

## 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](http://www.theiirc.org)).

**Comments should be submitted by Monday 15<sup>th</sup>, 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.

The framework is quite generalist, that make reports less comparative and complicated for the assurancement.

It would be good to deepen in the Capitals, to looked at in much greater detail. It is an important part of this Framework.

It could be considered the possibility of the creation of equivalence tables in relation with other indicators.

## 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.*

It would be highly recommended that a table with the basic contents should be included in the integrated report so that anyone could recognise it. ( Instead of saying that there is an obligation of fulfilling the bold italic identified parts.

I agree on 1.12

### ***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?*

1.18 I agree on the part where there may be links or connections to other reports. However, when the paragraph refers to something more global "It must be applied to all the relevant reports and communications continuously, including the meetings with analysts and the website's organisation investor relations section", in my opinion, it should be tackled by the organisations at a second stage. This is to say, once the companies have already done the integrated reports, and this philosophy penetrates in the company progressively.

1.19 "The Framework does not describe specific indicators or measurement methodologies." This makes the reports less comparable.

" The IIRC goal aims to complement the material developed by the regulatory bodies of reporting standardization and other organisations." I think that the IIR should be a goal in itself, and it should not be used for completing other standards used by the companies. It should pursue a more ambitious goal. There is No reason why It should develop other standards, on the contrary, it should define one or more of the existing standards in order to make the information more accurate and comparable.

1.20 I agree, although the final beneficiaries can be several.

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?*

Standards used by a great number of companies at an international level, such as GRI. This fact would help the companies to adopt them.

### ***Other***

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

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## 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 to the capitals covers all the important issues related to the capitals that participate in the company's procedures. It seems complete.

The term of "manufactured capital" should be replaced by "capital goods".

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

We think that In the Social and relationship capital it could be a good thing for all organizations to include or to try to measure the impact generated with their activities, To evaluate the social return.

### ***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?*

It is worthwhile considering the creation of value at a medium and long term.

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?*

I agree because it is a clear definition of outcomes and impacts.

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)?*

Inside the entries, it is very positive to consider some aspects such as intangible assets, human capital, and the social and relational capital. Companies don't usually reflect these on their balance sheets, although these aspects may be crucial for the sound development of the company's activities.

The separation between ENTREPRENEURIAL ACTIVITIES and PRODUCTION does not remain clear, because they seem to be interconnected narrowly.

2.32 The disclosure of certain information, such as that regarding what makes the company different from others or what kind of incomes the company generates besides

its main activity, seems to be very sensitive information related to the company's strategy.

### **Other**

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

In reference to the paragraph 2.36, we think that to consider the capitals of the external organizations is very complicated. Organization can ask for information or demand certain commitment, but to control the supply chain it is not easy.

## **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?

The definition can be more simple. An issue is considered material, if it can affect the company's strategy, its business model or its capacity to generate value at a short, medium or long term.

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?

The company's procedures to ensure reliability must be described. In this context, internal or external audits, working with stakeholder groups can be included.

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.

3.34 Balance. The company must convey all the relevant facts, no matter if they are positive or negative. Nevertheless, the demand of an equal treatment turns out to be

more complicated.

There won't be any possibility to compare data unless information standards are defined with accurate indicators.

## 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?

It would be enough to identify the body or who are the people charged with the IR report in the organisation and the measures taken in order to ensure that the provided data are true. Perhaps a declaration assuming responsibilities might become an entry barrier for new companies. Therefore, this declaration might be voluntary.

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?

In the case of an external assurance, for now, for companies could be necessary to make different assurances, for financial or non financial information. In any case, it is something that must be an option for the companies, and the more important, the scope of this assurance must be always explained.

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?

As it is conceived now, it is rather conceptual and hardly concise. This fact makes the companies adopt it easily, and thus, no great changes will be needed over time.

### 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?

I would recommend on that purpose, capitals, risks and opportunities, and the business model. They are some of the most important parts of the report.

### Other

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