The IIRC welcomes comments on all aspects of the Discussion Paper from all stakeholders, whether to express agreement or to recommend changes. Your answers to the Consultation Questions, and any other comments you would like to make, should be submitted on this form (submitted electronically at end of document) or sent via email to dpresponses@theiirc.org.

For the purpose of analysis, you are asked to identify the organization to which you belong and where it is located. All comments received will be considered a matter of public record and will be posted on www.theiirc.org.

Comments should be submitted by Wednesday 14th December 2011.

Name	Roberto Pedote
Title	Senior Vice President of Finances, Legal Affairs and Information Technology
Organization	Natura
Country	Brazil
Email	juliapeters@natura.net

Type of Stakeholder (please tick one as appropriate)

- ○ Academic
- ○ Analyst
- ○ Assurance Provider
- ○ Business
- ○ Consultant
- ○ Government
- ○ Inter-Governmental Agency
- ○ Investor
- ○ Labour Representative
- ○ Non-Governmental Organization
- ○ Professional Body
- ○ Rating Agency
- ○ Standard Setter
- ○ Student
- ○ Think Tank
- ○ Trade or Industry Association
- ○ Other, please specify below

Key Points

If you wish to express any key points, or to emphasise particular aspects of your submission, or add comments in the nature of a covering letter, then the following space can be used for this purpose.

The prior discussion process that this content offers is extremely valuable and necessary for us to ensure the development of a framework that meets the needs of all stakeholders, in the proposal for an Integrated Report.

Nevertheless, efforts need to be made to establish clearer and more objective guidelines on what an Integrated Report actually is. Conceptually, it is clear that an Integrated Report will help organizations, since it is a practical tool for the reporting process and for the integration to be noticeable, tangible. We can understand “WHAT” an Integrated Report is, but the main objective is to know “HOW”, and this guideline does not seem to have been addressed in the Discussion Paper.

Still, there is few information about IIRC Pilot Program in which we understand will be addressed “HOW” the Integrated Reporting should be developed. Certainly the Pilot Program development and explanation will clarify the future orientation of Integrated Reporting.

The World has Changed – Reporting Must Too (page 5 of the Discussion Paper)

Q1. (a) Do you believe that action is needed to help improve how organizations represent their value-creation process? Why/why not?

Yes.

Organizations today appear more aware of the urgency of pursuing innovative practices towards a new model of development that considers aspects beyond merely the economic and financial. For sure, companies, institutions and governments with this commitment will be able to view social and environmental challenges as development opportunities, and they will know how to concentrate their efforts on identifying solutions for the current and future issues of society.

Q1. (b) Do you agree that this action should be international in scope? Why/why not?

Yes.
Considering that the organizations that support, regulate and provide guidance already operate on a global scale and are already part of the IIRC, it would be a setback if this action were not integrated and common to all nations. The comparability of information and the scenarios must be viable globally.

Stakeholders from different parts of the world, even though each one operates in its own context, share common needs and ambitions. They all pursue the sustainability of their results

Towards Integrated Reporting (page 6 of the Discussion Paper)

Q2. Do you agree with the definition of Integrated Reporting on page 6? Why/why not?

Yes.
The definition clearly and objectively explains how Integrated Reporting compiles the information reported by organizations and how value is added (strategic benefits are achieved) through the adoption of a standard in the reporting process.

An International Integrated Reporting Framework (page 8 of the Discussion Paper)

Q3. Do you support the development of an International Integrated Reporting Framework? Why/why not?

We both support and are enthusiastic about the possibility of working together with the IIRC in the process to develop an Integrated Reporting Framework.

We believe that, by establishing a model for “HOW” to report information in an integrated manner, this will serve as a guide or a manual for companies, providing them with the capacity to integrate the management of the triple bottom line (TBL), which will be reflected in the communication/disclosure of the performance of the organizations.

Q4. (a) Do you agree that the initial focus of Integrated Reporting should be on reporting by larger companies and on the needs of their investors? Why/why not?

Yes.
The involvement and mobilization of organizations that already publish their results and that are already familiar with collecting sustainability indicators will allow a more consistent transition towards an Integrated Reporting model. A perception of value already exists among these organizations concerning their accountability to society and the presentation of their long-term value proposition, together with the positive effects on the society where they belong.

Q4. (b) Do you agree that the concepts underlying Integrated Reporting will be equally applicable to small and medium enterprises, the public sector and not-for-profit organizations?

The principles and even the models of Integrated Reporting may be used by organizations of different sizes and from different sectors. Closely held companies, for example, have the same financing needs as publicly traded companies and they need to demonstrate their strategy and show that their business model addresses business risks and opportunities.

The same goes for medium-sized companies, which benefit from the fact that conciseness is one of the principles of Integrated Reporting. Its use by medium-sized companies may be even easier than by large corporations, since the internal control and decision-making structures

Business Model and Value Creation (page 11 of the Discussion Paper)

Q5. Are: (a) the organization's business model; and (b) its ability to create and sustain value in the short, medium and long term, appropriate as central themes for the future direction of reporting? Why/why not?

Yes.
The awareness that social and environmental imperatives must be urgently addressed in this century will compel all organizations to transform their business models, and this also includes how the company is accountable to society and to all its stakeholders.

