Consultation Draft of the International <IR> Framework

Companion Document

May 2020

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PART I

Introduction

International <IR> Framework revision

Inspiring better reporting

Since the release of the International <IR> Framework in December 2013, the IIRC has focused on driving its widespread adoption. Today, there is a strong and increasing momentum for integrated reporting and integrated thinking to become the norm in mainstream business practice.

The conceptual thinking and principles on which the <IR> Framework were founded are still as relevant as when the IIRC formed 10 years ago. However, insights stemming from practical use and wider market developments, as well as the simple passage of time, warrant a review for points of emphasis and clarification. We will also use this opportunity to consider what further refinement may be needed in due course.

The first ever revision of the <IR> Framework launched on 20 February 2020. Three topic papers invited public feedback on select themes and garnered an impressive level of market interest. The IIRC is grateful for the quantity and quality of wide-ranging submissions, which have provided much food for thought.

The IIRC's recent period of focused engagement has yielded this Consultation Draft. Proposed changes to the <IR> Framework are carefully documented, including qualitative arguments and considerations from the <IR> Framework Panel.

This Consultation Draft is now open for a 90-day consultation period until **Wednesday 19 August 2020**.

We invite all stakeholders – whether at the forefront of integrated reporting or simply interested in the future of broader corporate reporting – to contribute.

Regional roundtables, offered on a virtual basis, will explore the key issues and provide yet another way to be heard. To learn more about these events, visit www.integratedreporting.org/2020revision.

Later this year, we'll review survey and roundtable feedback to develop a set of final conclusions. The revision process is expected to conclude in December 2020.

These are special times. The Panel was unanimous in its voice to continue the revision process and maintain its original time commitments. If anything, the importance of integrated thinking has been further underlined by the current global pandemic. Urgent action is still needed to better understand the dynamics of how value is created, preserved or eroded and how capital allocation and corporate behaviour can align to the wider goals of financial stability and sustainable development.

Last but not least, it is my privilege to have been able to work together with all Panel members, guests invited to meetings and the IIRC staff. This revision would not have been possible without their dedication, commitment and expertise.

Erik Breen
Chair, <IR> Framework Panel

Visit the IIRC's website to learn more about the <IR> Framework Panel.

In February 2020, we asked the market to share views on topics related to integrated reporting, and corporate reporting more generally. We received some 300 responses to three Topic Papers during a 30-day window, the results of which make up **Part III** of this Companion Document.

By the numbers

101 responses to Topic Paper 1	**104** responses to Topic Paper 2	**90** responses to Topic Paper 3
39 countries represented	**175** person-hours of analysis	**116** person-hours of Panel review

Insights from those who prepare, use or are otherwise interested in integrated reports informed 14 recommendations for the International <IR> Framework. The rationale for this set of proposals, grouped thematically below, is presented in **Part II** of this Companion Document. Figures in brackets following each recommendation correspond to the proposals detailed in Part II.

Statement of responsibility for an integrated report

- The <IR> Framework should maintain a required statement of responsibility from those charged with governance **(1)**
- To simplify the requirement, the <IR> Framework should:
  - Remove the required commentary on the application of a collective mind **(2a)**
  - Remove the required commentary on plans for a future statement of responsibility **(2b)**
  - Clarify that full adherence to the <IR> Framework is not a prerequisite to apply paragraph 1.20 **(2c)**
- To promote the integrity of disclosed information further, the <IR> Framework should:
  - Encourage disclosure about the organization's reporting process and related responsibilities; such disclosures should be positioned as a supplement to the statement of responsibility or, where legal or regulatory requirements preclude such a statement, as a recommended alternative **(3)**
  - Suggest general process considerations for disclosure purposes **(4)**
- To enhance preparers' understanding of the scope of those charged with governance, the <IR> Framework should clarify that the term adapts to unique organizational and jurisdictional circumstances **(5)**
- To demonstrate the flexibility of Section 1G (Responsibility for an integrated report), this section of the <IR> Framework should signal that it accommodates various governance models, including one- and two-tier boards. **(6)**

Business model considerations

- To address observed deficiencies in business model reporting, the <IR> Framework should:
  - Clearly distinguish outputs from outcomes **(7a,b)**
  - Promote balanced reporting of outcomes by addressing an inherent bias in the term 'value creation' **(11)**
  - Reinforce the importance of evidence-based reporting of outcomes **(8)**
  - Elevate the status of outcomes by linking them more explicitly to value creation, preservation and erosion **(9)**
  - Reinforce the coverage of broader impacts under the term outcomes. **(10)**

Beyond these proactive measures, the <IR> Framework Panel recommends that the <IR> Framework refrain from referencing external codes, standards and initiatives (e.g. those related to corporate reporting, assurance, sustainable development, risk management and internal controls). This is based on four factors:

- The <IR> Framework should maintain its independent, neutral and principles-based approach
- The <IR> Framework should avoid setting an unwanted precedent and sending unintended signals to those not referenced
- Market sentiment continues to favour simple, concise and non-prescriptive guidance
- Providing such referencing outside the <IR> Framework is a pragmatic option.

Finally, whereas two Topic Papers probed matters related to the current <IR> Framework revision, the third maintained a longer-term strategic view. It invited input on the purpose of an integrated report, the role of technology in future reporting and assurance in integrated reporting. We heard from subject-matter experts and this input informed a set of revised questions for public comment. Such questions appear in the following section, along with those related to the current <IR> Framework revision.

The Consultation Draft of the International <IR> Framework is open for comment for 90 days. **Part II** of this Companion Document highlights revisions to the <IR> Framework and supporting rationale. **Part III** summarizes market input received in February to March 2020, which helped to inform these revisions.

The consultation is structured along three lines:

- Testing <IR> Framework revisions
- Charting a path forward
- Open feedback.

Responses can be submitted via online survey at www.integratedreporting.org/2020revision. Please be advised that all other forms of submission – including responses received by mail, email or email attachment – are unable to be processed. Only submissions in English will be considered by the <IR> Framework Panel.

All comments received will be considered a matter of public record and will be posted on the IIRC's website after the closing date. A summary of feedback received will also be posted at a later date.

Deadline: Wed 19 August 2020 (23:59 GMT)

Testing <IR> Framework revisions

Q1-10 relate to proposals made in Part II.

Statement of responsibility for an integrated report

Proposal 1 supports maintaining the required statement of responsibility. The Consultation Draft simplifies the requirement (paragraph 1.20) by:

- Removing the required commentary on the application of a collective mind
- Eliminating the need to comment on plans for a future statement of responsibility
- Clarifying that full <IR> Framework adherence is not a prerequisite to apply paragraph 1.20.

Q1 relates to Proposal 2

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

   ☐ Yes ☐ Undecided

   ☐ No

   Please explain the rationale for your response.

Disclosures about an organization's reporting process and related responsibilities support the accountability and integrity objectives of the required statement of responsibility. The Consultation Draft frames process-related disclosures as either:

- An encouraged supplement to the statement of responsibility, or
- A recommended alternative to the statement of responsibility, where legal or regulatory requirements preclude such a statement.

Q2 relates to Proposal 3

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

   ☐ Yes ☐ Undecided

   ☐ No

   Please explain the rationale for your response.

Process-related disclosures

In early 2020, the market shared a list of process disclosures related to integrated reporting. These disclosures fall into two broad classes:

- 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.

Consistent with its principles-based approach, the Consultation Draft limits its guidance to these classes, with FAQs providing an appropriate mechanism for more detailed support.

Q3 relates to Proposal 4

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

   ☐ Yes ☐ Undecided

   ☐ No

   Please explain the rationale for your response.

Those charged with governance

Many ask if 'those charged with governance' can include senior management and various governance models. In response, the Consultation Draft:

- Extends the Glossary's definition of those charged with governance to include management
- Adds two new paragraphs to Section 1G (Responsibility for an integrated report) to recognize variations in governance models.

Q4 relates to Proposal 5

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

☐ Yes ☐ Undecided
☐ No

Please explain the rationale for your response.

Q5 relates to Proposal 6

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

☐ Yes ☐ Undecided
☐ No

Please explain the rationale for your response.

Business model considerations

Feedback to the focused engagement overwhelmingly supported a clearer distinction between outputs and outcomes. The Consultation Draft responds in two ways:

- Paragraph 4.19 includes the definition of outcomes as well as a simple example to show how outputs and outcomes differ
- Figure 2 uses visual techniques to distinguish outputs from outcomes and link the latter to value creation, preservation or erosion.

Q6 relates to Proposal 7a

6. Does paragraph 4.19 sufficiently differentiate outputs from outcomes?

☐ Yes ☐ Undecided
☐ No

Please explain the rationale for your response.

Q7 relates to Proposals 7b and 9

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

☐ Yes ☐ Undecided
☐ No

Please explain the rationale for your response.

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.

Q8 relates to Proposal 8

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

☐ Yes ☐ Undecided
☐ No

Please explain the rationale for your response.

Q9 relates to Proposal 11

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

☐ Yes ☐ Undecided
☐ No

Please explain the rationale for your response.

Treatment of impacts

Market feedback has encouraged a clarification of the <IR> Framework’s coverage of impacts. Often linked to the natural environment or society at large, impacts generally refer to an organization’s positive or negative effects, whether direct or indirect, or near- or long-term in nature. In response, the Consultation Draft inserts a clarifying statement to paragraph 4.20.

Q10 relates to Proposal 10

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

☐ Yes ☐ Undecided
☐ No

Please explain the rationale for your response.

Charting a path forward

The following questions relate to longer-term strategic matters and, therefore, lie beyond the scope of the current <IR> Framework revision.

Purpose of an integrated report

The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time (paragraph 1.7). In early 2020, the IIRC explored a shift in emphasis from 'providers of financial capital' to 'providers of other forms of capital'. There was strong support for the idea, as it aligns with the fundamentals of integrated reporting and encourages disclosures on the full range of capitals on which organizations rely or have an effect. On the other hand, some cautioned against reducing the relevance of integrated reports to investors. The strength and quality of arguments on both sides warrant further consultation.

11. Should paragraph 1.7 extend beyond providers of financial capital alone to include providers of other forms of capital?

☐ Yes ☐ Undecided

☐ No

Please explain the rationale for your response.

External reporting standards and frameworks

The <IR> Framework is used in conjunction with other reporting standards and frameworks; but with its principles-based approach, it does not prescribe which standards or frameworks to use, nor does it point to particular indicators or measurement methods. There is a growing market appetite for clearer links to the indicators and methodologies of other standards, frameworks and initiatives.

12. Do you support the creation of a resource outside the <IR> Framework (e.g. an online database) to showcase authoritative sources of indicators and methodologies across the capitals?

☐ Yes ☐ Undecided

☐ No

Please explain the rationale for your response.

If yes, to which standards, frameworks or initiatives should the resource point?

Integrated thinking

Integrated thinking is defined in the <IR> Framework, and the concept is further addressed in the IIRC's online FAQs. The IIRC's Integrated Thinking & Strategy Group translates the concept of integrated thinking into practice through illustrative case studies. Yet, there are continued calls for a more comprehensive and insightful explanation of integrated thinking.

13. Should the IIRC address the concept of integrated thinking more deeply?

☐ Yes ☐ Undecided

☐ No

Please explain the rationale for your response.

If yes, what additional guidance is needed?

Technology

Many consider technology to be a key enabler of more connected, comparable and reliable information.

14. Should the IIRC explore the role of technology in future corporate reporting as a priority?

☐ Yes ☐ Undecided

☐ No

Please explain the rationale for your response.

If yes, what technology considerations should be addressed?

Open feedback

15. Please provide any other comments not already addressed by your responses to Questions 1 – 14.

PART II

Basis for conclusions

During the course of its work, the <IR> Framework Panel balanced multiple considerations, including:

- The remit and objectives of the Framework Panel, per its terms of reference
- The IIRC's vision and mission
- The goals of the <IR> Framework revision project, as communicated to the market
- The need to uphold the <IR> Framework's principles-based approach
- Market views, as received during a 30-day focused engagement period (February to March 2020)
- Observed practice in integrated reporting.

The Framework Panel was also mindful that certain clarifications may be better placed outside the <IR> Framework in the form of supplementary implementation guidance.

In April 2020, the Framework Panel consulted the IIRC Board and Council on its recommendations, as detailed in this section. In May, the Board approved the Consultation Draft and launch of a 90-day consultation period.

Statement of responsibility for an integrated report

Proposal 1. Maintain a required statement of responsibility from those charged with governance

- Survey responses highlight the merits of a required statement of responsibility from the organization's governing body. (See feedback to Topic Paper 1 – Q1.) Respondents point to top-level accountability and enhanced quality, credibility and integrity of integrated reports as primary benefits. Feedback to the IIRC's focused engagement shows that this sentiment is broadly shared across a range of stakeholder groups, including report preparers, academics and the consultants who support report preparation and provide third-party assurance. By maintaining the current requirement, there are clear benefits to the investor community and other users of integrated reports.
- The IIRC should avoid removing the required statement of responsibility (paragraph 1.20) in response to limited historical uptake. Some regions, including Japan, have seen a gradual adoption of paragraph 1.20. Targeted measures (including guidance and coordinated endorsement within jurisdictions) and an evolving acceptance of the requirement over time are credited for this gradual adoption.
- There are internal benefits to maintaining a required statement of responsibility, including ensuring the integrated report is considered on a par with, or treated with the same reverence as, an organization's other report forms. Comparable measures are in place for annual or financial reports and prospectuses issued in regulated markets.

Proposal 2. Simplify the required statement of responsibility

The IIRC should balance the needs and interests of report users against those of report preparers. Barriers to the adoption of paragraph 1.20 include: (i) real or perceived conflicts with local regulations and (ii) the burden of complying with multiple standards and frameworks.

a **Remove the required commentary on the application of a collective mind (2nd bullet of paragraph 1.20)**

- There is redundancy in the current requirement, given the inherent expectation that those charged with governance maintain a holistic view of the organization as they discharge their duties
- The term 'collective mind' is considered by both preparers and assurance providers to be imprecise in concept and terminology.

b **Remove the required commentary on plans for a future statement of responsibility (2nd half of paragraph 1.20)**

- Certain circumstances, including legal considerations and compliance with multiple standards and frameworks, may preclude a statement of responsibility. Phase-in disclosures are, therefore, inapplicable for some.
- The proposal seeks to limit the burden on report preparers when other information, such as process-related information, can meet the requirement's underlying purpose.

c **Clarify that full adherence to the <IR> Framework is not a prerequisite to apply paragraph 1.20**

- The path to <IR> Framework adherence is a function of an organization's circumstances, as well as its stage of maturity in integrated reporting. Those new to integrated reporting may hesitate to address paragraph 1.20 for its 'in accordance with' clause.
- The current revision should broaden the requirement to include an option to comment on 'the extent to which' the integrated report is presented in accordance with the <IR> Framework.

