benevides, Independent

Undecided

Yew Kee Ho, Singapore Institute of Technology Yes. The Consultative Draft advocates a best practice approach rather than mandatory or prescriptive approach.

Zhanna Kazakova, Rosneft

Yes

Question 4. Does the Glossary sufficiently clarify the potential inclusion of management personnel in the scope of those charged with governance?

Alan Willis, Independent

Yes. I agree with the Basis for Conclusions on p.10 of the Companion Document

Amanda Nuttall, Think Impact Pty Ltd

Undecided. Think this is still ambiguous. In many instances, those charged with overseeing the process will be management (possibly delegated by a board), and those 'charged with governance' i.e. the board, will ultimately sign-off and hold accountability for the disclosure, but have a limited role in report development. The definition needs to respond to the practical implementation of reporting as delegated to management rather than modifying the definition of governance to include management.

Anant Nadkarni, Advisor Value Creation

Yes. Variations in governance models help customize and extend reach.

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The glossary sufficiently clarify the potential inclusion of management personnel in the scope of those charged with governance, the inclusion will definitely make applicability of the definition cut across various entities residing in different jurisdictions.

Anne Adrain, ICAS

Yes. We support the inclusion of the additional text.

April Mackenzie, External Reporting Board (XRB staff views)

Yes. We agree with the proposal (P5) to extend the definition of 'Those charged with governance' in the glossary. This amendment will allow flexibility based on circumstances. We suggest that a not-for-profit entity also be included i.e. "....governance board of a private or public sector or not-for-profit entity, or an owner-manager".

Aranzazu Piñeiro López, REPSOL

Yes

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

No. The previous para was clearer, placing responsibility with the highest decision making body. P5 may leave a way out for the Board to interpret it in a wider sense. As practitioners, we are now making headway in engaging Boards and the change may undermine that.

Bandile Manyana, Independent

Yes

Barry Cooper, Deakin Integrated Reporting Centre

Yes

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Undecided. The possibility to delegate to "management personnel" (Glossary, point 17) seems to weaken the accountability of top corporate governance bodies and their full engagement in sustainability-related issues. It can be argued that the same corporate governance bodies that are charged with approving the financial annual report should be also charged with approving the integrated report (in the case it is published as a separate report).

Brad Monterio, Institute of Management Accountants (IMA)

Yes. We understand that the proposed text is in line with the International Audit and Assurance Standards Board's definition of "those charged with governance." IMA supports definitional changes that harmonize with other generally accepted corporate reporting and auditing standards.

Brett Simnett, Radley Yeldar (RY)

Yes. It is sufficient

Bronwyn Forsyth, Strategic Advisory and Communications

No. The revised wording may suggest that management and not the governing body assumes accountability for the integrated report.

Carol Adams, UNDP SDG Impact Team

Yes. However, the sentence in para 17 on page 34 "This includes overseeing the reporting process." should be expanded to "This includes ongoing oversight of the matters covered by the <IR> Framework content elements and overseeing the reporting process."

Carol McAleenan, AngloGold Ashanti Limited

Undecided. The revised wording might imply that management assumes accountability for the integrated report. The glossary should clarify that the board is ultimately responsible/accountable for the report.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes. Referring to our comments made regarding question 1, we think that "overseeing the integrated reporting process" incorporates integrated thinking in an outstanding way. We consider the inclusion of management personal in the scope of "those charged with governance" as very useful, as it confirms that IR is part and an outcome of the integrated thinking of corporate management that needs to be applied at all management levels within an organization. However, we would like to point out that many companies, even those that have been dealing with the concept of IR for many years, are not yet as far advanced in implementing and cascading down integrated thinking to different levels and areas of management.

Christopher Joy, Hong Kong Institute of CPAs

Yes

Cora Olsen, Novo Nordisk

Yes

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA

Yes

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

Yes

Edeltraud Guenther, United Nations University

Yes

Elizabeth Middleton, Independent

Undecided. Will everyone who prepares information for the IR actually no that it will be included in there. For example a large accounts department could have someone who collects information on a certain topic for its manager and its managers passes it on. The accountant actually prepared the info but their manager will accept responsibility? As with all type of financial and non financial information it is prepared by the company that the board is ultimately responsible for and not specific manager or committees. People always think you only want to know this information in case something goes wrong so someone can get blamed!

Fabio Silva, Eletronorte

Yes. but more terms need to be inserted

Fay Hoosain, IRC of SA

No. • The revised wording in the Glossary (17) may be read to suggest that management and not the governing body assumes the ultimate accountability for the preparation, oversight and presentation of the integrated report. • Although management may be responsible for the preparation of the integrated report, the oversight and accountability clearly remains that of the governing body.

Francesca Flamini, Enel SpA

Yes. By including management personnel in the definition and by providing further examples, the proposal helps to better identify "those charged with governance"

Gail Boucher, Principles for Responsible Investment

Yes

George Gkouskos, European Reliance General Insurance Company S.A.

Yes

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

No. The Draft <IR> Framework uses the same definition as ISA 260. ISA 260 also provides the definition of "management", that is not included in the Draft. As a consequence, the Draft is not clear as to those cases in which the inclusion of management personnel in the scope of those charged with the governance is necessary. We suggest that the Glossary of the Draft should also provide the ISA 260 definition of "management".

Graham Terry, Independent

No. My concern is that the revised wording can be interpreted to allow management in all jurisdictions to assume accountability for the oversight and presentation of the integrated report. Clearly this is not the intention. I have seen some comments that suggest that management should also provide assurance about the integrated report, but I believe that would be inappropriate as the responsibility should be placed with the governance board and it would apply whatever processes it deems fit. It may include such assertions as part of the process disclosures.

Graham Terry, The South African Institute of Chartered Accountants - Cape Town Discussion Group

Yes

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes

Henry Daubeney, PwC

Yes. Definitions of those charged with governance will be well established in individual jurisdictions. We welcome closer alignment with ISA 260.

Huey Jiuan Yan, HELP University

Yes

Ian Kramer, CFO Forum

Undecided. The revised wording might be misinterpreted to imply that management assumes accountability for the integrated report. This should be clarified to state that the governing body or the board is ultimately responsible/ accountable for the report.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. In our own opinion, the glossary sufficiently clarifies the potential inclusion of management personnel in the scope of those charged with governance. This is because it is members of the board that may be considered as those charged with governance. However, jurisdictional differences may mean that it is top management that is charged with such responsibility. We are therefore of the view that all jurisdictional variations when it comes to governance have been accommodated in the glossary, given that integrated reporting aims to satisfy the information needs of providers of financial capital.

Irina Paschke, Kirchhoff Consult AG, Hamburg

Yes

Ivan Topolya, Independent

Yes. The adjusted Glossary item 17 provides additional and clear guidance on the potential inclusion of management personnel in the scope of those charged with governance. However, assuming the introduction of paragraphs 1.21 and 1.22, there might be some confusion on the issue of designating the party that is responsible for overall integrated reporting oversight. The inclusion intent shall not be interpreted in such a way that it would provide for delegation of accountability options and substitute exemplified board of directors with the executives of the organization alone. Thus, for the intent of the Framework to be maintained through the revised document, a clear and explicit cross-reference shall be made between the adjusted item 17 and the introduced paragraph 1.22 which in the combined fashion would propose to consider those charged with governance as the highest oversight or decision making body with responsibility for setting and overseeing the strategic direction of and organization and its obligations with respect to accountability and stewardship (e.g. the board of directors, a corporate trustee) among members of which management personnel of the organization may be present (e.g. executive members of a governance board of a private or public sector entity, or an owner-manager).

J Robert Gibson, Hong Kong University of Science and Technology

Yes

Jake Atkinson, Climate Disclosure Standards Board

Yes. The amendments to the glossary do clarify the role of management personnel in the scope of governance, but the definition could have been amended more thoroughly so as to make it more streamlined.

Jayantha Nagendran, Smart Media (Pvt) Limited

No. Clarity is required on what the role of the highest oversight or decision-making body would be in this context. The Glossary seems to dilute what is said in paragraphs 1.20 – 1.22.

Jo Cain, Materiality Counts

Yes. The glossary makes it clear that TCWG can include management but this may not address the issue. Many of us using the <IR> Framework know and understand TCWG to primarily be the Board of Directors, although this varies from jurisdiction-to-jurisdiction. We would not typically reference the glossary for terms that we currently use day-to-day. Hence, if this change is important, it would benefit from being in the main body of the text rather than the glossary.

Johannes Dumay, Macquarie University

Yes. But really does it matter. It depends on the organisation. Again, becoming too pedantic.

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Yes. The inclusion in the Glossary of reference to management personnel, often in some standards preceded with the work “key”, adequately addresses both the notion of delegated responsibility and the wide variety of management structures that operate both between, and within, national jurisdictions. We note that this matter is addressed in the second of the two sentences of proposed additions to para. 17 of the Glossary. Therefore, we thus query the rationale and potential impact of the preceding sentence: “This includes overseeing the integrated reporting process.” As a definition, this elaboration on the existing words is arguably unnecessary, and indeed, may be at odds with the second of the two dot-points in para. 1.20 which expands on matters of oversight to include that of forming and expressing an opinion.

Jona Basha, Accountancy Europe

Yes. Accountancy Europe welcomes the proposals in the Glossary in “those charged with governance” and supports that it is aligned with the definition as per International Standard on Auditing (ISA) 260. Note: ISA 260, paragraph 10, as issued by the International Audit and Assurance Standards Board (IAASB): Those charged with governance – The person(s) or organization(s) (e.g., a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, those charged with governance may include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

Yes. We agree, since the definition of TCWG is practically similar to that shown in the Glossary of International Standards on Auditing, which are widely accepted.

Joshua Rayan, Joshua Rayan Communications

Yes

Juliet Taylor, WBCSD

Yes. We particularly support adoption of language and concepts from related frameworks, guidance etc., including reference to alignment with the IAASB Handbook definition and ISA 260.

Karen Koch, Eskom Holdings SOC Ltd

Yes. The additional guidance is clear

Kelli Favato, Independent

Yes

Kevin Dancey, International Federation of Accountants (IFAC)

Yes. We support the proposed text, which is in line with the International Audit and Assurance Standards Board's definition of those charged with governance.

Leda Romero, Kellun

Yes. The new explanation makes the potential inclusion of management personnel more evident.

Lisa Martin, Sustainz Business Solutions Limited

Yes. Provides clarity around the explicit role of management personnel, clearly providing specific examples (e.g. executive members of a governance board of a private or public sector entity, or an owner-operator), which reflect differences in size and ownership characteristics, also captures public and private sectors.

Loshni Naidoo, SAICA

Yes. • Recommend that reporters specify or define 'who those charged with governance' are, including roles and responsibilities, as this may not be readily apparent to readers who do not know the organisation. For example, within the South African local government level, there may be an overlap in roles of the council and the municipal manager. • This will also provide readers with a better understanding of the distinction between the Board and management in terms of their roles and responsibilities.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Yes. We consider that the Glossary sufficiently clarifies this potential inclusion and allows for a broad interpretation to ensure that all organisational models are covered.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

No. I would state: executive/management functions

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

No. We consider that the Glossary should be more explicit in differentiating between a unitary board and a two-tier board structure. We also recommend that the IIRC should consider an alternative term to 'management personnel' to clarify that the intent is that this would be the highest level of the executive in the organisation such as the executive committee.

Mark Hucklesby, Grant Thornton International Limited

Yes. We believe the amended definition in the Glossary is a definite improvement. The additional sentence that has been put into the Framework is helpful, but we would like to see reference to not only public sector entities, but also to not-for-profit entities, as we view them differently from public sector organisations, notwithstanding they have many similar operating characteristics.

Martin Fryer, Mercury NZ Limited

Yes

Milan van Wyk, University of Johannesburg

No. The revised wording in some instances leaves too much room for interpretation. In the glossary, item 17 suggests that management and not the governing body assume accountability for the oversight and presentation of the integrated report. The board should still take overall accountability to for the preparation of the integrated report. We suggest that the definition be amended to provide clarification. appropriate possible solution may be to specify that in some jurisdictions the governing body may include some members of management.

Monique Pattillo, Calvert Research and Management

Yes. The new definition is clear and concise.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. The definition clarifies any ambiguity that could have been created in some quarters. From our point of view, the current definition is sufficient.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes. Definition sufficiently expanded

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes. Though the potential inclusion of management personnel in the scope of those charged with governance has been adequately covered, I suggest making the following change in Glossary Item 17. As the responsibility of those charged with governance covers the following two dimensions: 1. Ensuring the integrity of the integrated report; and 2. Overseeing the integrated reporting process. The definition covers only one dimension (overseeing the integrated reporting process) and not the other (ensuring the integrity of IR). So I suggest: Either to: - delete the second sentence, as the responsibility of those charged with governance has already been covered under paragraph 1.20 and item 17 of glossary provides the definition of those charged with governance; Or add a sentence covering responsibility towards ensuring the integrity of IR

Nick Ridehalgh, Australian Business Reporting Leaders Forum

Yes

Nimet Vural, Independent

Undecided. Definitions should be always clear and certain. If ''Those charged with governance'' is not certain, responsibilities may not be shared by the executives. Being certain built trust and sustainability.

Nowmitta Jahanzaib, ICMAP

Yes. The glossary sufficiently explains the inclusion of management personnel in the scope of those charged with governance and it also guides the preparer for variations in governance models.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

No. We disagree on the inclusion of management personnel in the scope of those charged with governance (“TCWG”) as we are of the view that Directors have overall responsibility of a Company instead of management personnel as defined under the Malaysian Companies Act.

Nurmazilah Dato’ Mahzan, Malaysian Institute of Accountants

Yes. However, in view of different interpretation of those charged with governance, it is expedient to require a description of the composition of those charged with governance to provide clarity to the reader of the integrated report.

Omair Jamal, Independent

Yes. The definition now completely adopts the International Standards of Auditing.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. We support the additional clarity in the Glossary for potential inclusion of management personnel in the scope of those charged with governance. The additional inclusion aligns with definition of those charged with governance in the International Standards of Auditing. The Glossary - Item 17 provides 2 examples of those charged with governance – the board of directors or a corporate trustee. Since the <IR> Framework is intended to apply in all sectors, we propose inclusion of similar terminology that is applicable in the public sector e.g. Municipal Council, the Accounting Authority, to mention a few.

Paul Hurks, NBA

Yes

Penny Gerber, Pick n Pay Stores Limited

Yes. Agreed - this is a useful inclusion

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

No. The revised wording in the glossary (item 17) may be interpreted to suggest that management and not the governing body assume accountability for the oversight and presentation of the integrated report. We suggest that the wording be amended to address this. It may be appropriate to say that in some jurisdictions the governing body may include some members of management.

Reina Mizuno, Japanese Institute of Certified Public Accountants

Undecided. We support including executives in addition to non-executive directors in the scope of those charged with governance. However, we suggest adding an explanation as to why “owner-manager” is included in those charged with governance, given that an owner-manager generally falls into the category of either an executive or non-executive board of director. For example, if owner-manager needs to be included in the scope of those charged with governance in addition to governance board based on an assumption that a governance model could take place where an owner also serves as management personnel in such company, it should be clearly stated so in the <IR> Framework.

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

Undecided

Richard Chambers, The Institute of Internal Auditors

No. To clarify the phrase "those charged with governance," we believe it is important to shift to discussing "a system of effective governance." Clarification in this way will improve the Framework by introducing the concept that a system of effective governance includes the critical roles played by the governing body, executive management, and an independent internal audit function. Governance is strongest when these three roles are performing their responsibilities effectively and are sufficiently aligned. Grounding the Framework in The IIA's Three Lines Model of governance — accountability, actions (including managing risk), and assurance, all aligned — is most effective and widely recognized.

Richard Dale, Newcastle University

Yes. I think this is a sensible approach.

Richard Martin, ACCA

Yes. It is important that the Framework in using the term maintains consistency with audit standards where it is also employed.

Robbie Campo, Cbus Super Fund

Yes. We are supportive of the approach proposed in terms of defining those charged with governance to include management in the Glossary, although note that currently, the Cbus board provides oversight of the preparation of our Annual Integrated Report including the statement of responsibility.

Ron Gruijters, Eumedion

Yes. For Q2-Q5, we refer to our answer to Q1. It applies to all of the proposed amendments to section 1G and glossary as addressed by Q1 to Q5. From Q1 response: But overall, the proposed changes to 1G and the glossary should provide some additional clarification for preparers; they seem to allow for flexibility for preparers; and they will possibly enable investors to have a more focused discussion with preparers on the application of the <IR> Framework.

Ruchi Bhowmik, EY

Yes. The inclusion of management in the definition and the focus on governance and process in the framework help clarify what is meant by the term those charged with governance.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

No. We do not believe that the changes to the Glossary helpfully clarify the scope of those charged with governance. We note that the additional text is broadly consistent with ISA 260 – Communication with those charged with governance. In our view, a better approach might be to leave the Glossary term for 'Those charged with governance' unchanged and to include a footnote referring to ISA 260 for further clarification. We also believe the addition to paragraph 1.22 which states that an organisation should 'consider the intent of paragraph 1.20, which is to promote the integrity of the integrated report through the commitment of the highest oversight or decision-making body' provides a helpful clarification of how to determine those charged with governance, without the need for the proposed changes to the Glossary.

Sinem Ozonur, Garanti BBVA

Yes. Enables a wide scope and promotes integrity.

Solange Garcia dos Reis, Universidade de São Paulo

Yes. The definition is more comprehensive to include different types of governance. It is important to consider administrative personnel as it can to induce engagement and integration in several directions.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Undecided. Item 17 (Glossary) seems to admit a delegation to management for <IR> preparation, thus weakening (with a risk of delegitimization) the indications of para. 1.22. There is a need for equal recognition in terms of governance between the approval of <IR> and that of financial statements. In other terms, the body that approves the annual financial report should be the same approving the <IR>.

Takayuki Sumita, WICI Global

Yes

Tim Sheehy, The Chartered Governance Institute

Yes. The current wording specifically mentions the board of directors or corporate trustees but stops there. The new wording extends the definition of those charged with governance to management. It is the view of The Chartered Governance Institute that whilst the board has primary responsibility to set the governance culture of an organisation, management and in particular senior management has a significant responsibility as well.

Toni Lutz, Prosus N.V.

Yes

Umair Khan, MCB Bank Limited

Undecided

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Yes. The definition in the Glossary is clear.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. Executive management' is a governance body in many jurisdictions - therefore, the inclusion in the glossary (those charged with governance) is positive. However, we suggest replacing the term "management personnel" with "executive management", emphasizing that we're referring to the top management team (not considering the board of directors). This is in line with paragraph 1.22, which makes it clear that the high level of governance is responsible for <IR>.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes to the inclusion. It complements the application of integrated thinking in a practical way.

Veronica Poole, Deloitte

No. We support the idea of including a definition such as the one included here. However, we recommend that the IIRC clarify that the ultimate oversight responsibility lies with the highest governing body in the organisation (see also Q5). We also suggest inclusion of the source reference.

Vinicius Benevides, Independent

Yes

Yew Kee Ho, Singapore Institute of Technology

Yes. It is a good extension.

Zhanna Kazakova, Rosneft

Yes

Question 5. Do paragraphs 1.21 and 1.22 sufficiently recognize variations in governance models?

Alan Willis, Independent

Yes

Amanda Nuttall, Think Impact Pty Ltd Undecided. Whilst variations in governance models are acknowledged, descriptions are overly complex and the order of delivery confusing. The delivery should focus on responsibility of the highest oversight or decision-making body first and foremost. It is not stated clearly that only one of the bodies need to provide a statement of responsibility.

Anant Nadkarni, Advisor Value Creation

Yes

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The paragraphs sufficiently recognize variations in governance models as this will help removing contradictions in jurisdictions were two-tier governance structure is applicable.

Anne Adrain, ICAS

Yes

April Mackenzie, External Reporting Board (XRB staff views)

Yes. We support the proposal (P6) to clarify governance structures, and consider that the inclusion of two-tier boards will assist with decision making around the responsibility for the integrated report within an organisation where this scenario occurs. We support the principle-based nature of paragraph 1.22 by considering the intent of paragraph 1.20 to determine the responsibility for the integrity of the integrated report.

Aranzazu Piñeiro López, REPSOL

Yes

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

Yes

Bandile Manyana, Independent

Undecided

Barry Cooper, Deakin Integrated Reporting Centre

Yes

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Yes. We agree with Proposal 6. However, we suggest changing the sentence “In the absence of a universal model, the organization” into “Due to the existence of different governance models, each organization ...”. Furthermore, we think that there is a need for consistency between the different paragraphs, for example: - 1.22 "through the commitment of the highest oversight or decision-making body" with indications of para. 1:20; - Proposal 4 mentions "relevant committees" which does not appear in Item 17 of the Glossary.

Brad Monterio, Institute of Management Accountants (IMA)

Undecided. The proposed text in paragraphs 1.21 and 1.22 is unnecessary background information. It does not provide actionable guidance, but we have no objection.

Brett Simnett, Radley Yeldar (RY)

No

Bronwyn Forsyth, Strategic Advisory and Communications

Undecided

Carol Adams, UNDP SDG Impact Team

Yes

Carol McAleenan, AngloGold Ashanti Limited

Yes

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes

Christopher Joy, Hong Kong Institute of CPAs

Yes

Cora Olsen, Novo Nordisk

Yes

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA

Yes. CIMA agrees that the clarifications on variations of governance models are comprehensive. This is necessary as governance models vary internationally and the updated framework should reflect this fact. The change will help identify those charged with governance for the purposes of compliance with the <IR> Framework.

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

Yes. We consider this clarification essential due to the diversity of organisational forms that exist in the world. In particular, in emerging economies.

Edeltraud Guenther, United Nations University

Yes

Elizabeth Middleton, Independent

Undecided. As I have previously stated why is there a need to specifically tie someone to the report. Financial statements are prepared by the company and just signed by director for true and fair view etc. The IR should fall under the same responsibility. This will cut down the red tape and the need for more and more information from the companies that doesn’t necessarily tell you anything.

Fabio Silva, Eletronorte

Yes

Fay Hoosain, IRC of SA

Undecided

Francesca Flamini, Enel SpA

Yes. The proposal introduce an helpful guidance on how to identify those responsible for the integrated report in both "two-tier governance models" and "universal governance models"

Gail Boucher, Principles for Responsible Investment

Yes

George Gkouskos, European Reliance General Insurance Company S.A.

Yes

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Yes. In our opinion paragraphs 1.21. and 1.22 sufficiently recognize variations in governance models. However, we suggest to complete paragraph 1.21 by adding the following sentence at the end: “For some entities in some jurisdictions, those charged with governance are responsible for approving the entity’s integrated report. In other cases, management has this responsibility. In some further cases (in particular in respect of small entities), there is an element of overlap between management and those charged with governance."

Graham Terry, Independent

Undecided. I am concerned that the wording would allow the delegation of the oversight of the integrated report to management. I believe that the responsibility needs to be placed with highest decision-making or oversight body in all governance models.

