

## <IR> Framework Implementation Feedback – CDSB consultation response

### Q1a What is your experience with the multiple capitals approach in integrated reports?

Overall the multiple capitals approach and concept has been well received, but there are a number of more practical challenges that companies face as they seek to communicate impacts, dependencies and interdependencies within and between the capitals. Reporters are familiar and comfortable with well-established basic ESG metrics and topics such as energy use, waste reuse/recycling, water use, GHG emissions, health and safety incidents, employee turnover etc., but these examples only provide a small part of a much bigger picture across social and natural capital.

These metrics and indicators also very often only relate to business activities and outputs, with very little thought given to context or outcomes within the value creation process – considering changes to the state and condition of various capitals. Organizations need to move towards presenting performance with reference to broader sustainable development conditions and goals, reflected in sectoral, local, regional, or global context.

Organizations struggle to communicate interdependencies within and between the capitals and the trade-offs they face in decision making. As developments in artificial intelligence and robotics continue at pace, for example, there will be challenges reconciling relationships and interdependencies between training and development, recruitment and retention, social and human capital vs cost of capital, intellectual property, manufactured and financial capital. The impact and rate of change from these technologies could mean that this issue becomes particularly important in internal integrated decision making then communicated and reported appropriately to shareholders and wider stakeholders.

### Q1b What, if anything, should be done and by whom to improve this aspect of implementation?

The IIRC should consider partnering with the Natural Capital Coalition (NCC) and the World Business Council for Sustainable Development (WBCSD) as authors of the Natural and Social Capital Protocol to explore how to relevant measurement techniques could be applied to integrated thinking and reflected in integrated reporting, and particularly developments relating to measurement of outcomes and outputs within context. Using the Natural Capital Protocol organizations are guided through the process of measuring impact drivers (e.g. hectares of forest converted to pasture) and identifying changes to the state and condition of natural capital (e.g. changes in biodiversity, stocks of timber and non-timber forest products, changes to erosion control). The Natural Capital Protocol also supports organizations in considering relationships and interdependencies across renewable and non-renewable natural resources (e.g. forests, air, water, soils and minerals), and different stocks of natural capital. These relatively new measurement and valuation methods support a more complex and comprehensive understanding of the relationships between the capitals and inputs, business activities, outputs and outcomes that support value creation.

The IIRC should also consider convening leading organisations working across the capitals to understand similarities and differences between measurement and decision making processes that support integrated thinking. Are there opportunities to standardise approaches? And accommodate multi-capital deliberative approaches to explore trade-offs, use and effects? Such an effort would involve NCC, WBCSD, WICI, CIMA, CIPD, CMI, IIP, CDP, CDSB, GRI, SASB etc. The IIRC could also look at the Sigma Project which although it predates the IIRC Framework but uses the five capitals model and links it to internal management decision making processes.

The IIRC should also consider the intention and resulting recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). The recommendations seek to facilitate – climate-related financial disclosures – with emphasis given to financial planning and relevant sector guidance (e.g. Energy - 'indicative costs of supply for current and committed future projects' & 'relevant metrics to indicate flexibility of capital

deployment, portfolio allocation and capital payback'). The TCFD makes important links between climate related activities (energy, emissions, operations etc.) and appropriate financial impacts (revenue, expenditures, capital etc.). These recommendations clearly have implications for developments linking 'non-financial issues' with financial accounting and reporting, and, as such, support developments moving towards integrated thinking and reporting. The IIRC should consider working with other organisations, such as SASB and CDSB, to explore the relationships between climate or wider environmental issues and potential financial impacts. This should include a study on potential implications for accounting considerations – linked to FASB/IASB standards – what could be the implications for costs, expenditure, impairment, contingent liabilities etc.

## Q2a What is your experience with connectivity in integrated reports as an indication of integrated thinking and/or enabler of enhanced decisions?

Connectivity is one of the most important factors that supports integrated reporting and clear communication. Organisations must strive to present a 'continuous stream of consciousness' through governance, risk identification, risk management, policies and strategies that respond to risks, and targets that appropriately reflect strategy and performance against targets. However our experience is that so often this is not evident.