Proposal 3. Encourage disclosure about the organization's reporting process and related responsibilities

- Survey respondents generally support process-related disclosures, whether as a replacement for or supplement to the statement of responsibility. (See feedback to Topic Paper 1 – Q1.) Such disclosures:
  - Indicate how senior management and the highest governing body are involved in the reporting process and signal the extent to which integrated thinking is embedded
  - Improve transparency and provide insight into measures aimed at ensuring the integrity of the integrated report
  - Reinforce ownership and accountability among leadership and reflect a shared responsibility across functions
  - Are generally consistent with local requirements and prevailing reporting approaches
  - Provide concrete support for the statement of responsibility from those charged with governance.
- Process-related disclosures should replace the content removed under Proposal 2b.
- Disclosures on the reporting process and related responsibilities should be positioned as an encouraged supplement to the statement of responsibility or, where legal or regulatory requirements preclude such a statement, as a recommended alternative.

Proposal 4. Provide general process considerations for disclosure purposes

- Content suggestions from survey respondents are readily classified into two categories: (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. (See feedback to Topic Paper 1 – Q2.)
- Consistent with its principles-based approach, the <IR> Framework should maintain this simple categorization, with more detailed guidance provided via FAQs and/or supplementary guidance.

Implementation of Proposals 1-4

International <IR> Framework (2013)	Consultation Draft proposal
1G Responsibility for an integrated report	**1G Responsibility for an integrated report** P1
1.20 An integrated report should include a statement from those charged with governance that includes:	1.20 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	• An acknowledgement of their responsibility to ensure the integrity of the integrated report
P2a ~~• An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report~~	P2c • Their opinion or conclusion about whether, or the extent to which, the integrated report is presented in accordance with the <IR> Framework.
• Their opinion or conclusion about whether the integrated report is presented in accordance with this Framework.	P3 This statement is enhanced by supplementary disclosures on the process followed to prepare and present the integrated report. These disclosures can include, for example:
P2b ~~or, if it does not include such a statement, it should explain:~~ ~~• What role those charged with governance played in its preparation and presentation~~ ~~• What steps are being taken to include such a statement in future reports~~ ~~• The time frame for doing so, which should be no later than the organization's third integrated report that references this Framework.~~	P4 • 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. 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.

Proposal 5. Clarify that the term 'those charge with governance' is adaptive to unique organizational and jurisdictional circumstances

- Survey results support clarifying the term 'those charged with governance'. Respondents are uncertain whether the term accommodates different board configurations and/or management.[1] (See feedback to Topic Paper 1 – Q5.)
- Several respondents encourage closer alignment with the IAASB Handbook's definition (reference: ISA 260 – Communication with those charged with governance).
- The proposal notes the potential for organizational and jurisdictional variance and explicitly identifies the inclusion of management personnel, as applicable. In so doing, the definition more closely aligns with ISA 260.
- Proposal 6 also responds to market confusion over the treatment of governance model variance.

Implementation of Proposal 5

International <IR> Framework (2013)	Consultation Draft
Glossary – Item 17 **Those charged with governance:** The person(s) or organization(s) (e.g., the board of directors or a corporate trustee) with responsibility for overseeing the strategic direction of an organization and its obligations with respect to accountability and stewardship.	**Glossary – Item 17** **Those charged with governance:** The person(s) or organization(s) (e.g. the board of directors or a corporate trustee) with responsibility for overseeing the strategic direction of an organization and its obligations with respect to accountability and stewardship. This includes overseeing the integrated reporting process. For some organizations and jurisdictions, those charged with governance may include management personnel (e.g. executive members of a governance board of a private or public sector entity, or an owner-manager). P5

Proposal 6. Indicate that Section 1G accommodates different governance models, including one- and two-tier boards

- Respondents to the 2020 focused engagement survey are unclear how Section 1G – Responsibility for an integrated report relates to two-tier boards.
- This proposal introduces two new paragraphs to Section 1G. These paragraphs acknowledge variations in governance models and point to one- and two-tier boards as an illustrative example; the example also clarifies that for two-tiered boards, only one body is expected to provide the statement of responsibility.

Implementation of Proposal 6

Consultation Draft	
1G	**Responsibility for an integrated report** P6
1.21	Governance structures vary as a function of jurisdiction, cultural and legal context, and size and ownership characteristics. For example, some jurisdictions require a single-tier board, while others require the separation of supervisory and executive/management functions within a two-tier board. 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.
1.22	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.

[1] In some jurisdictions, senior executives are responsible for similar integrity measures (e.g. See Section 302 of the Sarbanes-Oxley Act of 2002)

Proposal 7. Clarify the distinction between outputs and outcomes

- The IIRC's 2016 review of 50 randomly-selected integrated reports showed confusion between the concepts of **outputs** and **outcomes**. In some instances, the reports conflated the concepts. More significantly, over two-thirds of the business model discussions failed to address outcomes altogether.
- During the IIRC's focused engagement period (February to March 2020), there was near unanimous support (95%) for improved clarity between the two concepts. (See feedback to Topic Paper 2 – Q1.)
- The proposal includes the following modifications:
  - a **Paragraph 4.19.** Inserts the definition of outcomes[2] and includes a simple example to showcase the difference between outputs and outcomes
  - b **Figure 2.** Applies simple visual techniques to the value creation/preservation/erosion diagram to distinguish between outputs and outcomes. Both continue to be elements of the business model as defined; however, the diagram makes a clearer distinction between the business model's **mechanism** (transforming inputs into outputs through business activities) and **results** (outcomes). The diagram also applies a different colour scheme to the outputs and outcomes elements to reinforce that they are, in fact, different concepts. (See page 13 for how Proposal 7b is applied).

Proposal 8. Promote balanced reporting of outcomes by reinforcing the importance of evidence-based disclosures

- The IIRC's 2016 review of 50 randomly-selected integrated reports showed that 25% of outcomes-related discussions exhibited one or more of the following attributes:
  - Excluded negative developments or underperformance
  - Amplified positive results and dampened negative outcomes
  - Used promotional language to cast performance and outcomes in a more favourable light.
- According to the 2020 focused engagement, 94% of respondents support a strategy of addressing imbalanced reporting of outcomes. (See feedback to Topic Paper 2 – Q3.)
- The proposal adds to paragraph 4.19 a reference to paragraphs 1.11 and 5.6-5.7 (formerly 4.54-4.55), which reinforce the importance of communicating qualitative and quantitative information about how organizations use and affect various capitals
- See Proposal 11 for another measure to promote balanced reporting.

[2] Although the definition appears in paragraph 2.25 and the Glossary, it bears repeating in paragraph 4.19.

Implementation of Proposals 7a and 8

International <IR> Framework (2013)	Consultation Draft
Outcomes 4.19 An integrated report describes key outcomes~~, including:~~ • Both internal outcomes (e.g., employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g., customer satisfaction, tax payments, brand loyalty, and social and environmental effects) • Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby ~~diminish~~ value).	**Outcomes** 4.19 An integrated report describes key outcomes. Outcomes are the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs. The following example illustrates the distinction between outputs and outcomes. **P7a** **P7a** The core output of an automotive manufacturer's business model is cars. Positive outcomes include connected communities, customer convenience and contributions to the local tax base. Negative outcomes include road-related accidents (and related health care costs to society), fossil fuel depletion and air pollution (and related ailments). The description of outcomes includes: • Both internal outcomes (e.g. employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g. customer satisfaction, tax payments, brand loyalty, and social and environmental effects) • Both positive outcomes (i.e. those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e. those that result in a net decrease in the capitals and thereby erode value). The following example illustrates positive and negative outcomes. A large transportation company connects manufacturers to essential raw materials. A dedicated workforce and proprietary logistics software underpin its reputation for strong customer service and reliable just-in-time delivery (a positive effect on social and relationship capital). The company and its shareholders have seen strong financial returns in recent years (a positive effect on financial capital). Unfortunately, steady growth and an aging fleet have led to rising greenhouse gas emissions (a negative effect on natural capital and social and relationship capital). In response, the company has set aggressive targets to reduce its contribution to climate change. **P8** 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).

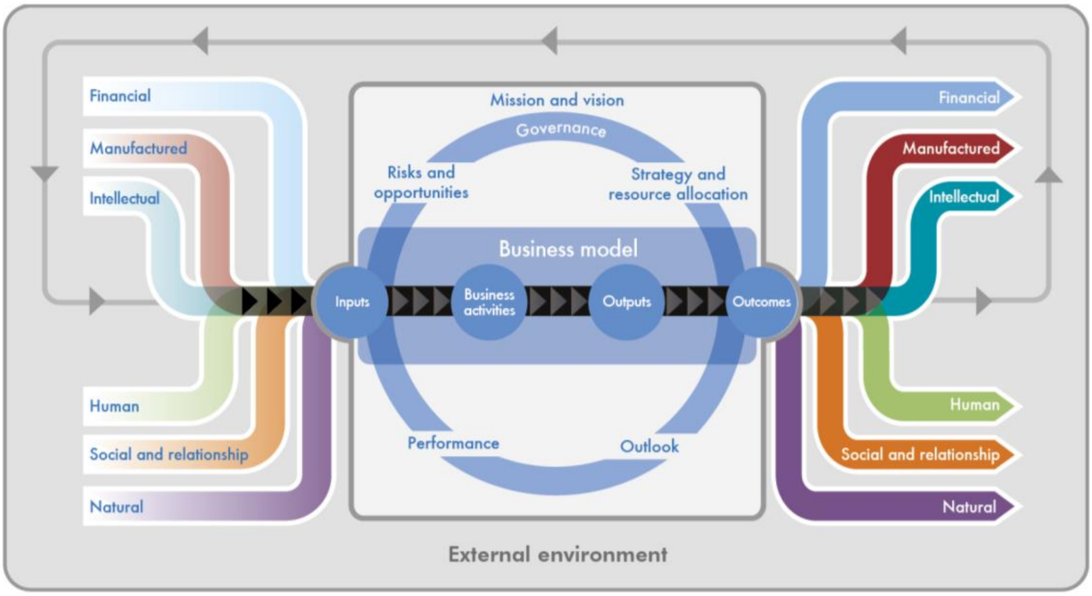
Proposal 9. Elevate the status of outcomes by linking more explicitly to value creation, preservation and erosion

- Integrated reports that overlook outcomes miss the critical link between the organization’s business model and its ability to create value. In such cases, integrated reports impair users’ ability to fully evaluate performance and prospects.
- Survey feedback points to a need to elevate the significance of outcomes (93% support). (See feedback to Topic Paper 2 – Q2.)
- This proposal uses colour coding in Figure 2 of the <IR> Framework to more directly link outcomes to the value creation/erosion/preservation side of the diagram.

Implementation of Proposals 7b and 9

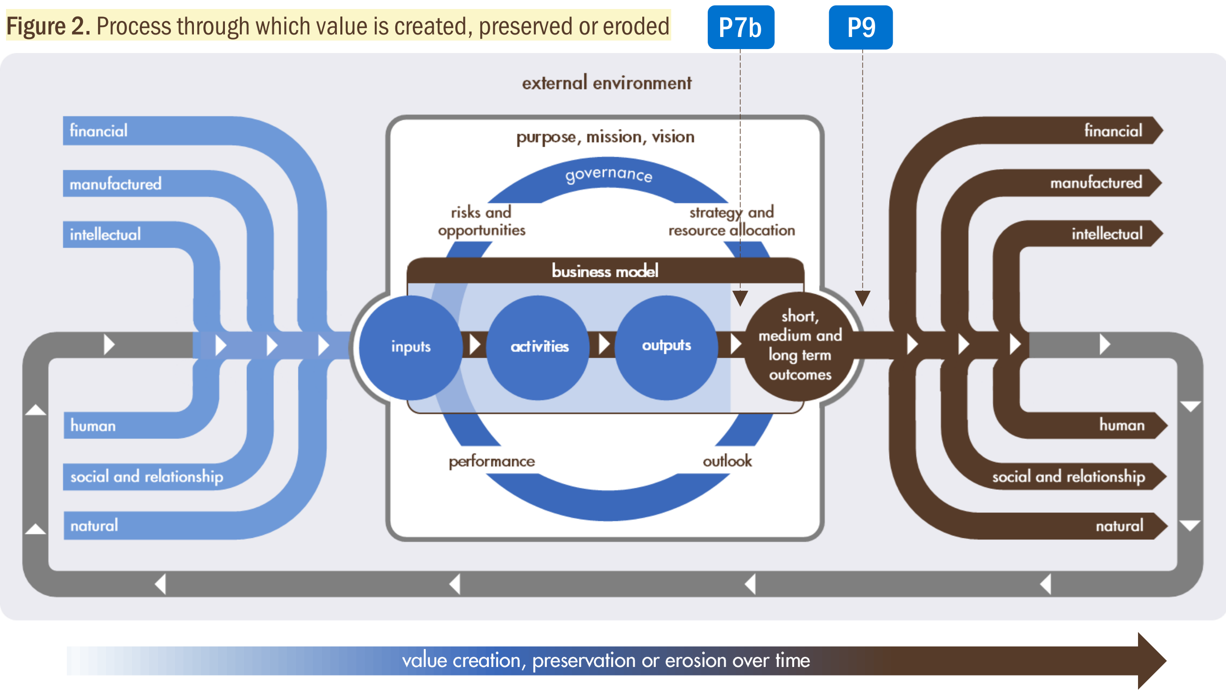
International <IR> Framework (2013)

Figure 2. Value creation process



Implementation of Proposals 7b and 9 (mock-up)

Figure 2. Process through which value is created, preserved or eroded



Proposal 10. Reinforce the <IR> Framework's coverage of broader impacts under the term outcomes

- Some believe that integrated reporting overlooks **impacts**. Although interpretations of the term 'impacts' vary, they generally feature the following attributes:
  - Positive or negative effects
  - Direct or indirect effects
  - Short-, medium- or long-term horizons
  - Often linked to the natural environment and society at large.
- The above themes are addressed throughout the <IR> Framework, but receive particular attention in paragraphs 2.3, 2.4, 3.19, 4.19-4.20 and 5.10 (formerly 4.58)
- According to survey feedback, 86% of respondents encourage the IIRC to clarify its coverage of longer-term impacts on society and nature under the <IR> Framework's existing 'outcomes' definition. (See feedback to Topic Paper 2 – Q4.)
- Under this proposal, a clarifying statement is added to paragraph 4.20.

