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:	Report preparers

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

Organization name:	TheMediaGroup
Industry sector:	Not applicable
Geographical region:	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.

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.*

Related to the guiding principles, the suggestion is to align these principles to the 10 GRI Principles and the IFRS Principles. The reason is because, in some cases, the principles are the same although they are written in a different way. In addition, for this alignment there are other GRI principles missing.

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?*

We partially agree, due to the integrated reporting should be published not only once a year. An integrated reporting could replace the sustainability reports. Whether the idea is an integrated reporting, it is not necessary to suggest an independent integrated reporting should be prepared annually following the Statutory Financial Statements.
The paragraph 1.18 says " Organizations may provide additional reports and communications (e.g., financial statements and sustainability reports) for compliance purposes or to satisfy the particular information needs of a range of stakeholders. The integrated report may include links to these other reports and communications."
The point is: why sustainability reports and financial statements should be additional publications for the integrated reporting? The integrated reporting is an approach of the Financial Statements and the ESG information. Whether it is necessary an additional information, as it was mentioned, the report would not be a really integrated reporting.
In addition, whether Statutory Financial Statements have quarterly publication, the integrated reporting should be published at the same period of time. However, the annual report version should be a full report and quarterly report should be a summary which contains the highlights and the impactful information.

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?*

The online database should include: GRI G4, Ibase Social Balance Sheet, the Brazilian stock exchange Corporate Sustainability Index (ISE), DJSI, GHG Protocol, ISOs, IFRS and others financial indicators or financial institutions methodologies. In addition, this database should include social and environmental indicators such as: LEED certification.
In this topic, there isn't an explanation about the methods used to measure the indicators and how they will reflect the material aspects. The integrated reporting doesnt intend to define a model, however, it should be clear at this topic.

Other

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

Related to the item 1.5, we suggest a paragraph change: the last one should be the first and the penultimate would be the second, and the second would be the third and the first, the last one. Related to the Brazilian translation, we suggest “RelatoIntegrado” in order to “RelatórioIntegrado”, in addition, we suggest changing the word “coesiva” for “coesa”.
About the item 1.6, we don’t agree with the statement that the integrated reporting should be prepared primarily for providers of financial capital. The vision is expanded for many kind of stakeholders and capitals, especially the reason of this document addresses the materiality and the responsiveness of the stakeholders.
In the item 1.7, the initial statement is not true, because it applies only for Quarterly Statement and Reference Form (CVM Instruction 480).
In the item 1.2 until 1.4, it should be explicit that one goal of the integrated reporting is the bond between the financial, social and environmental information.
In the item 1.7, it should be clear when it refers for each kind of exemplified stakeholder, as it has done in the IFRS Pronouncement Basic Concept.
In the item 1.10, it should include besides public and not-for-profit organizations both public and private stockholders.
In the item 1.14, we suggest include comparability. In the item 1.17, we suggest give examples of value drivers.

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 agree with this item about the capitals and the consideration that the capitals are not fixed over time and they are not related to all organizations. The capital definition doesn’t consider only economic and financial aspects, but the social and environmental issues. Thus, the definition includes organizations’ tangible and intangible capitals. However, this topic is confusing due to the item 2.17 the capitals are categorized. On the other hand, the item 2.19 states that capitals don’t require categories for the organizations. So, is this draft a model or just a reflection point? We support that should be mandatory the capital categorization.

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

In the item 2.24, we suggest reinforcing the statement of the methods of use of measuring according to the suggestion above.

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?

We agree, however the definition should be the first item, followed by the capitals definition and then by the creation of value. This is the logical structure.
The business model means: a system which leads and organizes the business, the inputs, activities, outputs and outcomes. Whether the word “inputs” refers to the raw material and employees, we agree with the definition. On the other hand, if the word only refers to “materials”, the definition should be: “Business model is an organizational choice systemof people, inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term”.
There will be a difficult in sits some issues at a certain kind of capital, due to there is same factors which apply to more than one capital. However, this approach is a beginning.

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?

We agree with the definition. The outcomes are developed based on the activities, inputs and organization performance internal and external factors (they could be negative or positive). All kind of capitals can suffer impacts because of most of the times the reach is larger. The external events have these characteristics because the organization cannot control them.
These points should be more effective, because they are critical aspects. The internal events tend to be easier to point, because the company can control these issues, as how the company does with the internal capitals.For example, human capital should be less susceptible to generate deadlock.

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)?

The item 4.22 should have same points related to the companies approach about how they deal with the obsolescence perceptive and planned. The item 4.23 should be clearer in who define the critical stakeholders.

Other

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

We reinforce that maybe the logical sequence is the initial emphasis on business model, its relation to capital and how the company creates and maximizes value.

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 don't agree. The materiality process should be given not only to the company's senior management, as suggested in the draft. The process should be extended to other kind of stakeholders (who are impacted or impactthe company). Thus, it does not generate bias in determining the relevance of the themes.

