

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:	<input type="text" value="Antonio Manganella"/>
Email:	<input type="text" value="a.manganella@ccfd-terresolidaire.org"/>
Stakeholder group:	<input type="text" value="Non-government organization"/>

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

Organization name:	<input type="text" value="Forum Citoyen pour la Responsabilité Sociale des Entreprises"/>
Industry sector:	<input type="text" value="Not applicable"/>
Geographical region:	<input type="text" value="Western Europe"/>

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.

<p>FCRSE notes that a stand-alone integrated report focused on value creation for investors (and other stakeholders) is maybe necessary, but very insufficient to enable expected transparency on social and environmental impacts of business.</p> <p>The concept of "value creation" is omnipresent in the text but it is not defined for the different capitals (except the financial one)</p> <p>The Framework does not prescribe specific indicators or measurement methods but aims to complement material developed by established reporting standard setters such as GRI4 but despite the same denomination, the major principles of their conceptual framework are different. Especially the principle of materiality that does not refer systematically to the sustainable development issues (dealing with the business sector). Materiality should take into account the severity and extent of impacts for stakeholders and planet.</p> <p>Without indicators or standardized measurement methods, comparability is impossible.</p> <p>The reporting boundary should focus on supply chain and sphere of influence.</p>
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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.*

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?*

The Forum Citoyen pour la Responsabilité Sociale des Entreprises, has noted that IR states an ESG information disclosure within annual report to investors. It is not a merger of annual report and sustainability or CSR report. FCRSE considers positively the integration of elements related to sustainable development in the corporate strategies, or the reinforcement of the consistency between the different sources of information disclosed as annual report (or mandatory report), and sustainable report.

FCRSE considers that transparency of behaviour is essential for corporate responsibility. Companies have to account for their activities regularly, on a standardized and harmonized basis, in order to enable third parties to assess business impacts. Therefore, FCRSE notes that a stand-alone integrated report focused on value creation for investors (and other stakeholders) is maybe necessary, but very insufficient to enable expected transparency on social and environmental impacts of business.

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?*

The approach of “capitals” concept is interesting, but misleading in the <IR> draft. Indeed, it is only an artificial way to avoid the use of “core subjects” as those proposed in ISO 26000 for example.

The concept of “capital” is meaningful from a financial point of view, but it should be noted that :

- The accumulated value in the capitals is never defined in the framework (except for financial capital). That substantially reduces the scope of this concept
- From an accounting and financial point of view, capital value has to be maintained. The purpose of depreciation is to preserve financial capital ; therefore, using concepts of “ natural capital” or “human capital” implies a capacity that have also to be maintained. The concept of capital is different from the concept of “resource” that is a capacity directly available for uses.

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?*

Definition and scheme of business model may be used as guidelines for integrating different sustainability issues in corporate or business strategy, BUT, why the term of “society”, which is a section of inputs and impacts in the scheme appears just once in the text? This text underestimates the embedness of business in the society and its impacts on it.

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.*

About « Value creation »
« Creation value » or « created value » appear 96 times in the 36 pages of the text without one definition (except for financial value). The use of concepts of "value" and "capital" cannot be operationalized because their definition are self-referential : « the capital are stores of value » (2.13) and « value is created as the result of increase or decrease ...of the capitals » ; these generic definitions create a symbolic discourse without any genuine assessment of the performance.
Only 2 times out of 96, the text states that the creation « includes value destruction » while reporting should be transparent about negative environmental and social impacts of business activities.

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?*

General Note : Draft rightly points out the importance of principles of "future orientation" and « connectivity of information ». To enable the use of indicators of guidelines as GRI4, the conceptual frameworks : concepts and definitions must be the same, and not just the same denomination of principles. <IR> draft should adopt the same definitions as GRI4 for materiality and « stakeholders inclusiveness ».

The materiality principle is the structuring of the <IR> process because it determines issues priority within integration process and information disclosure. This principle of materiality refers to the question « for who » this information is material ? . The <IR> draft clearly answers "for investors", as primary users of the report. The information disclosed does not refer systematically to the sustainable development issues (dealing with the business sector). In order to bring the conception of materiality principle to that of GRI4, it should replace IR definition by GRI4's one. According to this definition: " Materiality for sustainability reporting is not limited only to those aspects that have a significant financial impact on the organization. ". The process of determining materiality (chapter 5) should be replaced by GRI4's one, that is to say integrate the importance for the company with the importance for stakeholders (or major issues of sustainable development to the sector). It should take into account the severity and extent of impacts for stakeholders and planet.

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

Cf scheme in the other document attached to this submission (FCRSE comments on IR draft.docx)

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.

About « Stakeholders responsiveness »

FCRSE deplores that stakeholders, especially employee representative bodies (never mentioned in the framework text) are not consulted during the preparation of the report as stated in GRI4 (stakeholders inclusiveness different from stakeholders responsiveness).

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).

Comparability principle (3F) could not be effective without references to specific indicators with precise definitions. Chapter 5 does not provide precisely any indicators neither standard structure. Consequently, it is not possible to make any improvement regarding actual situation. The content elements, in addition to indicators, lack of companies' economic and fiscal contribution in different countries or territory where their main activities take place.