Implementation of Proposal 10

International <IR> Framework (2013)	Consultation Draft
4.20 Identifying and describing outcomes, particularly external outcomes, requires an organization to consider the capitals more broadly than those that are owned or controlled by the organization. For example, it may require disclosure of the effects on capitals up and down the value chain (e.g., carbon emissions caused by products the organization manufactures and labour practices of key suppliers). (See also paragraphs 3.30–3.35 regarding determination of the reporting boundary.)	4.20 Identifying and describing outcomes, particularly external outcomes, requires an organization to consider the capitals more broadly than those that are owned or controlled by the organization. For example, it may require disclosure of the effects on capitals up and down the value chain (e.g., carbon emissions caused by products the organization manufactures and labour practices of key suppliers). (See also paragraphs 3.30–3.35 regarding determination of the reporting boundary.) P10 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.

Proposal 11. Promote balanced reporting of outcomes by addressing an inherent bias in the term 'value creation'

- As noted under Proposal 8, the IIRC's 2016 review of randomly-selected integrated reports showed that 25% of outcomes-related discussions: excluded negative developments and/or amplified positive results/dampened negative outcomes and/or used promotional language to position performance and outcomes more favourably.
- Based on survey feedback, 94% of respondents support a strategy to enhance more balanced reporting of outcomes. (See feedback to Topic Paper 2 – Q3.)
- This proposal references the potential for value preservation or erosion throughout the <IR> Framework.
- See Proposal 8 for another measure to promote more balanced reporting of outcomes.

Implementation of Proposal 11

International <IR> Framework (2013)	Consultation Draft
About the IIRC The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about value creation should be the next step in the evolution of corporate reporting.	**About the IIRC** The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs. Together, this coalition shares the view that communication about value creation, preservation or erosion should be the next step in the evolution of corporate reporting. P11
About integrated reporting ... Integrated thinking is the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term.	**About integrated reporting** ... Integrated thinking is the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation, preservation or erosion of value over the short, medium and long term. P11
Executive summary – An integrated report The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. An integrated report benefits all stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.	**Executive summary – An integrated report** P11 The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates, preserves or erodes value over time. An integrated report benefits all stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.
1A Integrated report defined 1.1 An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. 2.14 Although organizations aim to create value overall, this can involve the diminution of value stored in some capitals, resulting in a net decrease to the overall stock of capitals. In many cases, whether the net effect is an increase or decrease (or neither, i.e., when value is preserved) will depend on the perspective chosen; as in the above example, employees and employers might value training differently. In this Framework, the term value creation includes instances when the overall stock of capitals is unchanged or decreased (i.e., when value is preserved or diminished).	**1A Integrated report defined** 1.1 An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term. P11 2.14 Although organizations aim to create value overall, this can involve the erosion of value stored in some capitals, resulting in a net decrease to the overall stock of capitals (i.e. value is eroded). P11 In many cases, whether the net effect is an increase or decrease (or neither, i.e. when value is preserved) will depend on the perspective chosen; as in the above example, employees and employers might value training differently. ~~In this Framework, the term value creation includes instances when the overall stock of capitals is unchanged or decreased (i.e., when value is preserved or diminished).~~

Implementation of Proposal 11 (continued...)

International <IR> Framework (2013)	Consultation Draft
2.17 This Framework does not require an integrated report to adopt the categories identified above or to be structured along the lines of the capitals. Rather, the primary reasons for including the capitals in this Framework are to serve: • As part of the theoretical underpinning for the concept of value creation (see Section 2B) • As a guideline for ensuring organizations consider all the forms of capital they use or affect.	2.17 This Framework does not require an integrated report to adopt the categories identified above or to be structured along the lines of the capitals. Rather, the primary reasons for including the capitals in this Framework are to serve: • As part of the theoretical underpinning for the concept of value creation, preservation or erosion (see Section 2B) P11 • As a guideline for ensuring organizations consider all the forms of capital they use or affect.
2D The value creation process 2.20 The value creation process is depicted in Figure 2. It is explained briefly in the following paragraphs, which also identify how the components of Figure 2 (underlined in the text) align with the Content Elements in Chapter 4.	**2D The value creation process** 2.20 P11 As noted in paragraph 2.14, although organizations aim to create value, the overall stock of capitals can either undergo a net decrease or experience no net change. In such cases, value is eroded or preserved. The ~~value creation~~ process through which value is created, preserved or eroded is depicted in Figure 2. It is explained briefly in the following paragraphs, which also identify how the components of Figure 2 (underlined in the text) align with the Content Elements in Chapter 4.
Glossary **Integrated report** A concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term. Integrated thinking The active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term.	**Glossary** **Integrated report** A concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value in the short, medium and long term. P11 Integrated thinking The active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation, preservation or erosion of value over the short, medium and long term. P11

PART III

Results of focused engagement

Certain survey feedback in this section has been modified for length and readability, while still maintaining its spirit and intent. Unedited responses are available for download at the IIRC's website at www.integratedreporting.org/2020revision.

Topic Paper 1. Responsibility for an integrated report

Summary

- The IIRC received 101 responses to Topic Paper 1.
- Consultants, academia and report preparers account for 63% of responses, with other stakeholder participation as shown in Table 1.
- Response levels from investors, analysts, ratings agencies and stock exchanges are limited, signalling a need to target this community during the 90-day consultation. Notably, classification decisions (e.g. designating a consortium of institutional investors as an 'industry organization') may partially explain the absence of this segment in Table 1.
- Each question received the following number of responses:

Q1. 101 **Q3.** 92 **Q5.** 93
Q2. 78 **Q4.** 89

- Responses were received from 33 countries, with the highest number of responses from the Netherlands (9), United Kingdom (9), Argentina (8), Australia (7), South Africa (7) and USA (7).
- Although not statistically significant, the survey results inform a set of revised proposals for the IIRC's 90-day consultation period.

Table 1. Stakeholder profile – TP1 respondents

Consultant	25
Academia	20
Report preparer	20
Professional body	10
Individual	7
Non-governmental organization	6
Assurance provider	4
Standard setter or framework developer	4
Industry organization	3
Other	2
	101

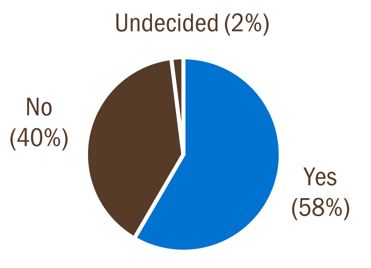
Table 2. Regional profile – TP1 respondents

Europe	39
Asia	15
Latin America and the Caribbean	14
Oceania	12
Africa	11
Northern America	7
International	3
	101

Q1 Should the emphasis of paragraph 1.20 shift from a statement of responsibility to process-related disclosures?

Of the 101 respondents, 59 (58%) support a shift to process disclosures. Two-thirds of these responses come from consultants (17), report preparers (13) and academia (12). Supporters believe that process disclosures:

Figure 1. Question 1 responses (TP1)



1. **Support the related goals of transparency, accountability and report integrity - 38% of supportive feedback**
   - I believe it is sufficient for the reader of the report to read about the way the Supervisory Board has been involved in the process of report preparation and responsibility. It is up to the reader to decide whether the way the Board took up its responsibility is appropriate given the circumstances. **Academic, Netherlands**
   - Process-related disclosures will provide more context for report readers/users re: how those charged with governance ensure the integrity of the integrated report. This approach will facilitate the value creation story, rather than a focus on replicating the required statement re: responsibility... **Consultant, Australia**
   - By detailing the standard processes used to create the integrated report, the issuer provides transparency to the audience. And by including those responsible for assurance, the report can be further validated with less emphasis on the governing body taking on the risk of an unvetted report. **Standard setter, US**
   - This would eliminate box ticking and ensure that transparent processes are outlined and available for scrutiny by key stakeholders and are auditable. **Academic, UK**

2. Provide valuable insight into the depth of integrated thinking and shared responsibility for the report – **30% of supportive feedback**

- This will assist with overall engagement and ownership of the reporting and aid integrated thinking. **Report preparer, New Zealand**
- Reporting on the process followed would recognize the multiple internal sections involved in generating the report rather than just a section of individuals who applied their 'collective mind'. **Professional body, Uganda**
- To provide better assurance to external stakeholders that proper procedures are in place to safeguard the integrity of the information on the report, process-related disclosures provide a better alternative than vague assurances of responsibility. **Individual, Argentina**

3. Alleviate legal concerns and/or inconsistency with local practices – **20% of supportive feedback**

- ... a statement of responsibility for an integrated report (as currently set out in the <IR> Framework) could be confusing in relation to other similar obligations on directors at a jurisdiction level. **Consultant, UK**
- Given that statements of responsibility could have serious legal implications, both for the organization and people signing the statement, it is very unlikely it will be adopted en masse unless legal requirements are enforced. To provide better assurance to external stakeholders that proper procedures are in place to safeguard the integrity of the information on the report, process-related disclosures provide a better alternative than vague assurances of responsibility. **Individual, Argentina**
- A process related disclosure would enhance credibility and is better positioned to be incorporated in approval statements governed by strict exchange or legislative requirements. **Consultant, South Africa**

4. Align with preparer interests, concerns and intentions – **11% of supportive feedback**

- (We) welcome the IIRC proposal to shift from providing a statement of responsibility from those charged with governance to providing process-related disclosures aiming to increase the uptake of paragraph 1.20 of the Framework. This shift would help overcome current conflicts with local regulations, ease the additional reporting burdens and liability concerns of preparers and describe how those charged with governance have been involved in preparing the integrated report. **NGO, Belgium**
- (We) consider that shifting the focus from a statement of responsibility for the integrated report to an explanation of the processes underpinning its preparation would help companies to accomplish this requirement. We consider responsibility is implicit in the publication of the report. **Report preparer, Spain**
- I feel like it is understood that the Board of an organization would ultimately be responsible, but I feel that process-related disclosures would be much more meaningful. **Report preparer, USA**

Of the 101 respondents to Q1, 40 (40%) oppose the replacement of a statement of responsibility with process-related disclosures. Just over half of these responses come from consultants (8), academia (7) and report preparers (7). Those opposed believe that such a move:

1. Compromises top-level accountability and report credibility – **50% of opposing feedback**

- The underlying purpose of an integrated report is to stimulate integrated thinking within the organisation. This paragraph (1.20) ensures that board members see the integrated report, learn more about the principles and requirements of the framework. With this change to process-related disclosures, that added value would be diminished. **Report preparer, Netherlands**
- ... companies are not in favour of amending the Framework to replace this statement by process-related disclosures ... They consider that if the company commits itself, on a voluntary basis, to the publication of an integrated report, the statement of those charged with governance is necessary to ensure the integrity of the report. The absence of such a statement would strongly reduce the value and legitimacy of such a report. **Report preparer, France**
- ... even though the <IR> Framework is based on voluntary adoption, it is important that corporate governance ... show clear involvement and support for these processes. The proposed shift may be welcomed by corporate governance, but it will injure investor trust in this methodology, because process-related disclosures alone may sound like the companies will show only what is convenient, and corporate governance will only explain the basis that they applied and not give an explicit comment about the integrity of the report. **Individual, Argentina**
- Processes relating to reporting are normally delegated to lower levels within organisations and seriousness will

be lost. The statement of responsibility is a must to ensure that the top leadership is engaged in the review and approval of value creation disclosures. **Assurance provider, India**

- ... we urge the IIRC to be mindful of the possibility of an unintended steering of disclosure emphasis towards reputation management and corporate storytelling and thus away from intended purposes around business model resilience within a transformational environment. **Professional body, Australia**
- It is, in our view, essential that the ownership/approval process for an integrated report is comparable to that in place for annual or financial reports or prospectuses issued to accompany the public offering of securities or investments on a regulated market. As such, the approval of an integrated report should be the responsibility of the top governing body of the organisation to which it relates. **Assurance provider, UK**

2. **Adds length, repetition and boilerplate with little value – 28% of opposing feedback**

- ... this "shift" would amount to watering down the level of ambition of the IIRC Framework. A description of process will be interesting (e.g. is there discussion at Board level committee?), but year after year it will soon become repetitive, add unnecessary length and be of limited interest to responsible investors. **Academic, South Africa**
- Providing process-related disclosures is a lower level requirement, reflecting the detail behind the signing of a statement of responsibility. We do not believe these additional disclosures will add value and clarity. **Standard setter / framework developer, Australia**
- Although specific requirements may vary depending on the jurisdiction, it is broadly accepted globally that the Board (those charged with governance) takes responsibility for the disclosures in the 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. Hence, the present format may be continued while adding/strengthening anything that is important and specific to integrated reporting. **Consultant, Sri Lanka**
- This will require additional resources: internal or external certification, and it may happen that we have to make a 'report on the preparation of the report'. **Industry organization, Russian Federation**

3. **Should be provided in addition to a statement from the governing body – 17% of opposing feedback**

