

Via Gutenberg Comments on IIRC Consultation Draft

Sao Paulo, July 2013

First of all, we would like to congratulate IIRC's terrific accomplishment on putting together IIRC Framework for public consultation.

At Via Gutenberg, We have been gifted to be one of first companies to join conversations and discussions around IIRC and, as a result, we have been working with IIRC framework on different client projects, in the last year, such as corporate reporting processes and integrated management projects.

We have participated on several discussions about it and many o four concerns and considerations have been exposed in these forums. So this document aims to highlight our main appointments.

We truly believe IIRC framework has a great chance to influence on changing businesses and, therefore, foment a better world. That's why we are part of Pilot Program and happy to help and assist IIRC with our best assets: Our human and intellectual assets.

Best regards,

Sergio Serapiao

Consultation Comments

Chapter 1 – Overview – integrated thinking

IIRC introduced and highlighted the need for attention in the reporting PROCESS, not in the report. We think this is the key part of any possible change in actual corporate management's paradigm. Well done.

This point is so important and powerful that we think IIRC framework should go much deeper on it and not only define what is "integrated thinking" (1.15-1.18). We consider it does not go deeper enough on the subject in order to make its point.

In the last year, we have discussed it with many executives who participate in the pilot program and other who don't. Everyone agrees with the need for integrated thinking and even have started to use the terminology right away. What we find, however is that very few companied

have understood THE message. The need for going deeper on the debate on what would be to integrate social and natural capitals into its management decisions, how to implement integrated thinking.

We do not think IIRC should build up a database of reports. We think it should put efforts into presenting business models that translates “integrated thinking” in practice, in real life.

Business model that aligns one organization’s main objectives with societal demands and needs. Then, we would start to debate on how businesses can play an important role on developing a better world, and this would allow them to make money in the short and long run.

We should redefine what is completion.

Chapter 2 – 2b - capitals

We mainly agree with IIRC approach to the capitals. We find difficult to differ “social” from “human” capital. We have been using it as one single capital.

Chapter 2 – 2b – organization Vs. Organization’s working system

We would modify a little bit paragraph 2.13, as it follows:

The capitals are stores of value that, in one form or another, become inputs to an organization’s business model. They are increased, decreased or transformed through the activities and outputs of the organization’s working system in that they are enhanced, consumed, modified, destroyed or otherwise affected by those activities and outputs. For example, an organization’s financial capital is increased when it makes a profit, and the quality of its human capital is improved when employees become better trained...

The same change would apply to the Figure 3. We do not understand we can determine what is internal or external when we really apply integrated thinking. We consider when we start to think in a integrated way, an organization would not be the subjects of study anymore, just because societal issues won’t be addressed by one organization, but by it’s whole working system. And when we start to think about the system, there is no point to have Internal / external environment in the figure 3.

Chapter 2 – 2c – business model - output Vs. Outcomes / Chapter 4 – business model

We have been applying IIRC Framework’s definition on Business model (paragraph 2.26) for the last 8 years. And we have not had any opportunity when everyone has agreed about clear differences on OUTCOMES and OUTPUTs. So, we suggest paragraph 2.23 should be better explored, and examples should be given.

The same applies to paragraph 4.22.

Chapter 2 – 2d – value creation - Externalities

Paragraph 2.44. We think this terminology does not apply if we work with integrated thinking. This is an old terminology when author thought companies’ impacts on society were “external” to its business equation. It is not any more.

Chapter 4. Content elements - 4.b. Governance / 4c. Opportunities and risks

Opening questions are organizational oriented. We suggest getting more “issue” oriented. We suggest including an extra opening question to one of these two chapters: “what are societal issue that may impact your organization’s resilience?”

Chapter 5 – Preparation and presentation - Time frames for short, medium and long term

IIRC framework does not get into the discussion of developing 5-year / 10-year reports. We think it would be very important to go deeper into this discussion in order to differentiate business as usual that is short term driven from business concerned with societal issues, in other words organizations that apply integrated thinking. There is no societal issue that is solved in the short term, then, there is no integrated thinking that focus in the short term.

Development of IIRC

We suggest IIRC develop materials on the following subjects:

- Integrated thinking
- Business model / Value creation
- Performance

Additional comments

We think IIRC should not organize pilot companies in industry segments. We suggest discussions should be material issues. So, companies would be forced to get into 2-5 main material subjects regarding its business system, which includes its industry, but also includes other component such as its business model, kind/size of suppliers, country, worker unions, etc.

In this way we suggest companies to be stimulated to get together to discuss how its business model have addressed “training people” or “community development” or “natural resources scarcity and management”.