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: Other report users

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

Organization name: R2P2 Consultoria Financeira
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.

- If the key criterion to determine information included in a public company's "Integrated Report" is "the full range of factors that materially - whatever method/framework used to determine materiality - affect the ability of an organization to create value overtime" the reporting locus of such integration must be, necessarily, the public company's primary mandatory disclosure/reference document(s) such as the 10-K/20-F (USA) or the Formulário de Referência (Brazil) rather than a "voluntary" document, i.e. if the company was to integrate just one report, that would have to be it since it is the document under regulator scrutiny that is used for information purposes when securities are issued. Thus whether the regulator requires or not integration, that is the integration document. I do not agree with the idea of making disclosure of material (data, context, analysis, interpretation and, judgement) information by the company outside the mandatory disclosure document.

- While the framework states that <IR> is a process to be applied all company communication, it seems geared to an specific report - an integrated report - different from all others (see 1.20). What does this mean? Is it a new, additional report? Is it a framework to be applied to any report already made by the company? Does it mean that the 10-K would never be an Integrated Report because it is not concise? Need to go beyond the dictionary definition of concise: does it mean - concise language (not prolix, not long-winded, not boiler plate) or does it mean few pages (up to 40)? Is the integrated report a good MD&A?

- The framework does not state what is the meaning of integration? What is it companies need to integrate? My interpretation is the IIRC considers integration to be a report written in accordance with the IIRCs "business model", "materiality" determination proceedure and terminology for factors of production "capitals". Is this it?
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.

Assuming that the company has already provided complete descriptions and justification for methodologies, assumptions, programs, and actions in its primary mandatory reference document, a key principle that is missing for the selection of topics and information in concise report, is that it should have an analytical and interpretative - rather than a descriptive - approach. For example, companies frequently provide tedious tables of "employee 'skin' color" followed by descriptive statements such as "the number of blue people came down by x% while the number of greens rose by y%". To be useful such table needs to say 1) why asking employees to classify themselves into different colors is relevant to value creation, 2) why employee color is a KPI and more importantly 3) what does the company do to ensure equal opportunity for all colors, if that is the objective. Otherwise, the table is useless and reveals inefficient use of shareholder money.

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?

I agree that if companies were already practicing integrated thinking we wouldn’t need to discuss integration at all, since integrated reports would follow automatically. I also agree that a report may contribute to foster integrated thinking overtime but do not think that it alone is sufficient to provoke that change. I do not agree with 1.20 because the main advantage of a voluntary concise (meaning few pages), a "new" and "additional" integrated report is that it summarizes and facilitates communication of what has already been thoroughly written in terms of strategic focus, future orientation, use of means of production (capitals), business model, ability to create value in its main mandatory disclosure report, which must be referenced for complete information and description.

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?

- International and local accounting boards, UN organisms, industry regulators and associations.
- Strongly discourage the creation of a "new" type of GRI report. I believe GRI methodology and intention to apply the same precision of financial reporting to the "environmental", "social" issue is very good, and should be followed, but disagree that it needs to be gathered in a specific GRI report (reporting vehicle). Everyone gains by restricting the number of reporting vehicles (documents) with overlapping information since it is economically inefficient (and whatever is economically inefficient implies environmental/human work waste) and communicatively inefficient (obliges readers to go to many different reports, risking inconsistency of information).
- The company can do different purpose reports as long as they don't repeat information already provided in other reports, so that the company's disclosure standard is made up of a combination of reports which do not overlap. Public companies' should disclose material information (data, context, analysis, interpretation and judgement) in the mandated periodic reporting vehicles such as financial statement and the 10-K in the US, combined the disclosure standard.
**Other**

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

I strongly believe that what company reports lack the most is in-depth analysis and interpretation of performance, past and expected. If integration does not tackle this issue, we risk burdening companies with an additional report that will remain unread.

**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?

My interpretation of the IIRC’s interpretation of integration is that integration means disclosing information according the IIRC’s “business model” and “materiality” determination frameworks + using the terminology it proposes to what economists have always called “factors of production”, i.e. “capitals”. Is my interpretation correct? If it is, then the IIRC needs to make this clear. Otherwise, I would not coin new terms for what has already been named.

- “Capitals” is more detailed and nuanced (21st century) terminology for the 3 "traditional" factors of production: 1) land (all provided by nature), 2) work, all types of human work (since manufactured, intellectual, human, social and relationship capitals are all products of human work) and 3) capital (financial capital) the product of human work with the human created notion of private property (which enables property owners to reap some portion of the value of the work produced by non-property owners and which, overtime, becomes financial capital). Note that once, in the history of mankind, private property did not exist and that all that became “private property” was initially taken from somebody else, usually with violence.

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

Unless it is made clear that to the IIRC, integration means describing “factors of production” with the terminology it proposes “capitals” and it will not consider a report to be integrated unless it follows this terminology, I think it should be eliminated.