- The acknowledgement that those charged with governance are responsible for the report is important for the credibility and status of the integrated report... A more flexible requirement to disclose the extent to which, and how, the report is presented in accordance with the <IR> Framework would be more informative than just a conclusion statement. This should be supported by a requirement to disclose more information about the processes to prepare the report and role of those charged with governance. **Individual, New Zealand**
- Both the responsibility statement (or integrity statement) and the process-related disclosures (which underpin the responsibility or integrity statement) are necessary (on an either compulsory or voluntary basis) to increase the reliability or credibility of the information provided in integrated reports. Integrated reports should not be advertisement brochures or publications telling only self-admiring stories. The key important thing is the management level (CEO, CFO and/or chief corporate communications officer) manifestation or declaration of appropriateness of the disclosed information in their organization's integrated report (meaning fair, balanced and no false disclosure, and no omission of material information including risk factors). **NGO, Japan**
- I believe that governance sign-off is still interesting to request, while a process related disclosure would enhance transparency on the degree of adoption and the process companies are going through (most companies have adopted integrated reporting in steps over the years). **Academic, France**
- We suggest supplementing the responsibility for the final product with the disclosure of information on its preparation. **Consultant, Russian Federation**
- In addition to the responsibility statement of the board, the key proxies about the process may be helpful. For instance, disclosing the Board skills matrix can strengthen the responsibility statement of the board. The Board skills matrix can be accepted as an important proxy of the boards' competence about the issues in the statement. **NGO, Turkey**

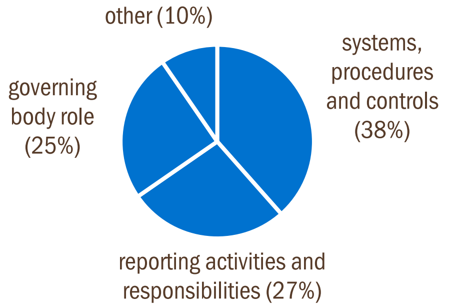
4. **Does not resolve director liability concerns – 4% of opposing feedback**

- Our view is that the proposal outlined in the second dot-point under Proposal A ... may not negate the concerns outlined under Legal considerations on page 4 of Topic Paper 1. Ultimately, in a common law jurisdiction such as Australia, whether or not an appropriate level of care and diligence has been applied to a disclosure will be determined with reference to an objective standard of reasonableness, to which then, a subjective assessment is made as to the individual's meeting of that standard. As it currently standards, para 1.20 at least compels 'those change with governance' to turn their minds to these significant matters... Topic Paper 1 identifies seven matters under consideration, most notably - director liability concern. Relevant content within the <IR> Framework are Guiding Principle 3A Strategic focus and future orientation and the cautionary guidance provided in paragraphs 3.52-3.53. Such liability risks arise regardless of para. 1.20 being a function of jurisdiction specific legal principles and rules related to such matters as reliance-based detriment or change of position. ...we argue that continuity of para. 1.20 in its present form provides a positive incentive for directors to assess the boundaries of uncertainty (refer para. 3.53) along with actions which may minimise risk of litigation. **Professional body, Australia**

Q2 To which systems, procedures and controls should the guidance refer?

Fifty-two respondents, spanning nine stakeholder groups, offered suggestions on process-related disclosures. The majority of recommendations came from academia (11), report preparers (11) and consultants (10). As shown in Figure 2, responses generally fall into four categories.

Figure 2. Question 2 responses (TP1)



1. **Related systems, procedures and controls – 38% of suggested content**
   - Respondents highlighted measures aimed at supporting the integrity and reliability of reported information:
     - Mechanisms for stakeholder engagement
     - Risk management systems and approach
     - Corporate policies
     - Internal controls and oversight systems
     - Quality measures (e.g. internal audit, continuous improvement, peer review, accredited testing, inspection and certification, external assurance).

2. **Reporting activities and responsibilities – 27% of suggested content**

   Respondents highlight the importance of summarizing core reporting activities, functional/departmental interactions and clear lines of responsibility. The following areas are identified for disclosure purposes:

   - Materiality determination process (already required by paragraph 4.42 of the International <IR> Framework)
   - Information sources
   - Information flows
   - Collation of financial and non-financial data
   - Internal performance reporting.

3. **Governing body's role in reporting – 25% of suggested content**

   In addition to understanding reporting activities and departmental responsibilities, evidence of Board involvement throughout the reporting process – not simply at the end of that process – is important. In particular, respondents point to the role of the highest governing body with respect to:

   - Validating the materiality assessment
   - Approving financial statement and other information
   - Overseeing strategy determination and goal setting and the reporting thereon
   - Monitoring sustainability issues and related reporting
   - Otherwise supporting content development
   - Signing off the final report.

4. **Other – 10% of suggested content**

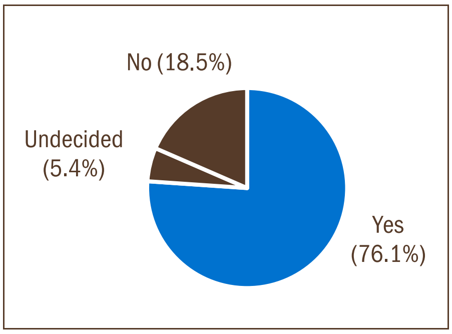
The following areas, which are covered under existing <IR> Framework content, were raised in small number:

Integrated thinking. Shown in the application of Guiding Principle – Connectivity of Information, Content Elements – Strategy and resource allocation and Governance
Adherence to requirements. Captured in paragraph 1.20
Basis of presentation. Captured in the Content Element - Basis of preparation and presentation
Standards used. Captured in Content Element - Basis of preparation and presentation (paragraph 4.41)
Boundary setting. Captured in Content Element – Basis of preparation and presentation (paragraph 4.43-4.46)

Q3 Should the guidance encourage disclosure of key roles and responsibilities in the integrated reporting process?

Of the 92 respondents, 70 (76%) support the proposal in Question 3. Consultants (21), academia (15) and report preparers (9) account for two-thirds of the support. Forty-five of the respondents offered detailed feedback, with comments focusing on three areas:

Figure 3. Question 3 responses (TP1)



1. **Rationale for identifying key roles and responsibilities – 54% of supportive feedback**

   Supporters point to enhanced transparency – including a clear understanding of departmental and senior management involvement in report preparation – as a primary benefit.

- ... investors and other users wish to ensure that reporting is grounded in integrated thinking: authentic, prepared with Robust processes (including the role and ownership of those charged with governance), and balanced (including free from greenwashing). Encouraging disclosure of key roles and responsibilities is one of the ways that reporters can enhance the credibility and authenticity of reporting. **Consultant, UK**
- Understanding the roles and responsibilities of those involved in production and sign off will provide readers with confidence (or not) that sign off is undertaken at a sufficiently senior level, and that other contributors to the reporting process were appropriate. **Professional body, UK**
- It will be important to disclose information about the role of those charged with governance (level of direction, oversight, participation and authorisation/approval). Other key roles and responsibilities should also be disclosed to provide information of the nature of expertise and level of independence or impartiality of those involved in preparing the integrated report. This information should provide some confidence that the report is not just a marketing tool or 'greenwashing'. **Individual, New Zealand**

Respondents cite heightened accountability and greater confidence in the disclosures as key benefits of this ‘window’ into the process. Some also note the internal benefits of clarifying reporting roles and responsibilities:

- This definition can (lead) to better engagement from each responsibility member and a better knowledge of how to lead their team in order to have a more organized process and better results. **Academic, Colombia**
- Disclosures on each input, output and outcome – as well as on links between all of them – have been more and more scrutinized for years. A corporate must be in a position to face remarks and critics professionally by dedicated people who have 'specialized' on each issue. **NGO, France**
- Doing so will support the statement by the top governing body of having applied a collective mind to the preparation and presentation of the integrated report. It would be helpful for this disclosure to include: (1) the respective responsibilities of each party, (2) the nature of the information / area they are responsible for and (3) relevant legal or regulatory requirements supporting this responsibility. **Assurance provider, UK**
- By ensuring roles are outlined, reporters will soon be able to compare which business leaders or representatives most often take responsibility, thereby standardising a better practice approach – should that be investor relations, company secretariat, communications teams or others. **Consultant, UK**

Other supporters raise the importance of aligning with similar practices in traditional financial reporting:

- This would mirror or align with present practices regarding statements of responsibility in annual reports regarding roles of boards, audit (and other) committees, management and external auditors in preparation and presentation of financial statements. **Individual, Canada**

- … we advocate an alignment with the principles retained for the financial reports or the prospectus when securities are offered to the public or admitted to trading on a regulated market. To generate the requested 'integrated thinking', we believe it is essential that the roles and responsibilities in the process of preparing the integrated reporting are clearly defined and expressed. **Professional body, France**

2. **Suggested content for <IR> Framework guidance – 36% of supportive feedback**

Supporters of the proposal underline the importance of governing body oversight and involvement in the reporting process; some highlight these disclosures as support for a statement of responsibility, whether offered voluntarily or on a required basis. Many also support the identification of those responsible for the following areas:

- Report preparation and presentation
- Report approval
- Performance tracking
- Risk and opportunity management
- Strategy and external environment
- Stakeholder engagement
- Capitals management

3. **Recommended <IR> Framework approach – 10% of supportive feedback**

Two respondents endorse a prescriptive approach to disclosures on reporting roles and responsibilities. A greater number caution against such an approach, which could add to burden and boilerplate.

- Given the possibility of different governance structure set-up for different organizations to drive their own strategic priorities, there will not be a one-size-fits-all structure/driver of the integrated reporting process. **Professional body, Malaysia**
- I worry somewhat that as more disclosures that are included, that an integrated report will feel less principles-based and more like a standards-based report, but there is benefit to knowing certain things, like the fact that management prepared the report. **Report preparer, USA**
- We would recommend guidance for a principles-based approach based on the COSO-Framework. **Report preparer, Netherlands**
- Flow charts and strategic-level disclosures, i.e. retain conciseness by avoiding becoming too granular. **Consultant, Australia**

Of the 92 respondents, 17 (18.5%) **oppose** the disclosure of key roles and responsibilities in the integrated reporting process. A further five (5.4%) are undecided. Report preparers (8) represent the largest group against or undecided on such disclosures. The remaining 14 respondents are evenly dispersed across other stakeholder groups. Arguments against the proposed disclosures are as follows:

- A statement of responsibility from those charged with governance ought to suffice (7)
- Identifying roles and responsibilities in the integrated reporting process is unlikely to add value or clarity (5)
- Process disclosures should be adequate; no additional information on roles and responsibilities is needed (3)
- Identifying roles and responsibilities adds both to the reporting burden and the report's volume (3).

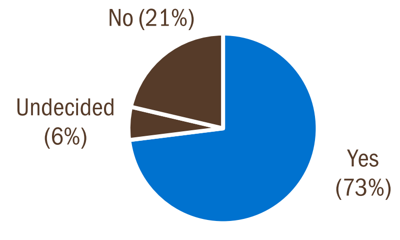
Others suggest that management information, including roles and responsibilities in reporting, lies beyond the <IR> Framework's purview and can likely be found elsewhere.

- Disclosure of key roles and responsibilities would be 'nice-to-have', however, it would be very time-consuming (cost/benefit not equal). Furthermore, organizational structures and thus internal processes differ strongly, so that it would probably lead to more confusion than clarity. **Report preparer, Germany**
- Although there is merit in the idea that 'departments [should] work together' we do not see this as a subject appropriately addressed within the scope of a reporting framework. **Professional body, Australia**

Q4 Should the guidance cite a voluntary 'statement of responsibility from those charged with governance' (provided local regulations and legislation permit) as best practice?

Of the 89 respondents, 65 (73%) **support** a voluntary statement of responsibility from those charged with governance, with consultants (18), academia (13), report preparers (11) and NGOs (6) leading the way. Forty-six offered explanations along the following lines.

Figure 4. Question 4 responses (TP1)



1. **Endorsement of approach – 58% of supportive feedback**

   Most positive responses support the 'voluntary' and 'best practice' aspects of the proposal, as they uphold a principles-based approach. The proposal reinforces an expectation of top level 'sign-off' while recognizing entity-specific circumstances.

   - We agree… that the mandatory nature of paragraph 1.20 can be prohibitive to adoption of the <IR> Framework. We therefore support changing this requirement to be voluntary but best practice to encourage wider adoption of the framework. **Professional body, International**
   - Specifically describing this as best practice ensures that it remains an aspirational goal for better reporters, improving the quality of reporting and promoting leadership involvement without discouraging others who may not have the platform, or comfort, to provide such a statement. **Consultant, UK**
   - A voluntary statement would provide an option to entities for which those charged with governance are comfortable in making such a statement and readers of such reports can then make their own judgement on comparable reports. We are cognisant that while having a voluntary statement of responsibility from those charged with governance could provide further clarity over board/council effectiveness and quality of leadership, an organisation needs to strike a balance in defining responsibilities of those charged with governance and address capacity and liability concerns (include legal and jurisdictional considerations). Citing a voluntary "statement of responsibility from those charged with governance" as best practice would provide appropriate balance between flexibility and prescriptiveness, in line with the Framework's principles-based approach. Having the statement as best practice would also be an incentive for those organisations who are able to provide such a statement to be seen as more proactive and progressive. **Professional body, Malaysia**

2. **Pairing with process-related disclosures – 28% of supportive feedback**

   Several supporters see process-related disclosures and a statement of responsibility as natural companions. Clarifying the reporting process internally and externally helps those charged with governance to discharge their duties effectively. A handful of respondents also highlight parallels with financial reporting requirements.

   - I would support retaining this guidance – that there should be a statement from those with ultimate responsibility for content and data (ideally, this should be the highest decision-making body, but could in theory be a Management Board or lower). **Consultant, Netherlands**
   - This would differentiate the companies that make this valuable commitment. **Individual, Brazil**

3. **Further implementation considerations – 14% of supportive feedback**

   Although generally supportive of the proposal, six respondents advocate a required or recommended statement over one that is simply encouraged. Two respondents suggest that the statement should be simplified.

Of the 89 respondents, 19 (21%) **oppose** a voluntary statement of responsibility and five (6%) are **undecided**. Seventeen of these respondents provided additional commentary, with arguments falling into one of two camps.