CDSB has undertaken research in the past to look in part at the connectivity of current reporting practice, including as part of our review of environmental information in FTSE 350 companies' annual reports following the implementation of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (these are relevant given the close relationship between the UK Strategic Report requirements and the <IR> Framework). In fact, our first recommendation to companies was to strengthen the relationship between environmental matters and overall corporate strategy, performance and prospects. We urged reporters to apply the concept of connectivity to show a holistic picture of the factors that affect the organisation's ability to create value over time, including the interrelatedness and dependencies between them. Our research found that only 16% of companies reported environmental matters as one of their principal risks. However, those risks are not always reflected in the key performance indicators (KPIs) used by management to monitor the company's progress. By sector, environmental matters are identified as a principal risk by 73% of energy, 54% of industrial and 37% of IT companies. However, they are represented in KPIs in 20%, 39% and 21% of companies in each of these respective sectors. Companies also struggled to communicate how environmental matters would affect the future development, performance and position of their business. This suggests lack of connectivity between the recognition of risk and the actions taken to manage and monitor that risk.

There are also significant issues related to the disconnect between internal decision-making, management actions, performance management, risk management and external reporting. Mainstream reports do not reflect sustainability risks. A recent WBCSD study identified that only 29% of material sustainability issues included in sustainability reports were also disclosed in the risk section of the annual report. As part of the same study, 72% USBCSD/WBCSD members agreed that "In general, companies are not adequately disclosing sustainability risks to shareholders".

## Q2b What, if anything, should be done and by whom to improve this aspect of implementation?

To improve this aspect, further work is needed to clarify the expectations of companies in fulfilling the connectivity principle and the opportunities, value add and benefits for them in moving to a more connected process that supports enhanced decisions internally and provides a fair, balanced and understandable disclosure that can better inform investors and wider stakeholders.

There is also a clear need to better understand and address the disconnect between risks identified through ERM processes and those disclosed in mainstream and integrated reports. IIRC should look to partner with WBCSD and COSO in their work seeking better alignment between risk objectives and strategic objectives and opportunities, integration of sustainability in existing risk management practices and the use of quantitative scenario planning and stress testing. The IIRC should also partner with WBCSD as part of their wider initiative exploring the relationship between internal decision making and purpose driven disclosure.

.....  
T: +44 (0) 203 818 3939  
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71 Queen Victoria Street  
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Research could also be undertaken to explore investor perceptions of connectivity and the importance of connecting topics and issues across the capitals, reflecting the intentions of the TCFD as previously mentioned how do climate-related risks and impacts relate to financial impacts (revenue, expenditures, capital etc.).

### Q3a What is your experience with the identification, in integrated reports, of key stakeholders' legitimate needs and interests and how those needs and interests are considered and addressed?

According to WBCSD's Reporting Matters research, integrated reports scored 16% better than non-integrated reports on their stakeholder engagement indicator, this looks at the outcomes of stakeholder engagement activities and how this led to improved decision-making, and examples of activities or processes put in place to respond to stakeholder feedback resulting from engagement during the year.

The research highlights two integrated reports in particular as examples of good practice - Grupo Argos and ENGIE. They note that 'Grupo Argos clearly describes the process used to select major stakeholders and discloses their main expectations. The report conveys the importance of this topic by providing insights into the guidelines for stakeholder relations in subsidiaries and the Stakeholder Dialog Systems in place. The company also has a very specific engagement mechanism – the Synergy Roundtables for Sustainability and Communications – which drives stakeholder engagement actions.' And, 'based on feedback received through a consultation process, ENGIE has adopted a new approach to reporting to make it more accessible and understandable. The new integrated report reflects stakeholders' expectations and perceptions of the previous report. In its engagement with stakeholders, ENGIE uses a structured dialogue system. While the system is defined at the group level, it gives business units the flexibility to adapt to specific local characteristics.'

There are, however, some challenges associated with prioritising the needs and interests of different stakeholders and ensuring that integrated reporting provides concise, connected, strategic and future orientated information. Some self-declared 'integrated reports', for example, simply add their sustainability report to the annual/mainstream report and they can often blur the distinctions between requirements and guidance from GRI related to stakeholder inclusiveness and aspects that 'substantively influence the assessments and decisions of stakeholders' and those offered by the IIRC that relate to value creation, the financial reporting entity and the primary audience – providers of financial capital.

### Q3b What, if anything, should be done and by whom to improve this aspect of implementation?

The IIRC could produce guidance on the distinctions between its approach related to key stakeholders and the prioritisation of providers of financial capital, and the guidance provided by GRI which accommodates a wider group of stakeholders. The IIRC could also clarify expectations regarding how the requirement related to stakeholder legitimate needs and interest can be satisfied. How should organizations respond? What sort of information is required? Processes, procedures, examples? Outcomes? Actions?