Graham Terry, The South African Institute of Chartered Accountants - Cape Town Discussion Group

Undecided

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes

Henry Daubeney, PwC

Yes

Huey Jiuan Yan, HELP University

Yes

Ian Kramer, CFO Forum

Yes

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. We are of the opinion that paragraphs 1.21 and 1.22 do sufficiently recognize variations in governance models. Given that governance structures vary as a function of jurisdictional, cultural and legal context, and size and ownership characteristics, this response is predicated upon an understanding that integrated reporting objectives is to provide information that meets the needs of providers of financial capitals and not all provider of capitals.

Irina Paschke, Kirchhoff Consult AG, Hamburg

Yes

Ivan Topolya, Independent

Yes

J Robert Gibson, Hong Kong University of Science and Technology

Yes

Jake Atkinson, Climate Disclosure Standards Board

Yes. Paragraph 1.21 is fine and recognises the key differences that do exist. Paragraph 1.22, however, was found to be confusing, for example on what is meant by a 'universal governance model', this paragraph should be reworded to ensure clarity.

Jayantha Nagendran, Smart Media (Pvt) Limited

Yes

Jo Cain, Materiality Counts

No

Johannes Dumay, Macquarie University

Yes. But why was it needed? Was it preventing anyone from issuing an integrated report?

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Yes. Whilst responding YES to this question our response is, to a degree, qualified. Firstly, it is not clear that para. 1.21 appears sufficiently linked to para. 1.20. Its purpose is obscure and arguably contains needless detail. Secondly, we believe that para. 1.22 contradicts, or at minimum confuses, the purpose of the second dot-point of para. 1.20. To elaborate, para. 1.22 expresses an intent around promoting integrity of the report, whereas the referred second dot-point deals with expression of an opinion – in legalistic terms of a 'holding out' a factual situation upon which others may rely.

Jona Basha, Accountancy Europe

Yes. Accountancy Europe agrees that the clarifications on variations of governance models are comprehensive; including having one-tier or two-tier boards, or even the absence of a governance model will help identify "those charged with governance" for the purposes of issuing the statement of compliance with the <IR> Framework.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

Yes. We agree, but from a semantic point of view, more than "variations", we should speak of types of government models.

Joshua Rayan, Joshua Rayan Communications

Yes

Juliet Taylor, WBCSD

Yes. It might be worth including a cross-reference to paragraph 1.14 of the <IR> Framework. In particular, where an integrated report is prepared in response to existing compliance requirements, the governance model pertaining to those requirements will, by definition, apply.

Karen Koch, Eskom Holdings SOC Ltd

Yes. The guidance is clear and reiterates the overall intention of the statement of responsibility

Kelli Favato, Independent

No

Kevin Dancey, International Federation of Accountants (IFAC)

Yes. We support the proposed text.

Leda Romero, Kellun

Yes

Lisa Martin, Sustainz Business Solutions Limited

Yes. • Clear recognition that governance structures vary as a function of jurisdiction, cultural and legal context, and size and ownership characteristics. • Illustrates specific examples (specific reference to single-tier and two-tier board governance models), and in the absence of a universal governance model, suggests integrity through the commitment of the highest oversight or decision-making body. The example also clarifies that for two-tier boards, only one body is expected to provide the statement of responsibility. Therefore, provides clarity, but sufficient flexibility and inclusiveness to reflect diverse governance structures.

Loshni Naidoo, SAICA

Yes. Recommend that reporters specify or define 'who those charged with governance' are, including roles and responsibilities, as this may not be readily apparent to readers who do not know the organisation. For example, within the South African local government level, there may be an overlap in roles of the council and that of the municipal manager. This will also provide readers with a better understanding of the distinction between the Board and management in terms of their roles and responsibilities. Reporters to indicate the differentiation that the Board approves and management implements.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Yes. We consider that paragraphs 1.21 and 1.22 sufficiently recognize variations in governance models and allow for a broad interpretation to ensure that all types of models are covered. However, as noted in our response to Question 1, we consider clarification is needed to better illustrate the connection between these paragraphs and the relevant requirement within paragraph 1.20 – for example by using the same terminology.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

Yes

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

Yes

Martin Fryer, Mercury NZ Limited

Yes

Milan van Wyk, University of Johannesburg

Yes. We agree with the amendments. However, paragraph 1.21 can imply that in a two-tiered model the responsibility for oversight can be delegated to management. The responsibility could be shared to provide different levels of assurance, but the responsibility should not be delegate to management only.

Monique Pattillo, Calvert Research and Management

Undecided

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. Paragraph 1.21 acknowledges difference in governance structures. However, the last sentence fails to provide more guidance since it refers to 'oversight of the preparation and presentation of the integrated report'. We propose the sentence to be adjusted by referring to oversight over strategic direction of the organisation. This adjustment will be in line with the intention of the paragraph and paragraph 1.22.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes. In the last sentence of paragraph 1.21 replace the phrase "is ordinarily" with "should preferably be" to make it consistent with the tone of language used in the framework.

Nick Ridehalgh, Australian Business Reporting Leaders Forum

Yes

Nimet Vural, Independent

Undecided

Nowmitta Jahanzaib, ICMAP

Yes

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

Yes

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

Yes. It is necessary to recognise the distinction in governance models in different jurisdictions and legal context.

Omair Jamal, Independent

Undecided. We do not see any value addition in the explanation.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. Paragraphs 1.21 and 1.22 do sufficiently recognize variations in governance models that exist in different jurisdictions. In respect to Q1-5, we propose preparation of illustrative examples that would benefit those charged with governance and preparers of integrated report. IIRC would determine where best to publish such illustrative examples.

Paul Hurks, NBA

Yes

Penny Gerber, Pick n Pay Stores Limited

Yes. Preparers are adequately guided to identify "those charged with governance" - each organisation will have the necessary flexibility to assign accountability in a manner most relevant to their business / organisational structure

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

Undecided

Reina Mizuno, Japanese Institute of Certified Public Accountants

Undecided. We recommend rewording "commitment of the highest oversight or decision-making body" in paragraph 1.22 to "commitment of the highest oversight and/or decision-making body," provided that oversight function is not always separated from the decision-making body. In addition, certain governance model is accepted under the Companies Act of Japan, where the "Audit and Supervisory Board" is responsible for auditing the board of directors and the operation of business. Under this governance structure, the Audit and Supervisory Board is responsible for the auditing part of the overall oversight function, and it is expected that both board of directors and the Audit and Supervisory Board work together to oversee the top management of the company. That said, we highly recommend a sentence should be inserted in the <IR> Framework, stating that there are cases where multiple bodies are jointly responsible for the oversight function.

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

Yes. It opens the opportunity for organizations with different governance models, from different jurisdictions, cultural and legal contexts to adapt to the <IR> Framework.

Richard Chambers, The Institute of Internal Auditors

Undecided

Richard Dale, Newcastle University

Yes

Richard Martin, ACCA

Yes

Robbie Campo, Cbus Super Fund

Yes. Cbus believes that paragraphs 1.21 and 1.22 sufficiently recognise variations in governance models.

Ron Gruijters, Eumedion

Yes. For Q2-Q5, we refer to our answer to Q1. It applies to all of the proposed amendments to section 1G and glossary as addressed by Q1 to Q5. From Q1 response: The adjustments under 1.20 and the rest of 1G, as well as to the glossary, can help to simplify and clarify the various elements therein contained and to lower any barriers therein for adherence to the <IR> Framework by preparers. As we stated in our response to the focus engagement consultation earlier, we do wonder if such clarifications or simplifications will be able to address the root causes of companies remaining vague about (compliance with) the application of the framework. But overall, the proposed changes to 1G and the glossary should provide some additional clarification for preparers; they seem to allow for flexibility for preparers; and they will possibly enable investors to have a more focused discussion with preparers on the application of the <IR> Framework. This can also limit the so-called 'cherry picking' of elements of the <IR> Framework by preparers. Also, we are under the impression that many preparers apply elements of the <IR> Framework to their annual reports, without applying elements of integrating thinking within their organisation. To the extent that the proposed changes to section 1G and the glossary will contribute to encouraging preparers to provide more insight into the process of preparing the report or that they will allow for a basis to discuss such matters with preparers, we also welcome these overall amendments.

Ruchi Bhowmik, EY

Yes. Adopting the language used by the Task Force on Climate Related Financial Disclosures (TCFD) with regard to governance could further assist in defining terms and help align the framework with TCFD for more widespread IR reporting.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

Yes. While we have answered ‘yes’ to this question, we believe that the final sentence of paragraph 1.21, which states that ‘In the case of two tier boards, the statement of responsibility is ordinarily provided by the body responsible for overseeing the preparation and presentation of the integrated report’ is at odds with the principle outlined in paragraph 1.22, which states that ‘In the absence of a universal governance model, the organization should consider the intent of paragraph 1.20, which is to promote the integrity of the integrated report through the commitment of the highest oversight or decision-making body.’ To avoid confusion, we suggest that the final sentence of paragraph 1.21 is deleted.

Sinem Ozonur, Garanti BBVA

Yes. It provides clarification and inclusiveness.

Solange Garcia dos Reis, Universidade de São Paulo

Yes. The paragraphs clarify who is responsible for the statement of responsibility.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Undecided. In para. 1.22, the phrase "In the absence of a universal model ..." can generate possible misunderstandings. Perhaps it would be more useful to express this concept in positive terms, e.g. "In presence of different governance models ...". Para. 1.22 risks creating more confusion than help.

Takayuki Sumita, WICI Global

Yes

Tim Sheehy, The Chartered Governance Institute

Yes

Toni Lutz, Prosus N.V.

Yes

Umair Khan, MCB Bank Limited

Yes

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Yes

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. We recognize the diversity of corporate governance systems in the world and we believe that paragraphs 1.21 and 1.22 allow for flexibility that embraces this diversity - including clarifying the attribution of responsibility when preparing reports.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes

Veronica Poole, Deloitte

No. While it is true that governance models vary around the world, we are concerned the proposal moves away from the intent of integrated reporting, which is oversight from the highest governing body in the organisation, especially those bodies that have non-executive members. By drawing attention to varying models, the proposal is detracting from this principle. We therefore recommend that only the first sentence of proposed paragraph 1.21 is retained and then merged with paragraph 1.22. We note that further guidance on varying models of governance could be provided outside the <IR> Framework, alongside other relevant guidance on considerations for management in preparing integrated reports that are in accordance with the <IR> Framework.

Vinicius Benevides, Independent

Yes

Yew Kee Ho, Singapore Institute of Technology

Yes

Zhanna Kazakova, Rosneft

No

Question 6. Does paragraph 4.19 sufficiently differentiate outputs from outcomes?

Alan Willis, Independent

Yes. I agree with the Basis for Conclusions on p.11 of the Companion Document

Alban Eyssette, SFAF

Yes. Paragraph 4.19 clearly differentiates between outputs and outcomes. It should be noted that the link between the outcomes and the business of the company needs to be explained precisely: outcomes must be specific to the company, and characterized. Outcomes should be limited to the impacts over which the company has leverage or decision-making power. Nevertheless, companies should refer to global targets (Science Based Targets for instance). We insist on the need for us analysts or fund managers to have KPIs, even qualitative, so that we can assess the magnitude and evolution of the outcomes.

Amanda Nuttall, Think Impact Pty Ltd

Undecided. Outcomes and outputs are clearly differentiated, but lack clarity of definition. The glossary should be referred to for definitions, or definitions should be placed directly into text. Ensure that definitions of outputs and outcomes should align with established frameworks, such as the Impact Management Project (IMP) and the World Bank Results Framework. The example provide does not clearly outline relationships between activities, outputs, and outcomes. An opportunity exists to describe neutral outcomes.

Anant Nadkarni, Advisor Value Creation

Yes. The link with value creation is important.

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. It sufficiently differentiates outputs from outcomes hence provide a clear-cut elaboration on these two, which were previously too contradictory.

Anne Adrain, ICAS

Yes. Paragraph 4.19 sufficiently differentiates outputs from outcomes. We also welcome the examples which help to clarify the distinction.

April Mackenzie, External Reporting Board (XRB staff views)

Yes. We agree with the proposal (P7a) to define outcomes and include a simple example to showcase the difference between outputs and outcomes. For those organisations that struggle thinking in terms of the capitals, the simple example provided to illustrate positive and negative outcomes is very helpful. The example describes the outcome, links it to the capital affected, explains whether it was a positive or negative effect on that capital and illustrates that more than one capital can be affected. We note that supplementary sector guidance/examples (outside the Framework) would be helpful, for example, reflecting outputs and outcomes in the service industry.

Aranzazu Piñeiro López, REPSOL

Yes. Description and examples provided help to understand the differences between output and outcome, and gives an idea of the information required by the framework.

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

Yes. Good examples and certainly an improvement. However, fear of potential legal issues continues to be the main barrier in this area with lawyers cautioning clients. Therefore, the example is fairly simplistic in its approach.

Bandile Manyana, Independent

Yes. The addition of a practical example makes clear the concept that outputs include the business' products/services, while outcomes reflect the broader impact that the products/services have on stakeholders. There may still be confusion regarding potential overlap, particularly with regard to by-products. For example, emissions or waste may be seen to be an outcome rather than output.

Barry Cooper, Deakin Integrated Reporting Centre

Yes

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Yes. In consideration of the information provided in paragraph 4.19, it is clear that an organization's outcomes are different from its products/services. However, we suggest: - to list the core outputs of the transportation company used as example (similarly to what done with the example of the automotive manufacturer); - to include in para. 4.19 the terms "effects" together with the one of "consequences"; - being more specific in providing examples of the negative outcomes of the automotive manufacturer's business model.

Brad Monterio, Institute of Management Accountants (IMA)

No. The additional language is not clarifying; it is confusing. It is wholly unclear how this reconciles to current mainstream corporate reporting and other generally-accepted conceptual frameworks. The proposal uses the same word, "outcomes," to designate both internal and external consequences. This runs counter to the entity concept, which has been fundamental to corporate reporting from its inception. It leaves preparers and users uncertain with the objectives of integrated reporting. As a practical matter, if the articulated goal (with which IMA agrees) is decision-useful information about value preservation and creation, this commingling of a specific entity's results and externalities is unproductive. The proposed examples add to this confusion. Moreover, examples belong in companion implementation guidance and materials, not in the main body of a framework.

Brett Simnett, Radley Yeldar (RY)

Yes. Much better!

Bronwyn Forsyth, Strategic Advisory and Communications

Undecided. Consider removing 'waste and by-products' in the definition of the term 'outputs' and leave that definition as 'products and services'. This would assist in lessening confusion over outputs and outcomes.

Carol Adams, UNDP SDG Impact Team

Yes. However, given that an increasing number of organisations are seeking to report their (positive and negative) impact on achievement of the SDGs there should be an explanation as to the relationship between outcomes and impacts as explained in "The Sustainable Development Goals, integrated thinking and the integrated report" published by the IIRC and ICAS (Adams, 2017)

Carol McAleenan, AngloGold Ashanti Limited

Yes. AngloGold Ashanti supports the distinction between outcomes and outputs which is made clearer by the definition of outcomes and the example provided in Paragraph 4.19. The examples are useful to differentiate outcomes and outputs and the second example identifies both positive and negative outcomes. Examples, by industry, would enhance the guidelines.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes. In our opinion, the additions made have a clarifying and supporting effect to make a proper differentiation between the two notions. Therefore, we welcome them. Although we would like to point out that this differentiation has already been discussed in the same way in detail in literature and practice for quite a long time. Thus, we do not value the additions too high, in particular because the industry examples given are (kind of) standard examples. We would like to encourage the IIRC to also include examples from other sectors, such as services, financial institutions, the public sector and non-governmental organizations. We believe that the output/outcome differentiation in such sectors is not as obvious and may therefore be more challenging in practice. Thus, examples in the framework would be instructive. Following this inclusion of examples, a change in the preamble of the <IR> Framework, which speaks of "approach to corporate reporting" and therefore limits the scope of the framework, would be necessary to avoid inconsistencies within the framework and also the whole concept of integrated reporting and the related goals of the IIRC.

Christopher Joy, Hong Kong Institute of CPAs

Undecided. This is a complicated area and it is unclear whether the simple examples provided will help when the situation is more complicated such as consideration of supply chain impacts. To allow for development of more examples addressing more complex scenarios, examples should be located outside the body of the <IR> Framework.

Cora Olsen, Novo Nordisk

Yes

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA

Yes. CIMA supports the clarifications of outcomes as per paragraph 4.19 of the IR Framework and the example provided. Together, they provide a clear distinction between outputs and outcomes. In addition, we also welcome the transportation company example as this gives a focus on how value changes over time. Integrated reports have not always been keen to focus on how value may have decreased but we feel that this should be an important focus in reporting.

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

Yes. We believe that the exemplified use of the concepts in the paragraph enhances the understanding of their differences.

Edeltraud Guenther, United Nations University

No. Beyond outputs (sphere of control) and outcomes (sphere of influence), impacts (sphere of interest) should be considered.

Elizabeth Middleton, Independent

No. Outputs are not clearly defined

Fabio Silva, Eletronorte

Undecided. It's need more explications

Fay Hoosain, IRC of SA

Undecided. • It is important that the material positive and negative outcomes on the six capitals are separately disclosed, while minimising reference to net impact. A transparent reflection in the integrated report of the material outcomes allows the users to make their own assessment of net impact. • Consider including reference to foreseen outcomes as well as unforeseen outcomes (for example, those which may have arisen as a result of a global pandemic or a natural disaster). • There should be reference to the steps taken by the organisation to mitigate or avoid negative outcomes. • The paragraph should point out that outcomes could be linked to the organisation's purpose, which may require trade-offs between stakeholder expectations and the utilisation of capitals. • As a general rule, consider whether examples should be removed from the Framework and, instead, be included in separate FAQs. • Of the given examples in the Consultation Draft: the examples are vague and unclear and do not serve to provide evidence of quality reporting. It is important to note that one cannot make an adequate assessment of an organisation where the outcomes are very general. • It is suggested that the IIRC reconsider the inclusion of 'waste and by-products' in the definition of the term 'outputs' and leave that definition as 'products and services'. This would assist in lessening confusion over outputs and outcomes. • The inclusion of carbon emissions in the category of 'waste' minimises their significance given the current climate change crisis.

Francesca Flamini, Enel SpA

Yes. The definition introduced in par. 4.19, along with the following example, clearly set a distinction between outputs and outcomes

Gail Boucher, Principles for Responsible Investment

Undecided. The PRI defines "Outcomes" as being identified and measured at the level of a particular asset, economic activity, company, sector, country or region. Progress can be assessed against recognised global sustainability performance thresholds and timeframes – including the SDG targets and indicators. The PRI would suggest to clarify outcomes further and in relation to global thresholds and timeframes in line with our Investing with SDG Outcomes: A five-part framework.

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Undecided. Paragraph 4.19 of the Draft differentiates outputs from outcomes. However, we suggest to specify the definitions of outcomes, effects and impacts and the difference, if any, among them – as all these terms are used in the Draft.

Graham Terry, Independent

No. I believe that paragraphs 4.18 and 4.19 should be completely revised. They are vague and do not provide clear guidance. • Paragraph 4.18, although not under consideration, suggests that emissions can be considered as outputs. If they are material enough to disclose then they should be classified as outcomes. • Paragraph 4.19 suggests that positive and negative outcomes can be netted off. While this wording has not changed, I believe in certain circumstances this can lead to misleading disclosures. • I think the examples are not clear and maybe they should be dropped from the Framework and rather be presented in the FAQs. I think the examples encourage general or vague disclosure which is not helpful to the user. • With COVID-19, organisations have had to make some tough decisions regarding stakeholders and capital trade-offs. In these situations, an organisation needs to look to its purpose for guidance and maybe the outcomes should be linked to the organisation's purpose.

Graham Terry, The South African Institute of Chartered Accountants - Cape Town Discussion Group

Yes

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Undecided. Suggestions: 1) Report preparers should be asked to explain if they do not or cannot report the outcomes of their organization's activities in terms of effects on their capitals; and 2) Make the examples in a separate supporting document, rather than as part of the Framework, so that (a) the examples can then be updated without reissuing the Framework; (b) the Framework is kept as a brief statement of principles.

Henry Daubeney, PwC

Yes

Huey Jiuan Yan, HELP University

No. Examples given are manufacturing concerns. Suggest to include an example of how a services firm differentiate outputs from outcomes.

Ian Kramer, CFO Forum

Undecided. The CFO Forum supports the distinction between outcomes and outputs which is made clearer by the definition of outcomes and the example provided in Paragraph 4.19. The examples are useful to differentiate outcomes and outputs and the second example identifies both positive and negative outcomes. One concern noted is that disclosure of outcomes beyond the company's control may result in an increase in litigation risk. Examples, by industry, would enhance the guidelines.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. We agree that paragraph 4.19 sufficiently differentiates outputs from outcomes within the context of illustrations given. However, we have reservation concerning the practical operationalization of outcomes as it relates to all capitals as those charged with governance might find this difficult for some capitals (See Q7). For example, how do those charged with governance make sense of outcomes relating to the transformation of intellectual capital, social and relationship capital? We are of the opinion that while outcomes are clearer for some capitals, they are not for others. We recommend IIRC should provide clear illustrative examples of outcomes relating to the six capitals of integrated reporting to assist those charged with governance in operationalising them.

Irina Paschke, Kirchhoff Consult AG, Hamburg

Yes. It becomes clear how to differentiate outputs from outcomes. However, the examples provided are highly simplified and do not reflect the complexity organizations are dealing with in practice. It would be helpful, if both examples in 4.19 were connected and not be separated from each other concerning their content. What about examples for relevant negative social effects? How do organizations most efficiently identify relevant external key outcomes?

Ivan Topolya, Independent

Yes. The provided examples in adjusted paragraph 4.19 sufficiently support output and outcome differentiation. It might be beneficial for the IIRC and users of the Framework if illustrations and examples were put in a specific section of the Framework and referenced to the core paragraphs (e.g. paragraph 4.19). This would allow the core Framework to maintain a style-neutral approach (as paragraph 4.19 examples are quite rare types of content in the Framework). Additionally, by delivering the illustrations beyond the Framework the IIRC would propose a more flexible approach to its project agenda - by being part of the Framework illustrations could set the approach to the delivery of specific items by preparers – which might be not the intent of the IIRC - illustrative examples document would be authoritative if issued by IIRC even with "does not constitute part of the IIRF" remark - illustrative examples document could be enriched and enhanced in a more agile and independent fashion in response to market requests without the need to revise the IIRF – if illustrative examples were part of IIRF. There will be a growing interest in illustrative examples as integrated reporting is being accepted globally. A stand-alone document on illustrative examples and the development of the IIRC Integrated Reporting Examples Database would allow practitioners to have the option to consider approaches applied globally in delivering their message.

J Robert Gibson, Hong Kong University of Science and Technology

No. The framework is diving into a complex area and over simplifying it. In particular, it focuses on the products the company sells but fails to consider the impact of what it purchases. For example, a leather shoe manufacturer's most significant environmental impact is the pollution caused by the companies from which it buys leather. SUGGESTIONS: 1) Define Outcomes to include supply chain impacts. 2) Consider having two levels of 'in accordance with' the framework (a) Including Outcomes; (b) Not including Outcomes. 3) Do not make the examples part of the Framework. Rather put them in a separate supporting document. Reasons for this (a) They can then be updated without reissuing the framework; (b) the framework is kept as a brief statement of principles.