1. **The statement of responsibility should remain a requirement, if only on a comply or explain basis**

   - Anything voluntary is not taken seriously. **Assurance provider, India**
   - We are not in favour of a voluntary statement of responsibility as it downgrades the importance of responsibility for the integrated report… We recommend that the statement of responsibility should remain a mandatory requirement for those asserting compliance with the International <IR> Framework combined with a 'comply or explain' approach. **Standard setter/framework developer, New Zealand**

- ... a statement of responsibility should be strongly recommended and, where there are country specific legal or regulatory restrictions which impede compliance that a requirement is implemented, for the reporting entity to explain this in the report as well as provide information on (a) how compliance with the requirements of the <IR> Framework have been achieved in terms of integrity of information and other areas, and also how a collective mind has been applied, and (b) which body has taken these responsibilities over from the governing body and why. **Assurance provider, UK**

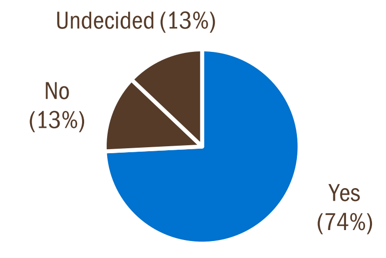
2. The process-related disclosures explored in Questions 2 and 3 should replace the statement of responsibility

- Since I think the focus should be in the process more than the outcomes, I don't consider it necessary to have a statement of responsibility but an explanation of how they arrive at an integrated report. **Academic, Colombia**
- We do not see this is necessary. We believe that the <IR> Framework should include ... key principles around the role of those charged with governance in the integrity and authenticity of the reporting process. It may be helpful to consider issuing further separate guidance to practitioners, with appropriate examples from reports. We note that, where integrated reporting is adopted formally within regulatory frameworks, specific, localised statements may be required by corporate law or by the relevant authorities. **Consultant, UK**

Q5 Is there value in clarifying the term 'those charged with governance'?

Of 93 respondents, 69 (74%) support clarifying the term 'those charged with governance'. Consultants (16), academia (15) and report preparers (12) account for the greatest support. Fifty supporters offered comments in the form of rationale and recommendations.

Figure 5. Question 5 responses (TP1)



1. Rationale for clarification – **65% of supportive feedback**

Many acknowledge the current definition's roots in audit and, in particular, ISA 260. Respondents recognize that although the term 'those charged with governance' is known in accounting, it may be less so elsewhere. Also, uncertainty about the inclusion of senior executives (e.g. CEOs, CFOs) in the term is recurrent. Some believe 'those charged with governance' is confined to Boards of Directors; even within this narrow interpretation, questions on 'subcommittees versus the whole' and 'individuals versus the collective' arise.

- Because those charged with governance vary by locality it would be helpful to have some guidance as to who the IIRC is intending when they use that term. **Report preparer, USA**
- This phrase is used widely worldwide. If the IIRC is going to use it — and regard it as important — then it should provide guidance to enable readers to compare the IIRC's thoughts with their own interpretation and use. **Professional body, USA**
- For some entities in some jurisdictions, those charged with governance may include management personnel... **Professional body, France**
- ... it can imply governance at different levels of seniority. Key is to have this stated publicly. For the investor, at what level that responsibility is taken and whether it is just an individual or group (collective) is very telling. **Academic, South Africa**
- Clarification of the term would remove the ambiguity to readers of integrated reports who may have differing interpretation of the term "those charged with governance" and uncertainty whether senior management is included. **Professional body, Malaysia**

2. Practical considerations for clarifying the terminology – **35% of supportive feedback**

There is concern that the IIRC could complicate matters by creating a new definition. There is also strong awareness of the need to accommodate different jurisdictional and company practices:

- In some jurisdictions, the process is delegated by the Board to the Audit Committee which many feel should then be the basis on which the Audit Committee should provide an approval statement. However, the counter argument is that even if delegated, the ultimate responsibility lies with the Board... **Consultant, South Africa**
- For companies with a two-tier board system, it would be valuable to know whether both boards need to provide this statement. **Report preparer, Netherlands**

Topic Paper 2. Business model considerations

Summary

- The IIRC received 104 responses to Topic Paper 2.
- Consultants, academia and report preparers account for 63% of responses, with other stakeholder participation as shown in Table 3.
- Response levels from the investor community are low, as flagged in the previous section. This points to a need for targeted outreach among this community during the 90-day public consultation. Notably, true investor involvement is higher than depicted in Table 3 due to certain classification choices
- Respondents were not required to complete all survey questions. Each question received the following number of responses:

  Q1. 101 **Q3.** 101
  Q2. 101 **Q4.** 97

- Responses were received from 33 countries with the highest number of responses from the Netherlands (9), United Kingdom (9), Argentina (8), Australia (7), South Africa (7) and USA (7).

  Although not statistically significant, the survey findings inform a set of revised proposals for further, and broader, public consultation.

Table 3. Stakeholder profile (TP2 respondents)

Consultant	29
Report preparer	18
Academia	17
Professional body	10
Non-governmental organization	8
Individual	7
Standard setter or framework developer	6
Assurance provider	4
Industry organization	2
Other	3
	104

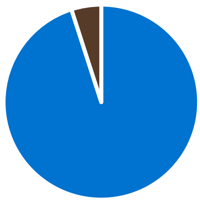
Table 4. Regional profile (TP2 respondents)

Europe	41
Asia	16
Latin America and the Caribbean	12
Oceania	12
Northern America	10
Africa	10
International	3
	104

Q1 Should the <IR> Framework explore examples and visual techniques to elevate the significance of outcomes?

Of the 101 respondents, 96 (95%) support the proposal, with consultants (27), report preparers (17) and academia (16) leading the way. Arguments converge on three themes.

Figure 6. Responses to Question 1 (TP2)



1. **The proposed changes will encourage more effective and balanced disclosures – 44% of supportive feedback**
   - This will be advantageous to organisations as well as providing a more accurate assessment of the organisation within the report. **Report preparer, UK**
   - Outputs do not always encapsulate the entirety of the value that businesses create. A separate section for outcomes will allow businesses to report the results of both their activities and their outputs, giving a more complete picture of overall value created. **Individual, Singapore**
   - Normally outputs are very tangible and easy to report; when it comes to outcomes – especially negative outcomes – it is good to provide examples from various sectors. **Assurance provider, India**
   - The outcomes are the most important point of the value creation/depletion model. If preparers better understand how they can better communicate outcomes, the reporting becomes significantly more effective. **Consultant, New Zealand**
2. **The proposal is a logical way to clarify important concepts – 36% of supportive feedback**
   - Any resources that could be provided to give clarity would be helpful. I remember struggling with how to present the business model when we prepared our first report. **Report preparer, USA**
   - Examples always help in understanding theory. **Consultant, Switzerland**

- Anything to make a very confusing business model less confusing is welcome. **Academic, Australia**
- Visual techniques/thinking is a very useful and helpful to understand abstract terminology. **Consultant, Finland**

3. **There is clear evidence of market misunderstanding – 19% of supportive feedback**

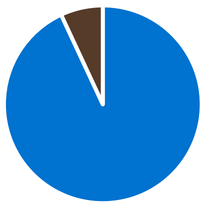
- There is a widespread misunderstanding of the difference between outputs and outcomes. It would be helpful to add further guidance. **Academic, South Africa**
- In an independent study conducted by me on Indian companies who are following integrated reporting, I have noticed that few companies have very clearly differentiated between outcomes and outputs; but still few companies are confused and do not get the real essence of the two. I think giving an illustration and explaining will help and can be added in the framework. **Academic, India**
- We believe that it would be very illustrative for the Framework to give examples from different sectors, since from our experience in the preparation of integrated reports, we always ask ourselves the question about outputs and outcomes. **Consultant, Argentina**
- ... most preparers of integrated reports do not understand the difference between outputs and outcomes. Illustrative examples will enhance understandability of outputs and outcomes thus improve the final quality of the integrated report which will be clear and understandable to the users. **Consultant, Zimbabwe**

Of the 101 respondents to Q1, two oppose the proposal, citing concerns with the broader value creation model and the need to address service-oriented companies as reasons.

Q2 Should the <IR> Framework explain the link between outcomes and value creation by including an example?

Of the 101 respondents to Question 2, 94 (93%) support clarifying the link between outcomes and value creation. Consultants (26), report preparers (17) and academia (16) make up roughly 58% of the positive responses. Rationale centres on two main themes, namely:

Figure 7. Responses to Question 2 (TP2)



1. **The proposal is a logical way to clarify important concepts – 58% of supportive feedback**

- The difference between output, outcome, and value creation is the most questioned part in the reporting. Explaining the linkage between outcomes and value creation could be very useful. **NGO, Turkey**
- My experience is that if people see the whole value chain (from input to impact) on an example, they are able to understand it as a whole and see the relations and differences between each chain. But example should be easy-based on a company/sector that is in everyone’s everyday life... **Consultant, Poland**
- The link between outcomes and value creation has to be clarified, since the definition of value creation can lead to confusion or misinterpretation, when the <IR> Framework says value creation manifests itself in an increase, decrease or transformation of capitals caused by the activities and outputs... **Academic, Colombia**
- As there was confusion between outcomes and value creation, an illustrative example will demystify the confusion and lead to a better understanding of the two. **Consultant, Zimbabwe**

2. **The proposed changes will encourage more effective disclosures – 38% of supportive feedback**

- ... most reports deliver the positive outcomes and it's easy to overlook or downplay the negative. The business model is supposed to be a value creation/depletion model after all, and too often the links are suppressed. In fact, I find that most clients spend more time on the 'exactly what we do every day' part in the middle, and less on the honest outcomes. The hardest part in developing these things is in working out what to leave out, resulting in over-complex, hard to understand value creation model diagrams. **Consultant, New Zealand**
- The <IR> Framework can explain the link between outcome and value creation. Value creation is the soul of integrated reporting and companies should do it effectively. Giving an explanation may increase effectiveness. **Academic, India**

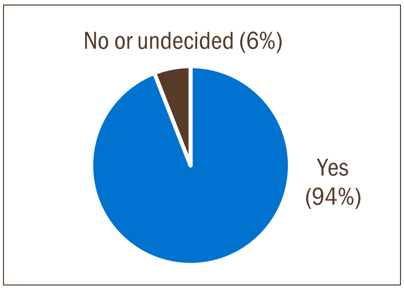
- Additionally, I suggest to point very clear in the <IR> Framework that if (there) is not a clear link between the value creation model and the outcomes, the report is not in accordance with the <IR> framework. **Assurance provider, Argentina**

Two respondents **oppose** the inclusion of illustrative examples to link outcomes to value creation. One views the concepts as well connected already; a second notes the challenge of translating outcomes into value creation.

Q3 **Should Sections 4C / 4F of the <IR> Framework reinforce: (1) that the term value creation reflects cases in which value is preserved or eroded and (2) the importance of providing evidence to support claims and conclusions?**

Of the 101 respondents, 95 (94%) **support** the proposal, with consultants (27), academia (15) and report preparers (14) accounting for some 60% of positive responses.

Figure 8. Responses to Question 3 (TP2)



Regarding the first half of the proposal, the vast majority underline the need to address observed biases and imbalances in integrated reports.

- This would be the most valuable improvement to the Framework. The omission of facts within a business model is in my belief the biggest contributor to poor business model disclosure. Management bias should be removed from business model disclosure. Investors want unbiased detail on the business model. What makes the business model unusable is the fact that negative impacts are simply omitted from outcomes. **Consultant, South Africa**
- This is often overlooked by even experienced reporters. An explanation would reinforce the balanced approach needed for a topic that is integral to the <IR> Framework. **Consultant, UK**
- Balance is a problem in integrated reports. Even current best practice reports are overly optimistic. One of the problems that lead to this unbalance is due to the fact that context is often lacking in the integrated reports. One of the other problems is due to semantics. Value depletion / erosion is often reported on by reporting on reductions of negative impacts. I would suggest that the further reinforcement would include guidance on the way value erosion can be reported on so that it is clearly demonstrated that the company is eroding the value of that capital. **Academic, Netherlands**

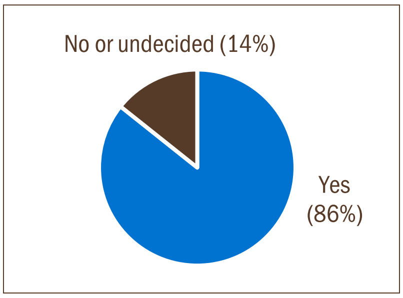
Some focus on the second half of the proposal, with most feedback centring on verifiability, trust and credibility.

- We also support evidence-based reporting. Verifiability of the conclusions in the integrated report is extremely important in our view. It also facilitates the ability to audit the integrated report. **Standard setter, New Zealand**
- Providing data for supporting value creation claims would be very useful for improving trust to the organization. Only qualitative information could not be enough to create trust by the stakeholders. **NGO, Turkey**
- Evidence is imperative to eschew instances of providing unsubstantiated assertions. This will vastly enhance the quality of decisions made by users of the report because they will be based on proved facts rather than hearsay or wished for position or outcome. **Consultant, Zimbabwe**

Q4 **Should the <IR> Framework clarify its coverage of longer-term impacts on society and nature, under its existing 'outcomes' definition?**

Of the 97 respondents, 84 (86%) **support** the proposal, with consultants (25), report preparers (16) and academia (10) leading the way. Feedback indicates that the proposal:

Figure 9. Responses to Question 4 (TP2)



1. **Reinforces an overlooked concept – 58% of supportive feedback**
   - The Framework needs to be seen to incorporate all aspects of value creation representing factors that materially affect future cash flows and therefore market and intrinsic value. It should also incorporate positive and negative impacts on society and the environment that are not expected to impact financial performance in the short term,

but are relevant to a broader corporate purpose, reputation and license to operate. This would ensure that integrated reporting can provide a framework for investors and capital providers for financially material information covering financial reporting, drivers of value creation, and wider impacts. **Professional body, International**

- I think it is one of the most important things to do … it is important that organizations and users notice that integrated reporting contributes to sustainability even if it is not the main focus, and that value creation implies value for others, different than shareholders. **Academic, Colombia**
- Guidance and best-practice examples are certainly useful in this respect, as impacts are still seen by some as impacts on the company only and not on society and nature. Clarification of the notion of outcomes being understood as longer-term impact on society and nature could be useful… **Report preparer, France**
- It should force companies to investigate what activities destroy value, especially social and environmental externalities. So, part of the business model should show how some resources are depleted in the pursuit of creating financial capital as the primary outcome and output of the business model. **Academic, Australia**

2. **Enhances the quality of integrated reports and resulting assessments – 32% of supportive feedback**

- This will be advantageous to the organisation as well as supporting a more accurate assessment of the company within the report. **Report preparer, UK**
- We think it is in the best interest for users of the report, since they will be able to make an assessment of the entity's ability to remain a successful concern in the long-run before substantial business commitments are made. For example, lender(s), to decide on whether or not to extend long term line(s) of credit as well as coming up with the appropriate interest rate (as a compensation to the risk to be assumed), the proposed change will go a long way towards meeting the needs of mentioned stakeholder-class. **Consultant, Zimbabwe**
- … it may still be useful to clarify in <IR> Framework that impacts on society and nature should be considered when assessing outcomes. This would also be an opportunity to illustrate how integrated reporting can encompass the disclosure needs of Sustainable Development Goals (SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD). In addition, the longer-term impacts of outputs and outcomes are often not considered thoroughly by preparers as they are more used to reporting historical information and forward-looking information from a short-term perspective. **Professional body, Malaysia**

The remaining feedback favours the proposal's continued promotion of broader, longer-term thinking in organizations.