### Q4a What is your experience with the Framework's definition of materiality, in particular: Application of the value creation lens? Use of different time periods to identify material matters?

There are clear challenges associated with the implementation of the Framework's definition of materiality. These include the application of different 'lenses' to the materiality determination process, the weighting of business and stakeholder interest, entity specific v systemic risk, interaction with mainstream reporting model infrastructure (i.e. FASB, IASB, SEC etc.), time horizons, and definitions and interpretations of value creation.

There are numerous potential reasons for the confusion over the meaning and application of materiality, including the different objectives of reporting frameworks and organizations, and their materiality definitions that can become conflated, for example between IIRC and GRI. The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. And a matter is material if it is of such relevance and importance that it could substantively influence the assessments of providers of financial capital with regard to the organization's ability to create value over the short, medium and long term. The GRI Standards and Guidelines facilitate organisations' reporting on their economic,

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T: +44 (0) 203 818 3939  
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London EC4V 4AY



environmental and social performance and impacts. And, according to GRI, a matter is material if it may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders.

As an organization prepares an integrated report they must prioritise the needs of providers of financial capital and think about value creation over time. This is a different process to the multi-stakeholder combination of the organization's overall mission and competitive strategy, concerns expressed directly by stakeholders, broader social expectations, and the organization's influence on upstream (such as supply chain) and downstream (such as customers) entities, seen in sustainability reporting. Sustainability reporting is also likely to give equal weight to stakeholder and business interests. Integrated reporting must weight wider stakeholder views in the context of business strategy, value creation and prioritising the needs of financial capital providers.

There is some evidence that integrated reporting is improving materiality processes. According to the WBCSD's Reporting Matters analysis, integrated reports scored 20% higher than non-integrated reports on their materiality criteria. Integrated reports apply additional analysis to the materiality process to enhance insight (e.g. specify magnitude and likelihood of impacts to help prioritize material issues, embed the materiality process into the wider enterprise risk management process, apply the materiality process across geographies and/or at business unit level to provide further insight, and report on the parameters used to prioritize material issues). Effective reporters explain the process used to identify material issues and publish the outcomes of the assessment, and explain how major stakeholder groups were involved. They also present the outcomes of the analysis and state to whom these are presented within the company.

#### Q4b What, if anything, should be done and by whom to improve this aspect of implementation?

In collaboration with the WBCSD and members of the Corporate Reporting Dialogue, especially those focused on investors, the IIRC should explore the relationship and distinctions between:

- 1) Risks and events that have affected, or already materially affect, a business, its strategy and financial planning;
- 2) Assumptions and estimates about the future addressed in mainstream reporting practice, such as certain balance sheet entries that estimate future assets and liabilities, or that entries required to establish the business as a going concern;
- 3) Future risk beyond the business' normal planning horizon likely related to the medium/long term requirements in the <IR> framework;
- 4) Different weightings of business needs with shareholder and stakeholder interests;
- 5) Matters of systemic importance that when aggregated support an understanding of the contribution towards sustainable development; and
- 6) Matters that affect the financial reporting entity and those that affect value creation beyond the financial reporting entity.

In addition, the IIRC should work on clarifying its position, definition and related interpretations of value creation as this concept has become laden with meaning associated with other issues such as inclusive governance, stakeholder inclusiveness, and sustainable development. It should be recognised however that different applications and interpretations are to be expected given different geographic, cultural, relational contexts between organizations.

#### Q5a What is your experience with the conciseness of integrated reports?

Conciseness is very important and relies on focusing only on the most material information and it prioritises quality disclosure over quantity. If a report can be prepared in a concise manner, it can avoid unnecessary disclosure and improve coherence while reducing information overload for readers. EY's excellence in integrated reporting review suggests some improvement in conciseness. They found that 13 reports exceed 200 pages (15 last year and 26 in 2012) and seven reports (four last year), are now less than 80 pages. The average length of the reports in this year's survey (148 pages) continues to slowly decline from the 2014 and 2013 averages of 151 and 159 pages respectively.

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Q5b What, if anything, should be done and by whom to improve this aspect of implementation?

The IIRC should work with companies and others to identify a process for leaving out information that is not relevant or material, and clarify the application of a robust materiality determination process to filter out matters to exclude (those not material to value creation) when evaluating their relative importance. The IIRC should provide some guidance on the use of cross-references (internally and externally to other reports) and make effective use of visual aids such as tables and diagrams. And, the IIRC could work with consultants and digital reporting experts such as Radley Yeldar to consider how digital technology could help meet wider stakeholder information needs.