**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?

- I think a business model is the “structure” (model) that typifies and describes how an organization (a system) created with the intention of generating a monetary surplus (a business), uses inputs (land/labor) it purchases with capital (shareholder/borrowed funds) to produce an output (products/services) it sells for a profit/surplus. This surplus is the value it creates (cash generated by operations in financial theory) to the owners of that business.
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?

I agree

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 most relevant aspect of integration is the clearly show investors how the value created by intangibles such as employee happiness, brand, good social relationships are quantified and expressed in monetary terms and how and where those items impact the income statement and balance sheet. It also must clearly show how much the company spends on avoiding the harmful effects of negative outcomes and how this expenditure affects its income statement, their competitive ability and capacity to grow, and why it is important for the company's long term sustainability. For example, if the company installs filters to reduce carbon emissions, hires experts to continuously measure them, trains employees to conduct controls, etc., those costs/gains should be clearly identified, quantified and shown on the income statement. Thus current investors/shareholders will know how much they are foregoing in terms of current returns for their investment make its contribution for the preservation of life and the conditions for life in the planet.

Other

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

When referring to value creation, companies need to be clear as to what they consider “results” and where these appear on the financial statements. For example, when a telecom company sales person persuades an old lady to acquire an ultra-high speed expensive internet link she cannot afford to meet his sales target, resulting in quick termination or bad debt - generating cancellation work/costs - prior to installation cost recovery, the company may decide to spend money training sales people on ethics and quality sales. The relevant result cannot be the # of employees or hours of training, but a reduction in cancellation work/costs, bad debt, etc. If training does not lead to a more profitable business than that training is a sunken cost.

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?

Ok. If I were to change something it would be to stress that determining materiality is a process that involves analysis, interpretation and judgement by senior management and board members (those charged with governance) and because humans are incapable of unbiased analysis, interpretation and judgement - although rationalist views think this a possibility - readers should be reminded that bias will always exist. -note I have not yet read the materiality background paper - I didn't know they existed - so it may contain a better explanation than the framework itself.
12. Please provide any other comments you have about Section 3D or the Materiality determination process (Section 5B).

I think that the company needs to establish its materiality determination processing disclosing the criteria and process used. If it wishes to use an existing standard to do so, it may, but it should be able to choose whatever it believes to be most appropriate so long as it explains what it has done.

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?

- Refer to the discussion above. Is the "Integrated "Report" a "new" reporting vehicle (a new additional report) or a framework to be applied to existing reporting vehicles?
- If it is a new report, it should not contain any material information that has not already been disclosed in mandatory reports such as the 10-K. To the extent mandatory reports already require reliability and completeness mechanisms, a "new" "short" report would already be subject to the same mechanisms of reliability and completeness required be the company's capital market regulator, if any.

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

None

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

Many voluntary reports, typically CSR, even when adopting internationally recognized standards are made for marketing purposes and have not really contributed to integrated thinking. They have only required companies to collect data they didn't report and a variety of indicators they do not use in managing the business. I think the IIRC needs to send out a clear message to the reporting industry that integrated reports are not one more source of revenue for them. If that is what it becomes, instead of working towards sustainable businesses and planet, we will be adding to its destruction by engaging in another activity that is economically inefficient (because it takes too much work to get done) and communicatively ineffective (because nobody reads these reports).
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).

When publicly traded companies are located in constituencies such as the US and Brazil with securities and markets regulators, who already require them to produce pretty substantial disclosure documents, the integrated report framework should not require companies to repeat (unless in very concise form) the same information that is already been disclosed. This is inefficient from an economic perspective (work allocation) and raises the risk that information gets corrupted when repeated in many places. Frequently CSR reports tediously repeat what has been thoroughly disclosed. For example descriptions of governance structures (e.g. 4B), risks and MD&A (comments on performance and future prospects), are standard requirements in mandatory reporting. Why not devote time and energy to make these disclosures more accessible and meaningful? Why require they be repeated in voluntary report?

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?

Mandatory reports already require strong statements by managers. If the the integrated report is a concise format of the same information - it should be - then I do not think you need additional statement.

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

- In describing the business model, the organization should clearly state its "firm-objective". Whether it is to "maximize shareholder returns (as in the "Theory of the Firm") or on the other side of the spectrum "to reach an equilibrium in the interests of stakeholders". If it chooses the latter, it should state what criteria it uses to make decisions when trade-offs are involved. This is crucial for transparency.
**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?*

   - Please note that I believe all material information pertaining to the public company's value creation should be first, and foremost disclosed in mandatory vehicles which are already subject to executive commitment to accuracy and frequently undergo some form of external "assurance". Lets not create new reporting vehicles and new "expenses" for companies - they will already have to spend a lot for quality integration.
   - Non-public companies, not subject to regulator scrutiny, may require external assurance.