Six respondents **oppose** the clarification on the basis that: (1) the <IR> Framework is already clear about its coverage of wider or alternate interpretations of impacts, (2) there is a risk of a continued cluttering of terminology and (3) there should be a clear carving out of impacts from outcomes.

- … this coverage is very clear within the <IR> Framework. I also fear that this will put an unfair emphasis on longer-term impacts while it should be a balance on both short, middle and long-term impacts. **Academic, Netherlands**

Topic Paper 3. Charting a path forward

Topic Paper 3 was the final in a series of thematic papers. Whereas Topic Papers 1 and 2 will inform near-term revisions to the International <IR> Framework, Topic paper takes a longer-term view matters such as the purpose of an integrated report, the role of technology in corporate reporting, assurance in integrated reporting and further matters affecting the corporate reporting landscape.

Summary

- The IIRC received 90 responses to Topic Paper 3. Stakeholder participation is as shown in Table 5.
- As in the other Topic Survey surveys, responses from investors, analysts, ratings agencies and stock exchanges are low; however, actual participation rates may be higher than reported. The depiction of an investor consortium as an 'industry organization' and similar classification decisions may partially explain the segment's underrepresentation in Table 5.
- Each question received the following number of responses:

Q1a. 88 **Q2.** 77 **Q4.** 84
Q1b. 87 **Q3.** 81 **Q5.** 84

- Responses were received from 33 countries, with the highest number of responses from the Netherlands (8), South Africa (8), USA (8), Argentina (7) and United Kingdom (6).
- Although not statistically significant, the survey results inform a set of revised proposals for further public consultation.

Table 5. Stakeholder profile (TP3 respondents)

Consultant	20
Report preparer	19
Academia	14
Professional body	10
Non-governmental organization	9
Standard setter/framework developer	6
Individual	5
Assurance provider	3
Industry organization	2
Other	2
	90

Table 6. Regional profile (TP3 respondents)

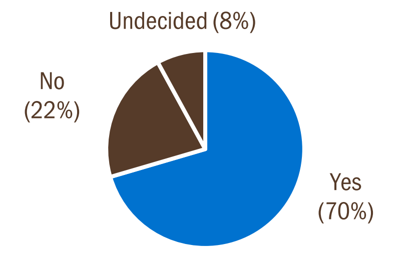
Europe	32
Africa	13
Asia	11
Latin America and the Caribbean	10
Northern America	10
Oceania	10
International	4
	90

Q1a Do you agree with the proposed change to paragraph 1.7?

Of the 88 respondents, 62 (70%) support the proposal. Two-thirds of this support comes from consultants (15), report preparers (12), academia (8) and professional bodies (7).

Of the 62 respondents in favour of the proposal, 44 offered detailed explanations. Support for a revised paragraph 1.7 centres on three key themes, namely that it:

Figure 10. Responses to Question 1a (TP3)



1. **Recognizes a wider audience – 52% of supportive feedback**

   Responses reflect nuanced interests in, on the one hand, addressing providers of all forms of capital and, on the other, diminishing the notion of 'shareholder primacy'. Both share a common goal: to acknowledge that several forms of capital affect value creation over time.

   - In order to have a holistic approach, the IIRC should change 'financial capital' to 'capital' in the <IR> Framework. **Germany, report preparer**
   - We think (the proposed amendment) is clearer because it extends the scope to providers of all forms of capital. **Report preparer, Argentina**
   - This would reflect the principle that various stakeholders may be interested in an integrated report and not

limited to providers of financial capital. This is in line with the growing recognition of the contribution of providers of other capitals. This will also move away from the assumption that providers of the financial capital are higher ranked than other contributors of capital. **Professional body, Malaysia**

- I feel it should be for all intended stakeholders; why limit it to capital providers or providers of financial capital. We can say 'including providers of financial capital'. **Assurance provider, India**
- The implied investor primacy of the current wording of paragraph 1.7 is in contradiction with the broad concept of value creation, which is a core element in the <IR> Framework, and which goes well beyond the creation of financial capital. It is a welcome signal that providers of financial capital are not the only and primary addressees of integrated reports but that the latter are designed to inform all stakeholders, including employees, customers, suppliers, local communities etc. **Report preparer, France**

2. **Aligns with the fundamentals of integrated reporting – 35% of supportive feedback**
Several respondents believe that the proposed paragraph 1.7 better promotes the core ideals of the <IR> Framework, including a multiple capitals approach, emphasis on integrated thinking and longer-term focus than found in traditional corporate reporting.

- ... in the old version, too much emphasis was placed on financial capital and consequently on shareholders and on the short-term vision. In the new version, the vision is extended to all capitals and therefore to all stakeholders who have the same importance for long-term value creation. **Report preparer, Italy**
- Section 1.7 in its present state defeats the ultimate intention of integrated reporting. One cannot be seen popularizing the six capitals, yet recognition and primary purpose is deemed to rest with providers of only one of the capitals... **Professional body, Uganda**
- One of the fundamental concepts of integrated reporting is the six capitals, hence broadening this out to providers of any of these six capitals, rather than just financial makes sense, and provides better proportionality across all six capitals. **Standard setter, Australia**
- The limitation of the purpose and intended users to providers of financial capital has always been the most concerning aspect of the <IR> Framework. It has limited the ability and drive to develop truly integrated and systems thinking. It failed to recognise the significant (and in many cases far more significant) contributions and influence of other capitals on value creation. These very simple changes will unlock significant new value in application and impact of the Framework. **Individual, New Zealand**

3. **Encourages disclosures on the full range of capitals on which organizations rely or have an effect – 13% of supportive feedback**

- This will shift the focus from only financial aspects and increase the importance of other capitals. **Industry organization, Russian Federation**
- The ultimate goal is to get providers of financial capital to allocate it to sustainable businesses, so the emphasis is on business to provide good information across all capitals. **Report preparer, New Zealand**

Of the 88 respondents, 19 **oppose** the proposed change to paragraph 1.7 and seven are **undecided**. Half of these responses are from report preparers (8) and academia (6). Opposition spans three areas:

1. **Diminished relevance of integrated reports to providers of financial capital – 61% of opposing feedback**

Some caution that the proposal reduces integrated reporting's sharp focus and risks blurring with sustainability or multi-stakeholder reporting. Both factors, they contend, will reduce the utility of disclosures to investors and, in turn, lead to diminished interest among providers of financial capital.

- To remove this (explicit reference to financial capital) would possibly give 'free reign' to simply start to think of it as a CSR /sustainability report. **Consultant, Netherlands**
- A well-managed company should produce a GRI compliant sustainability report in addition to its integrated report. A well-produced sustainability report will be considering topics which concern all types of stakeholders and have sections which address their concerns. That's good. Leave this information there. Do not dilute focus on improving the feedback loop between financial capital providers and companies. **Academic, China**
- Ultimately, the purpose of an integrated report is to allow investors to make informed decisions based on all available information - i.e. beyond financials. Loosening this might loosen the importance from this stakeholder group. **Industry organization, Netherlands**

- The integrated report needs a narrow focus on one user-group otherwise the report will end up with a lot of 'noise' and confusion, serve no particular user-group well and lack a sharp focus on financial capital providers. The entity cannot exist without the providers of financial capital, yet the broad group of stakeholders includes groups which have a less direct interest in the integrated report such as local communities and policymakers. They will require a large and user-specific range of information to satisfy their diverse user-needs. Focus on the financial capital user group and this will meet many of the needs of any of the other capital providers. **Standard setter, New Zealand**

2. **Terminology issues – 29% of opposing feedback**

While some support the proposal in principle, they favour improvements to its terminology or approach. Furthermore, some describe the notion that capital is 'possessed' or 'provided' as problematic.

- Paragraph 1.7 should say: "The primary purpose of an integrated report is to explain to stakeholders, including investors, how an organization creates value over time, and how it impacts the capitals used in value creation." This broadens the range of intended report users, while acknowledging that investors are one category of stakeholder, and clarifies that the purpose of an integrated report is not only to communicate how value is created over time, but also how the necessary capitals are impacted in the process of value creation - an integrated thinking mindset which apparently is often lacking in both report issuers and report readers. **Individual, Canada**
- I would suggest referring to 'stakeholders' instead of providers of capital, given the fact that stakeholders include providers of capital and other groups of people interested in the entity's capacity to create value, although they may not be such providers (e.g. potential customers or investors). Besides, not all capitals involve a provider (i.e. natural capital). **Academic, Argentina**

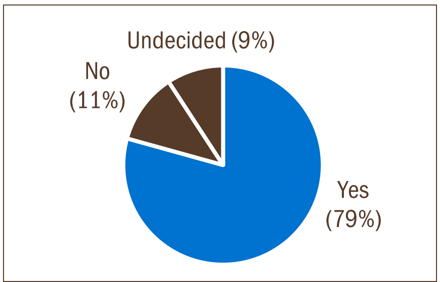
3. **Unintended consequences for report quality – 10% of opposing feedback**

A handful of respondents share concerns over the potential effects of a paragraph 1.7 change: more complicated materiality assessments and a possible conflict with the principle of conciseness.

Q1b Do you agree with the proposed change to paragraph 1.8?

Of the 87 respondents, 69 (79%) support the proposal. Seventy per cent of this support comes from report preparers (15), consultants (14), academia (11) and professional bodies (8). The pattern of responses to Question 1b largely mimics that of Question 1a. Support for an amended paragraph 1.8 centres on three key themes.

Figure 11. Responses to Question 1b (TP3)



1. **Places providers of other capitals on par with investors – 42% of supportive feedback**

The proposal responds to a growing understanding of the importance of all forms of capital to longer-term value. Audience aside, the current <IR> Framework formulation inadvertently implies a hierarchy of capitals, which is contrary to integrated reporting's multi-capital approach. Establishing a better balance among the providers of all capitals – financial or non-financial – would mark a positive step.

- Whilst investors/shareholders potentially remain the primary stakeholder for integrated reporting, and perhaps the primary stakeholder group for such communications, other stakeholder groups also derive significant value from integrated reporting. Hence, presenting providers of financial capital as one of the stakeholder groups makes sense, and provides better proportionality across all six capitals. **Standard setter, Australia**
- This will shift the focus from only financial aspects and increase the importance of other capitals. **Industry organization, Russian Federation**
- Adding 'providers of financial capital' adds this group specifically to the beneficiaries of integrated reports and the full list of capitals leads to greater sense of 'joint primacy'. **Professional body, USA**
- It is a welcome signal that providers of financial capital are not the only and primary addressees of integrated reports but that the latter are designed to inform all stakeholders, including employees, customers, suppliers, local communities, etc. **Report preparer, France**

2. **Provides a sensible alternative to the current formulation – 36% of supportive feedback**

   Some approach the question wearing an 'editorial hat'. Rather than consider shifts in real or perceived stakeholder status, they weigh the proposal more on the grounds of its logic and clarity.

   - (The proposal) makes clear that providers of financial capital are part of the stakeholders of the company. **Independent Board member, Brazil**
   - The IIRC should add the providers of financial capital to the list of stakeholders in the <IR> Framework. **Report preparer, Germany**
   - (The) previous version (of paragraph 1.8) lists stakeholders other than financial capital providers. When paragraph 1.7 has been revised as providers of capital, inclusion of financial capital providers in paragraph 1.8 completes the list of stakeholders for the company. **NGO, Turkey**
   - This provides clearer messaging to outline the expected breadth of audiences for each report rather than investor supremacy. **Professional body, UK**

3. **Signals a departure from a shareholder primacy model – 22% of supportive feedback**

   In contrast to this section's first argument, which elevates the providers of other (i.e. beyond financial) forms of capital, this argument focuses on de-emphasizing an 'investors first' perception.

   - The world is shifting away from a model of shareholder primacy to one of system value, so this makes sense. **Academic, UK**
   - The previous version (of paragraph 1.8) lists stakeholders other than financial capital providers. When paragraph 1.7 has been revised as providers of capital, inclusion of financial capital providers in paragraph 1.8 completes the list of stakeholders for the company. **Professional body, Malaysia**
   - It makes sense to put providers of financial capital on par with all other named stakeholders. **NGO, USA**

Of the 87 respondents to Question 1b, 10 **oppose** the proposed change to paragraph 1.8 Consultants (3), NGOs (3) and academia (2) constitute the majority of those against the proposal. A further eight remain undecided. Sixteen of those 'opposed' or 'undecided' offered further rationale, as follows:

1. **Informing investor decisions as a priority is warranted – 63% of opposing feedback**

   - Integrated reports need a sharp focus on providers of financial capital, or otherwise would serve no particular user group well… Distancing from providers of financial capital risks the <IR> Framework being seen as 'just another framework', and destroying the credibility established to date with this important stakeholder group. **Standard setter, New Zealand**
   - We do subscribe to the view that the purpose of companies is to serve all of its stakeholders. However, the reporting entity clearly has ample possibilities to communicate with its employees, customers and suppliers through other means than the annual report. This also accounts for other important, but more distant, stakeholders like NGOs, environment and local communities. The annual report is the primary source of communication with the providers of financial capital and should remain so. **Industry organization, Netherlands**
   - … the big advantage of the integrated reporting approach is the power of really bringing the other capitals to the forefront of the business, which is financial. In view of integrated reporting, sustainability becomes a business case and has the power to convince investors of its use. It's not mere CSR and greenwashing anymore; now it's at the core of the business and talks to the investors. I fear a bit to risk this potential if everything is equaled. And in the end, it's always about money, to be realistic. The purpose of any business is to generate a ROI in the first place. Through integrated reporting, investors can be convinced that many different capitals (a holistic picture) are needed to create this value and they can be leveraged. **Consultant, Switzerland**

2. **The proposal's phrasing is subject to improvement – 25% of opposing feedback**

   Some favour further adjustment to paragraph 1.8. Changes range from simple clarifications in terminology to more substantive guidance on how to measure and report benefits across all actors.