Jake Atkinson, Climate Disclosure Standards Board

Yes. The clarifications made by paragraph 4.19 do help differentiate outputs from outcomes. However, the additional detail and examples offered for outcomes could be reciprocated for outputs to more fully ensure understanding by report preparers.

Jayantha Nagendran, Smart Media (Pvt) Limited

No. Although the differentiation is explained correctly it does not sufficiently explain the broader context. See our response to Question 7 that follows.

Jo Cain, Materiality Counts

Undecided. Big improvement to include the boxed examples here. Positive and negative outcomes are explained well. For the automobile manufacturer, in addition to depletion of fossil fuels, it would enhance completeness to draw the link to climate change/ greenhouse gas (GHG) emissions from the use of fossil fuels. The second boxed example on the large transportation company provides good connectivity to the capitals, but drifts away from the positive and negative outcomes-based language to "effects". This would be relatively easy to fix to ensure consistency across this section.

Johannes Dumay, Macquarie University

Yes. OK, but few companies were using the business model in their reports. I am unsure if this makes it any clearer than before or will entice companies to improve this part of the especially if the outcomes are detrimental to the company, stakeholders, society or the environment.

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Yes. The additions to para. 4.19 provide worthwhile illustration of this distinction. However, we would caution against the potential risk of further proliferation of text within a principles-based framework which might be better placed in supplementary guidance.

Jona Basha, Accountancy Europe

Yes. Accountancy Europe supports the clarifications of outcomes as per paragraph 4.19 of the Framework and the example provided. Together, they provide a clear distinction between outputs and outcomes. In addition, we also welcome the second example (transportation company) illustrating positive and negative outcomes as it clarifies how value is created, preserved or eroded from the outcomes of the business activities and outputs.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

Yes. We agree, the text really improves the wording of paragraph 4.19 of the 2013 Framework quite a bit. However, the part of the text that compares results with results would be convenient to put as a separate example.

Joshua Rayan, Joshua Rayan Communications

Yes. A clear distinction is made to help companies and reporters understand that the two are not the same.

Juliet Taylor, WBCSD

Yes. This is a helpful clarification. Our experience from reviewing our members integrated reports suggests there is often confusion between outputs and outcomes and that preparers struggle to differentiate between the two. Practically, there is a limit to the level of detail the Framework can cover on the distinction between outputs and outcomes. Figure 2 in its original format was based on the Kellogg's Logic Model and the W.K Kellogg Foundation has some great resources for evaluating outputs and outcomes. We suggest referencing their work, for example, https://www.betterevaluation.org/sites/default/files/LogicModelGuidepdf1.pdf Paragraph 4.19 could add guidance or principles that encourage organizations to explain: • the difference between intended outcomes for the capitals and the actual outcomes; and • the overall net outcomes for the capitals as a whole, as well as for the individual capitals, using multi-capital scorecards or adequacy tools and relying on the work of Mike McElroy, R3.0 and the P2P Foundation; and • the link between disclosures about outputs and outcomes and the organization's claims to value creation.

Karen Koch, Eskom Holdings SOC Ltd

Yes. The guidance is clear. Nevertheless, I believe there is some debate about distinguishing between outcomes and impacts, but in my mind, the terms can be used interchangeably

Kelli Favato, Independent

Yes

Kevin Dancey, International Federation of Accountants (IFAC)

Yes. We support the proposed revisions in paragraph 4.19. Further guidance (outside of the Framework) with industry-specific examples would also be helpful to report preparers to further understand the distinction between outputs and outcomes, and how outcomes relate to impacts

Leda Romero, Kellun

Undecided. The difference is complex so maybe that inclusion isn't enough.

Lisa Martin, Sustainz Business Solutions Limited

Yes. • Paragraph content and example (automotive manufacturer) clearly distinguishes outputs from outcomes. This paragraph highlights both positive and negative outcomes. Emphasis could perhaps be enhanced by using bold or underline text to highlight outputs and outcomes. As a suggestion, would a diagram be more effective? • A second worked example is included (large transportation company) highlights a number of positive and negative effects on capitals, and illustrates connectivity and outcomes.

Loshni Naidoo, SAICA

Undecided. The introduction of examples does help with improving understanding the difference between outcomes and outputs; as well as with the internal and external consequences of achieving specific outputs.

However, the following challenges were raised with regards to the examples:

- Introduction of the word 'effects' may add to, rather than clear up the confusion around outcomes.
- Positive and negative outcomes should be separately disclosed and not presented as a net outcome.
- In the first example it should be made clear that the organisation manufactures combustion driven vehicles.
- The second example is very vague which might encourage vague disclosures. Suggest that a more appropriate example be provided.
- The definition of 'outputs' includes 'waste and by-products'. Suggest that the definition should be amended to only include 'products and services'. As climate change becomes of critical importance, emissions should not be disclosed as outputs.
- The disclosure of outcomes beyond the control of the organisation may be limited as the organisation may be wary of potential legal liabilities as a result of these disclosures. Therefore, guidance for reporters on how to balance between transparency and not accepting unnecessary risk is required.
- South Africa's National Treasury has defined certain result-based concepts, which have been included for your consideration:
  - "Impacts (What we aim to change): The development results of achieving specific outcomes.
  - Outcomes (What we wish to achieve): The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs.
  - Outputs (What we produce of deliver): The final products, or good and services produced for delivery.
  - Activities (What we do): The processes or action that use a range of inputs to produce the desired outputs and ultimately outcomes.
  - Inputs (What we use to do the work): The resources that contribute to the production and delivery of outputs."

Lydia Tsen, Chartered Accountants Australia and New Zealand

Yes. We consider that paragraph 4.19 sufficiently differentiates between outputs and outcomes. The inclusion of examples also helps to ensure that the difference between outputs and outcomes is clear, although we encourage the IIRC to consider the inclusion of examples from other sectors to further support preparers' understanding. These examples could be included in other supplementary guidance to the extent that this is preferred by the IIRC.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

No. Output. The tangible products, goods, and services that are produced (supplied) directly by a program's activities eg. company's products and services Outcomes are results to be achieved once the beneficiary population uses the project outputs. Typically changes in behaviors or competences

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes. There are still doubts between Impacts and Effects on the capital. Its important to clarify. In the proposed example, the impact would be the increase of the amount of gas released into the atmosphere, and the effect on natural capital would be the contribution to climate changes.

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

No. We consider that the example in revised paragraph 4.19 is helpful but would encourage the IIRC to use plain language in the text so it is readily understandable. We also note that Figure 2 points to short, medium and long-term outcomes and these would benefit from an example. In general, we believe that the terminology 'outcomes' can be confusing and it may be preferable to use the term 'impacts' to refer to the impact of a company's activities on stakeholders and the environment if that is the intent. This language is used in the EU Non-Financial Reporting Directive and may be more readily understood.

Mark Hucklesby, Grant Thornton International Limited

Yes. From Q5 response: We support the changes being made to • paragraph 4.19 to include the definition of outcomes as well as a simple example to show how outputs and outcomes differ... Q6 response: Our view is including the two examples to further explain what an output will help those preparing and approving integrated reports. For the time being we believe these two examples are sufficient leaving open the opportunity for the IIRC to provide further examples in later versions of the <IR> Framework, if further guidance on this aspect of is deemed necessary. Our experience with integrated reporting to date is that those preparing reports have indeed had challenges in differentiating outputs from outcomes.

Martin Fryer, Mercury NZ Limited

Yes

Milan van Wyk, University of Johannesburg

Yes. We do agree. However, it is important that positive and negative outcomes should be separately disclosed and not 'set off'. We do appreciate the addition of the examples which should provide additional guidance and clarity. The following recommendations are suggested: • Example 2 lacks focus and may result in vague disclosures. We suggest that a more appropriate example be provided with more measurable outcomes and examples (CO2 emissions etc) • The proposed definition of 'outputs' includes 'waste and by-products'. We believe that the definition should be amended to include 'products and services' only. With the rising importance of climate change, we think it imperative that emissions are not classified as 'outputs' which have the connotation of containing value.

Monique Pattillo, Calvert Research and Management

Yes. The car example makes it easier for a reader to understand the concepts.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. Paragraph 4.19 sufficiently differentiates outputs from outcomes. From the paragraph it is clear that outcomes refer to an organisation's impact.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes. I think linking outcomes to business consequences will bring more clarity - examples are clear and concise

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes. In the first paragraph of 4.19, I propose to replace the word "consequences" with "impacts" or "effects". The word "impact" is generally used in many CSR and Sustainability Reporting frameworks. In the last paragraph of 4.19, the word "effects" to be replaced with the word "outcomes" as the word outcomes is used by the framework to outline the concept.

Nick Ridehalgh, Australian Business Reporting Leaders Forum

Yes

Nimet Vural, Independent

Yes. It is clear.

Nowmitta Jahanzaib, ICMAP

Yes. It sufficiently explains the difference between the two and links the outcome with value creation, preservation and erosion.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

No. We suggest the IIRC to define outputs and outcomes which will provide greater clarity on the interpretation. We also suggest that the examples can be included in a 'guidance' to the Framework.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

Yes. Overall, the enhanced differentiation is apparent and useful. It should be clearly stated that the illustrations should not be taken as a prescriptive application of the framework and become templates for adopters to use as they should have the flexibility to design their business model to communicate their value creation story in a concise manner. The example of outcome provided in the draft Framework of rising greenhouse gas emission may cause some confusion to the reader as the example cited for output also includes emission (4.18), as shown below: Outputs 4.18 An integrated report identifies an organisations key products and services. There might be other outputs, such as by-products and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality. In addition, the examples can be enhanced to include the time frames of the outcomes (short, medium and long-term) which will allow organisations to better frame/distinguish the context of their reporting. In the example of positive outcomes, it may be useful to include positive outcomes for human capital such as skills enhancement for the employees. In relation to the example on transportation company, there could be illustration of other negative outcomes besides the impact of greenhouse gas emissions.

Omair Jamal, Independent

Undecided. The existing paragraph 4.19 already explains the terms. The problem is when preparer, relying on the explanation given in 4.19, tries to report outcomes in different, though inter-related, contexts – stakeholders, capital providers and capital. For example: A car manufacturer reports increased number of car manufactured. Now, as per para 4.19, preparer needs to report impact on stakeholders, capital providers and on capitals. We suggest that the outcome should be reported in terms of impact on stakeholders, which is consistent with the objective of integrated reporting. This would require corresponding change in business model explained in 2.23 and 2.25 and also various places where outcomes are attached to capitals only (e.g. para 4.30). Or as an alternate the framework should stick to one context when talking about "outcomes", that is, effect on capitals.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. Paragraph 4.19 sufficiently differentiates outputs from outcomes. However, we propose providing illustrative examples of outcomes relating to all the capitals to benefit preparers of integrated report. In respect to description of outcomes, we recommend expansion to clearly state they refer to medium term results and also make reference to the term impact – the long-term results. Such explanation would provide clarity between outcomes and impacts. You may consider the following definitions of these concepts commonly used at the World Bank. Box 1: Definitions commonly applied on hierarchy of performance Costs: amounts required to purchase inputs; Inputs: resources that contribute to the production and delivery of outputs/services; Activities: Processes or actions that use a range of inputs to produce the desired outputs/services; Outputs: The final products, or goods and services produced for delivery; Outcomes: the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs; and Impacts: the long-term results of achieving specific outcomes. Hierarchy presentation of the concepts. Key: MT – medium term. MDA: organisation

Paul Hurks, NBA

Undecided. We recommend to offer more clarity on definition of outcomes and (wider) impacts. Does the definition of impacts align sufficiently with the definition that is commonly used with 'impact measurement'?

Penny Gerber, Pick n Pay Stores Limited

Undecided. The concept of outputs and outcomes, and the definition thereof, is driven by the framework. It many instances it has been unique to external integrated reporting - while not being well understood within a business (where different terms are utilised). Businesses therefore may conflate the two when reporting - or may find it difficult to explain the concept clearly to users. The suggested change is a step in the right direction in terms of clarity - and certainly the examples provided assist.

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

Undecided. In our view it is important that positive and negative outcomes should be separately disclosed and not presented as a net outcome. • In the first example it should be made clear that the organisation manufactures combustion driven vehicles. • The second example is very vague which might encourage vague disclosures. We suggest that a more appropriate example be provided. • The definition of 'outputs' includes 'waste and by-products'. We believe that the definition should be amended to only include 'products and services'. As climate change becomes of critical importance, emissions should not be disclosed as outputs.

Reina Mizuno, Japanese Institute of Certified Public Accountants

No. It should be clearly mentioned in the Framework that organizations consider conflicts among stakeholders when evaluating the value of outcomes (positive and negative). An organization's strategic decision-making and actions may cause positive outcomes for some stakeholders but negative outcomes for others. Examples of such cases are where the extravagant consumption of natural capital reduces the benefits of future generations, and when exploitative labor increases the interests of shareholders. Such consideration of the environment and social issues is important for organizations because conflicts among stakeholders have an important effect on the sustainable value creation capabilities of the organization. We recommend that the example illustrated in paragraph 4.19 should take this into consideration.

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

Yes. It does. The use of examples facilitates visualization and understanding. However, in the example, only the main result (cars) of the car manufacturer's business model was presented as a product, ignoring the possible by-products and waste that are part of the Products group.

Richard Chambers, The Institute of Internal Auditors

Yes. However, it should be noted that measuring outcomes is potentially very complex. It is difficult enough to do so for financial capital and much more so for nonfinancial capitals. In financial reporting, it is not at all common to try to report outcomes (or impacts). Without sufficient clarity on how it can be achieved, it is a significant difficulty for implementation of the Framework.

Richard Dale, Newcastle University

Yes. This is an especially helpful clarification of the guidance and is strongly supported.

Richard Martin, ACCA

Yes. The distinction is made clear and this is well supported by the examples given. We support the separation of outcomes from outputs and see this as becoming a more fundamental distinction as time progresses and organisations reflect more on purpose as an objective.

Robbie Campo, Cbus Super Fund

Yes. Cbus believes that the changes to paragraph 4.19 sufficiently differentiates outputs from outcomes. In our own maturing application of the framework, we have sought to more clearly distinguish between outputs and outcomes and utilise descriptors for these concepts. This is more meaningful for key stakeholders in the context of our organisation (outputs are called ‘products and services provided’ and outcomes are called ‘improved retirement outcomes for members and a’ strong and stable economy and other societal benefits’).

Ron Gruijters, Eumedion

Yes. The proposed clarification of what differentiates output from outcome is a welcome addition. However, the two new examples provided are both related to relatively 'obvious' and comparable cases, namely a car manufacturer and a large transportation company. In reality, differentiating between outputs and outcomes (and the interaction between the capitals) is a less straightforward exercise for many companies in various sectors, such as service sectors. Examples that make clear how e.g. employment agencies or payment service providers can differentiate between outputs and outcomes will help preparers within such sectors to, first of all, recognise the need to distinguish between outputs and outcomes also for their line of business, and also to also have a better understanding of how to actually apply this aspect of the IR Framework to their line of business. Also, the IR Framework does consistently describe the different horizons of value creation (short, medium and long term), but in 4.19 it only very briefly touches upon the short, medium and long term outcomes. The concept of short, medium and long term outcomes is also presented in Figure 2. But it is unclear if and how preparers should distinguish between the three value creation horizons on the one hand, and the three outcome horizons on the other. We expect that including multiple or more elaborate examples on this particular topic may therefore hold the key to providing the necessary clarification of the concepts of output and outcome. If such examples end up taking up excessive space in the document, including the examples in the appendix may well be a better alternative.

Ruchi Bhowmik, EY

No. Paragraph 4.18 would need more explanation on outputs to further discriminate in paragraph 4.19 how outputs and outcomes are different. Using the existing example in paragraph 4.18 of waste and emissions, this output would also be a negative outcome and so doesn’t clearly explain the difference.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

No. We appreciate the IIRC’s efforts to address the current confusion (as highlighted in the recent outreach) between the concepts of outputs and outcomes. However, we do not believe that the proposed amendments to paragraph 4.19 help clarify these concepts or explain how they differ. The proposed amendments also appear to rely on examples to explain the difference whereas, in our view, a better approach would be to set out a clear definition/principle which is then supported by examples. We would also suggest that more than one example is developed to cover a range of sectors and therefore demonstrate different types of ‘outputs’. These examples should not sit within the framework but within accompanying guidance. More broadly, while we understand the rationale for seeking to clarify the difference between outcomes and outputs within the framework, we would have preferred a greater focus on how the terms outputs/outcomes relate to a company reporting on its impacts. From a UK perspective, use of the term 'impacts' is widely used, for example in the EU Non-Financial Reporting Directive. Therefore, greater clarity around how the framework can be applied by organisations seeking to report on their 'impacts' would be helpful.

Sinem Ozonur, Garanti BBVA

Yes. Examples empower reporters on differentiation

Solange Garcia dos Reis, Universidade de São Paulo

Undecided. It seems clear, with the help of examples, the meaning of outcomes. But, perhaps there still be doubts between what are internal outputs and outcomes.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

No. In general terms, with reference to the issue of results (outputs) vs. effects/consequences (outcomes) of the organization's action, a delicate point is that the two categories must be better differentiated while respecting the specificities of the business model of each company. The examples provided appear not entirely explanatory: for instance, there are possible inconsistencies between "positive" and "negative" outcomes in the example of the car manufacturer, in that positive outcomes are not specific to the car manufacturer, while the negative outcomes are. Furthermore, outputs are not mentioned in the service company example. Perhaps you could consider a different example based on the sustainable fashion industry. Moreover, there is a delicate problem in defining the boundaries of outcomes / impacts: in other words, where do the boundaries of an organization's responsibility end? Where do its outcomes and impacts stop? Example: for a car manufacturer, the negative outcomes (car accidents) should be only those dependent on the production defects. It could be useful to include a table explaining inputs, outputs and outcomes, rather than descriptive examples.

Takayuki Sumita, WICI Global

Yes. Easy to understand with some examples

Tim Sheehy, The Chartered Governance Institute

No. Not sufficient enough. There is greater narrative on examples of outcomes but only one brief example of an output. A further example may assist.

Toni Lutz, Prosus N.V.

Undecided. The example given demonstrates the difference between outputs and outcomes, and positive and negative outcomes. Disclosure of outcomes beyond a company's control may increase stakeholder scrutiny and ESG and reputational risk. Guidance for various sectors beyond traditional sectors like manufacturing would further enhance good reporting practice. Guidance for consumer internet businesses and other internet businesses would be welcome.

Umair Khan, MCB Bank Limited

Yes

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Yes. The first example used clearly demonstrates how outputs and outcomes should be used. In the last example it might be advisable to use the terms outcomes instead of positive effect, as it now gives the impression that the positive effect is not an outcome. It introduces another term where you may question how effect relates to outputs and outcomes.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. The proposal helps to distinguish the concepts of 'output' and 'outcome', employing definition and examples – a confusion that has been identified among <IR> users.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. The wording of paragraph 4.19 is sufficient to differentiate outputs from outcomes

Veronica Poole, Deloitte

No. We think the proposal does not go far enough in defining outputs and outcomes – the definition should stand on its own without the need for an example, although an example can help to add further context. Furthermore, the current wording risks being over-simplistic, not recognising that: a) outputs and outcomes will vary according to an individual organisation's industry, strategy and business model; b) outputs and outcomes are inter-related across the capitals (for example, subject to considerations of trade-offs and impacts from one capital to another) and c) outcomes should be consistent with the organisation's purpose and strategy. We recommend that wording is included to reflect these points. The proposed example is helpful. However, we do not think the IIRC should rely on examples extensively in the Framework to explain key terms. Furthermore, there is a risk these can be seen as templates. In the example, we recommend the IIRC delete the word 'Unfortunately' – this can sound like carbon emissions are an unexpected side effect of the company's activities, when in fact they are outcomes of the strategy and business model that erode value for both the company (risk of reputation damage and carbon tax) and for others (society and the environment). 'However, on the negative side' or 'As a consequence' would be preferable. We also recommend that the IIRC strengthens the number of examples of outputs and outcomes in the Examples Database.

Vinicius Benevides, Independent

Undecided

Yew Kee Ho, Singapore Institute of Technology

Yes

Zhanna Kazakova, Rosneft

Yes

Question 7. Does Figure 2 effectively distinguish outputs from outcomes and link outcomes to value creation, preservation or erosion?

Alan Willis, Independent

Yes. I agree with the Basis for Conclusions on p.11 of the Companion Document

Alban Eyssette, SFAF

No. The proposal to synthesize the value creation model of the company in the form of a diagram is interesting but often restricts companies in their expression. It seems important to us to present this diagram as an opening to reading the report, where the different points are developed (for example by advising to systematically provide it with references to the chapters concerned). The diagram is only worth doing if it is accompanied by a good narrative and KPIs chosen in a relevant and transparent way (both good points and negative points). The title of the diagram, stating "value created, preserved or eroded" is a good point. It should induce more transparency on the part of companies, which tend to present only their value creation process and focus on positive impacts. We consider this as an essential point of the new proposal.

Amanda Nuttall, Think Impact Pty Ltd

No. We would seek Figure 2 to illustrate and conceptualise non-linear and integrated flows. Reporters should be encouraged to disclose how capital might be transformed within one domain or across capitals, and what relationships and interdependencies exist between the capitals, and the stakeholders impacted. To do this, Figure 2 needs to provide the foundational concepts for integrated flows. Linear flows that start and end in a grey box is not integrated. Figure 2 needs to illustrate the relationships and interdependencies between capitals which is important for understanding value creation, preservation, displacement and erosion. It would also be helpful if the model depicted inputs being extracted from the external environment within the limits of planetary boundaries. A reporting audience should be able to understand the flow of value from source, including who benefits, how, who is included in determining this value and how business decisions are made given this knowledge.

Anant Nadkarni, Advisor Value Creation

Yes. The linkages are satisfactory to encourage value creation.

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The distinction and linkage is clear as integrated reporting should not only be concentrated on reporting value creation but also should insist reporting on value preservation and erosion.

Anne Adrain, ICAS

No. While the new model attempts to distinguish outputs from outcomes through clearer colour coding it does not link outcomes to value creation, presentation or erosion and provides no further clarity in this respect. We would also suggest the addition of the word 'impacts' to the text in the 4th bubble so that it reads – 'short, medium and long-term outcomes and impacts'.

April Mackenzie, External Reporting Board (XRB staff views)

Undecided. In our view, the amendments proposed to figure 2 (P7b and P9) need to be developed further to effectively distinguish outputs from outcomes and link outcomes to value creation, preservation or erosion. We have noted some suggestions/comments below: • Consider if it is possible in Figure 2 to depict that the some of the outcomes are internal (value created for the organisation itself) and some are external (value created for others) to the organisation. • Consider adding the word 'outcomes' after each capital on the right-hand side of the diagram. • Consider a way to depict that the outcomes can affect one capital or many of the capitals. • Would prefer the last circle to just say "outcomes". Could move 'in the short, medium and long term' to the arrow that runs along the bottom. • The two-colour depiction of the value process is preferable to the multi-colour version which was distracting. However, suggest it might be more appropriate to colour the model from light to medium to dark blue (being the <IR> signature colour). • It is unclear as to why the business model itself is coloured brown. • The arrows between inputs, activities, outputs and outcomes may be better in graduating shading from blue to brown (or a darker blue – see above) which follows the value creation, preservation or erosion over time. • Capital letters should be retained in names within the model by using sentence case.