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).*

About reporting boundaries : <IR> report is integrated to the annual report addressed to investors. It uses the boundary of the financial reporting entity i.e consolidation perimeter. Social and environmental risks and impacts are far beyond this scope. Report should focus on "sphere of influence" as defined in ISO 26000.

FCRSE emphasizes the obligation of due diligence in UN Guiding Principles on Business and Human Rights (2011) "In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed".(p.16)

Reporting should include companies' social and environmental impacts on its supply chain, and also on the risks associated to human rights violations.

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?*

Other

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

IIRC Council composition : FCRSE notes that, according to IIRC's website, there are only 2 NGO's representatives of 49 members.

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

Comments on the draft framework <IR> from the « Forum Citoyen pour le RSE (FCRSE)

Name: Antonio Manganella

Email: a.manganella@ccfd-terresolidaire.org

Stakeholder group: NGO (Civil Society)

Organization name: Forum citoyen pour la RSE

Geographical region: France/Western Europe

Forum Citoyen pour la RSE Presentation

The *Forum Citoyen Pour la Responsabilité Sociale des Entreprises* (in english Citizens Forum for CSR) was born in July 2004 of an intuition: the important to promote a convergent expression of civil society, trade unions, NGOs, networks of experts on the issue of CSR... so that a positive and constructive re-appropriation of the "S" of CSR (environmental, social)

The challenge is simply to introduce the possibility of democratic control over the social and environmental impacts of business activity.

The "Forum Citoyen pour la RSE" has two main objectives:

- 1) Promote the convergent expression of its members to government, European and international to allow the development of a national framework of a European framework and structuring international frameworks for CSR, likely to promote collective bargaining as internal and external business;
- 2) Develop a common center of resources to support the construction of instruments and independent evaluation places that ensure democratic sustainability and social and environmental efficiency of the corporate accountability.

The Forum will develop its activities in accordance with the principle of subsidiarity, respecting its members activities as the organizations pursuing similar objectives in France or similar to the European level.

Key Points :

FCRSE notes that a stand-alone integrated report focused on value creation for investors (and other stakeholders) is maybe necessary, but very **insufficient to enable expected transparency on social and environmental impacts of business.**

The concept of "value creation" is omnipresent in the text but it is not defined for the different capitals (except the financial one)

The Framework does not prescribe specific indicators or measurement methods but aims to complement material developed by established reporting standard setters such as GRI4 but despite the same denomination, the major principles of their conceptual framework are different. Especially the principle of materiality that does not refer systematically to the sustainable development issues (dealing with the business sector). materiality **should take into account the severity and extent of impacts for stakeholders and planet.**

Without indicators or standardized measurement methods, comparability is impossible

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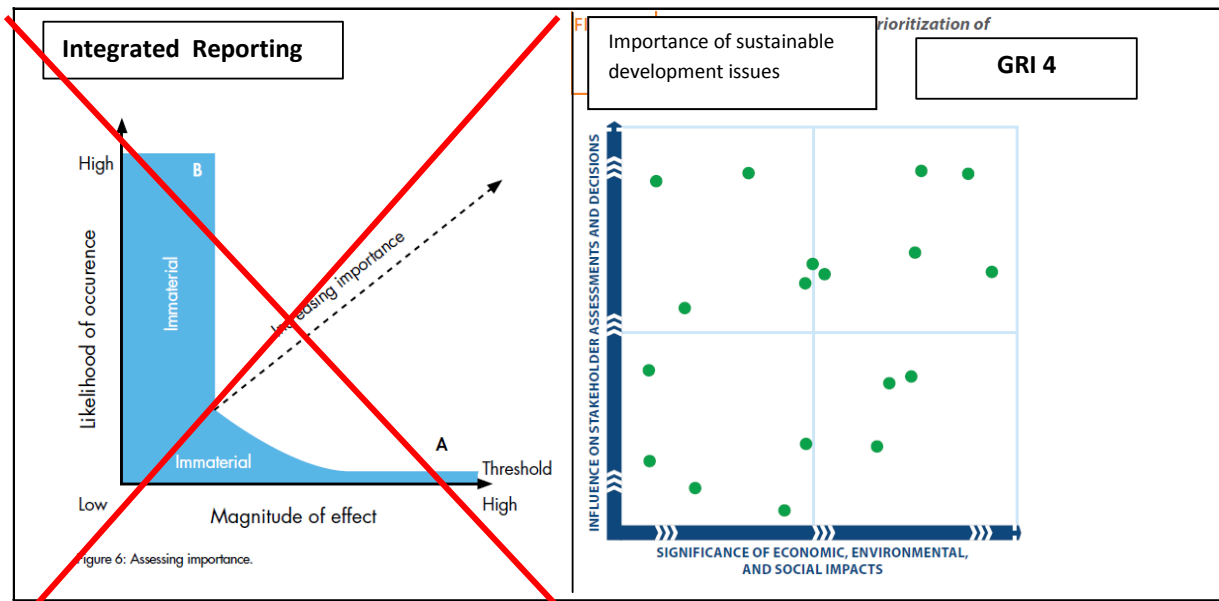
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