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.**

    **none**

**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).*

    **none**
**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?

I believe integrated thinking is critical and companies should work hard to achieve it, but I do not think that integrated reports are sufficient to foster integrated thinking. I also believe that quality corporate reporting is critical. However, I strongly oppose the proliferation of reports with overlapping information. I think it is a crime to the environment because it wastes company resources and is communicatively ineffective because it disperses information. The original idea of ONE REPORT (or a combination of reports with non-overlapping information) was much better and should not be dropped. All effort should be directed to make mandatory reports, that should never cease to be the primary and most fundamental disclosure vehicle and standard, more effective and readable including all material information, analysis, interpretation and evaluation of the company'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?

Emphasize and use examples of text which includes analysis, interpretation and evaluation thus giving meaning to the data.

**Other**

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

The framework is good if one has in mind a “new” (information overlapping with other reporting vehicles) “standalone” (would suffice reading for understanding the company's business and value creation performance), “concise” (small amount of pages - how many?) reporting vehicle.

Further work would be welcome to help companies understand what integration means and to apply the framework to existing reporting vehicles such as mandatory reports.

If the objective is making an integrated framework attractive enough for smaller (not rich) public traded companies to apply, there is a better chance of success if it helps them to apply it to the one mandatory document they are required to do. The regulators should be involved not to make integration obligatory but to make mandatory reports and form to accept meaningful integration.

Please save the completed PDF form to your computer and submit via the IIRC website at www.theiirc.org/consultationdraft2013
Paragraphs 1.3-1.5 describe the integrated report as a narrative that must be voluntary and not the primary vehicle for disclosure of material information. It must be concise, strategic, and future-oriented, and companies need to evaluate its content.

Paragraphs 1.9-1.10 discuss the need for a voluntary framework to ensure flexibility in reporting and to avoid mandatory disclosure that could be perceived as over-regulation.

Paragraph 1.17-1.20 addresses the integration of other reports and communications, emphasizing the importance of ensuring that the integrated report is not just a consolidation but a truly integrated narrative.

Paragraphs 1.20-1.21 raise the question of whether additional principles-based requirements should be added or eliminated.

Paragraphs 1.21-1.22 consider the use of technology as a way to enhance the integrated report, suggesting the use of GRI (Global Reporting Initiative) indicators to provide a more comprehensive understanding of the organization's sustainability performance.
Overview

1.18 Importante enfatizar a necessidade de deixar bem claro que não se trata de um “novo relatório” e sim da elaboração das informações da empresa de forma “integrada”. Um dos pontos que pode estar gerando essa...

1.20 The concept of integrated reporting is not clear as a process and brings some confusion when the term “integrated report” is used in the same definition. I believe that in the structure in proposal the priority should be...

Comments Why

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

Other requirements.

criation over time and must to be mantained. However, if the future brings changes in society, technology, economical and environmental scenarios, the <IR> due to be open to the creation of new principles-based...

1. Should any additional principles-based requirements be added or should any be eliminated or changed? If so, please explain why.

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

In relation to the guiding principles, we suggest aligning them with the 10 GRI principles and those of IFRS. This because in certain cases they are the same, but only written differently. This alignment would require...

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?

1.20 No, the framework is intended to be applied continuously to all relevant reports and communications, including analyst calls... 2013). 20. In a report, the IR process is intended to be applied continuously to all relevant...

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

Would you agree if, instead of the creation of the integrated report, the emphasis would be on the creation of a roadmap that indicates what the integrated report will include and aim at?

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?

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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?

Partially. There must be consistency and strong integration between all institution’s reports in several media. The capital structure and business model proposed by IR are fundamental elements for integration with other...

1.7, 1.10 deve ser incluída empresa com fins lucrativos estatais, e também de economia mista. No item 1.14 incluir comparabilidade. No item 1.17 exemplificar os direcionadores de valor.

2.5 The concept of integrated reporting being applied continuously to all reports and communications proposal is important. However, the future brings changes in society, technology, economical and environmental scenarios, the <IR> due to be open to the creation of new principles-based requirements...

Overview

1.18 The very first sentence of section 1.18 is unclear: “the IR process is intended to be applied continuously to all relevant reports and communications, including analyst calls (??) and the investor relations section of an...

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

In relation to the guiding principles, we suggest aligning them with the 10 GRI principles and those of IFRS. This because in certain cases they are the same, but only written differently. This alignment would require...

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In relation to the guiding principles, we suggest aligning them with the 10 GRI principles and those of IFRS. This because in certain cases they are the same, but only written differently. This alignment would require...

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 process of integrated reporting assumes that companies will elaborate an integrated report. If so, it will clarify my doubts. The link between reports is extremely important, because in the present time it doesn’t happen, mainly when we read both Financial Report and Sustainability Report.

This statement is ambiguous and needs a clear definition. The concept of integrated reporting is not clear as a process and brings some confusion when the term integrated report is used in the same definition. I believe that in the structure in proposal the priority should be to identify the tools that are used to support the integrated report.

I agree with how paragraphs 1.18-1.20 characterize the interaction among different reports and communications. All the information have to be complete, integrated, linked, connected, without any data duplication.