Aranzazu Piñeiro López, REPSOL

Undecided. I don't envisage many differences between previous figure and new one, what really makes a difference in the clarification of the concepts are the examples mentioned in response to Q6. Additional examples or case studies would be more helpful to effectively distinguish both concepts.

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

Yes. Clearly states the need to consider erosion of value as well. However, there are some perspectives we need to consider. Ex: Human capital right sizing being considered an appreciation in value rather than an erosion of value.

Bandile Manyana, Independent

Yes. The differentiation in fill and background colours provides visual clarity, the linearity of the representation locating the outputs aptly. An area for improvement: the bold border enveloping the internal environment from the external environment has the unintended effect of cutting the outcomes from the external environment, so that it appears that the short, medium and long term outcomes are confined to the organisation's internal environment. A similar observation can be made for inputs. The proposed recommendation is to do away with the border between the two environments - the differentiation in the background colours should suffice in impressing a distinction in the two environments. The previous version of the figure had inputs as a faded version of the outputs, implying that only value creation was possible. The change of colour clarifies that creation, preservation or erosion is possible. *The inclusion of purpose in the business model is an important and timely improvement.

Barry Cooper, Deakin Integrated Reporting Centre

Yes

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Yes. Figure 2 effectively distinguishes outputs from outcomes and links outcomes to value creation, preservation or erosion.

However, the same brown color used for the "outcomes" and for the "business model" creates some confusion. We question whether someone may consider "outcomes" as the only one or the most important element of the "business model". Someone may also (consequently) underestimate the relevance of disclosures on "inputs", "activities" and "outputs". The change of color for the "business model" may be sufficient to address these concerns.

You might also want to consider distinguishing positive and negative outcomes, and possibly a graphic indication of the existence of interactions and " "trade-offs" " between them and after the section that highlights the 6 outcomes / capitals, insert a box linked to the consequent IMPACTS (so as to distinguish impacts from outcomes).

With reference to Figure 2, we also note the addition of the concept of "purpose" (nearby "mission" and "vision"). We believe that this concept is not adequately explained by the Framework, which does not mention it neither in the text nor in the Glossary. Confusion and overlapping with the concepts of "mission" and "vision" may consequently arise.

With reference to Figure 2, we also suggest making softer the color of the arrow that goes from "Outcomes" to "Inputs", since not all the outcomes impact the organization's inputs (e.g. externalities do not necessarily impact on organization's inputs). "

Brad Monterio, Institute of Management Accountants (IMA)

No. We agree with the proposed textual changes. We agree with the addition of the word "purpose" and suggest that the word "values" also would be helpful. We agree with the addition of "short, medium, and long term" to the word outcomes because it is critical for market participants to consider sustainability and long-term decision-making. However, figure 2, the heart of the <IR> Framework, is confusing. It remains unclear how an entity's process through the six capitals contributes to value preservation, creation, or impairment – or how these reconcile to total enterprise value, which market participants understand. It fails to explain how performance and value relate to each other. It fails to demonstrate that the "capitals" intend to designate interrelated resources. Rather, the capitals seem to suggest multiple categories of stakeholders (or resource contributors), as the term "capital" is commonly understood in generally accepted accounting literature and the financial community. In addition, as noted above, the change to the graphic fails to alleviate this core confusion: As its mission, does <IR> intend to represent an individual entity's performance or its external impacts? If it is intended to represent both, the connection is wholly unclear. The interaction between an individual entity's external environment and its inputs is also unclear from the graphic. Does the environment only affect an organization through its inputs?

Brett Simnett, Radley Yeldar (RY)

Yes. But we'd like to see the string to spring model better represented as this encourages one consistent message

Bronwyn Forsyth, Strategic Advisory and Communications

Yes

Carol Adams, UNDP SDG Impact Team

No. Figure 2 is insufficient given the post 2015 attention being paid to (positive and negative) impact on achievement of the SDGs and its implications for availability of capital inputs and hence value creation, particularly over the long term. The extended diagram in "The Sustainable Development Goals, integrated thinking and the integrated report" published by the IIRC and ICAS (Adams, 2017) does do this and could be used instead (with acknowledgment of source).

Carol McAleenan, AngloGold Ashanti Limited

Yes. The diagram effectively demonstrates the distinction between outputs and outcomes and the link to creation, preservation and erosion of value by the business over time. This is an improvement as the link is clear and includes value preservation and erosion (not only creation). Some suggestions to improve the diagram include: • The use of hyperlinks to other sections of the IR Framework (e.g. glossary) • Highlight the distinction between outputs vs. outcomes and internal vs. external environments by changing shapes/colours of some blocks. In addition, the inclusion of the word 'erosion' is good for balanced disclosure (both negative and positive). However, the word 'erosion' itself has some negative connotation and may cause litigation concerns for some companies due to implied acceptance of liability. This may discourage the intended transparent disclosure. The use of a different word, e.g. 'effect' or 'impact' reduce the negative connotations.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes. We are convinced that the modified presentation of this figure, which is very central to the IR framework, is helpful in delivering its intended message. It allows a clearer interpretation of the core aspects of IR. We consider the additions of "purpose", "value preservation and erosion" (as a counterpart to value creation) as very positive in this sense. In our opinion, however, the color design of the bubble for "outcomes" as an assignment to the business model and the inclusion of the time horizon "short, medium and long term" in this part of the figure is not appropriate. The figure does not show clearly whether the business model, which should be symbolized by the blue box background, includes outcomes or not. In addition, the time horizon rather refers to the entire consideration of multidimensional value creation within the framework of integrated reporting. The presentation in the consultation document does not reflect this, as the expression "short, medium and long term" is directly assigned to the "outcomes". It would be more appropriate to anchor "short, medium and long term" in the arrow ("value creation, preservation and erosion") shown at the bottom of the figure.

Christopher Joy, Hong Kong Institute of CPAs

Undecided. See comment under Q6. The diagram needs to be considered in this light. This is a complicated area and it is unclear whether the simple examples provided will help when the situation is more complicated such as consideration of supply chain impacts. To allow for development of more examples addressing more complex scenarios, examples should be located outside the body of the <IR> Framework.

Cora Olsen, Novo Nordisk

Undecided

Cornis Van der lugt, University of Stellenbosch Business School

Yes. addition of reference to time frame (short to long term) is key

David Hackett, CIMA

Yes. Although it is a comprehensive diagram that needs to be adequately explained

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

Yes. Figure 2 clearly incorporates the distinction between outputs and outcomes and allows the results to be linked to the process of value creation, preservation or erosion.

Edeltraud Guenther, United Nations University

No. see above: impacts should be added; the differentiation in short-, medium- and long-term does not only apply to outcomes.

Elizabeth Middleton, Independent

No. People using these models are intellectuals and the IR is all about value creation of short medium and long term, therefore this does not need explaining on a diagram

Fabio Silva, Eletronorte

Yes

Fay Hoosain, IRC of SA

Yes. • Our response is subject to updating Figure 2 to more clearly illustrate that 'inputs' and 'outcomes' straddle the internal and external environments. • Consider further distinguishing 'inputs' and 'outcomes' by using different colours.

Francesca Flamini, Enel SpA

Yes. The figure 2 clearly set a distinction between outputs and outcomes, furthermore it shows a clear link to value creation, preservation and erosion

Gail Boucher, Principles for Responsible Investment

Yes. It does better distinguish between outputs and outcomes, appearing to directly link to the six capitals.

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Yes. We appreciate that Figure 2 underlines the importance of outcomes in the short, medium and long term, and the concept of value creation, preservation and erosion is highlighted.

Graham Terry, Independent

Yes

Graham Terry, The South African Institute of Chartered Accountants - Cape Town Discussion Group

Yes

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes. A 2016 review of integrated reports found that one quarter overlooked negative outcomes, amplified positive results or used promotional language to cast outcomes in a more favourable light. In response, the Consultation Draft: • Encourages both qualitative and quantitative disclosures to support evidence-based reporting of outcomes (ref: paragraph 4.19) • Addresses an inherent bias in the term 'value creation' by reminding <IR> Framework users of the potential for value preservation or erosion.

Henry Daubeney, PwC

Yes. However, consider pushing out outcomes a little further from business operations circle for greater clarity.

Huey Jiuan Yan, HELP University

Yes. Much clearer from the previous IIRF.

Ian Kramer, CFO Forum

Yes. The diagram effectively demonstrates the distinction between outputs and outcomes and the link to creation, preservation and erosion of value by the business over time. This is an improvement as the link is clear and includes value preservation and erosion (not only creation). Some suggestions to improve the diagram include: • Improve user-friendliness through hyperlinks to other sections of the <IR> Framework • Changing shapes/colours of some of the blocks to highlight the distinction between outputs vs. outcomes and internal vs. external environments.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. Figure 2 does effectively distinguish outputs from outcomes on the surface. However, the concept of value creation, erosion or preservation has not been clearly illustrated in Fig 2. The diagram does indeed show the capitals on the left side as input that undergoes a process through activities which then comes out on the right hand side as outputs and outcomes in the short, medium and long term. This is within the framework's conceptualization of value creation as increases, decreases (and now preservation) of capitals. Indeed, current integrated reporting practices indicate that value creation is depicted in a business model that shows capitals as input that result in outputs and outcomes that are linked to strategic corporate objectives. Other business entities in their integrated reporting show or link business models to value created for their various stakeholders as output and outcomes. Such outputs and outcomes are not depicted as increases, decreases or preservation of capitals which served as input into the business model. While operationalizing value creation is clearer for some capitals, it is not with other capitals. As such, linking outcomes to capitals drawing from Fig 2 could be problematic for those charged with governance. The <IR> framework should provide more illustrative examples of how value is created, eroded, or preserved using all forms of capital prescribed in the <IR> framework. Those charged with governance will like to know how value is created, eroded and preserved through the transformation of human, intellectual and social and relationship capitals and the outcomes associated with these. The diagram does not make clear the relationship between output and outcomes. It appears to suggest that output results in outcomes. This is not always the case as outcomes could flow from activities within the business model that gives rise to output. In other words, the transformation of the capitals results in both output and outcomes and so the arrow from outputs to outcomes and then to the transformed capitals is problematic in the diagram. We suggest positioning output and outcomes at the same point in which their arrows flow simultaneously into the transformed capitals. We therefore argue that the terminology Outputs and Outcomes as used in Fig 2 could be framed differently to make their differentiation clearer. In this, we suggest the use of the term "impacts" in place of "outcomes". This is because outcome encompasses both output (i.e value created) and impact and cannot be reduced only to impact.

Irina Paschke, Kirchhoff Consult AG, Hamburg

Yes. However, it also raises questions: Where would (wider) impact be included? Provided each outcome needs to be qualified into short, medium and long term, organizations are at risk of facing even more complexity. When does long term end?

Ivan Topolya, Independent

Yes. Figure 2 effectively distinguishes outputs from outcomes and links outcomes to value creation, preservation, or erosion.   Additional guidance might be provided by the <IR> Framework -   by matching outcomes concept used in the Framework with value proposition used in the business context to provide another layer of analytical differentiation between outputs (products and services) and outcomes (where value propositions are embodied with those outputs) - by supplementing the governance cycle (strategy and resource allocation, risks and opportunities, performance, and outlook) with the management cycle (e.g. planning, organizing, monitoring, control) to provide another level of integrated thinking dissemination and hence to support integrated thinking adoption and implementation.

J Robert Gibson, Hong Kong University of Science and Technology

No. There are two problems with figure 2 1) It does not show the impacts on capital which flow directly from Outputs rather than Outcomes. 2) As noted in my answer to Question 6, Outcomes which are Outputs of suppliers are also significant. These are not shown here. Proposed solution: Have Figure 2 only cover Inputs and Outputs. Add a footnote stating: 'An organization should also consider and report on significant impacts on capitals of Outcome from the activities of its Suppliers and Customers.

Jake Atkinson, Climate Disclosure Standards Board

Yes. The small amendments to Figure 2 will assist users' understanding of the differences and the links to value creation, preservation and erosion. It may also be more accurate to amend the shading of 'inputs' in a similar way to 'outputs' to ensure better understanding.

Jayantha Nagendran, Smart Media (Pvt) Limited

No. Although Figure 2 distinguishes outputs from outcomes, it is not effective as it misses the bigger picture. Further, it fails to link value creation, preservation or erosion correctly with activities, outputs, outcomes and impact (the 'results chain'). They are explained below under 'principles' and 'corollaries'. Principles: P1. Value creation, preservation or erosion is a continuous process right through the results chain (activities, outputs, outcomes and impact), regardless of whether value is measured or otherwise.   P2. By definition, the capitals are stocks of value. Therefore, when value is created, preserved or eroded the capitals too are affected continuously right through each component of the results chain.   Corollaries: C1. Measurement of value can take place only at the capitals, as that is where value is stored.   C2. The capitals capture the cumulative position arising from the short, medium and long term.   C3. Being inputs, the capitals keep re-entering the flow, and they are in a constant state of flux.   C4. Hence, measurements of value, taken at the capitals, are valid only for a point in time.   C5. Value creation, preservation or erosion as reflected in the multiple capitals occurs at every stage of the results chain. For example, a change in financial capital (whatever the definition) occurs (and can be measured) during the activities (ongoing or current), outputs (short term), outcomes (medium term) and impact (long term). That means four separate feedback loops need to be shown, each beginning at activities, outputs, outcomes and impact and ending at the input capitals. Thus, the visual depiction in Figure 2 is confusing, if not misleading.   C6. Showing the inputs again on the right hand side in Figure 2 with no explanation adds to the confusion: • Why are they left dangling? What are the arrowheads pointing at? • Are they the 'affected 'inputs after value is created, preserved or eroded in the short, medium and long term? If so, are they not already captured in the input capitals on the left hand side of the diagram? • The term 'inputs' refer to the cumulative position of each capital at a point in time (see C4 above). Inputs cannot be shown in two different places simultaneously. See C7 below.   C7. To measure a change ('before' and 'after') in any or all of the capitals, one 'freezes' the value creation flow diagram at two points in time; measurements are then taken at the capitals (shown as

inputs). It is no different from preparing a balance sheet at chosen points in time to analyse performance over a time interval – which can be short, medium or long.
C8. The logical framework (logframe) depicting the value creation process should show the full results chain and give meaning to the short, medium and long term effects. Merging them under outcomes does not help. This is as an opportunity for the IIRC to revamp Figure 2 as the patchwork solution provided in the current revision is inadequate. Also see our response to Question 10.

Jo Cain, Materiality Counts

No. Can't see much change here, except for the addition of timeframes before outcomes, i.e. short, medium and long term. Appreciate some colour-coding changes have been made, however this diagram needs more work.

Johannes Dumay, Macquarie University

Yes

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Yes. We believe the changes to Fig. 2 are an improvement on that currently shown in the <IR> Framework and when cross-read with the narrative in associated paragraphs 4.18 and 4.19, provides suitable understanding of this distinction. No such diagrammatic representation can fully capture the subtleties and complexity of the evolving context. The accompanying discussion in Part 2D of the <IR> Framework is relatively self-contained through its use of underlined components (see para. 2.20). Acknowledging views that the <IR> Framework may not have reached an adequate settled position regarding the treatment and communication of impacts (see ours and other likely responses to Consultation 10), Part 2D, we suggest that further words could be included to briefly describe the limitation in scope.

Jona Basha, Accountancy Europe

Yes. Accountancy Europe agrees that the proposals in Figure 2 effectively distinguish between output and outcomes and link with how the business creates, preserves or erodes value over time.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

No. If we look at the Figure 2, the process seems to indicate that the outcomes are a consequence of the outputs, when in reality the outputs are the products or services that go to the end customer and what can come out before, simultaneously or after the outcomes. Therefore, said graph would need to be revised, as would the wording of the first section of paragraph 4.19.

Joshua Rayan, Joshua Rayan Communications

Yes

Juliet Taylor, WBCSD

Yes. Figure 2 shows that, while outputs and outcomes should be distinguished, they are both relevant to an understanding of value creation. However, the "value creation, preservation or erosion over time" arrow seems disconnected from the business model and external environment in this diagram. We suggest a strong connection between the outcomes that create or preserve value and those that erode it and that it is the activities, outputs and outcomes within the organization that create or erode value.

Karen Koch, Eskom Holdings SOC Ltd

Yes. The distinction is clear in the revised Figure 2

Kelli Favato, Independent

No

Kevin Dancey, International Federation of Accountants (IFAC)

No. To further enhance figure 2, it might be helpful to add the word 'impacts' to the 4th bubble, so it reads 'outcomes and impacts'. See also response to question 10.

Leda Romero, Kellun

Yes

Lisa Martin, Sustainz Business Solutions Limited

No. • Use of colour to differentiate outputs from outcomes is helpful, although removing the distinct colours of the six capitals, in my view, loses the connectivity. • As a suggestion, how about adding 'outcome' after each of the six capital titles on the right hand side of the diagram (Financial Outcomes...... Manufactured Outcomes...... Intellectual Outcomes......Human Outcomes......Social & Relationship Outcomes......Natural Outcomes?)
• Could the 'short, medium and long term outcomes' bubble sit just outside the 'Business Model' box?

Loshni Naidoo, SAICA

Yes. Suggestions on enhancing the current recommendations:

- Make the diagram dynamic, i.e., include hyperlinks from the diagram to the definitions or to the relevant details in the Framework.
- Distinguish outcomes from outputs by: change the outcomes figure from a circle to something else, e.g., a diamond or a square; or shift it a little to the right,

i.e., pull it out of the square to straddle the external environment and maybe change to a dotted line through the middle of the circle to indicate that there are internal and external outcomes.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Yes. We consider Figure 2 makes the distinction clearer between outputs and outcomes. However, we note that organisations are also now considering their impact and therefore suggest reference to impact is also included. In addition to this, we consider it would also be useful for the IIRC to provide guidance around how organisations can include information around the detrimental impacts of outcomes, particularly as this is likely to be challenging for organisations.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

Undecided. could be reinforced but it is a good start

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes. It shows the relationship between the value creation process and the capital, used and affected. Unfortunately, this concept was not being absorbed correctly by companies. They understand value creation as the good things did each period, related to each capital. I suggest highlighting the importance of informing the impacts of your business model, and the respective effects they have on capital. Example: impact: Co2 rate increased in the period. Effects: on natural capital - increased contribution to climate change (reduced ozone layer). Also inform the actions for reduction and / or compensation.

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

No. We believe that understanding the impacts of a company's activities arising from its business model is an integral part of understanding how a company creates value over the longer term. However, we disagree with the visual representation of this in Figure 2 as being part of the description of the company's business model. As a general point on Figure 2, we believe companies should have flexibility in presenting their business model, as set out in the FRC's Guidance on the Strategic Report. This is supported by research from the Financial Reporting Lab which notes that companies take different approaches to business model reporting. Figure 2 in the <IR> Framework can imply that there is only one way to approach business model reporting and could result in a process driven approach. We encourage the IIRC to highlight that the diagram is an illustration only. We note that some companies that use the <IR> Framework in the UK use the diagram as a visual template and go through each of the capitals regardless of relevance to the business.

Mark Hucklesby, Grant Thornton International Limited

Yes. We believe the enhancements made to the diagram that was included in the 2013 Framework are helpful and appropriate. We have no further suggestions to improve or enhance what is contained in Figure 2.

Martin Fryer, Mercury NZ Limited

No. Although figure 2 is an improvement, the positioning of outcomes across the organisational/external environment boundary does not sufficiently convey the fact that outcomes are both internal and external. The text referring to value creation, preservation or erosion also appears physically disconnected from the business model. As fundamental concepts they should visually have a higher priority and be seen to be integral to the integrated approach.

Milan van Wyk, University of Johannesburg

Yes. We appreciate the differentiation between short, medium, and long-term outcomes given that many of the current integrated reports are very "short-term" focused.

Monique Pattillo, Calvert Research and Management

Yes. The graphic is reader-friendly.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

No. Figure 2 reflects the overall process of value creation in an organisation. It does not directly reflect difference between outputs and outcomes nor does it show link of outcomes with value creation, preservation or erosion over time.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes. The figure is a useful tool to use to map your company's processes, input, outputs and outcomes to - if you do this at the start of your process you will produce a quality integrated report.

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes

Nick Ridehalgh, Australian Business Reporting Leaders Forum

Yes

Nimet Vural, Independent

Yes. It is clear.

Nowmitta Jahanzaib, ICMAP

Yes. It effectively distinguish outputs from outcome as the latter is the result of the whole cycle originating from input (resources) and whether the effort bore fruit or not. Output is a process not a result whereas depicts the variations from the desired result. The figure clearly explains the difference.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

Yes. We do not have the problem to distinguish outputs from outcomes. In fact, both the extant and amended Figure 2 provide great clarity on the process through which value is created.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

Yes. The diagram distinguishes outcomes from outputs. However, it would be beneficial to include a description of the enhancement made in the narrative. The emphasis to include short, medium and long-term outcomes and the impact to value creation can be further enhanced by providing illustrative examples on how the outcomes, especially over the medium and longer term can be presented succinctly in the business model. In addition, the IIRC should consider linking this diagram to SDGs where more disclosure is provided in terms of short, medium and long-term goals.

Omair Jamal, Independent

Undecided. Please see my comments of Q6.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. We appreciate the additional clarity in Figure 2 by making reference to "the process through which value is created, preserved or eroded. The diagram has been enhanced and will enabled users of the <IR> Framework to better understand the value creation process.

Paul Hurks, NBA

Yes. But we also refer to our answer on Q6.

Penny Gerber, Pick n Pay Stores Limited

Undecided. Again, Figure 2 is a step in the right direction. However, it can be difficult for preparers to apply this linear model / thinking to their own business. The distinction between outputs and outcomes is certainly improved - as is the reference to value creation, preservation or erosion. What is difficult to appreciate through this visual is that, depending on the capital, there may be different degrees of value creation, preservation or erosion at the same time. The figure could be improved through the use of colours / shapes to highlight the distinction between outputs and outcomes / internal and external impacts. Hyper-links to other relevant sections of the framework would be valuable.

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

Yes

Reina Mizuno, Japanese Institute of Certified Public Accountants

No. As outcome includes external consequences as well as internal consequences, the brown-colored circle of outcome in Figure 2 should be "on" the gray line, not inside, to present half of the circle outside the line, thereby indicating that outcomes also affect external environment. In this way, we believe Figure 2 can effectively distinguish outputs from outcomes.

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

Undecided. Figure 2 distinguishes the outputs from the outcomes, however if analyzed in isolation - without the content of the Framework - it suggests that the increases, decreases, transformations or changes in the capitals (value creation) should be identified only in the inputs and outcomes. Thus, the link to creation, preservation or erosion of value is not evident in activities and outputs.

Richard Chambers, The Institute of Internal Auditors

No. It does not effectively distinguish outputs from outcomes. As an illustrative example, Figure 2 is too complex to be helpful, and doesn't make clear the expression "value creation." Because the word "value" is not in the figure, and appears only outside the figure in the title, it could be confusing as a standalone.

Richard Dale, Newcastle University

Yes. This works well.

