

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="Marion Hammerl"/>
Email:	<input type="text" value="marion.hammerl@bodensee-stiftung.org"/>
Stakeholder group:	<input type="text" value="Non-government organization"/>

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

Organization name:	<input type="text" value="Lake Constance Foundation and Global Nature Fund"/>
Industry sector:	<input type="text" value="Not applicable"/>
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.

<p>Besides climate change, the loss of biodiversity is considered as the main challenge for our planet.</p> <p>Lake Constance Foundation and Global Nature Fund are involved in the European Business and Biodiversity Campaign. The objective is to inform companies about the importance of biodiversity and ecosystem services for their economic activities and to motivate them to reduce their impact on biodiversity.</p> <p>We were involved in the first Ecological Profit and Loss Account published by PUMA and we discussed how to include biodiversity into reporting on environmental and social issues.</p> <p>Today, all activities within business and biodiversity are of voluntary nature - that means, only very few companies are engaged and trying to improve their biodiversity performance, meanwhile the absolute majority produces without any sensitivity regarding environmental aspects and specially biodiversity. This situation increases not only the dramatic loss of biodiversity, but supposes also an illegal competition of the companies which do not show any responsibility.</p> <p>We made only comments related to biodiversity and ecosystem services.</p>

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.*

1.19 The Framework does not prescribe specific indicators or measurement methods to be used in an integrated report. The IIRC aims to complement material developed by established reporting standard setters and others, such as industry bodies, and does not intend to develop duplicate content. Nonetheless, the IIRC may reference examples of indicators and measurement methods developed by others.

According to the long term experience with environmental management systems, the lack of specific indicators leads to the situation, that the reports are not comparable, because organizations choose different key data and indicators or just do not report on certain important topics. The European environmental management system.

The same situation happens because of different measurements (e.g. CO² emissions, valuation of ecosystem services etc.).

EMAS learned from this experience and defined so called "Key Performance Indicators" as the minimum reporting standard for all certified organizations.

To reduce lack of transparency and to increase comparability of reporting, we recommend strongly to define "Key Performance Indicators" and methodologies for measurement which are obligatory for the organizations reporting. Additionally, the organizations could chose indicators and methodologies adapted to their specific profile.

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?*

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?*

Basic Set of Biodiversity Key Data and Indicators. European Business and Biodiversity Campaign:
<http://www.business-biodiversity.eu/global/download/%7BYOEMPEYLDM-4262013112758-KJWAVCVZVT%7D.pdf>

Other

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

Chapter 2: Fundamental concepts

The capitals (Section 2B)

The Framework describes six categories of capital (paragraph 2.17). An organization is to use these categories as a benchmark when preparing an integrated report (paragraphs 2.19-2.21), and should disclose the reason if it considers any of the capitals as not material (paragraph 4.5).

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

We agree with the definition of "Natural capital" and appreciate that biodiversity and ecosystems are expressly mentioned!

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

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 the definition of the business model.

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?*

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)?*

Many organizations rely on raw materials to ensure production continuity. Planetary limits can render a business vulnerable to natural resource changes, some of which may be sudden and irreversible. Ecosystem services such as water purification, nutrient cycling, pollination and carbon sequestration

may also feature prominently in the business model. It is important to explain how secure the availability, quality and affordability of these components of natural capital are. Also, environmental remediation efforts are explained in the integrated report where they are likely to be significant.

It is not only important to explain how secure the availability, quality and affordability of natural capital is. The organization should explain also their efforts to reduce the negative impact on biodiversity and ecosystems ... which is the basic requirement for assuring ecosystem services in the future.

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?*

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

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?

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

Other

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

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).

4.9. Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached

.... the loss of biodiversity and ecosystem services would be more appropriate!

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?

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?*

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?*

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