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Date : Amsterdam, December 16th 2011
Re : **Comments on the Discussion Paper “Towards Integrated Reporting”**

Dear members of the International Integrated Reporting Council,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to respond to your Discussion Paper “Towards Integrated Reporting”.

Attached to this letter you will find our detailed answers to the various questions posed by you in the Discussion Paper.

We would like to stress that we think close cooperation of financial reporting organizations like the IASB and other international organizations regarding for example CSR information is very important in order to achieve the goal to get a set of principles for one Integrated Report which replaces the current reports.

Otherwise current practice will continue, while the focus should be on creating a better understanding of causes and effect relationships between for example financial and sustainability performance and thus reducing complexity, limiting disclosure to material items only and at the same time resisting the tendency to just add more information in each reporting area.

As you say it “less is more” and we consider this approach crucial in the development of a new set of principles for Integrated Reporting.

In light of this, it is equally important to decide on the composition of the IIRC in order to make sure all required levels of expertise are taken aboard to safeguard the interests of all stakeholders involved.

We would therefore welcome further considerations of the IIRC on its composition to achieve this.

Yours sincerely,

A handwritten signature in black ink, consisting of a vertical line on the left, a loop at the bottom left, and a long horizontal stroke that curves upwards at the end.

Hans de Munnik
Chairman Dutch Accounting Standards Board

Q1

A) Do you believe that action is needed to help improve how organizations represent their value creation process? Why/ why not?

Yes. At this moment the world is changing very quickly. Because of the effects of the financial crisis and subsequent global recession, the public trust in governments, markets and business is shaken. Furthermore the complexity and interdependency of reporting is growing, therefore action is needed to help to improve this. An integrated report enables the reader to better understand the cause and effect relationships between, for example, financial and sustainability performance.

The connections between the different types of information/reports need to be clear. A new reporting standard should be developed that is fit-for-purpose for the 21st century, and that fully integrates a company’s financial and non-financial information (including environmental, social, governance and intangibles). The action must be focused on the production of one Integrated Report instead of all different types of individual reports with limited to no connection. Very importantly, and also listed as key point by IIRC, only material information should be included in the Integrated Report, and all clutter needs to be removed. Accordingly, IIRC should focus on creating a better understanding of causes and effect relationships between for example financial and sustainability performance and thus reducing complexity, limiting disclosure to material items only and at the same time resisting the tendency to just add more information in each reporting area.

B) Do you agree that this action should be international in scope? Why/ Why not?

Yes, by using the international approach, including the IASB and Global Reporting Initiative, it is possible to develop a new reporting standard that is fit-for-purpose for the 21st century, and that fully integrates a company’s financial and non-financial information (including environmental, social, governance and intangibles). In order to achieve this, already existing requirements and standards from the IASB and as well as requirements as to governance and remuneration should be replaced by this new integrated reporting standard/practice, therefore interaction with financial reporting organizations like the IASB is inevitable.

Q2

Do you agree with the definition of Integrated Reporting on page 6? Why/ why not?

Yes, we agree. This definition is focused on the fact that the Integrated Report is going to replace the existing requirements and individual unrelated documents. Much of this information might move to an online environment, reducing the clutter in the primary report, and focus on matters that the organization considers most material to long-term success. As a technicality, and since transparency in reporting is an important instrument for rebuilding

public trust, it is necessary that the integrated report in which all information is included, is available on the internet for download and storage as one single document.

Q3

Do you support the development of an International Integrated Reporting framework? Why/ why not?

Yes, but only a framework may not be sufficient. For a change that will last it is necessary to create guidelines, since the Integrated Report should eventually replace the existing requirements and individual reporting documents. Therefore, comprehensive guidelines are necessary. It should be clear that Integrated Reporting replaces all current reports, and is not an additional (summary of a) report.

Q4

A) Do you agree that the initial focus of Integrated Reporting should be on reporting by larger companies and on the needs of their investors? Why/ why not?

Yes, the initial focus should be on reporting by large companies and the needs of their investors, for example listed companies.

For the initial phase the group should not be too large, so that the effects of a new Integrated Report can be tested by this group on a voluntary basis. Integrated reporting, because of its focus on transparency, should be considered a critical element of market reform, and for rebuilding public trust. It provides insights into how a company views itself and its role in society. It communicates a company's performance, good and bad.