The principles-based requirements presented on the Chapter 1: Overview are showed in a concise and strategic way that provides disclosed information even in the case of the unavailability of data. They provide value and priority for each tool/indicator.

I would like to suggest for paragraph 1.19, rather than saying “the IIRC aims to complement material developed by established reporting standard setters…”, we think the framework should say “material developed by established reporting standard setters is an important input to the application of the Integrated Reporting Framework, which provides a flexible approach to describing the nature and effect of the conflict or difference should be explained. An example of such a conflict might include regulatory constraints on the provision of forward-looking information and the Framework’s guiding principle of timeliness. Paragraph 1.17 suggests that companies can or must present them given the regulatory context in which they operate and their own objectives and preferences for presenting information. This approach would not prevent companies from preparing a Strategic Report. Paragraph 1.18 actually suggests that this is the approach you intend to take – “the IR process is to be applied continuously to all relevant reports and communications”. We do not think you can have it both ways – i.e. apply to the framework to all relevant reports AND require companies to prepare a stand-alone report. We think it should be one or the other and the former is our preference.

The principles-based requirements presented on the Chapter 1: Overview are showed in a concise and strategic way that provides disclosed information even in the case of the unavailability of data. They provide value and priority for each tool/indicator.
The concept of value creation is crucial in the context of sustainable development, particularly in the field of business. Value creation involves understanding how a company generates income, accomplishes its goals, and contributes to the betterment of society. This concept is not only essential for companies to thrive but also for investors to make informed decisions. It is important to recognize that different forms of value creation exist, and understanding these can help in making more effective choices.

Value creation can be categorized into various types, each with its unique characteristics. For instance, financial value creation relates to the company's financial performance, while social value creation involves the company's impact on society. Environmental value creation focuses on the company's sustainability initiatives. Additionally, the concept of value creation is not limited to the company itself but also includes stakeholders such as customers, suppliers, and the wider public. Therefore, it is crucial for companies to consider the broader implications of their actions and ensure that they contribute positively to the environment and society.

To effectively create value, companies must align their strategies with the needs of the market and society. This requires a clear understanding of the company's mission and vision, as well as a commitment to ethical and sustainable practices. Effective management of resources, both financial and non-financial, is also crucial in value creation. Companies that are successful in creating value are those that can adapt and respond to changes in the market and society, as well as those that innovate and improve their processes and products.

In conclusion, the concept of value creation is a critical aspect of business and sustainability. Companies must strive to balance their financial performance with their social and environmental responsibilities to ensure long-term success. By doing so, they not only contribute to the betterment of society but also enhance their own competitiveness and profitability.
Neste sentido, o conceito de modelo de negócio utilizado no IR seria conotativo (complementar aos itens de negócio) e não denotativo (como normalmente é utilizado).

Há um investidor que não concorda com o modelo, porque apesar das atividades empresariais, produção e resultados serem itens indispensáveis para o reporte, entende-se que o conceito de modelo de negócios está visando criação de valor no curto, médio e longo prazo.

Thereby, the concept of the business model used in IR would be connotative (complementary to the business items) and not denotative (as it is usually used).

There are investors who do not agree with the model, because in spite of business activities, production and results are indispensable items for reporting, it is understood that the business model concept is aiming at creating value in the short, medium and long term.

5. Do you agree with this approach to the capitals? Why/why not?

Yes, I agree.

Yes. There is just one type of labor category we couldn’t identify on capitals described on the text that is the “manual” type of works. For example, a cleaning person who works for a company, taking care of the...

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

Yes, they are identifiable and important in a company.

The definition seems appropriate to reflect in a general way, logical principle, and the concept of business model. Considering the heterogeneity of entities that use the framework, the use of this generic concept...

7. Do you agree with this definition? Why/why not?

We agree with the approach to the capitals. However, we find it unnecessary for the company to disclose the reason if it considers any of the capitals as not material.

8. Do you agree with this definition? Why/why not?

We agree with the approach to the capitals. However, we find it unnecessary for the company to disclose the reason if it considers any of the capitals as not material.

We agree with the approach to the capitals. However, we find it unnecessary for the company to disclose the reason if it considers any of the capitals as not material.

The insertion and the segregation between internal and external reinforces the vision of separate spheres of activity. I believe that to strengthen the integration idea it should not exist this segregation. Suggesting of a...

There are investors who do not agree with the model, because in spite of business activities, production and results are indispensable items for reporting, it is understood that the business model concept is aiming at creating value in the short, medium and long term.

It is important to identify and try to measure the value created in intangible items to investidor such as brand name, patents, good social relationships and how those items impact profit.

The definition is confusing: is it the impact on the financial results or on different capitals (interdependence)? Need to clarify the concept.

The capitals (Section 2B)

Do you agree with this approach to the capitals? Why/why not?

No, they are not the same thing. A capital is an item that is owned by a company, while an asset is an item that a company uses to generate income. A capital is a resource that a company owns, while an asset is a resource that a company uses.

The capitals (Section 2B)

Do you agree with this approach to the capitals? Why/why not?

