

Consultation questions

The IIRC welcomes comments on all aspects of the Draft International <IR> Framework (Draft Framework) from all stakeholders, whether to express agreement or to recommend changes.

The following questions are focused on areas where there has been significant discussion during the development process. Comments on any other aspect of the Draft Framework are also encouraged through the questions.

Please provide all comments in English.

All comments received will be considered a matter of public record and will be posted on the IIRC's website (www.theiirc.org).

Comments should be submitted by Monday 15th, July 2013.

Name:

Email:

Stakeholder group:

If replying on behalf of an Organization please complete the following:

Organization name:

Industry sector:

Geographical region:

Key Points

If you wish to briefly express any key points, or to emphasize particular aspects of your submission, or add comments in the nature of a cover letter, then the following space can be used for this purpose. Please do not repeat large amounts of material appearing elsewhere in your comments.

Chapter 1: Overview

Principles-based requirements

To be in accordance with the Framework, an integrated report should comply with the principles-based requirements identified throughout the Framework in bold italic type (paragraphs 1.11-1.12).

1. *Should any additional principles-based requirements be added or should any be eliminated or changed? If so, please explain why.*

So that they meet the principles of materiality and comparability in the preparation of the <IR> are necessary guidelines or standards specific to the business sector, to be referred to in order to evaluate which of the important issues of a company are also material issues to be included in the <IR>.

Otherwise, the choice of material issues becomes discretionary and / or subjective, with the effect of making the report of the companies not very comparable.

Interaction with other reports and communications

The <IR> process is intended to be applied continuously to all relevant reports and communications, in addition to the preparation of an integrated report. The integrated report may include links to other reports and communications, e.g., financial statements and sustainability reports. The IIRC aims to complement material developed by established reporting standard setters and others, and does not intend to develop duplicate content (paragraphs 1.18-1.20).

2. *Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications?*

Different Communication Channels

Referring to an <IR> that can be composed of information in different forms / places (on the web, other reports, other forms of communication, etc.) may lead to a reporting that is distorted by the subjectivity of those that have adopted it.

We envisage an integrated report not as an additional publication but rather as an enhancement of an existing publication. The integrated report should be represented by the Annual Report as it is the main document dedicated to financial capital providers. So, it may become the reference for the other main stakeholders of a company.

3. *If the IIRC were to create an online database of authoritative sources of indicators or measurement methods developed by established reporting standard setters and others, which references should be included?*

Other

4. *Please provide any other comments you have about Chapter 1.*

Chapter 2: Fundamental concepts

The capitals (Section 2B)

The Framework describes six categories of capital (paragraph 2.17). An organization is to use these categories as a benchmark when preparing an integrated report (paragraphs 2.19-2.21), and should disclose the reason if it considers any of the capitals as not material (paragraph 4.5).

5. *Do you agree with this approach to the capitals? Why/why not?*

We precise that we do not believe in line with the principle of succinctness, the need to provide an explanation of the reasons for which a company considers a capital as immaterial, since this can shift the focus from the material capitals.

6. *Please provide any other comments you have about Section 2B?*

Business model (Section 2C)

A business model is defined as an organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term (paragraph 2.26).

7. *Do you agree with this definition? Why/why not?*

In agreeing to the general concept provided, it is the difficulty of decline and describe the business model to the specific company, very complex and dynamic.

Business model (Section 2C) continued

Outcomes are defined as the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs (paragraphs 2.35-2.36).

8. *Do you agree with this definition? Why/why not?*

9. *Please provide any other comments you have about Section 2C or the disclosure requirements and related guidance regarding business models contained in the Content Elements Chapter of the Framework (see Section 4E)?*

Other

10. *Please provide any other comments you have about Chapter 2 that are not already addressed by your responses above.*

The concept of value and value creation should be better clarified.

To assess whether an organization is able to create value, capitals and externalities should be measured and evaluated.

It would be appropriate for the creation of value was expresses in terms of financial results (revenue generation / cost savings), where you can not use the financial parameters, creation of value must be expressed with different quantitative KPIs illustrating qualitatively how an improvement in terms of non financial performances could generate an improvement in more general business results (reputation, relationships with institutions operate, etc.).

Chapter 3: Guiding Principles

Materiality and conciseness (Section 3D)

Materiality is determined by reference to assessments made by the primary intended report users (paragraphs 3.23-3.24). The primary intended report users are providers of financial capital (paragraphs 1.6-1.8).

11. *Do you agree with this approach to materiality? If not, how would you change it?*

We believe that the main beneficiaries of the integrated report should be considered employees and final customers of the service provided by the company, since the mission of the company if it meets their goals, also satisfies those of the investors of capital.