Richard Martin, ACCA

Yes. We agree with the proposed version of Figure 2 in having the outcomes clearly distinguished from the outputs but part of the business model. However, Figure

2 could be read as meaning that all outputs give rise to an outcome which impacts the capitals, and we are not always certain that this linearity holds. There may be long term outcomes that do not derive from outputs of the processes of the organisation (as measured in economic terms) but do from activities.

Robbie Campo, Cbus Super Fund

No. Cbus has sought to recreate a version of the value creation graphic which is included in Figure 2 in its own annual integrated reports. In our experience it is an incredibly valuable mechanism to distil internal understandings of long-term value creation and effectively communicate this with other stakeholders. It has greatly aided us to clearly distinguish between our outputs and outcomes visually, separate from the visualisation of our business model. See http://v3au.zone-secure.net/drive/14268/1090639/#page=14 We aim to continue to iterate this visualisation of our business model and become more evidence based in our reporting on inputs and outcomes. In our view, Figure 2 would be aided by more clearly distinguishing activities and outputs from inputs and outcomes.

Ron Gruijters, Eumedion

No. The illustration seems to suggest more emphasis on outcomes than on outputs. In that sense, the visualisation seems not optimally aligned with the (new) descriptions provided in 4.18 and 4.19, which provide examples on how outputs and outcomes should be presented, as well as on how outputs and outcomes are connected. We would prefer a visualisation that more clearly shows how both outputs and outcomes should be explained and how they are connected.

Ruchi Bhowmik, EY No. Without further explaining the difference between the two concepts in the written paragraphs, Figure 2 doesn't provide enough context to understand how each impact value creation. Figure 2 may be more impactful by providing different examples of how this applies to different companies in various sectors. For example, replicating Figure 2 using an oil and gas company, a financial services company, a manufacturing company, etcetera could help demonstrate the concept more concretely.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

Undecided. The model introduces the term 'purpose' but this is not defined or explained elsewhere in the framework. We suggest that further guidance is required around the meaning of an organisation's 'purpose' and how this is important/relevant to the creation of value. Generally speaking, we believe that Figure 2 is not always well understood and would perhaps benefit from an accompanying narrative explanation. In particular, any accompanying narrative should make it clear that it is a not a model that needs to be strictly followed, but rather a suggestion of the elements that an organisation might need to consider when preparing an integrated report ie, not every aspect of the diagram will be relevant to every organisation.

Sinem Ozonur, Garanti BBVA

Undecided. Figure 2 provides improved description of value creation and visualization supporting integrated thinking, but still, the changes are not sufficient to effectively distinguish outputs from outcomes.

Solange Garcia dos Reis, Universidade de São Paulo

Yes. The figure is consistent with the definition made.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

No. In general terms, it is particularly important to disclose "outcomes" and "impacts" in the integrated report, as both fall within the consequences of the organization's activity, but it is also necessary to better clarify what distinguishes these two concepts in terms of corporate responsibility and time horizon. Probably the notion of impact may become more understandable if we put ourselves in the perspective of the subjects/ individuals external to the entity, who record an impact (positive or negative) where their needs are met or not. Linked to the notions of output, outcome, and impact is that of purpose of the organization, which is introduced in the Framework and which can have wide-ranging effects on the definition and measurement of business model and capitals, as well as on the very concept of creating value. Purpose must therefore be defined by the Framework based on its relevant consequences. In more detail: - The concept of "purpose" is included in Figure 2, but it is not defined in the Framework nor in the Glossary, and therefore its links with the concepts of outputs, outcomes, vision, and mission are not clear. - Accordingly, the notion of "purpose" is to be expanded in the Framework also in its connection with the notions of value creation and information users. Indeed, purpose orientates the determination of value creation and the selection of the primary information users as well as it interacts with the various elements of the business model. - In graphical terms, you could consider Inserting positive and negative outcomes, and possibly an indication of the existence of interactions and "trade-offs" between them. Also, the systemic effects of outcomes could be considered. - After (i.e. at the extreme right of) the section highlighting the six outcomes/capitals, you could insert a box of the consequent IMPACTS, so as to distinguish impacts from outcomes. - It should not be taken for granted that the outcomes will re-enter as inputs of the organization. Accordingly, please modify the arrow that links OUTCOMES to INPUTS: this arrow could be represented as a set of lines (not a simple single line) which, when reaching INPUTs, it can become dashed lines or lines with different thickness. - As we have output and input, then we could have “outcomes” and “incomes”. This latter word can be used for defining the lines coming from outcomes (at the left-hand side) and reaching the Input section (see immediately above). - Can we graphically include somehow the short, medium and long term outcomes in Figure 2, as well as the positive and negative outcomes? - Purpose, mission and vision are quoted but not explained.

Takayuki Sumita, WICI Global

No. It is not enough to point out value has two aspects of positive and negative. When they recognize negative value, some capitals are eroded, while when they recognize positive value, some capitals are enhanced. Therefore, creation, preservation and erosion are not on values but capitals. In order to make it clear the revised title and one line added to the bottom of Figure2 should be modified. Moreover, performance are that of the past and outlook are that for the future. WICI strongly advise to replace the Figure to the attached diagram.

Tim Sheehy, The Chartered Governance Institute

Yes. Somewhat. The value creation process diagram is trying to distill into a graphic device a complex set of ingredients and processes. As such there is a limit as to what a single graphic device can achieve. The changes are an improvement and should be implemented but the reader will need to understand the narrative along with the diagram.

Toni Lutz, Prosus N.V.

Yes. Figure 2 does adequately distinguish outputs from outcomes and link outcomes to value creation, preservation and erosion. The diagram can be enhanced by distinguishing between creation, preservation and erosion using colour coding, shapes or icons. Adding hyperlinks in the diagram to various definitions and examples would be useful. The diagram should differentiate which outcomes are beyond the business’s control. Refer to comment in question 6.

Umair Khan, MCB Bank Limited

Yes

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Yes. The new lay-out makes it more clear that the outcomes are related to the capitals. The fact that for outcomes, the outcome capitals are printed in the same colour is clear. I would not present the heading of business model in the same colour as this implies that the business model is related to the outcomes and outcome capitals.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. The new figure 2 clarifies the difference between outcome and output and the temporal issue (short, medium, and long-term outcomes) through a better choice of colors. Also, it highlights the possibilities of creating, preserving, and eroding value over time.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. The new figure is definitely an improvement from the previous one

Veronica Poole, Deloitte

Yes. We support the proposals. We think it is appropriate to retain outcomes within the parameter of the strategy and business model given that they should be connected. We also welcome the inclusion of a time horizon in connection with the outcomes, which we believe helps to distinguish them from outputs. However, we think more clarification could be given to time horizons in relation to outcomes in paragraph 2.25. We note that you have now included the word ‘purpose’ in the diagram. This is not defined in the <IR> Framework and we recommend it is – in particular, its concept of defining the organisation’s intent for creating value for its stakeholders and/or society and the environment, as connected to its core business model. The inclusion of purpose should be reflected in paragraph 4.5. Furthermore, we encourage you to reconsider inclusion of all three words (purpose, mission and vision). There is significant overlap between their meanings, and the word ‘purpose’ is an all-embracing term. You may wish to add an explanation that you consciously intend purpose to embrace the other two terms.

Vinicius Benevides, Independent

Undecided

Yew Kee Ho, Singapore Institute of Technology

Yes, the proposed Figure 2 is good but it can be further improved. We need to separate out : input (blue), activities (another colour), output (another colour), outcomes (black).

Zhanna Kazakova, Rosneft

No. The company goal should be value creation, not preservation or erosion.

Question 8. Does the final sentence in paragraph 4.19 sufficiently encourage evidence-based reporting of outcomes?

Alan Willis, Independent

No. The sentence needs strengthening by the insertion of "both positive and negative outcomes, i.e." after "communicates" and before "its use of", and a comma after "capitals".

Alban Eyssette, SFAF

No. We consider that an evidence-based reporting would be useful for us. But we suggest that it should be named as such in the framework instead of "a blend of qualitative and quantitative information".

Amanda Nuttall, Think Impact Pty Ltd

No. Outputs and outcomes are not specifically named in final sentence, thus confusing the intent of its inclusion. 'Evidence based reporting' needs a clearer definition. It would be helpful to link to established definitions and conceptualisation of evidence-based reporting, such as the IMP's 5 dimensions of impact.

Anant Nadkarni, Advisor Value Creation

Yes. Reminding users of the Framework about Value creation and erosion to be specified quantitatively and qualitatively is adequate.

Anne Adrain, ICAS

No. While we welcome the addition of the final sentence, we do not believe that it is sufficiently clear that this is intended to encourage evidence-based reporting of outcomes. This expectation should be more explicitly stated.

April Mackenzie, External Reporting Board (XRB staff views)

No. We do not agree that the proposal (P8) sufficiently encourages evidence-based reporting of outcomes. We support evidence-based reporting. In our view, verifiability of the claims and conclusions in the integrated report is extremely important. It also facilitates the ability to audit the integrated report. All content included in the integrated report should be capable of being assured even if the organisation does not currently get assurance over its integrated report. We would recommend that the IIRC consider including verifiability as a guiding principle in the <IR> Framework. If the IIRC consider this is beyond the limited scope of the revision of the <IR> Framework, we recommend that the IIRC add a discussion on the importance of evidence-based disclosures to the guiding principle of reliability. We would also recommend that paragraph 4.19 includes a requirement that the qualitative and quantitative information provided needs to be evidence-based. We would recommend deleting the word "Ordinarily" at the beginning of paragraph 4.19. We would recommend replacing the word 'blend' with 'combination' in paragraph 4.19. This is consistent with the wording used in paragraph 1.11.

Aranzazu Piñeiro López, REPSOL

No. It doesn't seem a recommendation, the linked paragraphs 5.6 and 5.7 don't provide a clear direction to inform about the use of and effects on capitals, the sentence doesn't highlight the relevance of an evidence-based reporting. In our opinion, the sentence should be more explicit: "An organization should incorporate in the reporting qualitative and quantitative information for a better understanding of its outcomes, when material".

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd. No. It needs to be stronger. Many companies that laid off employees are unlikely to acknowledge the economic impact. In some cases they may not have the data for balanced disclosure. An example will be companies using river water may not necessarily adjust consumption during drought or even have the data to determine whether they should.

Bandile Manyana, Independent

No. While the sentence certainly reinforces the guidance to consider quantitative as well as qualitative impact, it does not do much, if anything, to promote ready verifiability (evidence-based nature) of either class of impact.

Barry Cooper, Deakin Integrated Reporting Centre

No. The final sentence of paragraph 4.19 does not specifically encourage evidenced-based reporting of outcomes. In our view, it does not need to. All content of an integrated report, including the reporting of outcomes, should be evidence-based. The <IR> Framework deals with this through the materiality and reliability & completeness guiding principles. If an evidence point is to be added in relation to qualitative and quantitative information on outcomes, it could be expressed in terms of the information being capable of withstanding assurance under International Standards of Auditing and Assurance.

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

No. The reference to other parts of the Framework does not appear to be particularly effective. We suggest to explicitly state the need to provide evidence-based and accurate qualitative and quantitative information. In addition, you might want to consider to better define the boundaries in relation to outcomes/impacts.

Brad Monterio, Institute of Management Accountants (IMA)

Undecided. While we have no objection to proposal 8, as a general proposition, we observe that it does not enhance an understanding of how to apply. It is obvious that the objective of providing decision-useful information drives the delivery of both qualitative and quantitative information. Further, in considering quantitative information, we note that provides little in the way of actionable guidance. Following the <IR> Framework gives preparers and users little more than broad suggestions on what information is useful for decision-making. Again, we note that without a clear entity concept (or alternatively, clear advocacy for impact accounting), it becomes virtually impossible to measure outcomes – which are necessarily relational to a specific entity or stakeholder. Measuring the connection between an entity's sustainable business practices and its intangible assets, performance, and long-term value remains a nascent practice. Even further, it is currently an expensive and experimental endeavor to measure these with respect to the six capitals (or even determine what activity or transaction affects which capital). Therefore, rather than "encourage" evidence-based outcomes, practitioners, particularly preparers, need actionable guidance on how to do this. More specific guidance on evidence-based reporting of outcomes is needed before we can see widespread implementation.

Brett Simnett, Radley Yeldar (RY)

Yes

Bronwyn Forsyth, Strategic Advisory and Communications

Yes

Carol Adams, UNDP SDG Impact Team

No. As an "umbrella" framework, the <IR> Framework should either explicitly refer to the frameworks/standards that integrated report preparers may use to do this or provide guidance elsewhere.

Carol McAleenan, AngloGold Ashanti Limited

No. The wording needs to be more robust to clarify that positive and negative outcomes must be evidence-based, to ensure that reporting is balanced and not only biased towards positive outcomes in order to achieve good disclosures.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

No. In our opinion, the concluding sentence in paragraph 4.19, as presented, does not provide a basis for pushing evidence-based disclosures. This applies analogously to the term "ordinarily", which further weakens and relativizes the underlying demand for evidence-based information. This also applies to the term "sufficiently" in the above consultation question. We propose to amend the sentence (in conjunction with our comments regarding question 10) in a way as follows: "The reporting on outcomes should be as much evidence-based as possible. Evidence can include experiences of the reporting company, the industry group, academia etc.". Furthermore, the concept of evidence and evidence-based reporting may need clarification in this context. In our opinion, evidence-based reporting does not necessarily have to be based on quantifiable information. A statement that both quantitative and qualitative information can form a basis for evidence would support the demand for evidence-based information and would also facilitate its use in connection with non-financial aspects. While the references to paragraphs 1.11 and 5.6 f. are correct, their implications may not be perceived accordingly as long as the explanation in paragraph 4.19 is too vague and conservative.

Christopher Joy, Hong Kong Institute of CPAs

Yes

Cora Olsen, Novo Nordisk

No. When looking at the final sentence in 4.19 marked P8, I struggle to see how this encourages evidence-based reporting of outcomes.

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA Yes. We support the concept of using an evidence-based approach. The focus on outcomes and on wider stakeholder groups can lead to unsubstantiated claims and promotional wording that is not fully embedded in financial reality. We would urge the IIRC to stress the importance of evidence-based reporting throughout this review and in particular for entities to make use of the management information that they have available to support a point of view.

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

No. We believe that, if the integrated report has the universal pretension of becoming the corporate disclosure reference of the highest quality and global acceptance, it must overcome the problems of non-financial information developed so far under other standards. In particular, one of the strongest criticisms of non-financial reporting is that it makes invisible and excludes conflict and the negative impacts of improper organisational performance. The vast accounting literature has pointed out that these types of practices are set up as forms of reproduction and maintenance of corporate power in a way that perpetuates their legitimacy to society and stakeholders. Therefore, we believe that the proposal of the integrated report must promote open, horizontal, transparent and dialogical accountability that enables external social control. For all these reasons, paragraph 4.19 should be much more precise.

Edeltraud Guenther, United Nations University

No. see above: outcomes and impacts should be differentiated

Elizabeth Middleton, Independent

No. The word ordinarily makes it sound like "maybe they do and maybe they don't". Should get rid of that word.

Fabio Silva, Eletronorte

Undecided

Fay Hoosain, IRC of SA

No. • Consider removing the word 'ordinarily' as this risks ambiguity. • Consider explanatory examples in a separate FAQ. • Consider rewording the paragraph to read: 'An organisation communicates its use of and effects on the capitals through evidence-based reporting together with narrative disclosure'. • The importance of narrative disclosure must not be diminished. In some cases, the organisation will not have quantitative data available, but it is nevertheless important that disclosure still happens in narrative form. Omitting such information risks an incomplete integrated report.

Francesca Flamini, Enel SpA

Yes. The proposal is correctly asking for more evidence based reporting of outcomes. However it would be useful to provide some examples on which type of evidences could be used in different contexts.

Gail Boucher, Principles for Responsible Investment

No. The PRI defines "Outcomes" as being identified and measured at the level of a particular asset, economic activity, company, sector, country or region. Progress can be assessed against recognised global sustainability performance thresholds and timeframes – including the SDG targets and indicators. The PRI would suggest to clarify outcomes further and in relation to global thresholds and timeframes at the asset, activity, company, sector country or region level.

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Yes. The change suggested is clear in its purpose to represent outcomes and requesting also an economic quantification of the impacts generated in a period is certainly an interesting approach. However, it should be noted that since there are not specific methodological references, the methods of identification and quantification may be subjective, and dependent upon the different practitioners. When referring to quantitative information, the draft should require the organization to explain the methodologies used for the quantification. It could also be useful to suggest some examples that the practitioners can follow.

Graham Terry, Independent

No. I think the wording needs to be much stronger to emphasise the importance of evidence-based reporting of outcomes with appropriate narrative disclosure. More emphasis should be placed on the need for organisations to provide objective evidence of positive and negative outcomes in the interests of good disclosure.

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes

Huey Jiuan Yan, HELP University

Yes

Ian Kramer, CFO Forum

No. The wording needs to be more robust to clarify that positive and negative outcomes must be based on objective evidence and to ensure that reporting is not only biased towards positive outcomes in order to achieve good disclosures.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

No. The final sentence in paragraph 4.19 does not sufficiently encourage evidence-based reporting of outcomes in our view. Evidence based reporting of outcomes should be supported by both quantitative and qualitative KPIs. This should be preceded by a clear conceptual understanding of outcomes as they relate to outputs of transformed capitals. As stated in our response to Question 7, linking outcomes to certain capitals is problematic. The example given in paragraph 4.19 uses a traditional automotive manufacturer and a large transportation company without illustration of how the various capitals of integrated reporting are transformed resulting in output and outcome. It is advisable to show an illustrative example using human capital, intellectual capital and social and relationship capital. The International Integrated Reporting Council professes not to provide any guidance on reporting and disclosures generally which makes it difficult to conceptualize the outcomes of the different forms of capitals. We are not supportive of the IIRC stand in 1.10 which suggests that "Framework does not prescribe specific measurement methods or the disclosure of individual matters. Those responsible for the preparation and presentation of the integrated report therefore need to exercise judgement, given the specific circumstances of the organisation, to determine: How they are disclosed, including the application of generally accepted measurement and disclosure methods as appropriate." " Although we understand the principle-based nature of the above statement, we consider it as too much a discretion given to preparers without much guidance on how to exercise the discretion which the framework confers on them. Nor do we think that referring to GRI, US SASB and other similar sustainability frameworks does replace clear and specific guidance expected from the International Integrated Reporting Council (IIRC).

We therefore recommend that IIRC should actively engage in developing specific and clear illustrative examples of quantitative and qualitative outcomes or impacts, as they relate to all transformed capitals of integrated reporting. Please note our emphasis on the illustrative examples given being measurable, quantifiable and specific outcomes (impacts)? "

Irina Paschke, Kirchhoff Consult AG, Hamburg

No. The structure of the framework is confusing as the final sentence requires to utilize further references spread throughout the framework (1.11.-5.6.-5.7). Merging would be helpful.

Ivan Topolya, Independent

Yes

J Robert Gibson, Hong Kong University of Science and Technology

Yes

Jake Atkinson, Climate Disclosure Standards Board

No. While referring to the need for both qualitative and quantitative disclosures and helpfully cross-referring to other parts of the Framework is important, the evidence-based aspect is not fulfilled by the amendments made. Perhaps it would be helpful here to make note of the key characteristics of evidence-based and decision-useful information, e.g. reporting principles 3E, F and G of the Framework.

Jayantha Nagendran, Smart Media (Pvt) Limited

Undecided. The question misses the point. The real issue is not in providing encouragement. It is about correctly correlating the evidence-based disclosures with the outcomes, particularly when qualitative indicators are used as proxies in the absence of proper metrics. We continue to see issues on consistency and comparability across reports, even from the same industry sector.

Jo Cain, Materiality Counts

No. This talks about effects on capitals. It needs to be more literal. A revision could be "evidence-based reporting of outcomes" with a short example of such evidence to "bring it to life."

Johannes Dumay, Macquarie University

Undecided. I don't think it will improve the disclosures. Companies will report what they want regardless.

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

No. The proposed sentence is expressed in passive neutral terms and is merely an observation of what an organisation would preferably do. More forthright expression would be along the lines: "An organisation should [or perhaps even ideally] communicate its use - - -." Regardless of the wording, 'evidence-based reporting' is reliant, as the proposed sentence alludes, on qualitative and quantitative information systems, some of which may indeed produce 'evidence' capable of independent assurance. We believe the intent behind inclusion of this sentence could be achieved with further explanation along the lines we describe.

Jona Basha, Accountancy Europe No. We suggest the IIRC includes stronger language to reference that outcomes should be evidence-based in order to correctly address concerns such as overamplifying positive outcomes and using promotional language. Considering that evidence-based disclosures allow for the verification of these disclosures, such a clarification would also support paragraph 3.42 of the <IR> Framework.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

No. The paragraph points an habitual practice: "ordinarily", however it is more an affirmation than an invitation to report in this way.

Joshua Rayan, Joshua Rayan Communications

Undecided. I think the term evidence-based itself sounds vague. It needs to be made clearer as in reported outcomes can be validated or proven. Simpler word choices would help.

Juliet Taylor, WBCSD

No. What is reported will largely depend on what the preparer determines to be material to the business model. While the current statement will encourage the disclosure of both quantitative and qualitative information, it may be clearer to the preparers that they should communicate the effects on the capitals through both quantitative and qualitative information, and indicate the reliability of the information that is disclosed e.g. through the application of internal audit or external assurance. It would be helpful if the statement demonstrated that qualitative and quantitative information is meant to show users the outcomes resulting from the business model, or what the type and quality of evidence should be. As we said in our response to the March 2020 consultation, we think at the very least, organizations must report on the fundamental resource relationships and capitals-state conditions that their business models depend upon. It would therefore be useful to use "where material to the business model" based on what value is being created: this should be split out to (a) assets recognized and (b) unrecognized (like many intangibles); and (c) the commons. This will help keep the disclosures targeted and meaningful. We would suggest that the <IR> Framework cross refers to outcome evaluation tools (e.g. from the W.K Kellogg Foundation) and the sort of evidence they uncover to guide disclosures. In addition, there are numerous tools and studies from the Capitals Coalition that will help on this front. Some of which include: The Capitals Coalition have the Nat. Cap. Checker tool: https://naturalcapitalcoalition.org/natural-capital-protocol/natcap-checker/ and expertise on "integrated thinking."

Karen Koch, Eskom Holdings SOC Ltd

Undecided. It may be useful to indicate that one should comment on negative outcomes even where evidence is less reliable, i.e. don't preclude commentary in the absence of firm evidence

Kelli Favato, Independent

Yes

Kevin Dancey, International Federation of Accountants (IFAC)

No. We support the addition of the final sentence. However, it may not be sufficient to encourage evidence-based reporting of outcomes, nor does it address the common challenge that for many outcomes (and impacts), particularly those that are longer term, it is not always possible to attribute and quantify the organization's specific effects on the capitals. There are often many factors that are beyond the control of an individual company. Further guidance on evidence-based reporting of outcomes may be needed. See also our response to question 10 on impacts.

Leda Romero, Kellun

Yes

Lisa Martin, Sustainz Business Solutions Limited

No. • States that "ordinarily, an organisation communicates its use of and effects on the capitals through a blend of qualitative and quantitative information". As a suggestion, add: 'that can be verified', or 'evidence-based'.