Q6a What is your experience with the reporting of business model information, particularly outputs and outcomes?

There are many good examples (including Akzo Nobel and Eni) of creative business model reporting that include references to the six capitals and related inputs, outputs and outcomes, and links with strategy and the value chain. According to WBCSD's Reporting Matters research, integrated reports scored 23% higher in the communication of strategy including the articulation of their business model. They identify that the most effective reporters describe how their business model depends upon and impacts natural and social capital. Leading companies also demonstrate an understanding of risks and opportunities associated with the capitals. And visually or through narrative, leaders articulate the relationships between the capitals, including some relevant interdependencies. Some companies with more complex businesses with multiple brands, functions and components can find it difficult to communicate their business model.

But as described in our answer to Q1, less attention is given to context and outcomes that effect and result from the value creation process including changes to the state and condition of various capitals. Organizations need to move towards presenting performance with reference to broader sustainable development conditions and goals, reflected in sectoral, local, regional, or global context.

There have been developments in a few areas on Science-Based Targets for GHG emissions and now Context-Based Water Metrics. But much more work is needed to connect the activities and actions of companies to the positive and negative consequences on the capitals. Companies must begin to look at an "outside-in" framing – understanding environmental and societal needs and using science and external data to set goals, targets and policies. This is a significant change from current practice. where priorities are often set internally, from current trends and projections of a company's performance, with benchmarks set against industry peers. This development will directly address the outcomes as companies can clearly show the link between their actions and activities and the broader context in which they operate.

Q6b What, if anything, should be done and by whom to improve this aspect of implementation?

As described in our answer to Q1, the IIRC should consider partnering with the Natural Capital Coalition (NCC) and WBCSD as authors of the Social Capital Protocol to explore how to relevant measurement techniques could be applied to integrated reporting, and particularly developments relating to measurement of outcomes and outputs within context. We encourage IIRC to consider its role in partnership with others in developing the "outside-in" framing and science-based targets approach across natural and social capital. Some guidance should be given to those with complex and diverse business such as ITC who operate in multiple sectors, (e.g. on how they can prepare descriptions of their businesses and articulate business models).

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Q7a What is your experience with whether reports: (i) identify the involvement of those charged with governance, and (ii) indicate that they are presented in accordance with the Framework? What are the implications of excluding such information?

In the breakthrough phase of integrated reporting, we would agree that it is less important that organizations specifically identify how they have applied the framework. The transition time of two reporting cycles to include a statement of accordance is appropriate. But, the IIRC should emphasise through its networks the importance of explaining the role of those charged with governance in the preparation and presentation of the integrated report, and how that role and process may change in the future.

Currently organizations include statements that demonstrate leadership and management commitments, and often name the person or persons responsible for governance and oversight. But disclosures need to address how different capitals are addressed in board meetings and in the functions of different board committees (e.g. audit, risk, ethics etc.). Board and/or board committees should consider issues across all capitals when reviewing and guiding strategy, risk management policies, annual budgets, and business plans, as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.

Q7b What, if anything, should be done and by whom to improve these aspects of implementation?

The IIRC, ICGN, OECD and regulatory authorities should think about the application of existing corporate governance codes to the both the responsibility for an integrated and wider governance issues across the capitals. The OECD/G20 Corporate Governance Code includes recommendations on material disclosures on the financial and operating results of the company, company objectives and non-financial information, remuneration of members of the board and key executives, foreseeable risk factors, issues regarding employees and other stakeholders, and governance structures and policies, including the content of any corporate governance code or policy and the process by which it is implemented. IIRC could provide guidance on how the <IR> recommendations and principles support the application and adoption of corporate governance codes, and how this is reflected in statements on the role of those charged with governance in <IR> preparation and presentation.

Regarding presentation of the application of the <IR> Framework, the IIRC should work with leading <IR> adopters on challenges related to unavailable information, legal prohibitions and competitive harm. They can then work towards more consistent and comparable disclosures related to the application of the Framework. Organizations must provide a clear basis for conclusions which includes a description of their approach to preparing their reporting, including acknowledgements of methodologies, standards, frameworks applied in preparation and presentation.

Q8a What is your experience with the application of these remaining three Guiding Principles in integrated reports?