Taking Natura as an example, we have a belief that the company is a dynamic set of relationships, and as such its value and longevity are connected to its ability to contribute to the evolution of society and its sustainable development. Therefore, in Natura's opinion,

Q6. Do you find the concept of multiple capitals helpful in explaining how an organization creates and sustains value? Why/why not?

The concept of "capitals" for different resources (physical, human, intellectual), for the relationships and networks and for the other assets of an organization can certainly make the analysis and the interdependence more tangible to the different stakeholders that will have access to the report. Indeed, at Natura, we already use the five capitals (natural, human, social, economic and physical) in our assessment of supplier communities, which has been highly effective in making a more strategic assessment that considers the triple bottom line (TBL).

Guiding Principles (page 12 of the Discussion Paper)

Q7. Do the Guiding Principles identified in the Discussion Paper provide a sound foundation for preparing an Integrated Report – are they collectively appropriate; is each individually appropriate; and are there other Guiding Principles that should be added? Why/why not?

Yes, provided that all the GRI Principles are included in the Guiding Principles of the IIRC.

In any case, the Guiding Principles for Integrated Reports are well structured and the reasoning for each Guiding Principle is clear, coherent and objective. The guidance for each of the principles caters to the needs of the organizations and will certainly contribute to the reporting process.

Concerning suggestions, we believe that the Guiding Principle "Connectivity of information"

Content Elements (page 15 of the Discussion Paper)

Q8. Do the Content Elements identified in the Discussion Paper provide a sound foundation for preparing an Integrated Report– are they collectively appropriate; is each individually appropriate; and are there other Content Elements that should be added? Why/why not?

Yes.

The Content Elements are fully in line with the Structural Elements of the GRI (Vision and Strategy, Organizational Profile, Structure and Governance, Stakeholder Engagement, Guiding Principles and Management Systems), with the positive inclusion of "Future Outlook" which is one of the elements that will truly provoke a more strategic vision of management as a whole.

What Will Integrated Reporting Mean for Me? (Reporting organizations – page 21, Investors – page 22, Policymakers, regulators and standard-setters – page 23, Other perspectives – page 24 of the Discussion Paper)

Q9. (a) From your perspective: Do you agree with the main benefits as presented in the Discussion Paper? Why/why not?

Yes.
We can emphasize, moreover, the significant value added by the variety of profiles and IIRC member and peer organizations that endorse this new Integrated Reporting standard. The fact that we have different representatives bringing their perceptions and needs to the discussion guarantees that the main gaps will be filled and that the final content will meet the most relevant expectations and needs of the different stakeholders, primarily investors.

We also emphasize the benefits of the Content Elements and the Capitals, which certainly

Q9. (b) From your perspective: Do you agree with the main challenges as presented in the Discussion Paper? Why/why not?

The challenges exposed in the Discussion Paper are compatible with the context of the organizations and are applicable to companies of different sizes and from different sectors. On the other hand, we believe that besides just “Challenges”, all the items cited in the paper may be perceived as progressions to be implemented in the medium term by the organizations that decide to adopt the Integrated Report.

In relation to the challenges associated with the implementation of Integrated Reporting, it is worth pointing out that this effort will require significant engagement and mobilization by

Q9. (c) From your perspective: Do you agree that Integrated Reporting will drive the disclosure of information that is useful for integrated analysis (from the perspective of investors)? Why/why not?

Considering all propositions mentioned in the Discussion Paper, we agree that the Integrated Report will be useful for integrated analysis. On the other hand, it will depend on the development of the framework and how the reporting process will be consolidated.

The Integrated Report is a way of providing all stakeholders with a consolidated document that gives them a comprehensive understanding.

Future Direction (page 25 of the Discussion Paper)

Q10. (a) Do you agree that the actions listed in the Discussion Paper should be the next steps undertaken by the IIRC? Why/why not? Are there other significant actions that should be added?

We still consider the medium and long-term planning to be relatively unclear. We need a clearer strategy on how the framework will guide and, above all, contribute to the development of an Integrated Report, ensuring that the reporting process (collecting indicators, organization, format, etc) is effectively integrated and perceived as such by the organizations.

The development of an Integrated Reporting Framework is essential, as it will ensure the adherence of these pioneer organizations and make it possible to apply the Integrated Report, allowing for improvements, contributions and adjustments throughout the duration of the Pilot

Q10. (b) What priority should be afforded to each action? Why?

We must emphasize once again that we need to put efforts on the Pilot Program. There is few information about it, and, certainly, the Pilot Program development and explanation will clarify the future orientation of Integrated Reporting.

Q11. Do you have any other comments that you would like the IIRC to consider?

Additional questions: These are NOT compulsory but will help with analysis if completed

I have provided feedback that reflects:

- ☐ Personal interest
- ☑ Interest of an organization, please provide the name of the organization:

  Natura

Which best describes your involvement with sustainability reporting?
Please tick all that apply.

- ☑ Reporter (prepare a report for my own organization)
- ☐ Consultant (report preparer on behalf of a third party)
- ☐ Assurance provider
- ☐ Report reader (read reports for the purpose of evaluating or analyzing organizations)
- ☐ Other, please specify:

Please indicate how many years of experience you have with sustainability reporting:

- ○ No experience
- ○ Less than 1 year
- ○ 1-5 years
- ◉ More than 5 years

Submit to the IIRC