

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.

Name:	<input type="text" value="Dr. Monica Streck"/>
Email:	<input type="text" value="monica.streck@munich-airport.de"/>
Stakeholder group:	<input type="text" value="Report preparers"/>

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

Organization name:	<input type="text" value="Flughafen München GmbH - Munich Airport"/>
Industry sector:	<input type="text" value="Consumer Services"/>
Geographical region:	<input type="text" value="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.

<ol style="list-style-type: none">1) One Report: We suggest to stick to the original "one report" approach.2) Customer Orientation: We suggest to put the customer into the core of the business model.3) Primary Target Group: We suggest not to focus only on the providers of financial capital as primary target group.4) GRI / IIRC: We advise to establish strong references between GRI-Standard (G4) and IFRS-Standard.5) Materiality: We suggest integrating external stakeholders in the process of defining what is material.6) One Assurance: We would prefer the idea of one assurance.7) "Trademark": We advise to set minimum standards for an "Integrated Report" (according to the IIRC Principles).

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, there should nothing be added.

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 agree that there should be one master document (integrated report) that includes all material aspects and focuses mainly on the business model and the strategy. It can and should be linked to other media as well (like websites etc.), in order to provide further/more detailed information.

But there should be no increase in other "parallel" reports - just for the reason to create one small master IR. In our opinion a longer IR (about 150 pages) is better and more meaningful than one short IR, linked to too many other reports. This is also due to the fact that sustainability is an integral part of the business model and corporate strategy.

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 references to the GRI G4 Guidelines (also including sector supplements) and the IFRS Guidelines should be included. We advise the list of authoritative sources to be characterised as non-exclusive.

Other

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

Audience: For Munich Airport investors are not our primary target group. Our idea of an integrated report (IR) is to integrate the information demands of all relevant stakeholders. Therefore the same data should be provided to all groups that are interested in the business of the reporting company.

Furthermore an IR should use a language that is understandable for all readers (e.g. politicians, business partners or customers). For additional information other media channels can be used.

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?

Generally, we agree with this approach. But from our point of view, it is not necessary to explain why certain capitals are not used in an IR. This should become very clear through the explanation of a company's business model.

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

How should the capitals be measured? Should they be monetized or can they also be described in a qualitative or quantitative way?

In our opinion there should be a focus on describing the connectivity of the different capitals.

Currently, three of the capitals (financial, manufactured and intellectual) are already integrated into the (German) balance sheet.

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?

The customer as the core of the business model appears to be missing in the IIRC Concept.

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?*

It would be helpful to produce a more precise classification of output and outcome (maybe through examples).

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)?*

We have nothing to add.

Other

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

We have nothing to add.

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?*

For Munich Airport investors are not our primary target group. We suggest choosing a company's specific target group (stakeholder) alongside the fulfillment of its business purpose. E.g. for Munich Airport, our primary target groups are particularly politicians, our neighbours in the region, etc.

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

The GRI guidelines should be used for defining materiality. Therefore, the GRI Guidelines should be reduced to several essential indicators that are relevant for a particular business (e.g. sector supplements).

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?

As IR should also stand for an integrated audit, there should be one auditor with overall responsibility for the assurance of the complete set of IR (e.g. financial statements and sustainability data).

We suggest that all information that is reported (financial and extra-financials) is managed by a centralized controlling system.

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

We suggest changing the terminology “in a balanced way” to “corresponding to the actual conditions”.

Other

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

We would like to add a link to materiality (3.23) to paragraph 3.5.

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).

Generally, we suggest integrating external stakeholders in the process of defining what is material. This increases objectivity and validates a company's opinion about what is material.

Paragraph 4.31, point 6: We suggest adding certain leniency rules for first-time adopters.

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?

There should be a general statement acknowledging responsibility for the integrated report.

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

We have nothing to add.

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?

As IR should also stand for an integrated assurance, there should only be ONE certified accountant doing the assurance (including GRI-Data). Therefore, certified accountants need to enlarge their knowledge basis with regard to extra financial information (strategy, business model, etc.)

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 have nothing to add.

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).

We have nothing to add.

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 believe that the current framework is basically applicable. We see room for improvement when it comes to the usability of this draft. We suggest dividing it into separate chapters: rules, explanations, examples, etc.

We advise the IIRC to define minimum requirements that must be achieved in order to declare a report a "real" integrated report.

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?*

- 1) Definition of capitals (e.g. classification of human and intellectual capital)
- 2) Connectivity of capitals
- 3) Materiality determination process

Other

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

We regret that no official German version of the consultation draft has been provided by the IIRC.

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