In order to guide and comparability, we believe that's important to define what are the materiality for each business sector. Additional clarification should be provided in relation to the following aspects:

_ Materiality. It is not clear how to strike a balance between stakeholders and investors (or senior management and those charged with governance) perspectives . The IIRC begins with a definition of materiality from the investors perspective but picks up subsequently by considering and including all stakeholders and all forms of capitals. This lack of consideration of all stakeholders from the very beginning does not contribute to avoiding a "cherry picking" approach in materiality.

_ Magnitude of effect. It has not been indicated how to consider aspects/matters that could affect stakeholders but that do not have a specific impact on the financial value of the company. For instance, how should a company report on a matter of fundamental importance for a local community but that is not all that relevant if referred to the company in its entirety (i.e. multinational)?

12. Please provide any other comments you have about Section 3D or the Materiality determination process (Section 5B).

In our opinion the management should select material issues taking into account risks and opportunities that impact on the long term value creation of the company.
Materiality determination process is a field where more guidance should be provided by IIRC. Guidance means for example requiring the application of an existing methodology (e.g. AccountAbility) or at least to the necessity of comparing internal choices to external analysis of sector-specific ESG issues.

Reliability and completeness (Section 3E)

Reliability is enhanced by mechanisms such as robust internal reporting systems, appropriate stakeholder engagement, and independent, external assurance (paragraph 3.31).

13. How should the reliability of an integrated report be demonstrated?

The reliability of an integrated report is also guaranteed by a materiality determination process well defined through an accurate methodology; an accurate internal reporting system; a coherence of information reported in different parts of the same document; and an external assurance

In Italy, the annual report includes an attestation rendered by the CEO and by the Executive in Charge of the preparation of the Company's accounting documents (as required by the current legislation in Italy), where they affirm that "the assessment of the suitability of the administrative and accounting procedures for the preparation of the financial statements based on a set of standards and methodologies ... which represents a set of reference standards for the internal control and risk management system, generally accepted worldwide" and "the operating and financial review provides a reliable analysis of business trends and results, as well as a description of the main risks and uncertainties".

14. Please provide any other comments you have about Section 3E.

Other

15. Please provide any other comments you have about Chapter 3 that are not already addressed by your responses above.

Connectivity
The methodology behind the connectivity between financial and non financial aspects is not described. It is necessary to define new "composite" metrics.

Comparability

_ The framework should clearly state that where other reporting principles, guidelines or standards exist and can be used as a reference for <IR> reporting areas, they can be used by reporters and they must be indicated, as a reference, in the <IR>.

Chapter 4: Content Elements

16. Please provide any comments you have about Chapter 4 that are not already addressed by your responses above (please include comments on the Content Element Business Model [Section 4E] in your answer to questions 7-9 above rather than here).

Chapter 5: Preparation and presentation

Involvement of those charged with governance (Section 5D)

Section 5D discusses the involvement of those charged with governance, and paragraph 4.5 requires organizations to disclose the governance body with oversight responsibility for <IR>.

17. Should there be a requirement for those charged with governance to include a statement acknowledging their responsibility for the integrated report? Why/why not?

18. Please provide any other comments you have about involvement of those charged with governance (Section 5D).

Credibility (Section 5E)

The Framework provides reporting criteria against which organizations and assurance providers assess a report’s adherence (paragraph 5.21).

19. *If assurance is to be obtained, should it cover the integrated report as a whole, or specific aspects of the report? Why?*

20. *Please provide any other comments you have about Credibility (Section 5E). Assurance providers are particularly asked to comment on whether they consider the Framework provides suitable criteria for an assurance engagement.*

Other

21. *Please provide any other comments you have about Chapter 5 that are not already addressed by your responses above (please include comments on the materiality determination process [Section 5B] in your answer to question 11 above rather than here).*

Overall view

22. *Recognizing that <IR> will evolve over time, please explain the extent to which you believe the content of the Framework overall is appropriate for use by organizations in preparing an integrated report and for providing report users with information about an organization's ability to create value in the short, medium and long term?*

Development of <IR>

23. *If the IIRC were to develop explanatory material on <IR> in addition to the Framework, which three topics would you recommend be given priority? Why?*

The framework defines <IR> as a “process”, however the entire framework is the explanation of a disclosing structure (principles, contents, etc.) to which refer to. The message “<IR> is a process” is commonly accepted but it is represented in such a way that does not allow its full comprehension and application. We suggest to better develop a guideline on the implementation process; this could also be useful to coordinate the IR framework with other reporting guidelines (ie G4).

A more detailed definition of “outcomes” in connection with the reporting boundary should be developed.

Other

24. *Please provide any other comments not already addressed by your responses to Questions 1-23.*

Please save the completed PDF form to your computer and submit via the IIRC website at www.theiirc.org/consultationdraft2013