No, the model should consider different types of assets, such as tangible and intangible assets.

The approach is too broad. It should be more specific about the different types of assets and how they impact the company. It should also consider the impact on the financial statements and the valuation of assets.

Furthermore, the definition does not cover all types of assets, such as financial assets and non-financial assets. It is unclear what the approach means and how it should be applied.

Please provide any other comments you have about Section 2B or the disclosure requirements and detailed guidance regarding business models described in the Context Elements Chapter of the Framework: any Section 2B? How/why?

- The definition seems appropriate to reflect in a general way, logical principle, and the concept of business model. Considering the heterogeneity of entities that use the framework, the use of this generic concept...

- The insertion and the segregation between internal and external reinforces the vision of separate spheres of activity. I believe that to strengthen the integration idea it should not exist this segregation. Suggesting of a...

- The definition is confusing: is it the impact on the financial results or on different capitals (interdependence)? Need to clarify the concept.

- The capitals (Section 2B)

Do you agree with this approach to the capitals? Why/why not?

The definition does not consider all the aspects of the business model, such as the core activities, the strategies, the value proposition, and the customer relationships. It is not clear what the approach means and how it should be applied.

Please provide any other comments you have about Section 2B or the disclosure requirements and detailed guidance regarding business models described in the Context Elements Chapter of the Framework: any Section 2B? How/why?

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- The capitals (Section 2B)

Do you agree with this approach to the capitals? Why/why not?

The definition is too narrow. It only considers the financial aspects of the business model, while it should also consider the non-financial aspects, such as the customer relationships, the value proposition, and the core activities.

Please provide any other comments you have about Section 2B or the disclosure requirements and detailed guidance regarding business models described in the Context Elements Chapter of the Framework: any Section 2B? How/why?

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Fundamental concepts

Do you agree with the approach to the capitals? Why/why not?

Yes. We believe it is extremely important to detail the positive and negative consequences of the organization's socio-economic results. As adopted to other aspects, the materiality and relevance criteria should guide the evaluation and communication process. It is valid to say that the segregation of capital allows a more accurate assessment of how the capital interacts with the organization activities, allowing opportunities for improvement over the process of value creation.

Business Model (Section 2C)

Do you agree with this definition? Why/why not?

Yes. The capital structure use is well suited. The proposed framework is comprehensive and allows institutions to build their particular structures as well as enable institutions' stakeholders to recognize themselves in the structure of capitals presented. The eventual non-materiality of a capital should be explained for better understanding of the process of value creation.

Business Model (Section 2C)

Do you agree with this definition? Why/why not?

Yes. The business model defines how the organization creates value through its activity. It is valid to say that the segregation of capital allows a more accurate assessment of how the capital interacts with the organization activities, allowing opportunities for improvement over the process of value creation.

Do you agree with this definition? Why/why not?

Yes. The business model describes how the organization creates value through its activity.

Do you agree with this approach? Why/why not?

Yes, it is indeed a framework. Regarding capitals segregation, we understand that there is a need to develop a unique tool for measuring the financial and non-financial information. We also believe that the criteria of relevance and materiality should be used when defining and disseminating the capital, because each organization has singularities in the creation and consumption of each capital. In addition, the integrity and consistency of capital must be maintained to provide comparability between the capitals of earlier periods.

Community (Section 2F)

Do you agree with this definition? Why/why not?

Yes. The community is a set of people and organizations that share a common interest in the same issue. It is valid to say that the segregation of capital allows a more accurate assessment of how the capital interacts with the organization activities, allowing opportunities for improvement over the process of value creation.

Do you agree with this approach? Why/why not?

Yes. The community structure is more suitable as it allows institutions to build their particular structures as well as enable institutions' stakeholders to recognize themselves in the structure of capitals presented. The eventual non-materiality of a capital should be explained for better understanding of the process of value creation.

Do you agree with this definition? Why/why not?

Yes. The community structure is more suitable as it allows institutions to build their particular structures as well as enable institutions' stakeholders to recognize themselves in the structure of capitals presented. The eventual non-materiality of a capital should be explained for better understanding of the process of value creation.

Do you agree with this approach? Why/why not?

Yes. The conceptual framework is focused on the community structure of capitals, which is more suitable as it allows institutions to build their particular structures as well as enable institutions' stakeholders to recognize themselves in the structure of capitals presented. The eventual non-materiality of a capital should be explained for better understanding of the process of value creation.

Do you agree with this definition? Why/why not?

Yes. The community structure is more suitable as it allows institutions to build their particular structures as well as enable institutions' stakeholders to recognize themselves in the structure of capitals presented. The eventual non-materiality of a capital should be explained for better understanding of the process of value creation.
Guiding Principles / item 3.11

We suggest making reference to the importance of transparency to the application to talk positives and negatives, risks and opportunities. If the aim is to ensure the integration of sustainability into companies, the principles of the framework, it also seems that <IR> should be a structure to follow in order to describe how organizations and not existing financial systems and procedures which are much more important to give an idea about how companies should start the process of implementing integrated reporting. The integrated reporting model is going to be more attractive for companies which have been engaging in integrated reporting for a while.

