

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.

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Stakeholder group:	<input type="text" value="Report preparers"/>

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

Organization name:	<input type="text" value="SulAmØrica Seguros, PrevidØncia, Investimentos e Capitaliza ³o"/>
Industry sector:	<input type="text" value="Financials"/>
Geographical region:	<input type="text" value="Central and South America"/>

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.

In all group discussions on Integrated Report I have participated in Brasil, the main question that is not clear in the Framework is if we are talking about another report or a report methodology that integrates ESG information into the financials. Since this has been a question and a matter of doubt from lots of sustainability and financial professionals, I suggest IIRC improves some parts of the Framework to make a clear distinction.

Another important question is if only the providers of capital should be the target of this methodology of reporting. What IR is trying to do is to change the way companies disclosure results to show how they add value to society as a whole. But if investors or providers of capitals do not understand how the business model and capitals chosen by that company are better than another one, the Framework will be used by companies and other stakeholders such as civil society and academia, but not by financial providers. The Framework should not be addressed to companies reporting but instead (or as a plus) as a tool for investors to make better decisions. We need to change the way companies are managed and the report should be a result of this change and not force the change.

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.*

Specifically on the paragraphs 1.11 and 1.12, if there is a competitive harm result or if it is a strategic matter, no company will disclosure or be able to explain why it did not disclosure. Some issues will never show in reports due to its strategic importance and they might surface in the future.

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?*

In general, the whole Framework brings confusion when mentioning reports and reporting, for example, on page 9, item 1.18 to 1.20, the next refers to the Framework as a process while on page 24, item 4.4 it mentions an integrated report to be linked to other reports.

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?*

All regulators, and more specifically the financial systems ones, should be involved and considered in any suggestion of Framework for an integrated report. As well as the most known initiatives such as GRI and CDP, as well as all the Principles and Pacts such as PSI, PRI and Global Compact. In Brasil it could also consider Instituto Ethos and the GHG Brasil Protocol.

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?*

The Framework should consider the possibility of other capitals or other frame for the same capitals that can arise in different cultures. Fixing the capitals in only the ones described in the annexes might limit some organizations and might not include capitals we still do not know of their existence.

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?*

The model is good but some companies in a high competitive environment might choose not disclose their business model due to the strategic level of the information. In other words, some business models might be too simple and not show the real outcomes.

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?*

The results of an organization's business activities and outputs might not be interpreted the same way by the diverse group of stakeholders or even among investors, the main target of this Framework.

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.*

There should be a disclaimer on confidential/strategic information as well as how companies evaluate risks in their business model. This is not very detailed in the Framework or its annexes but it is extremely important for companies to make sure they generate value into society at the same time as they generate value for the business, investors and shareholders.

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?*

To have a better risk and opportunities management, it is important that companies involve all strategic stakeholders while defining its materiality. Limiting it to the providers of financial capitals is to go against what the IR stands for because this stakeholder still do not understand ESG and integrated information.

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

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?

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.

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?

Usually the reports are under the responsibility of the high management and administration for the company so there would be no need for a declaration. If IR is included in the official reports, there will be no need for this kind of disclosure of responsibility,

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?*

It should include all parts of any report. If there is no consensus on how to verify ESG information, the data will never be credible and investors of providers of capital will not take this into consideration when making their decision.

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.*

We do not believe the Framework provides suitable criteria for an assurance engagement. There should be established a workgroup with the involvement of not only the big assurance companies, as well as other types such as the certification ones, as well as other measurement initiatives such as GRI and CDP to work on an assurance methodology in the same level as the financial ones. Only then we will have the high administration and management engaged in such work, and regulators to adopt those practices.

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?*

It is a good start but there are still some points that need to be clarified and more developed.

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?*

Applied framework cases, best practices.

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

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Framework section/Content	From page	From the line	To the page	To the line	Comments
Content elements					<p>General Comments</p> <p>1) In general, the whole Framework brings confusion when mentioning reports and reporting, for example, on page 9, item 1.18 to 1.20, the text refers to the Framework as a process while on page 24, item 4.4, it mentions an integrated report to be linked to other reports.</p> <p>2) It is too much focused on providers of financial capital despite of other stakeholders that contribute to value creation.</p> <p>3) To improve the glossary with words such as "uncertainty, boilerplate, stock, etc."</p> <p>4) To avoid slangs or words that would not be understood by different cultures such as "boilerplate".</p>
Content elements	p25	4B			Governance with too much focus on the high administration and not on structures, process and policies that guarantee the best practices.
Content elements	pg25	4B(4.11)	pg25		It is not clear what particular actions mean and how they are related to the different capitals.
Content elements	pg26	4C (4.14 e	pg26		I suggest to consider sector and region after "...are specific to the organization..."
Content elements	p26	4D (4.20)	p26		<p>1) The first topic of the first bullet point "relate to the organization's business model...", might be considered strategic and confidential information that most of organizations would not disclosure.</p> <p>2) The second bullet point has limited number of examples when thinking about competitive advantage. Are those topics IIRC would like to emphasize or should we consider more examples including for instance business presence, human resources, etc.</p>
Content elements	p27	4E	p28		Most of the examples and description reflect production or extraction business models that does not apply to services. If we consider that in the majority of developed countries services represent more than 70% of their GDP and that financial services providers are the companies that most report, there should be a look at this segment of the economy on the IR Framework mostly in the business model.
Content elements	pag28	4F (4.29)	pg28		How to explain financial implications of issues without an international accepted methodology for these calculations.