3. **Prioritizing investors does not negate other stakeholders – 13% of opposing feedback**

- … add (an) explanation that states the prioritising providers of financial capital as target audience of the integrated report does NOT imply other stakeholders are less important. Rather, it takes different stakeholder needs seriously and recognises that a different type of report (e.g. sustainability reporting) speaks the language of other priority stakeholder groups… Different stakeholders speak different languages, even while conversing about the same issues. Different stakeholder groups want different levels/ degrees of information on select topics. **Academic, South Africa**

Q2	What considerations should inform the IIRC's strategic deliberations on the role of technology in future corporate reporting?

Seventy-seven respondents provided detailed feedback, including suggestions in five main areas.

1. **Anticipate future corporate reporting mechanisms – 21% of feedback received**

The IIRC should work with others to progress its understanding of new technology-enabled channels and digital formats. A shift to continuous or real-time disclosures is anticipated, as is a migration to greater web content.

- Items in an organization's integrated report on its website would be linked to relevant underlying reports and information (also provided digitally on the website) which are drawn upon in preparing the integrated report and provide greater levels of detail that may be of particular interest to readers, such as GAAP financial statements, business model & strategy reports, MD&As, governance disclosures (proxy forms etc.), GRI-based sustainability reports, SASB-based disclosures, TCFD compliant disclosures, disclosure controls and procedures regarding integrity of the integrated report. **Individual, Canada**
- Consideration of the following is key:
  - Online reporting, including how the guiding principle of connectivity can be effectively facilitated via technology, such as hyperlinks to key information in the integrated report.
  - How integrated reports are built, including the use of reporting platforms in this process.
  - What this may mean for entities in improving the robustness of reporting processes and being able to attest to these processes either internally or externally. **Standard setter, Australia**
- …the range of digital channels available to and used by investors and stakeholders means that the audience for this reporting will continue to broaden, requiring a 'multi-channel' strategy by companies. **Consultant, UK**
- We do not believe that the framework should provide a technological reference for reporting, which will be decided by the reporting entity based on a cost-benefit analysis, its ability to manage and invest in new platforms for disclosure. Since the disclosure of this information in new media may be a relevant issue in the future, we believe that the IIRC should follow the progress of these new means of disclosure in think tanks, or forums but not within the reporting framework. **Report preparer, Spain**

2. **Identify the needs and interests of report preparers – 20% of feedback received**

The IIRC should liaise more closely with preparers of corporate reports to understand the practical benefits enabled by technology. For instance, how might increased automation, data warehousing and analytics improve the ease and effectiveness of both external reporting and internal decision-making? Will such advances help organizations repurpose information for multiple uses and better embed the concept of integrated thinking into daily operations? On the other hand, some respondents are quick to point out the need to consider the costs and practical risks, particularly for small businesses, of moving from traditional ways of reporting.

- Intellectual capital has assumed an increasingly strategic role in corporate organizations over the years, both in terms of digitization of the business and in terms of cyber security. Technology can certainly help companies to implement increasingly reliable reporting processes, especially in the collection of information which is often complex and subject to operational risk. **Report preparer, Italy**
- Technology has a critical role to play in accelerating the pace and scale of high quality, consistent adoption of the Framework which is capable of assurance, and making the Framework easier to adopt. **Report preparer, Australia**
- Reinforce the need for using technology to develop new and more efficient ways to communicate. **Assurance provider, Argentina**

- (The IIRC should consider) important enablers of an organization's ability to search, access, combine, connect, customize and analyze information. Such abilities can highlight dependencies and support decision making. Also, (the IIRC should consider) implications of a modified reporting regime on the context, connectivity, comparability and reliability of information produced/consumed. **Consultant, Finland**

3. **Understand the evolving needs of report users – 18% of feedback received**

The IIRC should engage more closely with information users to understand how that information is sourced and applied. There is growing appetite, for example, among some users for access to raw data, which can then be analyzed based on specific information needs. Users may also find flexibility attractive, in terms of how information is packaged and customized to suit particular audiences. On the other hand, some question whether this is all 'much ado about nothing'. Are users truly dissatisfied with the traditional PDF report?

- (The IIRC should consider) a review of how reports are currently used. My organisation is currently happy with an uploaded pdf and hard copy. **Report preparer, UK**
- The power of the <IR> Framework is set in the way it looks at an organisation as an interconnected entity and tells the full story of the organisation's value creation. I do believe that reporting on a sole issue is possible, and when technology makes more targeted reporting possible, that would be very good for efficient and concise reporting. **Academic, Netherlands**
- Technology would help stakeholders to reach a company's information from different media sources. They would be able to analyse provided data with new technological infrastructure. Stakeholders' would be able monitor and oversee companies' activities more closely. This would improve the quality of provided information... **NGO, Turkey**
- Tools that would allow stakeholders to quickly access the information relevant for there needs would be useful. **Academic, UK**

4. **Consider the pitfalls of technology and a strong technology-based strategy – 17% of feedback received**

Although technology can spark profound advances in reporting, concerns remain over the: (i) verifiability of information collected, interpreted and disseminated digitally, (ii) risk of selective reporting and (iii) ethical use of data. Some caution the IIRC against investing heavily in a technology-based strategy, claiming that time would be better spent promoting the concepts of integrated reporting and encouraging wider adoption of the <IR> Framework. Technology should be seen as an enabler of reporting rather than a strategic focus in its own right.

- Technology is inevitably a fast-moving subject with adoption of different technologies in very different ways and at very different levels of pace. It might therefore be unwise to marry strategic deliberations too closely to technological change. Integrated reporting provides the framework for methodology and content and it should be left to individual businesses to engage the technologies at their disposal as appropriate, bearing in mind the diverse audiences. **Professional body, UK**
- I envision a day when an integrated report can be an evergreen report that contains real time data and is always changing. The struggle becomes how does an organization balance the ever-changing data with static commentary in the report? How can an organization balance the use of technology to update some data in the report, but not all? Additionally, how does an organization provide assurance on a report that is constantly changing? **Report preparer, USA**
- We are in the 4th Industrial Revolution and artificial intelligence is taking over the role of human capital empowerment. The IIRC should consider ways to keep abreast with technology, but at the same time it should make sure that human capital's importance is not overtaken by technology by introducing strategic functions in which human capital will still be relevant. **Consultant, Zimbabwe**
- Technology is likely to continue to have a major impact on data gathering, analysis, and reporting, as it creates opportunities to leverage huge amounts of data, deploy continuous monitoring and assurance techniques, and communicate rapidly to multiple stakeholders in customized ways. However, it also raises questions about the ethical use of data and the need for greater control and security over personal information. **Professional body, USA**

5. **Consider growing market interest in data indexing and taxonomies – 10% of feedback received**

The ability to tag financial and other information through tools such as XBRL can enhance comparisons across organizations. For their part, organizations can benefit through greater automation and the ability to repurpose data for multiple uses. Although the <IR> Framework does not include or prescribe particular indicators or metrics, integrated reports necessarily draw on topic-specific standards for quantitative data and methodologies. The IIRC can play a role in promoting taxonomy development across these external standards.

- Currently, technology provides digitalisation of financial reporting based on a generic taxonomy. Likewise practices of NFI-reporting or integrated reporting should enable the use of a taxonomy and digitalisation. **Professional body, Netherlands**
- Given that the <IR> Framework cannot provide a reference that is specific enough to ensure the comparability of different reports directly, the use of (i)XBRL might help to make the reports more comparable on another level. **Consultant, Germany**
- As technology influences both corporate reporting and investment analysis, we believe the concept of 'reporting' will significantly evolve. Users will be less likely to read traditional reports, and more likely to rely on raw data, artificial intelligence, and third party or proprietary analytics like ESG scores that are also more cost effective. In that environment, the ability to tag data using tools such as XBRL is essential, as is the ability of companies to capture information once and reuse it for multiple purposes tailored to the way that different users consume information. **Standard setter, USA**
- (The IIRC should consider) allying with other frameworks on XBRL. **Academic, France**

6. **Other – 14% of feedback received**

The remaining feedback covers a range of recommendations, including identifying the ways in which technology can improve the quality and agility of reporting, and exploring the potential role of artificial intelligence.

Q3 **Are there further ways in which the <IR> Framework can enhance the assurance-readiness of integrated reports?**

Of the 81 respondents, 76 offered detailed feedback, including practical advice in four areas.

1. **Continue to collaborate with, and learn from, others – 34% of feedback received**

- The main opportunity for the IIRC to enhance the assurance-readiness of integrated reports lies outside the <IR> Framework. This involves the IIRC working with the IASB to ensure that recognition is given to the Framework being used as a tool for preparing a Management Commentary under the IASB's Management Commentary Practice Statement. **Academic, Australia**
- ... the IIRC should work with the IAASB to ensure explicit reference in the Extended External Reporting (EER) Assurance guidance to the <IR> Framework as a tool to develop a robust basis of preparation to support assurance over an extended external report (i.e. an integrated report or a management commentary). **Report preparer, Australia**
- Right now, companies are constrained from practicing integrated reporting in some instances due to lagging auditing standards. IIRC would be well-served to engage the auditing community to encourage reformation of auditing standards to embrace, enable, and encourage integrated reporting. **NGO, Switzerland**
- ... the <IR> Framework can enhance the assurance-readiness of integrated reports by acknowledging that the <IR> Framework provides principles for disclosure, and assurance generally requires the use of detailed standards and metrics that provide suitable criteria for assurance. Using the <IR> Framework and SASB standards together enhances the assurance-readiness of an integrated report... **Standard setter, USA**
- The IIRC may make life easier for the IAASB & ISAE 3000 by collaborating with GRI and publishing joint guidance that for example link select GRI indicators with core elements of the integrated report. For example, a listing of GRI indicators in terms of output vs outcome indicators, and linking them with each of the six capitals. The link with GRI standards will further advance assurability. **Academic, South Africa**

2. **Provide additional guidance and examples – 32% of feedback received**

Suitable criteria, preconditions for assurance engagements and a multi-pronged approach

- Topic Paper 3 notes that the IIRC issued a paper exploring challenges of assurance over integrated reporting. The <IR> Framework therefore could enhance the assurance-readiness of integrated reports by addressing those challenges to ensure the suitability of criteria for an assurance engagement. **Professional body, France**

- ... take cognizance of the International Auditing and Assurance Standards Board (IAASB) EER Guidance and assess where the <IR> Framework can accommodate the Paper's 'suitable criteria'. **NGO, South Africa**
- The <IR> Framework should include detailed guidance on the preconditions for an assurance engagement. It is important that preparers are made aware of these preconditions, so they can make their own assessment on whether assurance can be provided... The independence, competence and requisite skills of those practitioners that can perform such engagements should also be expanded on... **Professional body, South Africa**
- Assurance should be understood broadly so as to include the coordinated effort of all assurance providers. While internal and external auditors play a key role in the assurance process, they are not the only sources of assurance – the assurance role of the governing body, management and organizational subject-matter experts should not be overlooked. If specific guidance on measures to enhance the assurance-readiness of reports are introduced, care is needed that these do not result in a tick-box exercise. **NGO, South Africa**

Internal processes and controls

- The assurance readiness of integrated reports can be further encouraged by the requirement for integrated processes, systems and controls for financial and non-financial information similar to those embedded in financial reporting and similarly tied to the operation of the business. **Assurance provider, UK**
- The IIRC could: (1) advocate for more attention to assurance of processes rather than just metrics and (2) draw report preparers to the examples of evidence they can collect to demonstrate appropriate processes, strategy development and governance oversight in line with the <IR> Framework... **Academic, International**
- One area that is not well developed is the control environment, namely internal controls and how those may relate to each capital. Testing controls efficacy is a key feature of an audit engagement; having these documented could enhance the <IR> Framework's assurance readiness. **NGO, UK**

Quantitative information

- The <IR> Framework could push more incisively to the companies to publish transparently methodologies used, metrics used, calculations made for the targets, and measurements adopted for the results achieved. **Report preparer, Italy**
- ... the IIRC could promote more widespread use of KPIs or quantifications in the non-financial sections of integrated reports, so that the preparers can obtain third-party assurance ... more easily than now. **NGO, Japan**

3. **Consider clarifications and amendments – 13% of feedback received**

- (The <IR> Framework can enhance assurance-readiness) by streamlining the <IR> Framework. There are many redundancies between the principles and content elements because their content is very linked... As a result, it's not so straight-forward to evaluate accordance with the framework's requirements. **Consultant, Switzerland**
- ...the <IR> Framework is formulated in such a manner that it gives organisations the freedom to choose a certain way of reporting... The criteria will lead to different reports if different preparers make choices on its content. When a set of criteria leads to possible different outcomes, the criteria do not lead to uniform reporting and therefore cannot be used as criteria for assurance providers. I therefore believe that the <IR> Framework should not aim at being an assurable framework, but be used as the blueprint for all reports. Other guidelines (EU NFRD, GRI, SDG, TCFD) should provide the rest of criteria necessary to provide assurance... **Academic, Netherlands**
- The responses to the IAASB's (EER) project should... be taken into account by the IIRC. In addition, we note that the IAASB's draft guidance also included some information for preparers, which should be captured in a reporting framework. ... we recommend the IIRC consider whether parameters over the content of information should be developed in order to avoid situations where assurance over this information becomes an overly onerous task (i.e. where the content is more subjective than objective). **Professional body, International**

4. **Consider levels of assurance – 12% of feedback received**

- ...we mostly see limited assurance on these kind of reports because of the challenges in terms of subject matter identification, suitable criteria for reporting and measurement, materiality issues and available evidence. With the design of further guidance, the 'assurability' of information should be taken into consideration in such a way that also reasonable assurance becomes the usual option in the future. **Professional body, Netherlands**
- For integrated reports, assurance can be obtained at the reasonable assurance level or the limited assurance level, or as a hybrid of both. In a hybrid engagement, the practitioner may provide reasonable assurance on

certain aspects of the subject matter information and limited assurance on others. Certain elements of the subject matter may not even require assurance and may be better suited to agreed-upon-procedures (AUP) engagements… When performing an AUP engagement, no assurance is obtained or expressed, rather the practitioner issues a report of factual findings relating to the identified subject matter or subject matter information. Users of the report assess the procedures and findings reported on and draw their own conclusions from the practitioner's work. **Professional body, South Africa**

- Given the wide range and nature of underlying subject matter across the six capitals model, reporting and assurance will be more of a patchwork. There will be significant variation in the uncertainties associated with understanding elements of the underlying subject management, with its measurement and representation and with the extent to which assurance processes can address or reduce that uncertainty. In this context, the binary concept of limited vs reasonable assurance has less utility and value. Longer form reporting that is able to address this complexity and provide insight about the underlying uncertainties will be more appropriate. This should be reflected in the Framework. **Individual, New Zealand**

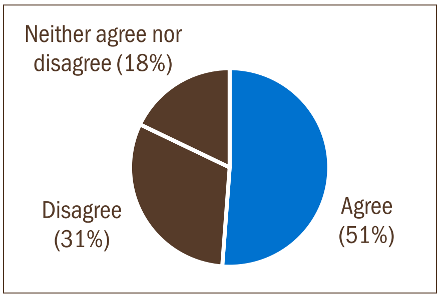
5. **Other – 9% of feedback received**

The remaining comments cover a range of themes, including jurisdictional considerations and limitations.