At a later stage and based on the experience of the larger companies, decisions can be made as to how and to what extent Integrated Reporting could apply to other entities and other stakeholders (see Q4B below).

B) Do you agree that the concepts underlying Integrated Reporting will be equally applicable to small and medium enterprises, the public sector and not-for-profit organizations?

The concept of Integrated Reporting may well be made fit for application by other entities than the larger entities, such as state-owned companies and larger not-for-profit organizations.

However because of the administrative burden and the environment in which these companies/organizations operate, we are in favour of "less is more", meaning that for such entities reporting on a voluntary basis should be possible, and if they want to report, only the specific material information should be included, taking into account the environment in which these entities operate.

Q5

Are: (a) the organization's business model; and (b) its ability to create and sustain value in the short, medium and long term, appropriate as central themes for the future direction of reporting? Why/ why not?

Yes, we agree.

Besides the focus on the needs of the organization as described in the Discussion Paper, for investors and other stakeholders it is also important to obtain insight in the dynamics of the markets in which the organization is active in, in particular the competitive position.

Q6

Do you find the concept of multiple capitals helpful in explaining how an organization creates and sustains value? Why/ why not?

Yes, we agree.

Q7 and Q8

Do the Guiding Principles identified in the Discussion Paper provide a sound foundation for preparing an Integrated Report- are they collectively appropriate; is each individually appropriate; and are there other Guiding Principles that should be added? Why/ why not?

Do the Content Elements identified in the Discussion Paper provide a sound foundation for preparing an Integrated Report- are they collectively appropriate; is each individually appropriate; and are there other Content Elements that should be added? Why/ why not?

Yes, these Guiding Principles and Content Elements are well described and understandable, and seem like a sound foundation for preparing an Integrated Report. However, it is unclear why the financial statements are not mentioned as a content element in the framework. How it works in practice, though, remains to be seen. It still seems like a rather complex model to apply for preparers. Accordingly, the proof of the pudding is in the eating. Very much depends on how the Guiding Principles and Content Elements are to be applied in practice, so proper elaboration is important.

Q9

From your perspective as standard-setter:

A) Do you agree with the main benefits as presented in the Discussion Paper? Why/ why not?

Yes, we agree with the main principles/benefits as described. As mentioned in Q1 a new reporting standard should be developed that is fit-for-purpose for the 21st century and that fully integrates a company's financial and non-financial information (including

environmental, social, governance and intangibles). The action must be focused on the production of one Integrated Report instead of all different types of individual reports. It is not enough to keep on adding more information to existing reports. The connections between the different types of information/reports need to be clear, and only material information should be included in the Integrated Report. Accordingly, it is necessary to reduce complexity, limit disclosure to material items only and at the same time resist the tendency to just add more information in each reporting area.

B) Do you agree with the main challenges as presented in the Discussion paper? Why/ why not?

Yes, furthermore in order to get one Integrated Report we see it as a big challenge to get close cooperation with international organizations like the IASB. This close cooperation is more powerful than comparable governance structures. The connection with the IASB is important because already existing reports/requirements like financial statements need to be replaced. Otherwise current practice will continue, while the focus should be on creating a better understanding of causes and effect relationships between for example financial and sustainability performance and thus reducing complexity, limiting disclosure to material items only and at the same time resisting the tendency to just add more information in each reporting area.

Q10

A) Do you agree that the actions listed in the Discussion Paper should be the next steps undertaken by the IIRC? Why/ why not? Are there other significant actions that should be added?

B) What priority should be afforded to each action? Why?

Yes, we agree. In our opinion from the actions listed, harmonization should be given the highest priority.

Q11

Do you have any other comments that you would like the IIRC to consider?

As mentioned before we think that close cooperation of financial reporting organizations like the IASB and other international organizations regarding for example CSR information is very important in order to achieve the goal to get a set of principles for one Integrated Report which replaces the current reports.

Otherwise current practice will continue, while the focus should be on creating a better understanding of causes and effect relationships between for example financial and sustainability performance and thus reducing complexity, limiting disclosure to material items only and at the same time resisting the tendency to just add more information in each reporting area.

Furthermore we think that much of this information might move to an online environment. The internet, in addition, social media platforms, discussion forms, blogs etc are likely to lead to richer stakeholder engagement, including user generated content, comments, and suggestions. See also Q2.
