

International Integrated Reporting Framework (<IR> Framework) revisions, 20 March 2020

The International Integrated Reporting Council (IIRC) is collecting feedback on a survey in order to inform the nature and direction of the proposed International Integrated Reporting Framework (<IR> Framework) revisions. The feedback collected will feed the <IR> Framework Consultation Draft of May 2020. [beginning the process of refreshing the International <IR> Framework](#),

NBA decided to respond to all three Topic Papers. PG <IR> of WG ESG Assurance.

NBA responded as follows to the questions raised in the Topic Papers. We submitted our feedback online.

Topic Paper 1: Responsibility for an Integrated Report

Question 1

Should the emphasis of Paragraph 1.20 shift from a statement of responsibility to process-related disclosures? Please explain.

1. NBA welcomes the IIRC initiative to consider providing a statement of responsibility from those charged with governance to providing process-related disclosures. This would align with the IIRC's vision that an Integrated Report is the end result of a process of Integrated Thinking. Those charged with governance are considered to be involved in Integrated Thinking.
2. NBA is not in favour of a complete shift in such a way that the Framework would refrain from a responsibility statement. We do acknowledge that conflicts with local regulations and liability concerns exist, but the Integrated Report would lose relevance if such a responsibility statement would no longer be required. According to the Dutch Corporate Governance Code (listed entities) Boards and Supervisory Boards are explicitly responsible for Long Term Value Creation. Refraining from a responsibility statement in the Framework would therefore be a step back for the desired transition.

Question 2

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

3. We are of the opinion that referring to specific procedures and controls in the Framework would not be feasible in the current state of development in multicapital corporate reporting. Furthermore, the variety of procedures and controls is large, not only because of different practices related to separate industries and sectors, but also related to the size of organisations.
4. We would recommend guidance for a principle based approach based on the COSO-Framework. We recommend to align further guidance in this respect with the results of the IIRC Special Interest Group Integrated Thinking.

Question 3

Should the guidance encourage the disclosure of key roles and responsibilities in the integrated reporting process? Please explain.

5. NBA supports the proposal of providing guidance for disclosures on the key roles and responsibilities in the Integrated Reporting process. We refer to our response to Question 2.

Question 4

Should the guidance cite a voluntary 'statement of responsibility from those charged with governance' as best practice? Please explain.

6. NBA agrees with this proposal. The proposal also aligns with the trend for 'in control statements' and related disclosures, which underpins the need for more process-related disclosures. This would align with the updating process of the IASB Practice Statement for Management Commentary; more IR-like disclosures are expected to be included.

Question 5

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

7. NBA is of the opinion that a proper definition of the term "those charged with governance" is available and well used in practice based on ISA 260 (International Standard on Auditing).

Topic Paper 2: Business model considerations

Question 1

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

8. NBA supports the IIRC proposal for further guidance on outputs and outcomes. This might also be useful for inputs and activities, emphasizing the circular concept of the value creation model. Reference to sources for 'loading the capitals' with existing relevant metrics/frameworks at industry level are welcomed as much as guidance how to appropriately balance metrics and narratives in the reporting process (input-output-outcome-impact).
9. Primary objective should be clear guidance on the concept. It should be possible that the concept is well understood without illustrative examples. If that is achieved further illustrative examples are welcome.

Question 2

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

10. With reference to our response to Question 1, NBA supports the proposal for further guidance on the link between outcomes and value creation. We wish to emphasize that guidance is welcome for short-, medium- and long term value creation. There is a need for guidance on how to embed business model as the heart of the value creation model in daily practice.
11. Also here the primary objective should be clear guidance on the concept. It should be possible that the concept is well understood without illustrative examples. If that is achieved further illustrative examples are welcome. SDG-linkage may be considered.

Question 3

Should Sections 4C and 4F of the <IR> Framework further reinforce:

- i. That the term 'value creation' also reflects cases in which value is preserved or eroded?*
- ii. The importance of providing evidence to support claims and conclusions made in the integrated report?*

12. NBA is supportive of the proposal under 3.i. Guidance is welcome to reflect the need for a well-balanced approach of the concept of value creation, which can also be negative in the short, medium and long term.
13. NBA agrees with the proposal under 3.ii. Guidance is welcome to reflect the need of providing evidence to support claims and conclusions made in the Integrated Report; this would contribute to the 'assurability' of the Integrated Report.

Question 4

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

14. With reference to our other responses on this Topic Paper NBA supports guidance covering the terms impact and long term value creation.
15. In the search for proper and workable definitions NBA suggests to consider the concept of the Theory of Change that is used by e.g. World Bank; the verbs in the following definitions may give the desired direction:

- IF we undertake the activities AND the assumptions hold true, THEN we will create the outputs (SHORT TERM)
- IF we deliver the outputs AND the assumptions hold true, THEN we will achieve the outcomes (MEDIUM TERM)
- IF we achieve the outcomes AND the assumptions hold true, THEN we will contribute to the impact (LONG TERM)

Topic Paper 3: creating a path forward

Question 1

a) Do you agree with the proposed change to Paragraph 1.7? Why or why not?

b) Do you agree with the proposed change to Paragraph 1.8? Why or why not?

16. NBA understands the IIRC proposals in paragraph 1.7 and 1.8 of the <IR> Framework aiming a shift in focus from an investor lens, to a broader stakeholder lens. However, we should acknowledge that the providers of financial capital are currently still the primary users, at least the primary decision makers. The proposed shift can be useful and may emphasize that providers of financial capital consider the outcomes and impacts relevant for satisfying multi-stakeholder needs in the decision making process.
17. A shift such a proposed may contribute to an improved multi-capital focus, better connectivity of information (including the relevant extended boundaries covering the organisation's supply chain and beyond) and double materiality (impacts for the company, outside-in, and impacts for society, inside-out). Greater awareness that non-financial topics are relevant for financial performance/risks; this may encourage real connectivity.

Question 2

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

18. 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.
19. On the other hand technology may facilitate Integrated Thinking, being the conditional process for proper Integrated Reporting. Management of modern business entails a broader understanding of the resources and relationships they use in order to create value over the short, medium and long term. Rather than using a narrow focus on financial data, businesses need interconnected information across multiple capitals for better decision making in terms of mission, strategy, risk-management, corporate governance and performance monitoring. It is therefore necessary that technological driven indicators are suitable and applicable in the total set of functions within modern business management of which corporate reporting is only one function out of many.

Question 3

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

20. As Integrated Reporting is still not completely mature, integrated assurance is still not mature. Currently 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. In the process of designing guidance in this field we encourage that the IIRC takes into account the IAASB publication on EER-assurance.
21. More clarity or guidance is needed on when a claim 'in accordance with <IR>-framework' is valid.

Question 4

Consider the following statement: Matters of assurance rest with regulators and related standard setters, and not with voluntary reporting frameworks. Do you agree or disagree? Please explain.

22. NBA acknowledges the recognition of a need for accurate, reliable and comparable data and the added value of assurance in the context of public interest. Added value of assurance on non-financial information and Integrated Reports is recognized more and more by users. For this reason NBA is of the opinion that matters of assurance rest with users initially. We agree that regulators are responsible for legislative regulation in this field.

Question 5

Are there further matters that the IIRC should consider:

23. No further matters to consider.