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

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

Organization name:	akzente kommunikation und beratung GmbH / HGB Hamburger Geschäftsberichte GmbH & Co. KG
Industry sector:	Not applicable
Geographical region:	Western Europe

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.

"<IR>" is an unfortunate term and should be changed, reasons being that (a) "IR" is generally synonymous with investor relations and (b) the characters "<" and ">" are not part of any written or spoken language. For instance, no serious journalist would write about "<IR>". The concept should be given an unmistakeable, unique term.

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.*

No.

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?*

No to 1.18. As far as we have followed the debate around Integrated Reporting, it is almost always understood as the merging of financial reporting and sustainability reporting, to the effect that an Integrated Report REPLACES the other kinds of reports. Companies have therefore come to think that they can save money by replacing two reports by one. The definition in 1.18 says that an Integrated Report should refer to or be consistent with other types of reporting such as financial or sustainability reporting. In our opinion, there should be a very clear and unmistakeable positioning as to the purpose of Integrated Reporting in relation to other types of reporting:
- Is it to replace financial and sustainability reporting in the future?
- Is it to establish a third form of reporting?
Re 1.19: The IIRC SHOULD (not "may") reference examples of indicators and measurement methods.

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?*

- GHG Protocol (re emissions)
- GRI G4
- EFFAS KPIs for ESG

Other

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

> Re 1.15 to 1.17 ("integrated thinking"): This is one of the key problems of Integrated Reporting. There is only a very small number of companies capable of integrated thinking. Most senior management and boards simply do not understand the concept of corporate sustainability and leave it to their public affairs or public relations people. This is in fact the main hindrance for the establishment of meaningful Integrated Reporting. There is hope, though, that the Integrated Reporting concept is moving management in the right direction.

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?*

> Yes in principle. No to para 2.19: If the Framework does not require organizations to adopt the IIRC concept of capitals, then there is no point in the Framework at all. The capitals are key! Without them the concept doesn't make sense.
> Besides, 2.19 and 2.21 are contradictory. 2.19 says there is no need to use the categories, 2.21 says they "are to be used as a benchmark".

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

> This is a challenging concept that many companies will not understand. In particular, it will be difficult to realize without performance indicators or more concrete guidance.

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?*

> Yes.

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?*

> Yes.

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)?*

Other

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

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?*

> No. Paragraph 3.23 is a very shallow definition. In our opinion, whether a matter influences the "assessments" of the company by report users is not material at all. Rather, it is the "impact" of a matter (to the company or to stakeholders) that makes it material or not.

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

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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?

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

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Other

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

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3B, the "connectivity of information", is the crucial point here. This is in fact the main departure from traditional financial or sustainability reporting. The IIRC Framework should provide indicators or methods how to develop or explain that connectivity.
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Chapter 4: Content Elements

16. *Please provide any comments you have about Chapter 4 that are not already addressed by your responses above (please include comments on the Content Element Business Model [Section 4E] in your answer to questions 7-9 above rather than here).*

Chapter 5: Preparation and presentation

Involvement of those charged with governance (Section 5D)

Section 5D discusses the involvement of those charged with governance, and paragraph 4.5 requires organizations to disclose the governance body with oversight responsibility for <IR>.

17. *Should there be a requirement for those charged with governance to include a statement acknowledging their responsibility for the integrated report? Why/why not?*

No.

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

Credibility (Section 5E)

The Framework provides reporting criteria against which organizations and assurance providers assess a report's adherence (paragraph 5.21).

19. *If assurance is to be obtained, should it cover the integrated report as a whole, or specific aspects of the report? Why?*

> If an Integrated Report replaces a financial report the whole report should be externally assured.

20. *Please provide any other comments you have about Credibility (Section 5E). Assurance providers are particularly asked to comment on whether they consider the Framework provides suitable criteria for an assurance engagement.*

Other

21. *Please provide any other comments you have about Chapter 5 that are not already addressed by your responses above (please include comments on the materiality determination process [Section 5B] in your answer to question 11 above rather than here).*

Overall view

22. *Recognizing that <IR> will evolve over time, please explain the extent to which you believe the content of the Framework overall is appropriate for use by organizations in preparing an integrated report and for providing report users with information about an organization's ability to create value in the short, medium and long term?*

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 connectivity of information (-> Guiding Principles, 3B). In other words, this is the 'business case'. Guidance is needed.

Other

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

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