Loshni Naidoo, SAICA

No. • The wording needs to be much stronger to emphasise the importance of evidence-based reporting of outcomes with appropriate narrative disclosure. More emphasis should be placed on the need for organisations to provide objective evidence of positive and negative outcomes in the interests of good disclosure. As currently stated, the sentence appears to be passive in nature. • Evidence- based reporting should also include fundamental principles and requirements of reliability and completeness amongst others.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Undecided. We support the addition of the final sentence, although we propose a possible rewording at the start of the sentence to help with the flow of the paragraph: "Organizations typically communicate ...". However, we are not convinced that the final sentence 'encourages' evidence-based reporting. In addition to encouraging 'evidence based reporting', we consider it important to also note the challenges associated with evidence based reporting, in particular attribution of a specific outcome to the organisation's activities.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

No. include clear examples of inputs, outputs and outcomes with no bias

Maria Angelica Costa, Modena & Ana Consultores Associados

No. You should use the term "evidence" in the paragraph. Example: "An organization show evidence of the use and the effects on capital by communicating a blend of qualitative and quantitative information."

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

Undecided. We understand the spirit of what is intended but consider that the language could be clearer and highlight that metrics and qualitative information would aid reporting on outcomes/impacts.

Mark Hucklesby, Grant Thornton International Limited

Yes. We believe the final sentence that has been included (ie "Ordinarily, an organization communicates its use of and effects on the capitals through a blend of qualitative and quantitative information (see paragraphs 1.11 and 5.6-5.7") is sufficient for the time being. As noted above in our response to question 6, we note that the IIRC can always add further guidance if the proposed wording does not consistently produce what was intended.

Martin Fryer, Mercury NZ Limited

Yes

Milan van Wyk, University of Johannesburg

No. We believe the wording needs to be significantly more robust to highlight the importance of evidence-based reporting of outcomes with appropriate narrative disclosure with sufficient basis of measurement. There should be a stronger call for organisations to provide objective evidence of positive and negative outcomes to achieve quality disclosure.

Monique Pattillo, Calvert Research and Management

Undecided

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. This is achieved by the link provided to paragraph 1.11.

Muhammad Imran, CSRCP

Yes

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes. I think we can not call it evidence-based reporting. However, the matter of imbalance in the reporting has been adequately addressed by emphasizing both positive and negative comments through qualitative and quantitative information.

Nick Ridehalgh, Australian Business Reporting Leaders Forum

No. The final sentence will not ensure that all the content of the integrated report are 'evidence based', in other words not only the outcomes achieved, but also the narrative descriptions (i.e. strategy, business model, priority risks) which will need to supported by Board approved business plans, risk registers etc.. It would be advisable to clarify this explicitly in this section, with a reference to the 'reliability & completeness' guiding principle and any discussion on integrated report assurance.

Nimet Vural, Independent

Yes. Numbers of Paragraphs are given.

Nowmitta Jahanzaib, ICMAP

Yes. The final sentence sufficiently encourages the value attached to evidence-based disclosures attached with quantitative outcomes and encourages honesty over window dressing or overemphasis of some thing which exists less or none at all.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

No. Based on our experience, one observation is that there were many instances of claims of certain outcomes being generated, for example, 'increase in public confidence', without appropriate evidence and support. Such non-evidence-based outcomes would be contradictory to the statement of responsibility i.e. integrity statement of integrated report by TCWG in Paragraph 1.20 of the Framework. We strongly suggest that the principle of evidence-based outcomes must be emphasised and should not be on an 'encouraged' basis. Paragraph 4.19 of the <IR> Framework does not seem to indicate the requirement of provision for an evidence-based outcome. We recommend such a requirement to be indicated clearly.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

No. The sentence should be clearer if it was intended to drive reporting of outcomes that are evidence-based.

Outcomes may be presented qualitatively and quantitatively. To promote the use of quantitative indicators, we recommend the inclusion of guidance to measure outcomes using quantitative indicators and provide example of the indicators based on the internationally recognised framework or methodologies (ie GRI Standards, GHG Protocol, UN SDGs) or industry norms. The example of indicators to measure the outcome should also be linked to the outputs or business activities. In terms of examples, it is good to have more illustrative examples for different industries that cover both private and public sectors. Some adopters are of the view that there should also be some degree of flexibility accorded as certain outcomes may be a bit subjective and not easily illustrated, particularly in the public sector, where social outcomes or regulatory outcomes may be more complex to illustrate. To promote more evidence-based reporting, the IIRC should consider encouraging organisations to obtain assurance for integrated reporting and apply the guidance for assurance issued by the International Auditing and Assurance Standards Board on Extended External Reporting (EER), which has undergone public consultation and is in the process of completion.

Omair Jamal, Independent

Undecided. Para 4.19, in my opinion, is an explanation of business model of an entity in place and not a performance reporting. Reporting of performance certainly requires evidence-based reporting.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. While we agree that the paragraph encourages evidence-based reporting of outcome, as noted in Q6, it's important to provide examples of outcomes relating to all the capitals to better enable those charged with governance on how to communicate the effects on all capitals qualitatively or quantitatively. In addition, specify principles to be considered to achieve evidence-based reporting of outcomes.

Paul Hurks, NBA

Undecided. Encouragement is understandable and desirable. However attribution of outcomes and impacts is a challenge. In our view the reporting requirement should emphasize clarity on what information is evidence-based and what information is not (yet).

Penny Gerber, Pick n Pay Stores Limited

Undecided. The wording is clear in respect of positive and negative outcomes (i.e. balanced reporting) - but perhaps not as clear in terms of evidence-based reporting

Priyanka Mathur, Confederation of Indian Industry

No. Can be more specific

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

No. I think the wording needs to be much stronger to emphasise the importance of evidence-based reporting of outcomes with appropriate narrative disclosure. More emphasis should be placed on the need for organisations to provide objective evidence of positive and negative outcomes in the interests of good disclosure

Reina Mizuno, Japanese Institute of Certified Public Accountants

Undecided

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

No. Mainly because there are no measurement and demonstration guidelines (quantitative information) for creating value for companies. As the integrated report is particularly different from other disclosures for presenting this concept, it must be taken into account that it takes time for companies to get used to and use this new "lens" to see their business. In addition, in order to obtain this type of information, they need to adapt their performance measurement systems, being necessary to evaluate the cost and relevance of the information that will be obtained, taking into account that for decision-making purposes they need to be timely and not just elaborated to the annual report.

Richard Chambers, The Institute of Internal Auditors

Undecided. Providing evidence to back up claims and conclusions is in the spirit of the <IR> Framework, but it introduces significant complexity that is not required for financial reporting, nor by other nonfinancial reporting frameworks (e.g., GRI).

Richard Dale, Newcastle University

Undecided. I don't disagree with what is written here but I am not quite sure that it conveys what is really intended and comes across as a bit process- rather than principles-driven.

Richard Martin, ACCA

No. We see little reference to evidence-based reporting in 4.19. There needs to be a reference to section 4F on reliability and completeness where this is emphasised. We also note that evidence-based reporting of outcomes can only be part of the means of achieving reliable and complete reporting. A balanced selection of evidence to report is also needed. Finding evidence to support long term outcomes we recognise is likely to be particularly challenging.

Robbie Campo, Cbus Super Fund

Yes. Cbus supports the proposed wording in the final sentence of paragraph 4.19. An organisation's capacity to use quantitative or qualitative measures or information in reporting on its positive and negative impact on the capitals is impacted by a range of factors including the nature of their activity, their size and reporting maturity, regulatory and governance factors. We support the encouragement of evidence-based approaches to reporting on impact.

Ron Gruijters, Eumedion

No. The final sentence of 4.19 makes clear that reporting generally speaking will need to be based on both quantitative and qualitative information, which we applaud. However, if the <IR> Framework aims to encourage disclosure that is more evidence-based, then it is not clear to us why this is not explicitly and directly stated, as well as further illustrated how to approach such evidence-based disclosure. Too much pressure on 'evidence based' disclosures, may lead to unintended consequences. In some jurisdictions, the evidence that asbestos is toxic still appears controversial. It also took considerable time before the evidence of global warming became widely accepted.

Ruchi Bhowmik, EY

No. There is not enough context in the final sentence to understand the significance and there is no mention in the framework regarding evidence-based reporting. Paragraph 1.11 doesn't provide sufficient context on the importance of reporting quantitative and qualitative information. Paragraph 1.11 references paragraph 3.8 regarding quantitative and qualitative information, and 4.19 references paragraphs 5.6 and 5.7 without making any reference to evidence-based reporting. This concept should be explicitly stated in paragraph 4.19 if that is the intention.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

Undecided. Overall, we agree with efforts to encourage greater evidence-based reporting within integrated reports. However, we question whether the proposed amendments will help organisations determine what type of quantitative information should be used or encourage greater rigour around the selection and use of appropriate quantitative data. We suggest it might be helpful if paragraph 4.19 was altered to replace the reference to 'communicates' and instead refer to how an organisation 'supports and evidences its use of and effects on the capitals through disclosure of a blend of qualitative and quantitative information'.

Sinem Ozonur, Garanti BBVA

Undecided. It does not sufficiently encourage but provides guidance for the utilization of qualitative and quantitative information.

Solange Garcia dos Reis, Universidade de São Paulo

Undecided. The paragraph explains how to report the outcomes. But it seems that there are no elements that show important reasons for reporting them.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Undecided. As a suggestion for para. 4.19, the last sentence could be better articulated in the following terms "through a blend of evidence-based and accurate qualitative and quantitative information". In the same para. 4.19 and in paragraph 4.20, the word "effects" is employed together with, or as an alternative of, the word "consequences": participants think that this aspect linked to terminological consistency should be clarified.

Takayuki Sumita, WICI Global

Yes. Concise and understandable

Tim Sheehy, The Chartered Governance Institute

No. Whilst the intent of this amendment is to address imbalanced reporting of outcomes the proposed additional wording may not be sufficiently to the point, in particular to a new user.

Toni Lutz, Prosus N.V.

No. The wording needs to be more explicit in encouraging that reporting of outcomes should be evidence based.

Umair Khan, MCB Bank Limited

Yes

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

No. It is already common practice to analyse the effects on the capitals by both qualitative and quantitative information. This text only emphasizes what is already done. It does not address the risk of positive portrayal as I have named it, as the narrative information is not required to be neutral. In order to avoid the risk of positive portrayal, it would be wise to emphasize balance by turning balance into a separate guiding principle, or by adding neutrality as a guiding principle, for instance as used in the International Framework for Assurance Engagements from the IAASB.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. The change is positive in the sense of a greater emphasis on the use of quantitative and qualitative information that support the results. This should increase the transparency of the reports, with information that portrays the organization's situation/context.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. The wording of the paragraph is adequate.

Veronica Poole, Deloitte

Undecided. The proposed wording is helpful in clarifying the need for qualitative and quantitative reporting of outcomes. However, we think it would be helpful to point to the need for rigour in setting targets for performance outcomes that are based on objective evidence. For example, companies are increasingly adopting science-based targets in relation to climate change. We therefore recommend that evidence-based reporting can be encouraged by emphasising rigour, governance, objective evidence and consistency with targets set by the organisation. We also observe that the <IR> Framework on its own cannot address all concerns on balanced reporting – corporate governance codes, management assertions and assurance also play an important role.

Vinicius Benevides, Independent

Yes

Yew Kee Ho, Singapore Institute of Technology

Yes. "Ordinarily, an organization communicates..." seems to be very mild and subdued. Should it be more emphatic? Something like: An organization should support the outcomes with qualitative and quantitative information." Yes, I certainly believe it will. In some Asian countries where integrated reporting is adopted by listed companies, we constantly observe mainly positive statements on value creation. Companies should be encouraged or challenged to articulate challenges or those activities that result in value preservation or erosion. This is a very positive step forward in balanced reporting.

Zhanna Kazakova, Rosneft

Yes

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The sentence encourages evidence-based reporting of outcomes since it clearly provide a clear distinction and elaboration on issues related to outcomes and on how can they be differentiated from outputs.

Question 9. Does the increased emphasis on value preservation and value erosion encourage more balanced reporting of outcomes?

Alan Willis, Independent

Yes. I agree with the Basis for Conclusions on pp. 14-16 of the Companion Document

Alban Eyssette, SFAF

Yes. See our answer to Q7

Amanda Nuttall, Think Impact Pty Ltd

Undecided. Yes and no. Agree it is essential for the <IR> Framework to expect reporters to disclose both positive and negative, intended and unintended outcomes (and value creation). However, there are three other critical concepts that we want to see addressed in the <IR> Framework to encourage balanced reporting: 1) System boundaries. A critical aspect of understanding integrated value and the balanced nature of reporting is examining where the system boundaries are drawn. Reporters should adequately disclose how system boundaries have been determined to ensure all material topics are accounted for in the integrated value model. System boundaries should consider physical boundaries, activity scope (and supply chains), stakeholders (beneficiaries, contributors and unintended losers) and time horizons over which value is created. Future populations are the silent majority, and yet have no power to influence today's decisions. Consideration should be given to the degree to which integrated value models create or destroy long term value for the silent majority. 2) Equity (or inequity) of value To encourage balanced reporting, consideration also needs to be given to the equity (or inequity) of the types of capital created, transformed, eroded or displaced and who benefits or is worse off as a result of the business activity. To ensure balanced reporting, an understanding of the value flows between stakeholder groups and geographies should be discussed and disclosed for balance. For example, water may be legally extracted to produce manufactured capital, however if this was occurring in a water stressed community then the impact of this capital transformation would be significant on the local community. 3) Potential for bias in an integrated value model - who determines the type and quantum of value? Another critical aspect to consider and disclose when developing the integrated model and report is the degree to which the values and world views of the author are biasing the model. We acknowledge that value is subjective and context specific, and therefore careful consideration should be given to the stakeholders involved in determining what is valued and the relative worth of this value. It would also be beneficial to transparently report the stakeholders involved in determining value (refer to the Social Value principles which would be beneficial to apply in this context). "

Anant Nadkarni, Advisor Value Creation

Yes. To bring out and report value is the Core purpose and that helps to tell the full story well and officially

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. It encourages more balanced reporting of outcomes as it is expected to lead to reporting both sides of the coin without stressing reporting on good sides only.

Anne Adrain, ICAS

Yes. We welcome the additional reference and emphasis on value preservation and value erosion to encourage more balanced reporting of outcomes.

April Mackenzie, External Reporting Board (XRB staff views)

Yes. We agree with proposal (P11) to clarify through the <IR> Framework that value can be preserved or eroded. In our view, balanced reporting is a critical part of enhancing trust and credibility in the integrated report. We therefore support any amendments to the <IR> Framework that ensure organisations select and present information in a balanced manner. However, we acknowledge that in conjunction with these amendments to the <IR> Framework there will also need to be a behavioural change by preparers of integrated reports.

Aranzazu Piñeiro López, REPSOL

Undecided. Even if the introduction of these concepts may evidence that the reporting of outcomes should be more balanced to reflect a more accurate image of companies, many companies will remain reporting mostly positive outcomes if they consider that a more balance reporting may impact their reputation upon certain stakeholders.

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

Yes. Takes away the need to convince clients of the dimensions.

Bandile Manyana, Independent

No. The emphasis of preservation and erosion goes some way in negating the bias for positive value creation. The heading of the section or process itself however "value CREATION process" has a positive slant.

Barry Cooper, Deakin Integrated Reporting Centre

Yes

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

Yes. The increased emphasis on value preservation and value erosion should help avoiding unbalanced disclosure of positive outcomes. To additionally emphasize this aspect, Figure 2 may report “positive and negative outcomes” rather than “short, medium and long term outcomes”, and make reference to the short, medium and long term in the arrow below (“value creation, preservation or erosion over time” may be changed into “value creation, preservation or erosion over the short, medium and long term”).

Brad Monterio, Institute of Management Accountants (IMA)

Yes. We welcome the additional references that help stakeholders understand that an entity’s activities (transactions) can enhance, maintain, or diminish its collective resources, total enterprise value.

Brett Simnett, Radley Yeldar (RY)

Yes

Bronwyn Forsyth, Strategic Advisory and Communications

Yes

Carol Adams, UNDP SDG Impact Team

Yes. It should at the margins (although the depletion of capital was already acknowledged in the Capitals Background Paper for <IR> published in 2013). Reports will continue to lack credibility in this regard without the additional recommended statement (see Q1) regarding ongoing governance oversight concerning the content elements of an integrated report and/or external assurance of the materiality process and governance oversight thereof.

Carol McAleenan, AngloGold Ashanti Limited

Yes. The emphasis change is important, particularly in the light of issues that have arisen during the COVID-19 pandemic. Increased emphasis in the framework on balanced reporting ensures the focus on primarily positive outcomes is reduced. Other areas of the Framework which reference value creation should be updated to include the words “erosion/impact/effect and preservation”.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Yes. We are convinced that the consistent explicit reference to "value preservation" and "value erosion" besides "value creation" stresses the full picture of the value considerations under the concept of integrated thinking. Thus, we do welcome these additions in the framework. In our view, this clarifies the presentation of both positive and negative changes in capital, which has always been the core content of the concept of integrated thinking and the principle of neutrality. However, we would like to remind that this verbal clarification in the framework does not necessarily and directly result in a balanced view in corporate management and/or reporting practice as paragraph 3.39 and the guiding principle of reliability and completeness have already established the requirement of balanced reporting explicitly.

Christopher Joy, Hong Kong Institute of CPAs

Yes

Cora Olsen, Novo Nordisk

Yes

Cornis Van der lugt, University of Stellenbosch Business School

Yes

David Hackett, CIMA

Undecided. We would caution against encouraging the generic inclusion of wider issues within the integrated report. We would suggest strengthening the text so that the information provided is based on evidence and uses widely accepted metrics. The disclosures should also be material to the interests of the company and avoid boiler plate language that could apply to any large entity.

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

No. In our opinion, the fact that the proposal emphasises that value is not only created but can be preserved or eroded is not enough. We believe that the decision of organisations not to disclose negative results is not consistent with a weak understanding of the international framework for integrated reporting. In contrast, we believe that such a decision is political and involved with the extension of a positive organisational image to achieve legitimacy to avoid a social or governmental intervention and, above all, to attract a more significant number of investors.

Fabio Silva, Eletronorte

Yes

Fay Hoosain, IRC of SA

Yes. • The clear reference to 'value preservation' and 'value erosion' throughout the Framework addresses the inherent positive bias of the term 'value creation'. • The 'Value creation' Glossary term should ensure that 'value' is not interpreted as a sum of the parts (net), but that the extent to which value is created, preserved or eroded on each capital are to be clearly described and explained in the integrated report. This disclosure ensures transparency by the organisation and is essential to the users of the integrated report to make an informed assessment. • The revision encourages organisations to articulate in their integrated reports how the organisation creates, sustains, defends and potentially erodes value, and forces organisations to consider and explain their integrated, long-term approach to sustainable value creation as well as how they integrate risk and opportunity management into their processes. • The revision should, however, better distinguish between intended and unintended value creation, preservation or erosion, recognising that there are often well-considered trade-offs that are evaluated by the organisation.

Francesca Flamini, Enel SpA

Yes. The proposal correctly highlights the fact that an organization can even preserve or erode, and not only create value. However, it would be useful to separately define in the glossary these terms (value creation, value preservation and value erosion), with the support of some examples

Gail Boucher, Principles for Responsible Investment

Yes

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Yes. The change suggested is very important because one of the guiding principles is "reliability and completeness", which underlines specifically the importance of balance in reporting; moreover, the emphasis on "value erosion" is fundamental in some reporting periods. We do suggest though to add the definition of "value preservation" and "value erosion" in the Glossary, which currently only includes the definition of "value creation".

Graham Terry, Independent

Yes. I think it does – the continued emphasis might seem tedious, but it is especially important for organisations to describe value creation as well as value erosion and preservation. Many organisations have focussed on value creation and avoided value erosion completely. COVID-19 has highlighted the importance of these disclosures. In addition, it is important to emphasise that value erosion should not be netted against value creation.

Graham Terry, The South African Institute of Chartered Accountants - Cape Town Discussion Group

Yes. We support the revised wording because in practice, erosion of value is often downplayed or ignored. While the repetition may appear tedious, it emphasises the importance of the need for organisations to produce a balanced report.

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

Yes

Henry Daubeney, PwC

Yes. However, the narrative needs to lead into this. The figure 4.2 itself is unlikely to shift behaviours around more balanced reporting. Further examples and guidance would help and see also discussion below on the use of 'impacts' and definitions.

Huey Jiuan Yan, HELP University

Yes

Ian Kramer, CFO Forum

Yes. The emphasis change is important, particularly in the light of issues that have arisen during the COVID-19 pandemic. With the increased emphasis in the framework on balanced reporting, the focus on primarily positive outcomes would be reduced. Other areas of the Framework which reference value creation should be updated to include the words "erosion and preservation". The Glossary should define "value creation" so that "value" is reported as value created, preserved and eroded on each capital in the integrated report.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. On the surface, we agree that the increased emphasis on value preservation and value erosion encourages more balanced reporting of outcomes. However as indicated in our responses to questions 7 and 8, relating value preservation and outcomes to some capitals of integrated reporting is difficult to understand and operationalise. The definition of value preservation and value erosion need to first be clarified as they relate to various capitals of integrated reporting. While it is possible to understand and operationalise outcomes and value preservation for some of the capitals of integrated reporting, it might inherently be difficult to do the same for other capitals. We still reiterate our view in Question 7 that the conceptualisation of capitals' transformation resulting in output and outcomes is not clear. As such increased emphasis on value preservation is not understood and may add little or nothing to integrated reporting.

Irina Paschke, Kirchhoff Consult AG, Hamburg

Yes

Ivan Topolya, Independent

Yes

J Robert Gibson, Hong Kong University of Science and Technology

Yes

Jake Atkinson, Climate Disclosure Standards Board

Yes. The increased emphasis on preservation and erosion is important and should encourage more balanced reporting, however this could be further emphasised in the guiding principles of integrated reporting. The principles of materiality and reliability and completeness seem like the most important areas where this clarification could be made on creation, preservation and erosion.

Jayantha Nagendran, Smart Media (Pvt) Limited

No. The Guiding Principles on 'Reliability and Completeness' require balanced reporting of outcomes, and some of the measures proposed do strengthen the transparency, balance and integrity of the reports. However, we feel this is not adequate. For example, even with stringent and statutory accounting and auditing standards, large scale scandals involving financial statements are not rare. Merely elaborating on the previously used shorthand 'value creation' to include value preservation and value erosion cannot be expected to improve balanced reporting. For example, the processes deployed in report preparation (paragraph 1.20) should also address how integrated thinking is practised. Further, rewards and remuneration structures that also promote long-term value creation play an important role in this regard. Suggestions to improve balanced reporting: • Make 'externalities' a content element so that both positive and negative external outcomes are required to be reported. It will reinforce the Guiding Principles on 'Reliability and

Completeness'. • Expand the statement described under paragraph 1.20 to include processes in place that institutionalise integrated thinking in addition to the preparation and presentation of the integrated report. This would also include, for example, processes and procedures in place to ensure negative external outcomes are taken into account when structuring rewards and remuneration of the Board, management and staff. • Include the reporting of negative external outcomes in third party assurance.