The area that needs most attention is future orientation. Organizations struggle to communicate forward looking information and, especially, to include quantitative content across the capitals that links to strategic direction, business model developments, and financial prospects. Companies also struggle to communicate prospects and strategy beyond a 5-10 yr time horizon. In the UK, the introduction of the viability statement provided an opportunity for companies to demonstrate a linkage between their new consistency viability statement and the front end of the annual report. But according to PwC research, few managed to bridge the reporting gap and provide a clearer explanation of why other elements of reporting (e.g. strategy, principle risks and the business model) are positioned the way they are. PwC recommends that companies should consider their response to the following questions: What are the milestones in your strategy? Do you assess your risks over the same period? Why is your viability period different from your peers?

Another important intervention that supports developments in forward looking reporting is the TCFD. The TCFD Recommendations introduce requirements relating to scenario analysis, strategic and financial

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planning, and the integration of climate risk into overall enterprise risk management. All these issues speak to future orientation and value creation in the short, medium and long term. Integrated reporters must consider the implications of these recommendations on their current reporting practice and think about how they can provide similar disclosures across other capitals. The TCFD Recommendations also introduce wider accounting considerations and highlight relationships between climate risks and opportunities and International Accounting Standard (IAS) 37 “Provisions, Contingent Liabilities and Contingent Assets and IAS 36 “Impairment of Assets”. These relationships are relevant for integrated reporters and the IIRC who consider interdependencies between capitals.

On the reliability and completeness, guiding principles there are issues relating to balance and articulation of internal audit and management control processes. Organizations need to report challenges encountered during the reporting year and provide explanations where performance falls below expectations, and include criticism to bring in another perspective and enhance the credibility of the report. In WBCSD’s Reporting Matters research integrated reports scored 51% better than non-integrated reports on their reliability and completeness indicator, Fibra and Pirelli were highlighted as examples of good practice as they provide simple, clear and accessible assurance statements. Assurance covers the method used to define material issues, traceability of the published data, reliability of the management systems, and verification of the data related to the most significant material issues.

There are however wider challenges associated with assurance across the capitals. Different subject matter and different engagements will raise different priorities and challenges through the assurance process. The <IR> Framework could do more to explain how this principle is achieved in cases where there is a greater degree of uncertainty. For example, reporting on biodiversity is likely to involve greater uncertainty and will therefore require further work on measurement uncertainty, methodology etc. when compared to health and safety and employment practices or policies. An approach similar to paragraph 3.38 of the <IR> Framework would be helpful for reliability and completeness.

Consistency and comparability – as many studies show, consistency and comparability in integrated – and other forms of corporate reporting – is notoriously poor, and more efforts are needed in this area.

#### Q8b What, if anything, should be done and by whom to improve these aspects of implementation?

In addition to the comments in Q8a, we recommend that the IIRC seeks to drive consensus on forward looking metrics/indicators, the application of scenario and sensitivity analysis, including standard scenarios that should be applied by companies to support consistency and comparability. Also, how companies should report on the link between future orientation and outcomes (“inside-out” framing).

Consistency and comparability – traditionally this principle is supported by standard setting and application guidance. The <IR> Framework provides organizations with the high-level, principles-based requirements and guidance they need to prepare communications about the way in which they create value. CDSB has long argued that the IIRC should also encourage the emergence of a more structured reporting environment to support the principles based <IR> Framework as this would encourage standardization. CDSB urges IIRC to cross-reference and point to organizations and reporting approaches that provide specific guidance on measurements, content and subject matter likely to feature in an integrated report. This will lend substance to IIRC’s work, encourage the emergence of a more structured reporting environment and support interoperability and coherence between approaches, as well as consistency and comparability.

#### Q9a What is your experience with how these remaining Content Elements are reported in integrated reports?

With regard to organizational overview and external environment, more needs to be made of the link between the external environment and value creation, and, especially, how companies should describe outcomes. As described in Q1a & b, organizations must consider context or outcomes within the value creation process – considering changes to the state and condition of various capitals. Organizations need to move towards

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presenting performance with reference to broader sustainable development conditions and goals, reflected in sectoral, local, regional, or global context.

As described in Q7a, in relation to governance disclosures, companies need to report how different capitals are addressed in board meetings and in the functions of different board committees (e.g. audit, risk, ethics etc.). Board and/or board committees should consider issues across multiple capitals when reviewing and guiding strategy, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.