Fundamental concepts

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It is only by integrating the Content Elements and making an effort to measure how actions impact cash flow generation...
In the last bullet, we understand that it can be redundant justifying why a capital was considered immaterial. From the materiality it justifies the choice of particular capital and consequently the exclusion of others. Suggestion: the entity's reporting must inform why certain content element is not applicable.

13. How should the reliability of an integrated report be demonstrated?

As organizations do not want and do not have the habit of publishing negative information. Often materiality is focused on what the company wants "showing". There must be some way of "incentivizing" the organizations to talk about individual issues. (for instance: by sector, essential issues). Materiality may be related to relevance for senior management and publics directly impacted, with listing of importance and priorities.

6) To avoid slangs or words that would not be understood by different cultures such as "boilerplate".

4) It is too much focused on providers of financial capital despite of other stakeholders that contribute to value creation.

Guiding Principles

Framework section/Content

11. Do you agree with this approach to materiality? If not, how would you change it?

Not entirely. We agree that materiality cannot and should not be determined by the reporting organization alone and that stakeholders and report users have an important role to play in determining materiality. For clarity, we suggest that the concept of materiality be more focused on what is "material" to stakeholders (i.e., relevant, reliable, and verifiable) than on what is "important" to the reporting company.

We think there would be merit in the framework aligning more closely with the IASB’s Conceptual Framework. Reliability was specified as a qualitative characteristic of useful financial information in the pre-2010 version of the IASB’s Conceptual Framework. It is our view that reliability also should be specified as a qualitative characteristic of useful nonfinancial information in the integrated report framework.

Items 3.51 and 3.52 should be more explicit about relevance of comparability and how it should be presented in the report.

Os itens 3.51 e 3.52 deveriam ser mais explícitos sobre a relevância da comparabilidade e como deve ser apresentada no relato.

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

Comentários gerais General comments

Sugere-se, além de tornar as orientações dos Content Elements mais concisas e objetivas, posicionar o leitor sobre questões específicas dos guiding principles que devem ser adicionadas durante o relato dos content elements.

Guiding Principles

1) Guidelines bit objective and very detailed, coverage of the elements was quite broad, which may hinder the fulfillment of the Guiding Principles, especially in terms of objectivity and concisão.

2) O IIRC poderia fazer uma análise dos indicadores da GRI, estabelecendo uma relação com os elementos de conteúdo do framework, ou seja, classificá-los quando possível segundo um dos elementos de conteúdo, em vez de simplesmente lembrar o leitor que um determinado indicador é relevante.

3) How should the reliability of an integrated report be demonstrated?

Com a referência à G4, é importante lembrar que, além de se referir a tudo que a empresa quer "mostrar", deve haver alguma forma de "incentivar" as organizações a informarem sobre questões relevantes. As organizações não querem e não têm o hábito de publicar informações negativas. Muitas vezes, a materialidade é direcionada ao que a empresa quer "mostrar". É importante que haja algum mecanismo para "incentivar" as organizações a informarem sobre questões relevantes.

The recommendation is to align with the G4, especially on the axes and the cross-cutting of the vision of senior management with that of the publics. In paragraph 3.27 it mentions the assessments of the content elements that are not material to the organization. No item 3.25 it states that the materiality assessment should be done in a consistent and transparent manner. If the entity wants to inform the publics about all material matters, both positive and negative and without material error. We suggest that there is no need for the requirement at 3E to say that the integrated report should contain material matters as that is addressed in the other sections of the framework.

10. How should the overall reliability and consistency of an integrated report be demonstrated?

It is important to consider the reliability and consistency of an integrated report in the context of the overall reliability and consistency of an organization. A good organization will have consistent and reliable reporting across its various reports and documents. In particular, within a company significantly), in order not to bias determination of importance of matters.

We believe that the framework should be consistent with the G4 guidelines, especially on the axes and cross-cutting vision. Note that paragraphs 3.51 and 3.52 should clearly state what a robust internal report is and what heavy information is. Item 3.36 could explain that trade associations may play the role of consolidating sector data and contribute to the identification of issues and emerging trends. It also should be more explicitly stated that the framework should be consistent with the G4 guidelines, especially on the axes and cross-cutting vision.

11. Do you agree with this approach to materiality? If not, how would you change it?

We agree that materiality should be determined in the integrated report and that it should be consistent with the materiality approach in the financial statements. However, we also agree that materiality is a subjective and complex concept and that it is important to consider the perspectives of different stakeholders.

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

13. How should the reliability of an integrated report be demonstrated?

Items 3.31 to 3.33 say that the reliability of information "is affected by" its balance and freedom from material error. We suggest that there is no need for the requirement at 3E to say that the integrated report should contain material matters as that is addressed in the other sections of the framework. It is our view that reliability also should be specified as a qualitative characteristic of useful nonfinancial information in the integrated report framework. It is our view that reliability also should be specified as a qualitative characteristic of useful nonfinancial information in the integrated report framework.