Jo Cain, Materiality Counts

Yes. It is good to see extension from value creation to also mention erosion. This will hopefully encourage more balanced reporting of the challenges (negatives) as well as the highlights (positives). Transparency, openness and balance are all critical to building credibility and trust in extended integrated reporting. But do we also need value preservation? Are we overly complicating things? Would value creation and erosion suffice?

Johannes Dumay, Macquarie University

Undecided. A welcome change in emphasis, but again the proof will be whether it changes reporting behaviour. Considering regulation such as the EU Directive on Non-Financial Reporting cannot change reporting behaviour, then I think changing the words in the framework will have little impact. However, a welcome change.

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Yes. As indicated elsewhere in our responses to Consultation Questions, the reference to 'value erosion' is a commendable addition to the <IR> Framework. However, 'preservation' and 'erosion' are not neat opposites. A perennial issue in these considerations is whose 'value' it is that is subject to augmentation and erosion. A comfortable view, very cautiously based on the legal and accounting concepts of capital maintenance and one consistent with the <IR> Framework itself, would be to say that it is those who have an investment (or stake) in the Business Model. Particularly from the stance of value erosion and the relationship with natural capital, the stakeholder perspective has for many companies and business sectors, become increasingly complex. In making this observation we fully acknowledge that there are significant dangers in pushing towards having to deal with potential indeterminacy. Though falling outside the scope of this consultation, these may be important matters dealt with in a conceptual framework developed to address non-financial reporting of which the IIRC would be cognisant. An important observation concerning para. 1.8, (see also associated response to Question 11), is that whilst the term 'value erosion' has been introduced as a key attribute of the Consultation Draft, the wording of 1.8 remains unchanged. More than just a matter of drafting consistency, surely the stakeholders referred to in para.1.8 are interested not only in an organisation's "ability to create value over time", but also in its capacity to erode value. We urge the IIRC consider re-wording para. 1.8 to this end.

Jona Basha, Accountancy Europe

Undecided. Even though we support the enhancements of paragraphs 4.19 and 4.20 of the Framework, we suggest emphasizing that claims and conclusions on outcomes must be evidence based. The entity should ensure that the claims in the integrated report have the respective supporting evidence in order to potentially allow for assurance. In addition, we suggest re-emphasizing that disclosures about outcomes should adhere to the 'reliability and completeness' guiding principle and include a balanced picture. Moreover, the principle of value preservation and value erosion could be given more prominence by including it in the guiding principles that underpin the integrated reporting. For example, it may be included in guiding principle 'strategic focus and future orientation'. Finally, we suggest the IIRC reviews in detail the wording in other parts of the Framework to include value preservation and erosion to the current terminology of 'value creation'. For example, paragraph 1.7 and paragraph 5.6 should also include value preservation and erosion in their narratives.

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

Yes. We agree, but we should make it more clear in the Framework that companies must explain the negative points and how the company intends to rectify them. Emphasizing value erosion is one of the important parts of this evolution.

Joshua Rayan, Joshua Rayan Communications

Undecided. The real push is not so much in the words. It's whether companies wish to actually provide more balanced reporting on outcomes. This is more to do with mindset, rather than how the framework is worded.

Juliet Taylor, WBCSD

No. As noted above, more balanced approaches would encourage use of multi-capital evaluation tools and techniques provided by other organizations.

Karen Koch, Eskom Holdings SOC Ltd

Yes. The revised wording makes it very clear that value creation encompasses value preservation and erosion, and therefore supports balanced reporting

Kelli Favato, Independent

Yes

Kevin Dancey, International Federation of Accountants (IFAC)

Yes. We welcome the additional references and increased emphasis on value preservation and value erosion.

Leda Romero, Kellun

Yes

Lisa Martin, Sustainz Business Solutions Limited

Yes. • Overall, yes, although some references to 'value creation' had not been addressed in the Consultation Draft. Suggest a global search and update.

Loshni Naidoo, SAICA

Yes. • The continued emphasis might seem tedious, but is an important message and will help companies shift their thinking to consider how to minimise/ avoid erosion and not just focus on creation. • Value preservation has a direct link to sustainability and therefore the emphasis is necessary as the focus must be on medium and long term value, not short term profiteering. • Erosion does have a negative sound to it, and should maybe consider using a different word.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Yes. We consider that this emphasis encourages a balanced approach to reporting which covers both positive and negative outcomes but we are concerned that this emphasis does not go far enough. In particular, we note that the current framing of value creation, preservation and erosion in paragraphs 2.14 and 2.20 suggest that this should be considered at a net level across the overall stock of capitals. We are concerned that this overlooks the challenges with offsetting positive and negative impacts across the stock of capital, in particular giving no regard to the associated timeframe, as well as discouraging the recognition of value creation and preservation at an individual level.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

Yes. In any case should be reinforced in every part of the document including glossary

Maria Angelica Costa, Modena & Ana Consultores Associados

Yes. It improve, but they must emphasize the importance of information about the impacts of your business model, and the related effects they have on capital.

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

No. We consider the reference to value preservation to be helpful but believe that an overarching principle that applies to the whole integrated report such as fair, balanced and understandable (FBU) (set out in the UK Corporate Governance Code) would be more effective in achieving more balanced reporting. The FBU principle could also be built into the statement of responsibility.

Mark Hucklesby, Grant Thornton International Limited

Yes. We agree that integrated reports that overlook outcomes will miss the critical link between the organization's business model and its ability to create value and hence diminish the users' ability to fully evaluate performance and prospects.

Martin Fryer, Mercury NZ Limited

Yes

Milan van Wyk, University of Johannesburg

Yes. It provides more balance, and is a critical message, especially in the current economic climate and, more specifically, in South Africa.

Monique Pattillo, Calvert Research and Management

Yes. The increased emphasis on these concepts connects the dots between the two.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. Focus on value preservation and value erosion enlightens the preparers that they should not endeavour to report on positive consequences of their business activities only but rather to provide a helicopter view of an organisation, taking into account positives and negatives.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes. This will help to convince the board that the negative outcomes cannot be ignored.

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

No. In the explanatory text, the matter of balanced reporting of outcomes has been adequately addressed by adding the phrase - value 'creation', 'preservation' and 'erosion'. But, no corresponding revision has been made in the heading of the fundamental concept itself and it is still titled as 'VALUE CREATION' under section 2D of the framework. I think it may lead to misunderstanding and confusion. The concept now covers a bigger canvas like 'Value CHANGE'. I suggest consider using a single word and revise the heading title of "Value Creation" so that it covers the holistic meaning of creation, preservation and erosion. The corresponding changes also need to be made in the heading of Section 2B and paragraphs 2.29, 3.18, 3.22, 3.24, 3.25, 3.41, 5.8 and Glossary 7 & 18.

Nick Ridehalgh, Australian Business Reporting Leaders Forum

Yes

Nimet Vural, Independent

Yes

Nowmitta Jahanzaib, ICMAP

Yes. It supports value preservation and value erosion because exact disclosure of facts brings more confidence in the stakeholders about the company, its operations and performance as compared to other companies in the backdrop of market dynamics.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

Yes. Paragraph 4.19 of the Framework has provided adequate clarity with regard to the use of a more balanced reporting of outcomes approach. Based on past experience, companies would typically have disclosed positive outcomes with minimal or no negative outcomes. We believe the statement of responsibility i.e. integrity statement of the integrated report by TCWG would be an appropriate mechanism to ensure more balanced reporting. Hence, more emphasis should be placed on the roles of governance and in that respect, the definition of TCWG is critical. We also would like to encourage value preservation and erosion reporting be conducted in monetary terms especially with regards to environmental and social impacts.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

Yes. The inclusion of value preservation and value erosion does encourage balanced reporting of outcomes. Balanced reporting also promotes transparency of information flow into the capital market especially considering the risks and opportunities element of <IR>. We have obtained feedback from preparers that further elaboration is needed to encourage reporting entities to be more transparent on negative values or value erosion. There are views that organisations may be deterred from reporting value erosion due to implementation issues such as impact on their share price and competitive advantage. Without a compelling reason, reporting entities may continue to choose to avoid such disclosures. In addition, the reporting of value erosion may be worded in a more positive manner to demonstrate that balanced reporting can have a positive effect of showing how an organisation is proactive in addressing and managing negative outcomes.

Omair Jamal, Independent

Yes

Patrick Kabuya, Africa Integrated Reporting Council

Yes. This will be better achieved if our proposals in Q 6 and 8 on providing illustrative examples of outcomes relating to all the capitals to benefit preparers of integrated report.

Paul Hurks, NBA

Yes

Penny Gerber, Pick n Pay Stores Limited

Yes. In the past the emphasis has been on value creation. The fact that the framework now clearly speaks to value preservation and value erosion will encourage more balanced reporting.

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

Yes. I think it does – the continued emphasis might seem tedious, but it is an important message.

Reina Mizuno, Japanese Institute of Certified Public Accountants

Yes. It is appropriate to emphasize the explicit consideration of negative impacts as to maintain neutrality of reporting content. Further, it may be helpful to add following sentence to promote balanced disclosure in 4.19. "For promoting users' understanding, an integrated report describes both positive and negative outcomes." An integrated report should include both positive and negative sides of outcomes to enable readers to gain proper understanding of organization's activities and consequences.

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

Undecided. The very definition of value creation suggests that there are decreases, changes or changes in capital, in addition to increases. If there is a correct understanding of the concept of value creation, it would not be necessary to add the terms 'preservation and reduction of value' and to attribute the lack of balance of effects to their absence.

Richard Chambers, The Institute of Internal Auditors

Yes. While it seems logical that "value creation" is generally understood as a net positive change in capital, one can talk of zero value creation (i.e., preservation) or negative value creation (i.e., erosion).

Richard Dale, Newcastle University

Yes. This is really important and welcome. My only caution is that it is repeated so often through the document that there is a risk of overkill and you may drive away potential adopters.

Richard Martin, ACCA

Yes. The specific references to preservation and erosion will encourage the preparer and the reader to consider the wider meaning and need for balance in discussing value creation.

Robbie Campo, Cbus Super Fund

Yes. Cbus' experience has been that it takes some time to facilitate the cultural change within our organisation necessary to inculcate a balanced approach to reporting on outcomes and the organisational capacity to build broader reporting capability in relation to positive and negative impacts on the capitals. We support the additional sentence in paragraph 4.20 and believe that it will encourage a more balanced reporting of outcomes and sufficiently addresses an organisation's wider impacts.

Ron Gruijters, Eumedion

No. The proposed additions indeed further clarify the concepts of value creation, preservation and erosion. However, we do not think the problem of companies reporting in an unbalanced way is per se due to the way it is described in the Framework, which in our opinion is already sufficiently clear. As Eumedion, we call on companies to explain how they 'create long term value'. Of course, we imply explaining the destruction of value as well. Should we now also on each occasion need to specify the three underlying variants? We prefer not to. Also we do not expect companies to suddenly on each occasion refer to 'creation, preservation & erosion'. We prefer an IR Framework that properly defines that the term 'value creation' in a single definition that incorporates the three flavours. If erosion needs particular emphasis in the IR Framework, we prefer a footnote reference that makes this explicit.

Ruchi Bhowmik, EY

Yes. The emphasis on value preservation and value erosion encourages more balanced reporting of outcomes. In addition, in line with EU environmental legislation, we advise adopting a 'dual focus' to detect what it is key to report for the business, i.e. outside-in ("How do sustainability risks and opportunities impact the company?") and inside-out ("How does the company impact on sustainability factors?") both for current and likely/probably future material items. NFI should be forward-looking to better capture and report on value-based outcomes.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

Undecided. While we agree with the greater emphasis on value preservation and value erosion with the framework, we suggest that the IIRC goes further and clarifies the concepts of value creation, preservation and erosion within the guiding principles of the framework. In particular, it would be helpful to highlight how these should be shown separately within an integrated report (ie, not a net value position) and how there may be trade-offs between these different value concepts.

Sinem Ozonur, Garanti BBVA

Yes. Promotes integrated thinking.

Solange Garcia dos Reis, Universidade de São Paulo

Yes. The inclusions in several paragraphs highlight the importance.

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Yes. It is believed that this is a useful clarification, and that should be introduced throughout the Framework.

Takayuki Sumita, WICI Global

No. As was mentioned in the response to Q7, it is necessary to recognize that positive/negative aspects of value created are almost equal to enhancement/preservation/erosion of capitals rather than value. More concretely, WICI proposes the following modification of proposed revision; (About the IIRC)・・about positive/negative value creation leading to enhancing, preserving and eroding capitals should be the・・・ (About Integrated Reporting)・

・ ・ consider the creation of positive/negative value which leads to enhancing, preserving and eroding capitals over the ・ ・ (Executive Summary) ・ ・ ・ creates positive/negative value over time, leading to enhancing, preserving and eroding capitals. (1.1) ・ ・ ・ creates positive/negative value over the short, medium and long time, resulting in enhancing, preserving and eroding capitals. (2.14) ・ ・ ・ involve the decrease in value stored ・ ・ ・ capitals (i.e. value diminished) (2.17) ・ ・ ・ value creation both in positive/negative manner (see ・ ・ ・ (2.20) ・ ・ ・ In such cases created value is not positive. The process through which positive/negative value is created is depicted ・ ・ ・ (Glossary) (Integrated Report) ・ ・ ・ creation of positive/negative value over the short, medium and long time, resulting in enhancing, preserving and eroding capitals. (Integrated thinking) ・ ・ ・ consider the creation of positive/negative value which leads to enhancing, preserving and eroding capitals over the ・ ・

Tim Sheehy, The Chartered Governance Institute

Yes. The repetitive use of the term 'preservation or erosion' makes a significant impact and it would be a surprise if a new user did not understand the point.

Toni Lutz, Prosus N.V.

Yes. The emphasis on balanced reporting and erosion and preservation in addition to value creation should be emphasized throughout the guidance.

Umair Khan, MCB Bank Limited

Yes

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Yes. I applaud the term value erosion as it is much clearer to non-native English speakers than was diminution. I would add the terms to the guiding principles and content elements as well. It is also lacking in paragraph 1.6.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. It's is important not to restrict reporting to value creation processes. The inclusion of value preservation and/or erosion enables the elaboration of reports that cover the complexity of the value flow within organizations.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. Everyone agrees. Top management commitments should also be evaluated in order to make it clear that there was a balance in the disclosure of both positive and negative effects.

Veronica Poole, Deloitte

Undecided. We agree that the proposal for increased coverage in the Framework is likely to encourage more balanced reporting. We welcome the emphasis on 'value erosion' in particular. However, there is a risk that the insertion of 'value erosion' at points throughout the <IR> Framework could lead to a binary approach that does not allow for a full understanding or explanation of the inter-relationships between value creation, preservation and erosion. For example, investment in green processes could enhance natural capital but may lead to employing fewer people (erosion of human capital) and/or a need to upskill (enhancement of human capital). We also recommend that the concepts of value creation, erosion and inter-dependencies or trade-offs are embedded more thoroughly in the Guiding Principles (for example, in 3A, 3B and 3D).

Vinicius Benevides, Independent

Yes

Yew Kee Ho, Singapore Institute of Technology

Yes

Zhanna Kazakova, Rosneft

No

Question 10. Does the closing sentence of paragraph 4.20 sufficiently address the coverage of impacts under the term 'outcomes'?

Alan Willis, Independent

No. Nearly but not quite. The closing sentence would be improved by adding a reference to the proposed new Figure 2. Perhaps add: "Figure 2 further illustrates how outcomes are manifested in impacts on the capitals."

Alban Eyssette, SFAF

Undecided

Amanda Nuttall, Think Impact Pty Ltd

Undecided. The closing sentence is an improvement but it still lacks clarity about how to do that. Suggest the framework looks to other initiatives, such as the Impact Management Project (IMP) which defines impact, noting that the broader definition is more relevant for the purposes of : - A result or effect that is caused by or attributable to a project or program. Impact is often used to refer to higher level effects of a program that occur in the medium or long term, and can be intended or unintended and positive or negative. In terms of the 'how' or content to include in the narrative about impact, the IMP's 5 dimensions of impact would also be a useful reference to support more detailed consideration and reporting of impact, and also enhance comparability between reporters.

Anant Nadkarni, Advisor Value Creation

Yes. This was not done earlier nor have any other Frameworks done this aspect so well

Angyelile V. Tende, National Board of Accountants and Auditors

Yes. The closing sentence in paragraph 4.20 helps eliminating the contradictions between outcomes and impacts and ultimately will encourage its application.

Anne Adrain, ICAS

No. This sentence does not fully address confusion between outcomes and impacts, or how to incorporate disclosures on impacts in an integrated report to reflect the positive or negative impacts of business activity on stakeholders and society. The area of impact reporting is at an early stage of maturity and therefore may require separate guidance including how to define, measure and report on impacts.

April Mackenzie, External Reporting Board (XRB staff views)

No. We do not agree with the proposal (P10) to add the closing sentence to paragraph 4.20. We do not agree with adding the term 'impacts' into the <IR> Framework. There is already confusion amongst the preparer and user communities around the use of the terms outcomes and impacts. For example, are outcomes and impacts synonymous? or are impacts just longer-term outcomes? Instead of adding this sentence to paragraph 4.20, we recommend including in the definition of outcomes that the consequences for the capitals could be experienced over the short, medium and long term (we note that this concept has been added to the amended figure 2).

Aranzazu Piñeiro López, REPSOL

Yes. The closing sentence helps to understand the kind of information that should be provided to give an appropriate overview of the outcomes of the company. The introduction of examples or case studies would better clarify this requirement.

Artie Ng, Independent

Yes

Aruni Rajakarier, SheConsults (Pvt) Ltd.

Undecided. The statement leaves the user with the impression they have a balanced view. However, the preparer may not fully discharge their obligation. Recommend clearly stating that it is the preparer's responsibility to provide a balanced view.

Bandile Manyana, Independent

Yes. References to the long-term consequences as well to wider stakeholders affected satisfy the reach, scope and nature of longer-term and larger societal effects that may differentiate impact from outcomes.

Barry Cooper, Deakin Integrated Reporting Centre

Yes

Begoña Giner Inchausti, European Accounting Association's Stakeholder Reporting Committee

No. The concept of "impacts" is not adequately explained. Further, the Framework refers to "impacts" and "outcomes" without defining the boundaries and the differences between these concepts. If "impacts" are intended as the consequences of the "outcomes", they should be separately mentioned (in the text of the Framework as well as in Figure 2). If these concepts are meant to be (mostly) interchangeable, the Framework should state this clearly. It is not clear who the "direct stakeholders and society at large" are. Are the "direct stakeholders" those who are managed and controlled by the company? The concept of "society at large" raises the problem of boundaries and the responsibility of the organization, is the difference between outcomes and impacts therefore connected to the boundaries and the responsibility of the entity?

Brad Monterio, Institute of Management Accountants (IMA)

Undecided. As noted above, it is wholly unclear whether integrated reporting aims to report on a single entity's value creation, maintenance, or impairment over time or whether it aims for entities to issue impact accounting reports. These are not the same, and this confusion is fundamental. A great deal more clarity is needed, more specifically, on what is meant by "outcomes" and "impacts." As noted in IFAC's response, "We believe impact accounting and measurement are important but recognize that this is still a maturing field, and impact reporting may benefit from separate guidance. This includes how to define impacts, and measure and report impacts." We note that guidelines for impact accounting are developing by the Global Reporting Initiative, the survey data collected by CDP, and the work around the UN Sustainable Development Goals. Thought-leadership around impact accounting is also the primary agenda of other organizations, such as the

Capital Coalitions. If IIRC wants to provide guidance on impact accounting, we suggest that they conduct outreach and consult with these organizations. Until IIRC determines's overall objective, confusion around the <IR> Framework will remain, unsustainably.

Brett Simnett, Radley Yeldar (RY)

Yes

Bronwyn Forsyth, Strategic Advisory and Communications

Yes

Carol Adams, UNDP SDG Impact Team

No. In the broader reporting landscape 'impacts' are taken to refer to impact on achievement of the SDGs. This should be acknowledged and these impacts should be explicitly acknowledged as connected to value creation over the long term.

Carol McAleenan, AngloGold Ashanti Limited

No. The link of wider impacts to outcomes should be strengthened. Wider impacts should be included in the <IR> Framework, perhaps as part of section 1 explaining "Purpose of the integrated report". The examples are unspecific and do not provide adequate guidance.

Christoph Deiminger, Arbeitskreis Integrated Reporting und Sustainable Management der Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. (Working Group on Integrated Reporting and Sustainable Management of the Schmalenbach-Gesellschaft für Betriebswirtschaft)

Undecided. We are not sure whether the sentence really leads to a clearer understanding of the terms "impacts" and "outcomes" in particular because in the same sentence of the paragraph two other similar expressions are used that are "effects" and "consequences". We think that it might be very confusing for the users of the framework to find all four terms without having clear information whether they are used as synonyms or whether they have slightly different contents. Thus, we strongly propose to include a statement in the framework that either all these four terms can be seen as synonymous (more or less) or that they are different. E.g., there could be a phrase like: "Some call it impacts, some effects, some consequences and some outcomes. This framework refers to outcomes." If the terms are not used synonymous within the IR framework, then the differences should be clearly explained.

Christopher Joy, Hong Kong Institute of CPAs

Undecided. The clarifying statement helps but the issue is connected with the reservations expressed about definition and reporting of outcomes in Q6 and Q7.

Cora Olsen, Novo Nordisk

Undecided

Cornis Van der lugt, University of Stellenbosch Business School

Yes. Would be good to add "and its short, medium and long-term implications for the organization itself"... just as a reminder that external impact translates back into impact for the reporting entity itself.

David Hackett, CIMA

Yes. CIMA supports paragraph 4.20 which links outcomes to wider impacts. A broad perspective is critical in showing to wider stakeholders the impact of the business.

Departamento Contaduría Pública Departamento Contaduría Pública, Universidad Central

No. As with the responses presented previously, our position is that impacts coverage and their disclosure in the integrated reports is not achieved by merely indicating the benefit of doing so. That is, we believe that the final sentence of paragraph 4.20 does not require an entity to incorporate narratives about the coverage of its performance impacts. On the contrary, it only encourages organisations to do so by pointing out their potential for benefit, but the decision is ultimately theirs. Therefore, it will be necessary to point out that an organisation will comply with an integrated report if it provides qualitative and quantitative information not only on the positive impacts of its performance but also on the negative ones. Here, the description of the negative impacts cannot be overlooked, simplified concerning the positive impact or expressed in promotional language to cast outcomes in a more favourable light.

Edeltraud Guenther, United Nations University

No. The differentiation of outcomes and impacts are not clear. This document might help: https://ec.europa.eu/international-partnerships/system/files/19-results-and-indicators-10122013_en.pdf

Elizabeth Middleton, Independent

Yes. Also need to explain that not all outcomes can be valued in monetary terms

Fabio Silva, Eletronorte

Undecided

Fay Hoosain, IRC of SA

Undecided. It is recognised that this is an ongoing international debate that will hopefully reach resolution. It is suggested that the points made above referring to outputs and outcomes can assist in lessening any perceived difference between the two terms.