There is also a clear need to better understand and address the disconnect between risks identified through ERM processes and those disclosed in mainstream and integrated reports, as described in Q2b. IIRC should look to partner with WBCSD and COSO in their work seeking better alignment between risk objectives and strategic objectives and opportunities, integration of sustainability in existing risk management practices, and the use of quantitative scenario planning and stress testing. Interestingly, COSO now also take a value creation perspective in their definition of Enterprise Risk Management: 'culture, capabilities, and practices, integrated with strategy and execution, that organizations rely on to manage risk in creating, preserving, and realizing value'. The proposed revisions to the COSO framework elevate discussions of strategy, links to decision making and enhance alignment with performance. As such, there are likely interesting workstreams to be explore on the relationship between integrated thinking, reporting and developments in ERM.

In WBCSD's Reporting Matters research, integrated reports scored 21% better than non-integrated reports and Novozymes where highlighted as an example of good practice. The Novozymes report prominently presents the key performance indicators and an accompanying narrative providing history and context to the numbers. They cross-reference and include links to more granular data at the regional level at specific sites. As described in Q1b, recent developments in measurement and valuation support a more complex and comprehensive understanding of the relationships between the capitals and inputs, business activities, outputs (including performance and prospects) and outcomes that support value creation. Therefore there are opportunities to explore similarities and differences between performance measurement and decision making processes across the capitals that support integrated thinking. Are there opportunities to standardise approaches? And accommodate multi-capital deliberative approaches to explore trade-offs, use and effects? Some of these studies could draw upon the work of PwC and KPMG, for example in their Total Impact Measurement and Management methods. IIRC should look to collaborate with WBCSD through its Redefining Value programme supporting its vision that by 2050, all companies will measure, value and report their true value, true costs and true profits.

With regard to outlook and forward looking information, the introduction of TCFD Recommendations on scenario analysis to help identify future risk from climate change, it might be that the use of tools such as scenario analysis and stress testing becomes more widespread in reporting. The IIRC might therefore want to take a position on what approaches should be used by companies to report on future value creation prospects. We think that there are lessons to be learnt from the UK viability statement and from IFRS 7 and 9 which, whilst focussed on financial instruments, are generally concerned with future risks.

#### Q9b What, if anything, should be done and by whom to improve these aspects of implementation?

In addition to the comments in Q9a we would recommend that the IIRC work with relevant partners to explore: supplementary guidance for governance and risk reporting, the characterisation of decision useful information for providers of financial capital, and the end to end process joining up internal decision-making and external decision-making supporting sustainable outcomes. The IIRC could also work with leading reporters to explore how they should deal with potential conflicts related to competition and intellectual property, and seek opportunities for collaboration on pre-competitive systemic issues. The IIRC should also look into interdisciplinary efforts and collaborative opportunities with academics who are working on systems thinking and resilience, and the connections between the capitals that should be reflected in reporting on different content elements.

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71 Queen Victoria Street  
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Q11a What is your experience with enablers, incentives or barriers to Framework implementation not covered by other questions, including the extent to which they apply particularly to: Specific jurisdictions? Large or small organizations? Private, public or non-profit sectors? Different stages of Framework implementation?

Though great progress has been made with now over 750 participants in <IR> networks worldwide, and more than 1,000 businesses globally using <IR> to communicate with their investors, there have been challenges in certain jurisdictions. This maybe in part due to restrictive and prescriptive regulatory requirements that may have limited uptake. There may also be some confusion on the application of <IR> guidance acknowledging that an integrated report may be prepared in response to existing compliance requirements, but that if the report is required to include specified information beyond that required by the <IR> Framework, the report can still be considered an integrated report if that other information does not obscure the concise information required by the <IR> Framework.

Q11b What, if anything, should be done and by whom to improve these aspects of implementation?

The IIRC should consider conducting an analysis of the relationship between the <IR> Framework and existing regulatory requirement across priority jurisdictions. This work could identify enabling conditions and barriers in certain jurisdictions, and would allow the IIRC to explore opportunities for regulatory engagement and demonstrate alignment to potential reporters. There are many complementary regulatory requirements particularly across the G20, that have close relationships with <IR>. For example, in the UK according to the Companies Act 2006 (CA 2006) companies must provide 'a fair review of the company's business' (S414C (2)(a) CA 2006) including a proper account of 'the main trends and factors likely to affect the future development, performance and position of the company's business', (S414C (7)(a) CA 2006); and a proper 'description of the principal risks and uncertainties facing the company', (S414C(2)(b) CA 2006). These requirements are supported by Financial Reporting Council's – Guidance on the Strategic Report, which provides assistance on the disclosure of risks and key performance indicators. Similar considerations apply to Article 19 and Article 19a of the EU Accounting Directive requirements.

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