



Madrid, 15 July, 2013

Professor Mervyn E. King
Chairman
International Integrated Reporting Council (IIRC)

Submitted via
www.theiirc.org/consultationdraft2013

Dear Professor King,

Re: Consultation Draft of the International <IR> Framework

Repsol as a member of the IIRC pilot program is very pleased to provide comments on the *Consultation Draft of the International <IR> Framework*, issued by the IIRC on 16 April 2013.

Further information about the Repsol Group and its activities is available on our Website: www.repsol.com.

If you would like to discuss any of the points described in this letter, please do not hesitate to contact us by e-mail to normativacontable@repsol.com.

Thank you for your attention.

Yours sincerely,

Emilio Linares-Rivas Balius

Accounting Policy and Compliance Manager

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.

We agree in a principles-based approach because of the flexibility that allows companies to develop their integrated reports regardless of the industry or the jurisdiction in which they operate. The International IR Framework states that in the case of the unavailability of data, an integrated report should indicate what information has been omitted and explain the reason why the information has been omitted (paragraph 1.12.) In this regard, we believe that compliance with this requirement does not respond to a principles-based approach and therefore we consider that this kind of disclosures should only be necessary when its omission could lead to the users of the information to erroneous or misleading judgments.

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 (paragraph 1.18-1.20).

2. Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications?

We agree. We assume that paragraph 1.18 make sense in a 'transition' phase in which several reports would have to coexist, because the final result of the evolution of IR should be the development of a stand-alone report with links to other detailed information, but not to other reports. However, if the IR becomes into the primary report of the company, it would be necessary the harmonization of different regulatory frameworks in order to achieve convergence in the long term.

With regard to paragraph 1.20, we do not see providers of financial capital as the primary audience of the IR. Instead, we consider that the IR should meet the needs of all stakeholders and hence, we believe this assertion may be in conflict with the objectives and general approach of the IR.

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?

We acknowledge the difficulty associated to the definition of common indicators for all industries and the consequent delay in time. Nonetheless, if the IIRC were to create an online database, this should consider generally accepted references such as:

- *Non-financial indicators*
 - *GRI*
 - *CDP*
 - *DJSI*
 - *UNGC*
 - *ILO*

- *Financial indicators*
 - *Those that could be developed by standard-setters as IABS, FASB, IOSCO ...*

In this sense, we think that it could be useful to develop a selection of main indicators from the existing frameworks which fit better to an IR according to the interest of the stakeholders.

Additionally, we believe that this type of online database should be developed through a XBRL taxonomy, which allows an agile, efficient and homogeneous management of the information contained in the database.

Other

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

Please refer to our answer to Question 2.

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 believe that these six capitals are wide enough to allow organizations the adaptation that they consider suitable and as noted in paragraph 2.12.

Chapter 2 states that the Framework does not require this categorization of capitals would be adopted by organizations preparing an IR, but they are a benchmark to ensure that organizations take into account all forms of capital. In this regard, we believe that there is an apparent contradiction with paragraph 4.5., as we consider unnecessary to explain, if that was the case, why the company has considered irrelevant the inclusion of information related to any of the six capitals identified in the Framework.

In our opinion, it would be necessary that the IIRC eliminates this apparent contradiction, eliminating this requirement and allowing each organization to reflect the capitals that are really relevant to it, adapting the information to its own business model.

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

No comments

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 with this definition, but it should contain the reference to the environment in which the company operates, as this concept is reflected in Figure 3.

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, but additionally this concept should be included a reference to the concept of value creation.

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 (Section 4E).

No comments

Other

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

No comments

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?

As we noted in our answer to Question 2, we believe that in the process of assessing materiality it should be taken into account the needs of all stakeholders of the company and not only the primary intended users of the report (i.e. providers of financial capital).

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

In our opinion, the assessment of the concept of materiality should take into account both qualitative and quantitative aspects.

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?

We believe that reliability is a basic aspect of an integrated report. In this regard, there should be a commitment at an appropriate level within the company in relation to the information that contains an IR, and also an external assurance process would be recommended to provide more reliability to the IR. However, we believe that it should be considered all the potential implications which, from a global point of view of the regulatory framework, could generate some of the information contained in an IR (future outlook, performance...)

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

No comments

Other

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

No comments

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).

No comments

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?

We believe that it is important, as stated in our response to Question 13, a high degree of commitment at the appropriate level of the company. However, the inclusion of a statement acknowledging responsibility for those charged with governance in organizations, could lead to some implications that are not currently covered by the applicable regulatory frameworks throughout the different jurisdictions. In an early process of evolution of the IR, it could be appropriate for each company determinate its degree of commitment in relation to the information provided, which could contribute in an effective way to an adequate development of the IR. So, in our opinion each company should decide the best way to achieve credibility according with the existing facts and circumstances.

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?

We agree that assurance should be obtained by covering the IR as a whole, both in terms of the methodology followed to develop the report as well as in regards of the information contained. However, we acknowledge that the assurance of the IR as a whole could involve challenges.

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 believe that audit firms could be the best assurance providers. In this sense, the audit function is also regulated and therefore we believe that it would be necessary to determine how the criteria included in the IR Framework fit with the audit function which is under to the aforementioned regulatory framework.

We also believe that it would be necessary to clarify whether it is necessary to provide assurance on whether the integrated report responds to the principles of the IR model, and/or in relation to the data included in the report.

Additionally it would be necessary to clarify the assurance levels for the different types of information contained in an IR.

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).

No comments

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?

We acknowledge the effort of IIRC in the development of a framework as a base for the elaboration of an IR, and we believe that it would be necessary to develop further guidance and maybe specific industry guidance. In this respect, we believe that the development of further examples would be very helpful.

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?

We acknowledge the effort that is being done by the IIRC in the preparation of some materials (i.e. background papers on materiality, business model, capitals, etc.) However, it would be very helpful if the IIRC provides further guidance in relation to the following topics:

- *Connectivity of information*
- *Risks and Opportunities*
- *KPIs / KRIs*

We consider that inclusion of examples on these issues would be very helpful.

Other

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

- *We believe that the IIRC should interrelate with other organisms in order to clarify how the IR and other reports will coexist in the future and to determine what is the best way to simplify the set of reports that a company is required to file in its corresponding jurisdiction. The Framework should explain how it fits with other existing reporting standards such as GRI, IASB, UNGC, etc. In this regard, IIRC should consider IR as a long-term project that looks for convergence with other regulatory standards in order to achieve the success.*
- *There is an apparent overlapping in the explanation of determined requirements of information: paragraphs 2.12 and 4.5 and the concepts of future outlook and strategy and resource allocation.*