Q4 **Matters of assurance rest with regulators and related standard setters, and not with voluntary reporting frameworks. Do you agree or disagree?**

Of the 84 respondents, 43 (51%) agree with the Q4 statement. Three-quarters of positive responses are from consultants (11), academia (9), report preparers (7) and professional bodies (6). Detailed feedback converges on two themes.

Figure 12. Responses to Question 4 (TP3)



1. **Developing assurance standards and mandating assurance are both beyond the IIRC's remit – 55% of feedback received**
   - The IIRC develops the framework for integrated reporting. It is not an assurance standards developer and does not have the expertise to develop such standards. Also, it is not a regulator. It is argued by many that the framework is not sufficiently robust and, therefore, it is not feasible to seek broad assurance. At best, the framework can explain the advantages of seeking internal and external assurance. If organisations see value in seeking assurance, they will enhance their assurance processes on a voluntary basis. **Academic, South Africa**
   - Companies agree that matters of assurance should rest with regulators. These matters concern the reliability of mandatory information published by companies. The IIRC Framework is and should remain a voluntary approach which cannot impose assurance or verification. **Report preparer, France**
   - It is the assurance providers and IAASB which should come forward with an assurance solution. This can even be in the form of a voluntary audit standard on integrated reporting listing some broad audit procedures … with a defined level of assurance, albeit limited or simply in the form of factual findings. **Consultant, South Africa**
   - (We are) of the opinion that the Framework should refrain from formulating audit standards. We believe setting audit standards is outside the scope of a standard setter on reporting. **Industry organization, Netherlands**

2. **The IIRC can nonetheless play a supporting role – 45% of feedback received**

   Maintain an assurance-friendly approach in the International <IR> Framework

   - The IIRC should… be aware of assurance developments and ensure that the <IR> Framework remains assurance friendly. **NGO, South Africa**
   - There is linkage back to … the importance of clarity in methodology and review/sign-off processes providing sufficient information that readers can (or not) be confident in the content. **Professional body, UK**
   - … the mandatory audit is the role of regulators… but other areas can be brought under the fold of internal audit and can extend the scope of assurance and internal audit through a voluntary framework. **Professional body, Pakistan**

- We agree that it is the role of regulators to decide whether independent assurance over reported information should be mandatory, and if so, what scope and at which level. Nonetheless, investors are increasingly voicing the need to enhance the reliability and credibility of disclosed information. Therefore, a reporting framework or standard should ensure that disclosures produced using that framework are verifiable. **NGO, Belgium**

Promote advances in assurance standards

- We see great value in the IIRC participating in … standards and guidance initiatives to ensure that the <IR> Framework and integrated thinking evolve and are embraced by issuers, although we understand that assurance is a matter to be addressed by regulators and related standard setters. **Report preparer, Spain**
- … strong connectivity between the <IR> Framework and the IAASB EER Assurance Guidance will add significant value for integrated report preparers, assurers and users alike. **Standard setter, Australia**
- It would be … much stronger that it is mandatory; however, the IIRC should work on that and push this. **Academic, France**

Encourage organizations to seek third-party assurance

- … continuing to recommend the benefits of reasonable assurance for supporting effective, consistent and transparent reporting is beneficial. We should be careful to provide clarity rather than confusion in the absence of a regulatory framework. **NGO, Switzerland**
- I think voluntary frameworks play an important role in promoting and encouraging assurance, especially if 'in accordance with the framework' is tested. **Consultant, Switzerland**

Of the 84 respondents, 26 (31%) disagree with the statement. Report preparers (5), consultants (5) and NGOs (4) account for half of these responses. Twenty respondents offered further explanation.

1. **Voluntary frameworks play a pivotal role in advancing high-quality reporting – 56% of feedback received**
   - A voluntary framework can take assurance requirements into account when designing/updating. Whether it becomes mandatory is a different debate indeed. **Report preparer, Netherlands**
   - Where information is reported, it is desirable that the information is credible, regardless of whether the disclosure is voluntary or mandatory. As identified by the IAASB, there are four factors that enhance credibility and trust, including a sound framework (mandatory or voluntary), strong governance, consistency with wider information and seeking assurance. Matters of assurance rest with all participants in the reporting ecosystem. This includes regulators and both reporting and assurance standard setters. **Standard setter, New Zealand**
   - … voluntary reporting frameworks should encourage assurance of information and require preparers to state the extent to which such assurance has been provided; make available any assurance reports, independent or otherwise which should include an opinion or set of conclusions, a description of the responsibilities of the report preparer and the assurance provider and a summary of the work performed, which explains the nature of the assurance conveyed by the assurance report. Guidance could also be provided around from whom the reporting entity should obtain assurance, clarifying that assurance should be performed by competent groups or persons who follow professional standards for assurance or who apply systematic, documented and evidence-based processes. **Assurance provider, UK**
   - All involved in corporate reporting have a responsibility in relation to matters of assurance, including market participants, assurance providers, investors and other stakeholders, intermediaries such as analysts and investor relations, industry body, regulators, standard- setters and legislators. The IIRC should work as a facilitator of these bodies working together and being aligned in relation to assurance. The better the underlying framework, the most effective will be the assurance. **Academic, Australia**
   - Whilst mandatory assurance (determining what is subject to assurance and who is appropriately qualified to conduct the work) is a matter for regulators (and it might be mandated in the future), voluntary reporting frameworks should still be able to be assured as some entities may choose to have their information assured – as we already see with integrated reports and sustainability reports. Further, compliance with voluntary reporting frameworks helps to provide regulators with useful case studies and insights into what has worked in the market – particularly given assurance over some matters is likely to be complex. **Professional body, International**
2. **Regulators and assurance standard setters respond to market drivers – 44% of feedback received**
   - Confidence and trust in reported material is important for users whether or not that reporting is voluntary or

mandatory. In many contexts (for example as part of supply chain management and procurement) clients or customers (rather than regulators) require assurance. The <IR> Framework needs to recognise these market/user requirements and expectations, rather than just regulators/standard setters, provide the drivers for assurance. **Individual, New Zealand**

- Recommendations on assurance, the why and the how, can also be put forward by voluntary and market initiatives. Regulators tend to pick these things up at a more advanced stage. But early experimentation by market players is highly valuable… Regulators and voluntary standard setters need to collaborate here. **Academic, South Africa**

Fifteen respondents **neither agree nor disagree** with the statement. Arguments echo those raised in the preceding pages. Many acknowledge the IIRC's limitations with respect to assurance standard setting and enforcement, but suggest that it build on its influence, whether inside or outside of the <IR> Framework, to facilitate progress.

- Assurance is two-fold. The role of regulators is to mandate and require verification techniques, and the role of the <IR> Framework to outline assurance mechanisms organizations would follow once the decision to adopt the <IR> Framework is made. **Academic, Canada**
- There are plenty of organizations that require peer review against standards or external assurance, it is what makes it reliable. However, the idea is still growing making, assurance across less tangible standards difficult. **Consultant, USA**

Q5	Are there further matters that the IIRC should consider: a) in the modernization of the <IR> Framework? b) as part of its strategic agenda?

Five recurrent themes were raised in relation to a modernization of the <IR> Framework.

1. **The need to harmonize corporate reporting frameworks – 34% of feedback received**

   The IIRC should continue efforts to pursue alignment across the corporate reporting landscape. Differences between frameworks should be addressed in a way that demonstrates how the initiatives are complementary.

   - The IIRC should consider how the leading components of the reporting landscape could be consolidated and aligned ('integrated') within an overall framework or architecture in which integrated reporting is the pivotal keystone feature, and disclosures based on other frameworks such as the TCFD recommendations, SASB standards, GRI standards, SDG Goals, IFRS, IASB's Management Commentary Practice Statement, et al. are major peripheral elements of the unifying architecture. Accountancy Europe's December 2019 paper 'Interconnected Standard Setting for Corporate Reporting' offers suggestions for achieving this kind of overall architecture... **Individual, Canada**
   - … the strategic focus of the IIRC should be that its intellectual capital somehow becomes integrated in a single global authoritative standard setter. We refer to our green paper 'Towards a global standard setter for Non-Financial Information' that calls for an international authoritative body to step up to the plate to foster harmonization of requirements on narrative and measurement and ultimately allows for enforceability. Eumedion calls on the IIRC to support the creation of such (a) global standard setter. **Industry organization, Netherlands**
   - Afep member companies … invite the IIRC to intensify its cooperation with other standard setters, notably within the Corporate Reporting Dialogue (but also beyond) in order to achieve harmonisation of different standards and frameworks. In addition, companies need to be part of this process of creating a unique non-financial reporting standard. They are keen on engaging in this process and ask for systematic participation in discussions regarding this subject. Without effective companies' representation, the future non-financial reporting standard risks being not operational or not well accepted by preparers. **Report preparer, France**
   - Consolidation is a red herring… harmonization is the real issue, as the various different frameworks fulfil different functions, so the key is that they don't counteract one another. **NGO, USA**

2. **The need to simplify and clarify the <IR> Framework – 26% of feedback received**

   The <IR> Framework should fine-tune its description of core concepts through fuller explanations in simpler terms.

   - Adopt simpler language where possible to make adoption easier. In particular, use more industry-relevant terms. **Consultant, UK**

- In our experience, a key barrier to integrated reporting has been a slow appreciation of the real implications of the definition of integrated reporting as a process founded on integrated thinking... It is critical that this <IR> Framework revision draw out all aspects of integrated thinking. **Report preparer, Australia**
- The IIRC should improve understanding of the <IR> Framework to encourage adoption. Language could be simplified through clarification and elimination of unnecessary jargon. Improved explanation of underlying concepts, guiding principles and content elements, and particularly, integrated thinking, plus greater use of visuals and examples is also encouraged. **Independent, South Africa**
- More specific guidance is required... <IR> Framework is too vague and open to interpretation. While avoiding the risk of creating another 'disclosure checklist', integrated reporting could be more useful if it was more explicit. Less 'an integrated report should aim...' more 'an integrated report is...' **Report preparer, Australia**
- To achieve better reporting, more work is required to develop guidance on disclosures around value creation from intellectual property and the positive aspects for human capital... This is an area where the <IR> Framework is particularly valuable... **Academic, South Africa**

3. **The role of the <IR> Framework relative to other reporting frameworks – 14% of feedback received**

The IIRC should clearly articulate its strategic goals and its intended role in the corporate reporting landscape.

- The distinctive contribution of <IR> in today's ESG environment needs to be communicated urgently across the world. The <IR> Framework is the only one that focuses on the whole business and how in its current and future business context, it is using all required resources and relationships effectively to deliver long term sustainable value. This uniqueness and distinctive contribution is being lost in the many and powerful calls for ESG reporting being made today and the many competing ESG and sustainability reporting initiatives. ESG reporting lacks strategic business context. **Report preparer, Australia**
- Consider the role of the IIRC as a bridge between environmental sustainability-focused frameworks and existing accounting frameworks... As more frameworks come the fore, the IIRC is well positioned as an organization that could help to centralize key themes and disclosures under its existing principles. **Consultant, UK**

4. **The debate between a principles-based approach and concrete standards – 11% of feedback received**

The argument as to whether the <IR> Framework remains steadfastly principles-based or moves to include standardization, especially around metrics, is one that needs to be addressed by the IIRC.

- The IIRC should ensure that its modernization of the Framework does not erode its principle-based approach. It should recognize that integrated reporting is still, and maybe will always be, a developing and maturing endeavor... Codification is more likely to erode value and drive compliance-focused responses. **Independent, New Zealand**
- A widely agreed conceptual framework clarifies language and key reporting concepts, information requirements, materiality, and reporting principles. The <IR> Framework is the starting point for such a conceptual framework, given it is the only comprehensive reporting framework. **Professional body, International**
- ... better quality metrics on intangibles should be sought in corporate reporting, particularly on reporting on intangibles that are closely tied to the business model... **Assurance provider, UK**

5. **The need to engage with regulators – 4% of feedback received**

The IIRC should consider the interaction of the <IR> Framework with region-specific reporting frameworks to demonstrate its relationship with legislated frameworks, or to highlight differences or gaps.

- The role of the integrated report as the principle report in a firm's set of reports, which connects the different (more detailed) content of specialized reports on topics such as financials, ESG etc. to provide a concise overview to the reader should be highlighted and promoted... This requires close cooperation with regulators/standard setters for the specialized reports. **Consultant, Germany**
- The <IR> Framework lacks impetus as a result of being a voluntary framework. **Report preparer, South Africa**

6. **Other – 11% of feedback received**

Other feedback includes advice on forming more national bodies/local networks to promote at a grassroots level, making better use of <IR> Ambassadors and focusing on Africa and the Americas to enhance overall uptake.

Integrated reporting enhances the way organizations think, plan and report.