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

As organizations do not want and do not have the habit of publishing negative information. Often materiality is focused on what the company wants "showing". It can be also a quality of something important enough to notice or to have an effect on the value creation over time.

It is too much focused on providers of financial capital despite of other stakeholders that contribute to value creation.

In the last bullet, we understand that it can be redundant justifying why a capital was considered immaterial. From the materiality it justifies the choice of particular capital and consequently the exclusion of others. Suggestion: the entity's reporting must inform why certain content element is not applicable.

Item 3.33 should state what heavy information is. Item 3.36 could explain that trade associations may play the role of consolidating sector data and contribute to the identification of issues and emerging trends. It also should be more explicitly stated that the framework should be consistent with the G4 guidelines, especially on the axes and cross-cutting vision.

As organizations do not want and do not have the habit of publishing negative information. Often materiality is focused on what the company wants "showing". It can be also a quality of something important enough to notice or to have an effect on the value creation over time.
pag28 4F (4.29) pag28 Sugerimos rever a redação do item para que a monetarização das informações socioambientais não pareça prioritária sobre outras abordagens, uma vez que essa é uma questão de posicionamento estratégico das empresas.

pag26 4C (4.17) pag26 Item redundante, escopo já considerado no 4.14 e 4.15.

pag26 4C (4.14 e 4.15) pag26 Abordagem ampla relacionada aos riscos, o que pode tornar o relato extenso e pouco objetivo. Sugerimos que o framework oriente a priorização na abordagem dos riscos, incluindo quais os principais critérios a serem abordados.


We suggest reviewing the wording of the item so that the monetization of environmental information does not seem a priority over other approaches, since this is a matter of strategic positioning of the companies. Not all companies need to consider financial bias, since it can directly affect the competitive advantage, which contradicts the very passage of the framework that deals with the disclosure of material information.

pag26 4C (4.14 e 4.15) pag26 We suggest focusing on items that differ an organization from others in relation to the business (sector) and the local where it operates.

pag28 4F (4.29) pag28 We suggest to focus on items that differ an organization from others in relation to the business (sector) and the local where it operates.
Preparation and Presentation

5A Frequency of reporting

30 30 A sugestão nesse subitem é de acrescentar o termo “contábil”, como apresentado a seguir:

"5.2. O processo de <RI> é concebido... respeitando o ciclo de divulgação contábil e financeira legal."
Involvement of those charged with governance (Section 5D)

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

We didn't mention reporting boundary, yet. Reporting boundary is the range of entities over which the organization exercises control (aligned with financial reporting definitions) or over which it has the ability to influence.

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 and standards.

19. Please provide any other comments you have about assurance providers (Section 5E).

Integrated report requires: internal control systems, which may include an internal audit or similar function. Also requires performance certifications or compliance assessments. The organization may also seek assurance on other non-financial aspects of its performance. These non-financial aspects could involve the organization's strategy, governance, performance and prospects lead to value creation over time. They are responsible for ensuring that there is effective leadership and decision-making regarding <IR>, including the identification and oversight of the employees actively involved in the <IR> process.

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 and standards.

We recommend the inclusion of a statement from that body regarding the following matters: an acknowledgement of its responsibility to ensure the integrity of the integrated report; that it has applied its best judgment to ensure the accuracy of all information presented; that it has reviewed the draft integrated report; and that the processes used to evaluate the organization's performance have been fair and reasonable. The report's creating process needs to include these indications. It is important that it is clearly described in the assurance statement.

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].

Involvement of those charged with governance

Those charged with governance may also include a statement from that body regarding the following matters: an acknowledgement of its responsibility to ensure the integrity of the integrated report; that it has applied its best judgment to ensure the accuracy of all information presented; that it has reviewed the draft integrated report; and that the processes used to evaluate the organization's performance have been fair and reasonable. The report's creating process needs to include these indications. It is important that it is clearly described in the assurance statement.

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Involvement of those charged with governance

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Overall view

Preparation and presentation

Involvement of those charged with governance (Section 5D)

Framework section/Content

Interpreted and presentation

Chapter 5: 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.

The presentation form, coupled with the materiality process are essential for information’s users utilizing the material in an effectively and concrete way.

Integrated process is the future since all companies need to have all their sectors connected, having the same information to disclose and to do internal analysis. It is important to figure out more possibilities then an

from a practical point of view and given the need for assurance to be based on suitable subject matter and criteria, we do not think that is practically or possible for assurance to be achieved for the evolution of 

and for providing report users with information about an organization’s ability to create value to the short, medium and long term?

In full, because information will be integrated by definition. There should be audit procedures for all types of information, whether economic, social and environmental, since all information contained in the report may

should be acknowledged by the accounting profession. In addition to assurance as understood and applied by the accounting profession, we encourage the IIRC to consider the relative merits of allowing

of a body of such a high hierarchical level, such as traditional assurance engagements. From a practical point of view, there are aspects of Integrated Reporting that are already covered in management commentary and certain statutory disclosures; presumably assurance obtained under existing International Auditing Standards would be applicable to this.