Francesca Flamini, Enel SpA

Yes. The proposal is useful in identifying more contexts in which the outcomes (both positive and negative) could produce impacts on capitals and society as a whole

Gail Boucher, Principles for Responsible Investment

No. The PRI describes "impact" as a change in outcome (i.e. an outcome shaped by an investor, in line with the SDGs). By introducing the word 'effects' there could be further confusion. The PRI recommends that 'change in outcome' or simply 'impact' be used.

Gianmario Crescentino, ASSIREVI - Association of the Italian Audit Firms

Undecided. The sentence does address a wide coverage of impacts, particularly with effects spread over different times. However, the Draft seems to use the words "impacts" and "outcomes" as synonyms. We suggest therefore to define more precisely these words and the use thereof along the Draft. Please see also our answer under Q6.

Graham Terry, Independent

No. In my view the added sentence is not adequate. The point needs to be made more forcefully. • Internal and external outcomes are equally important. If users of the report are to make assessments of the organisation's ability to create (sustain or erode) value in the short, medium and long term they need to understand both. • The examples are very general and do not provide evidence as to the quality. • The paragraph should also refer to unintended outcomes and trade-offs that are consciously made.

Guillaume Ho, Company

Yes

Habeebu Rahman Kadavan, Pondicherry University

Yes

Hendrik Rosenthal, CLP Holdings Limited

No. Please see our response to Q6. We would also suggest adding the term "Impact" in the Glossary of the <IR> Framework.

Henry Daubeney, PwC

No. We welcome the clarification of outputs vs outcomes to drive better outcome reporting. However, while outcomes and impacts are often inter-changed as terms, impacts do carry a distinct meaning for a number of users and are defined by a number of ESG standards. 'Impact reporting' and 'impact investing' is also becoming more established. Any framework revision should consider a revision of terms (inputs, outputs, outcomes, impact) to reflect this to remain current.

Huey Jiuan Yan, HELP University

Yes

Ian Kramer, CFO Forum

No. The link of wider impacts to outcomes should be strengthened. Wider impacts should be included in the Framework, perhaps as part of section 1 explaining "Purpose of the integrated report". The examples are unspecific and do not provide adequate guidance.

Inés García Fronti, Buenos Aires University

Yes

Innocent Okwuosa, Nigerian Integrated Reporting Committee

Yes. We agree that the closing sentence of paragraph 4.20 sufficiently addresses the coverage of impacts under the term outcomes. However, the concerns we raised on outcomes in responses to Questions 6, 7 and 8 are relevant here. Theoretical sufficiency is not enough for practical application by businesses. In our response to Question 7, we have raised concern on the use of the term "outcomes" instead of "impacts" in Fig 2 pointing out that outcomes may encompass both output (value created) and impacts. The problematic nature of the distinction between output (value created) and outcomes may detract from framing outcomes as impacts only. We reiterate that outcomes could be both output (value created) and impacts. To now reduce outcomes to only impacts ignoring output as part of outcomes as in 4.19 could be confusing and confirms the need to change the term "outcome" to "impact" as we have suggested in response to question 7. We drew attention to our response in Question 7 that while operationalizing value creation is clearer for some capitals; it is not with other capitals. Similarly, we argue that while impacts for some capitals may be easy to illustrate, it is not for others. The concluding sentence in 4.20 theoretically assumes that by addressing positive and negative effects across capitals and consequences for direct stakeholders and society at large, an integrated report enables users to evaluate the organisation's wider impact. The question is what exactly the positive and negative effects are across capitals like intellectual capitals, human capital and social and relationship capital. Those charged with governance will welcome illustrative examples from IIRC Framework.

Irina Paschke, Kirchhoff Consult AG, Hamburg

No. Meaning of impact and wider impact remains unclear.

Ivan Topolya, Independent

Yes

J Robert Gibson, Hong Kong University of Science and Technology

No. See my answers to questions 6 and 7.

Jake Atkinson, Climate Disclosure Standards Board

Yes. This could benefit from a little more expansion as there could be space for confusion. For instance, it is as easy to conceptualise impacts in relation to outputs as it is outcomes. It might be that this connection between integrated reporting and impact reporting needs to be made more substantively in the fundamental concepts section of the Framework. This may also be a place to explain the relation of integrated reporting to the wider ‘ecosystem’ of reporting. A good starting point would be to provide a proper definition of impact and how that relates to outcomes (or outputs). These developments need to made with clear emphasis on the primary audience of the integrated report, providers of financial capital, though.

Jayantha Nagendran, Smart Media (Pvt) Limited

No. The term ‘impact’ was not visible in the earlier version of the <IR> Framework. It has now been introduced as a passing reference in the closing sentence of paragraph 4.20 in the consultation draft of the <IR> Framework. This is not sufficient. ‘Impact’ merits a more detailed discussion as the approach, methodology and metrics for impact assessments are quite different from what businesses usually report on, which are short-term performance indicators based on outputs and a medium-term view of outcomes. Mere references to the ‘long term’ in several paragraphs of the Framework do not sufficiently address the coverage of impacts, be it under the term ‘outcomes’ or elsewhere. Also see our response to Question 7 on the results chain and the logical framework (logframe) for the value creation process.

Jo Cain, Materiality Counts

No. As per comments on the use of effects in para 4.19, do we need “impacts” in para 4.20? Is the final sentence not about users evaluating the Reporting entities’ wider outcomes, which either create or erode value?

Johannes Dumay, Macquarie University

Undecided. As per my previous response. I doubt companies will implement.

John Gill, CPA (Australia) retired

Yes

John Purcell, CPA Australia

Undecided. CPA Australia recognises that it is likely that the IIRC will receive numerous responses to this Consultation Question alluding to both: (i) seminal developments, such as those undertaken by the Impact Management Project, and (ii) the current lack of clarity as to whether narrative disclosures on future prospects in the short, medium and longer term (“outcomes” expressed in the fourth ‘bubble’ of revised Fig. 2) are currently able to deal with the distinctions involved. Given both the fluidity in these developments and the perspective noted in the proposed words on “consequences for - - - society at large” (which brings with it subjective, though nevertheless important, assessments), perhaps a less emphatic expression may be warranted. Therefore, we suggest the wording “may enable” be used rather than “enables”.

Jona Basha, Accountancy Europe

Undecided. Accountancy Europe supports the proposals in paragraph 4.20 of the <IR> Framework to link outcomes to wider impacts. However, we suggest that wider impacts be further referenced in the <IR> Framework. For example, the concept may be included in the purpose of the integrated report (page 4) as well as section 1C Purpose and users of the integrated report, and paragraph 2.25 (to link with outcomes).

Jose Luis Lizcano Alvarez, Spanish Association of Accounting and Business Administration (AECA)

Yes. The sentence provides an overview with which we agree.

Joshua Rayan, Joshua Rayan Communications

Yes

Juliet Taylor, WBCSD

No. As stated in our previous consultation response, “What is reported will depend on the user, but it should be clear that companies must report on the fundamental resource relationships and capitals-state conditions that their business models depend upon. It would therefore be useful to use “where material to the business model” based on what value is being created: this should be split out to (a) assets recognized and (b) unrecognized (like many intangibles); and (c) the commons. This will help keep the disclosures targeted and meaningful.” The scope of the integrated report is a critical factor. For instance, if an integrated report is designed to tell the users about the impacts of the organization's business model and activities, then more guidance on how to evaluate impacts, how they should be defined etc. would be needed. However, the main purpose of the <IR> Framework is to elicit information about how a company creates value and, according to paragraphs 32 and 33 of the IIRC's Value Background Paper, "Value creation manifests itself in outcomes." As the Background Paper says "outcomes inform the assessment of value depending on the perspective of the stakeholder and their dependence on the stores of capital affected by the value creation process... outcomes are not always stable...and take place over multiple time frames..." The updated language in paragraph 4.20 aims to illustrate that the users of information and stakeholders associated with the organization will determine the impacts based on what the organization says about outcomes. We agree that this is the right approach. However, it could be made clearer that the reporting organization is only required to disclose outcomes to enable the information users to assess corporate impacts. As noted below, we think there would be value in the IIRC working with other organizations including IMP to establish the best way of making the link between value creation, outcomes and impacts.

Karen Koch, Eskom Holdings SOC Ltd

Yes. As mentioned earlier, the focus on impacts could be viewed as linked to that on outcomes

Kelli Favato, Independent

No

Kevin Dancey, International Federation of Accountants (IFAC)

No. It does not fully address confusion between outcomes and impacts, or how to incorporate disclosures on impacts in an integrated report to reflect the positive or negative impacts of business activity on stakeholders and society. We believe impact accounting and measurement are important but recognize that this is still a maturing field, and impact reporting may benefit from separate guidance. This includes how to define impacts, and measure and report impacts. Therefore, at this stage we are supportive of the approach taken by the IIRC to keep reference to impacts simple in the revision to para 4.20. In terms of figure 2, it would be helpful to add the word 'impacts' to the 4th bubble, so it reads 'short, medium and long term outcomes and impacts', or a 5th bubble that contains 'impacts' if the consensus view is that outcomes and impacts are not synonymous. Reference to impacts should be broad to allow the Framework to be relevant over time to a full range of impacts, including beyond the 2030 SDG agenda given that impacts may not be completely covered by the 17 goals. As thinking and practices around impact reporting progress, consideration of further changes needed within the Framework should be revisited in future. See also our response to question 15.

Leda Romero, Kellun

Yes

Lisa Martin, Sustainz Business Solutions Limited

Undecided. • Sentence states "By addressing positive and negative effects across the capitals, as well as short-, medium- and long-term consequences for direct stakeholders and society at large, an integrated report enables users to evaluate the organization's wider impacts". Wordy, but does make the point.

Loshni Naidoo, SAICA

No. • The added sentence is inadequate and further reinforcement is required. • Internal and external outcomes are equally important. If users of the report are to make assessments of the organisation's ability to create (sustain or erode) value in the short, medium and long term they need to understand both. • The examples are very general and do not provide evidence as to the quality. • The paragraph should also refer to unintended outcomes and trade-offs that are consciously made. • Introduction of the word 'effects' may add to, rather than clear up the confusion around outcomes and impacts. • The phrase 'society at large' also widens the scope too broadly and lacks focus.

Lydia Tsen, Chartered Accountants Australia and New Zealand

Undecided. We support the intent of the inclusion of the closing sentence of paragraph 4.20. However, we do not consider that this inclusion fully addresses the confusion between outcomes and impacts, nor does it sufficiently outline how to incorporate disclosures on impacts in an integrated report to reflect the positive or negative impacts of business activity on stakeholders and society. Given impact accounting and measurement are still maturing fields, we encourage the IIRC to consider how to include the word 'impacts' in a way that allows for future revisions and encourages broader thinking.

Manuel Lopez, Independent

Yes

Manuela Macchi, Independent Sustainability Director and Associate partner YourCEO

No. Impacts are different from outcomes. In the context of impact evaluations, an impact is a change in outcomes in the long term and that is directly attributable to a program, activity, or design innovation. Source: Impact Evaluation In Practice 2nd edition. World Bank

Maria Angelica Costa, Modena & Ana Consultores Associados

No. The difference between outcomes and impacts must be clarified early, after that information for both can be requested.

Marina Michaelides, AUASB

Yes

Mark Babington, Financial Reporting Council

No. We do not consider that the amendments sufficiently differentiate between 'outcomes' and 'impacts' if they are considered to be different. We note that the EU Non-Financial Reporting Directive takes a broader view of impact reporting which includes stakeholders as well as environmental matters and so would cover elements of outcomes and impacts as defined by the IIRC. In addition, we consider that narrative information in this area can be enhanced by providing comparable, consistent and reliable metrics which would be helpful to users' assessments.

Mark Hucklesby, Grant Thornton International Limited

Yes. The additional guidance that has been included in our view is sufficient. We believe nothing more needs to be added to the final sentence that currently reads: "By addressing positive and negative effects across the capitals, as well as short-, medium- and long-term consequences for direct stakeholders and society at large, an integrated report enables users to evaluate the organization's wider impacts."

Martin Fryer, Mercury NZ Limited

Yes

Milan van Wyk, University of Johannesburg

No. In our view the added sentence is insufficient. It is very important to state, WHY, positive and negative outcomes are important as part of the impact across the capitals. • Internal and external outcomes are equally important. If users of the report are to make assessments of the organisation's ability to create (sustain or erode) value in the short, medium and long term they need to understand both. • The examples are not specific enough.

Monique Pattillo, Calvert Research and Management

Yes. It suggests that outcomes have direct and indirect impacts.

Mosireletsi M Mogotlhwane, Botswana Institute of Chartered Accountants

Yes. Coverage for both negative and positive impacts is clear from the paragraph.

Muhammad Imran, CSRCP

Yes

Nadia Schoeman, Kumba Iron Ore Ltd

Yes

Naveed Abdul Hameed, FCA, The Institute of Chartered Accountants of Pakistan

Yes

Nick Ridehalgh, Australian Business Reporting Leaders Forum

Yes

Nimet Vural, Independent

No. Needs more clear and detail.

Nowmitta Jahanzaib, ICMAP

Yes. The closing sentence of paragraph 4.20 addresses the coverage of impacts under the term outcomes be use the effects of natural environment bring a massive change in the outcome of an organisations yield or return.extreme hot or cold temperatures gapers the students to travel therefore they prefer to stay at home and study online .massive retardation of growth has resulted when plants are effected by floods or rough weather or heavy showers .so the soil and fields get destroyed and this has been pointed out in the proposed consultation draft to encourage all the impact of climatic conditions and all other natural or social negativities and positivities as well.

Nur Syaida Wan Muhammad Maznin, Malaysian Institute of Certified Public Accountants

Yes. We are fine with the proposed closing sentence of Paragraph 4.20 of the <IR> Framework. In addition to the insertion of this new sentence, we would like to request for examples or a separate guidance on this matter.

Nurmazilah Dato' Mahzan, Malaysian Institute of Accountants

No. The closing sentence should be enhanced to include not just the direct stakeholders but all the relevant stakeholders. Typically, most organisations would have relevant stakeholders during their materiality assessment exercise. Clear description (or examples) of impacts to the related stakeholders and referring to frameworks where they are defined would be helpful. The word "society" is broadly defined as 'the aggregate of people living together in a more or less ordered community'. Instead of the word "society", it may be better to use the word "ecosystem" as it covers a broader spectrum involving "a biological community of interacting organisms and their physical environment". This could provide broader coverage of the extent of the organisation's wider impacts. This would also be an opportunity to illustrate how can encompass the disclosure needs of Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD).

Omair Jamal, Independent

No. The efforts to encourage reporting of impacts on stakeholders and capital providers in this way would not be effective. There should be clarity about the value creation. The objective of integrated reporting and value creation model should be consistent. The end point to that extent value creation is to be reported requires clarity. Report can be stretched to any level, that is, value creation to the extent of capital or capital providers or stakeholders.

Patrick Kabuya, Africa Integrated Reporting Council

Yes. We agree that the closing sentence of paragraph 4.20. However, we propose revisions on the closing sentence as follows ".....By addressing positive and negative effects across the capitals, as well as short, medium and long-term consequences for direct stakeholders, and society at large, an integrated report enables users to evaluate the organization's wider impacts." It's important to make reference to all stakeholders, one of the key aspects of integrated report – shift to stakeholder inclusive model.

Paul Hurks, NBA

Undecided. Please see our earlier comments on the definition of outcomes and impacts.

Penny Gerber, Pick n Pay Stores Limited

No. The link between impacts and outcomes is not clearly made. Again, these terms may not yet been widely understood by prepares and users and need to be clearly be defined and clearly linked.

Priyanka Mathur, Confederation of Indian Industry

Yes

Professor Lakshman Watawala, Institute of Certified Management Accountants of Sri Lanka

No. In my view the added sentence is not adequate. The point needs to be made more forcefully. • Internal and external outcomes are equally important. If users of the report are to make assessments of the organisation's ability to create (sustain or erode) value in the short, medium and long term they need to understand both. • The examples are very general and do not provide evidence as to the quality. • The paragraph should also refer to unintended outcomes and trade-offs that are consciously made.

Reina Mizuno, Japanese Institute of Certified Public Accountants

No. In accordance with the International <IR> Framework, we understand that the principle of materiality is applied in determining the content of an integrated report. Otherwise, wider outcome in the report may obscure what is important and may deteriorate the usefulness of the report. Therefore, it should be emphasized that the scope of reporting is limited to important outcomes. The newly added term "impact" can be confusing unless relationship with the other terms, "outcome" and "effect" is explained. The relationship between the terms becomes clearer by adding a phrase such as "impact is an effect on the external environment and is considered to indicate a part of the effect."

Research group NEPERSC - Center for Studies and Research and Extension in Corporate Social Responsibility (Marguit Neumann - teacher, Monique Moretti Bonadio, Kelli Juliane Favato and Isabelle Caroline Bevilaqua), Universidade Estadual de Maringá-UEM

No. It just points to a possible use of the disclosure of the effects by the stakeholders, which will be conditioned on how the information on the effects will be presented.

Richard Chambers, The Institute of Internal Auditors

Yes. The addition of positive and negative effects and looking at the organization's wider impacts could encourage more balanced reporting. However, impacts on society and nature do not cover the full range of the six capitals, so it is important to broadly reference impacts.

Richard Dale, Newcastle University

Yes. This is a particularly powerful statement and is very welcome.

Richard Martin, ACCA

No. The example above this paragraph is particularly helpful. However, given the increasing currency of the term "impact" and "impact reporting" the Framework should state explicitly any difference in meaning between outcomes and impacts.

Robbie Campo, Cbus Super Fund

Yes. We support the additional sentence in paragraph 4.20 and believe that it will encourage a more balanced reporting of outcomes and sufficiently addresses an organisation's wider impacts.

Ron Gruijters, Eumedion

Yes. The explanation is sufficiently clear to us.

Ruchi Bhowmik, EY

No. More description should be used in paragraph 4.20 or elsewhere to better convey what types of impacts might fall under outcomes and how this is beneficial for stakeholders to be able compare across and within organizations and over time.

Sarah Dunn, Institute of Chartered Accountant in England and Wales (ICAEW)

No. Please see our comments in response to question 6. Question 6 response: From a UK perspective, use of the term 'impacts' is widely used, for example in the EU Non-Financial Reporting Directive. Therefore, greater clarity around how the framework can be applied by organisations seeking to report on their 'impacts' would be helpful.

Sinem Ozonur, Garanti BBVA

Yes. It was necessary to steer the reporting mindset to include the wider impact.

Solange Garcia dos Reis, Universidade de São Paulo

Undecided. The connection could be made better by replacing the word 'effects' with 'outcomes'.P10

Stefano Zambon, Italian Foundation for Business Reporting (OIBR Foundation)

Undecided. It is not clear who the "direct stakeholders and society at large" are. Are the "direct stakeholders" those who are managed and controlled by the company? The concept of "society at large" poses the problem of the boundaries and the responsibility of the organization. Is the differentiating line between outcomes and impacts the result of the boundaries and the responsibility of the entity? Insert in para 4.20 "... an integrated report may [or should] enable users to..." Perhaps we could put some order in the following way: outputs are the "tangible" results of an organisation's activity; and outcomes the effects generated by the use of products and services. As for a definition of impacts, you might want to have a look at the existing literature. Another possibility could be to reverse the perspective, i.e. outcomes are the users' needs satisfied by outputs. In the proposed revised version of the Framework, a reference is made indistinctively to outcomes, impacts and effects. However, a reference to impacts is welcome, because it helps the alignment with TCFD and sustainable finance regulations. For financial and banking companies, impacts can be usefully conceived as indirect and long-term (e.g. climate change). Furthermore, nowadays investors have to report on their impact and to do this, integrated reporting is a fundamental tool for them in order to respond to this new information demand (this configuring a sort of 'reporting chain' between companies and investors).

Takayuki Sumita, WICI Global

Yes. Concise and understandable

Tim Sheehy, The Chartered Governance Institute

Yes. The additional wording is sufficient, in particular when taken in combination with the additional wording stemming from Proposal 11 above. Overall there is a better emphasis on preparers being frank and disclosing the negatives as well as the positives.

Toni Lutz, Prosus N.V.

No. The link between outcomes and impacts should be further addressed and adequate guidance should be provided across various sectors, beyond traditional sectors such as manufacturing. Refer to question 6.

Umair Khan, MCB Bank Limited

Undecided

Usha Ganga, Center for Multiple Value Creation - HAN University of Applied Sciences

Undecided. I would question whether using the term effects is clear. For me I now question myself what are outputs, what are effects and what are outcomes? I would only introduce and use the term effects if this is a different term and then make clear what the difference is between an effect and an outcome.

Valeria Café, Brazilian Institute of Corporate Governance (IBGC)

Yes. The new wording of paragraph 4.20 complements the concept of short, medium, and long-term impact, introduced in the new configuration in figure 2. The concern with temporality can help to build more transparent and faithful reports so that the user can more clearly and broadly assess the organization's impacts over time in different dimensions/stakeholders – e.g., society, environment, etc. In this sense, a small change may be needed: from 'an integrated report enables users to evaluate the organization´s wider impacts' to 'an integrated report enables users to more broadly evaluate the organization´s impacts'.

Vania Borgerth, CBARI - Brazilian Network on Integrated Reporting

Yes. The wording is very adequate. Everyone agrees that examples of external and internal effects should be included, possibly in item 4.19 a.1.

Veronica Poole, Deloitte

No. Although the term 'impact' is emerging and has several meanings, it is clear that companies increasingly wish to enhance positive impacts and measure their impact more thoroughly. In addition, users wish to understand and evaluate the impacts of the organisation's activities in their assessment of long-term resilience. This desire is frequently linked to the SDGs. Furthermore, companies are increasingly required to report on the impacts of their activities – for example, in Europe, through the Non-financial Reporting Directive (NFRD). We therefore believe that the proposal is not sufficient to illustrate this. We note that the IIRC has made a conscious decision to retain the use of the word 'outcome' and not replace it with 'impact'. However, the word 'impact' is increasingly being used instead of 'outcome'. We recommend at least that the IIRC clarify that 'outcomes' encompass 'impacts'. This is especially valid in the context of the European 'double materiality' concept in the NFRD, which explicitly requires a company to report its impacts. Further, we recommend that there is a new, separate paragraph containing better explanation of: • the connection between purpose and a desired impact/outcome (i.e. a company's desired positive impact on people, the economy and the planet); • a company's potential negative impacts and how they may affect the company's ability to create and sustain value (including within the supply/value chain); • trade-offs that are addressed through governance and strategic decisions; and • how capitals and resources are employed in pursuit of the purpose and how these are, in turn, impacted by the company's operations. These considerations should be aligned to the outcomes of the value creation process and overseen by appropriate governance, controls and processes, including assurance. We recommend that the wording should incorporate all elements of the triple bottom line concept – people, planet and profit (it currently only includes people). We also suggest that further guidance could be given on how to identify and measure outcomes that relate to the value creation process to enhance evidence-based decision making and improve communication.

Vinicius Benevides, Independent

Yes

Yew Kee Ho, Singapore Institute of Technology

Yes. Could be better phrased and the word 'impact' should have a greater prominence as it is insufficient today to merely articulate the output. Impact from outcomes will be a further step forward.

Zhanna Kazakova, Rosneft

No. 1. To avoid short-termism all outcomes should be linked to long term. 2. Not sure that additional disclosures will give more holistic picture of company's business model and outcomes. But it will take more time and labor resources.