In paragraph 3.24, we suggest including that stakeholders should also contribute to theidentifying a material theme. Rewriting the paragraph 3.24, it should be: to determine whether a theme (or aspect) is material, the top management, those who are charged with governance and stakeholders should consider if the topic significantly affects or has the potential to significantly impacts the organization's strategy, business model or one more capital. In addition, it has to consider if the aspects affect in the short, medium or long term.

These stakeholders should be defined by top management. Who they consider important for the company's business? Which kind of stakeholder directly impacts this business? With the definition of these stakeholders, they should also be engaged in this process of materiality. The idea of reasoning probability of occurrence is a good idea and should be maintained.

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

We suggest to align the materiality process to GRI G4 process, especially on the axes and crossing the vision of senior management with the other stakeholders. The paragraph 3.27 mentions the assessments of the materiality and states that the process that happen at least once a year should have targets. All users should be interested in the activities of the company, in other words, all stakeholders that impact and are impacted by the activities of company. It can also be considered strategic stakeholders and those with whom the organization maintains strong bounds. Organizations are not willing to or don't have the habit of publishing negative information. The materiality often is biased to what the company wants to "show". There must be a way to "incentive" organizations to disclosurespecific issues (for example, by sector, key issues). Materiality should reflect the meetings of relevance to senior management and to the public directly impacted, with the maintenance of the importance to list and rank the priorities.

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 integrated reporting should show the involvement of senior management and stakeholder inclusiveness. In addition, it should have an independent third party check and a verification letter issued and an opinion on the information disclosure(as it has usually been done to the financial statements). It can also create reliability if the report contains indicators and methodologies from credibility institutions. In addition, it should have a structured information system that truly represents the reality of the organization.

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

The 3.31 item should be clear in what is an internal robust report, at the same way, the 3.33 item should explain what is weighted information. The 3.36 item could explain the associations can consolidate the sectorial data and help to identify issues relevant to the sector as a whole. The 3.50 item should be clearer that the basic structureof reports should be the same.

Other

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

The itens 3.51 and 3.52 should be clearer about the relevance of comparability and how it can be disclosure in the report.

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).*

The item 4.2 should be clearer about the information disclosure could be shown in an integrated way, in a written or verbal way. The item 4.12 is not clear about what is the quantitative and qualitative information related with the remuneration and incentives.

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 should be a requirement. This can be done in traditional messages from the Board.It is a way of giving responsibility of information and a way to prevent asymmetries ordeviation on the report. One of the assumptions for integrated reporting to be an easier way is to integrate the ESG agenda in strategic planning, and so on decision-making process of the company. A statement made by high hierarchical range shows that the company integrates sustainability into its decision making and recognizing their importance to the business. In addition, it can, in the long run, become a source of competitive advantage. Another important issue to be taken into consideration, as SOX determined, is that the CEO and CFO must certify that the Financial Statements are trustworthy and true –this should apply to any and all reporting.

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

No comments.

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?*

The assurance should be in its entirety, because the information will be integrated by definition. The audit procedures should be applied for all types of information, both economic, social and environmental, anyway if all the information that is in the account can impact the decision making of the user account, then all of it should be verified or audited.

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.*

This aspect is important for stakeholders' organization. Transmiting credibility of the information to the stakeholders and having credibility with them is fundamental to the relationship and ensure business continuity. It's important to keep the writing "Independent External Audit" ,because words have impact and strong meaning, so it's not enough that the audit is external, it has to be independent, that is, if possible, with no other relationship with the company.

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).*

If a company purchases another company, the following reportinghas to incorporate the accounting and financial matters. It should act the same way with the environmental and social information.

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?

The general structure will have an important reach according to the amount and kind of information which will be reported, because it will impact different kind of stakeholders (with their specific interests). It should explain more what contains the integrated reporting, it could use the example of IFRS Pronouncement Basic Concept, which is very pragmatic.

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 way to implement this process. The basis should be the involvement of senior management and alignment between different areas in the production of integrated reporting.
Materiality, corporate governance and economic and environmental development. Materiality, because it is important to define the priorities for the company and its stakeholders –this definition will guide the reporting of the report; corporate governance, because it is the company's way of managing, which should include its management strategy, its risks and opportunities for your business; and economic development-environment as the company develops respecting the environment, which performs actions to mitigate the effects of development.
Focus on performance (especially as the information will be interconnections) and interaction with other reporting and communications (to be focused on how this interaction, so that there is no duplicated or omitted information and especially with multiple criteria survey, which would complicate the publishing work).
How to treat environmental issues in Financial Statements– if social and environmental issues can impact the decision making of investors, and for these that this accounting is critical to decision making. How sustainability reporting can express the impact of accounting and finance.

Other

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

Regarding question 23,it should have an explanatory topic about the completeness of the document. We suggest to do no use of the term "Charged with Governance" to use the term "Senior Management", give more examples throughout the framework ,in which there is the following sentence "practical use to the intended report user, and intensify the use of this sentence and always be followed by examples.

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