Other

For long-term assessment, for short and medium terms existing reports are already available.

in your answer to question 11 above rather than here).

In our experience of climate change-related reporting suggests that the evolution of reporting will be assisted by allowing a wider variety of “checking” approaches to information contained in an integrated report than has

services, while we think that this is not the only way to do an IR.

We agree that the role of technology is to enable a level of Connectivity of information (as stated in paragraph 5.35). Established technologies such as extensible Business Reporting Language (XBRL) enable not only the

whether this is not the only way to do an IR.

Our experience of climate change-related reporting suggests that the evolution of reporting will be assisted by allowing a wider variety of “checking” approaches to information contained in an integrated report than has

in your answer to question 24 below, we contend that the IR Framework will be successful and make a difference only when and if the context for the application process set out in the framework is made clear. That context will

For long-term assessment, for short and medium terms existing reports are already available.

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])

Other

If the company buys another company, in the following report it should incorporate financial and accounting issues in its FS, thus this should also apply to social and environmental information.

from a practical point of view, there are aspects of Integrated Reporting that are already covered in management commentary and certain statutory disclosures; presumably assurance obtained under existing International Auditing Standards would be applicable to this.

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Other

For long-term assessment, for short and medium terms existing reports are already available.

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Development of IR:

1. IIRC should emphasize the role of TRI in creating value in the short, medium, and long term. TRI should be integrated into the business model and decision-making processes.

2. The IIRC should promote a deeper understanding of the concept of materiality, which is crucial for effective reporting.

3. The IIRC should consider the role of TRI in addressing sustainability issues, including environmental and social impacts.

4. The IIRC should explore ways to increase the relevance and impact of TRI for a wider range of stakeholders, including non-financial capital holders.

5. The IIRC should provide guidance on how to effectively communicate the value of TRI to diverse audiences.

6. The IIRC should consider the role of TRI in fostering a culture of transparency and accountability within organizations.

7. The IIRC should support the development of tools and methodologies for assessing the impact of TRI on organizational performance.

8. The IIRC should encourage the adoption of TRI in different sectors and industries to ensure a level playing field.

9. The IIRC should promote the use of TRI in the context of regulatory frameworks and policy-making.

10. The IIRC should collaborate with other stakeholders, including governments, investors, and civil society organizations, to develop and promote TRI initiatives.

11. The IIRC should consider the role of TRI in supporting the implementation of the Sustainable Development Goals (SDGs) and other global agendas.

12. The IIRC should provide guidance on how to effectively integrate TRI with other reporting frameworks, such as the GRI and IASB.

13. The IIRC should support the development of a comprehensive framework for assessing the performance of reporting organizations.

14. The IIRC should promote the use of TRI in decision-making processes at all levels of government and business.

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### General comments

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<tr>
<th>Page</th>
<th>From line</th>
<th>To line</th>
<th>Comments</th>
</tr>
</thead>
</table>
| 11º Ponto: pagina 09, item 1.17, linha 9, sugestão de alteração do termo: “inclusive as compensações, entre eles...” para o Termo: “inclusive as transformações, entre eles...” | | |}

| IR communicates the way in which an organization creates value (1.2). | | |

| General comments | | |

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<thead>
<tr>
<th>Page</th>
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| 6th Point: page 06, Guiding Principles, Consistency and Comparability and Page 23, Item 3.51, suggestion of changing the term “...comparison with other organizations...” to use the following term: “...comparison with...” | | |}

| • a description of the inputs from the capitals on which an organization depends in order to carry out its business activities; | | |

| Value is created by taking inputs from the capitals and processing them through its business activities in order to create outputs and outcomes. | | |

| The risks and opportunities that affect the organization’s ability to create value now or in the future (4.13) | | |

| Governance (4.10) | | |

| • Consistent and comparable (3.48) | | |

| The application of the integrated reporting process should result in: | | |

| - Financial, business and societal performance | | |

| - Outcomes of the business model for the organization, society and the environment should not be reported or assessed by examining changes to each form of capital individually or, for example, to strategy | | |

| - Contextual factors that affect the organization’s ability to create value now or in the future (e.g. legislation, regulations, market conditions, economic conditions, industry conditions, political conditions) | | |

| Value creation is reflected partly in an organization’s performance. Therefore, IR should include information about the extent to which an organization has achieved its strategic objectives and desired outcomes (4.27). | | |

| The execution of the business model for the creation of value is affected by a range of factors that should therefore be described for IR purposes, including: | | |

| - the nature and composition of the capital base; | | |

| - the role of management and other key management personnel; | | |

| - the role of the board and its committees | | |

| - the role of the controller and other key internal control personnel | | |

| - the role of external parties (e.g. suppliers, customers, auditors, government agencies, suppliers of money) who can influence the organization’s ability to create value now or in the future | | |

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