

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](http://www.theiirc.org)).

Comments should be submitted by Monday 15th, July 2013.

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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.

Maybe I am a bit too simple, but I would expect <IR> to help investors recognize and value the strategic decisions organizations make.

In that perspective I would expect <IR> guiding organizations how to value:

- In- and divestments of companies, departments or brands
- Research and Development
- Investments in eco- or social-premium products
- Investments in employee engagement
- Exploring new geographical markets
- Entering new markets with new types of goods or services
- Dependency on major resources

I would expect <IR> to provide more guidance on how and what to report. This document should have been the guideline for developing <IR>, not the outcome. I consider this document as theoretical and philosophical, not as a useful guideline.

Key to <IR> should be that organizations can be better compared following the framework.

Following that vision, I would suggest that all major sectors create a sector-supplement explaining:

- What topics are material to the industry
- What definitions and are superior, what alternatives could be used if not available
- What basic information is building up the defined information

Helping the <IR> to be used international one should restrict themselves from using too intellectual words: please keep it as simple as possible.

1.11 uses the sentence “purporting”. I needed to inspect the dictionary to learn the meaning is “intends”.

2.16 “diminution”, I suggest: decrease

3.5 & 4.16 I have no clue what a “boilerplate disclosure” might be.

## 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.

In my experience with “Non-Frontrunners” I learned that strategic disclosures are regarded as harmful to their competitive advantage. Therefore it would be helpful if <IR> would provide insight how to overcome that risk. Especially as <IR> intends to provide clear and concise information that “enables comparison with other organizations”.

My suggestion would be that you provide this guidance:

If you consider disclosure of material information would harm your competitive position, we suggest that you inspect what frontrunners in your sector report on this topic. You can find a list of frontrunners on the website of <IR>

## 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?

To my opinion it is not desirable to create a <IR> report, next to the Financial and the CSR Report.

I was told that investors never read CSR Reports.

If the investment community could confirm that, <IR> should decide not create <IR> reports, but be the guidance to create a <IR> library. Both the Financial and the CSR Report should direct to that library when applicable.

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?

## Other

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

### 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?

I do recognize the capitals chosen, however I do not see a valid way of reporting the “simple” example presented in <IR>:

If a company invests €1000 in schooling of an employee, one would hope that the human capital increases. But how to value that increase? And would you need to write this value off in 3 or 5 years? And when the education is used for preparing the employee to find other work outside the company, would that be just a negative value to the company.

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

I think it is very complicated and I do not recognize the advantage of reporting these “difficult to value” capitals. The guidance for valuing capitals need to be crisp and clean.

My main concern is inserted as my first key point.

### 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?

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)?

### Other

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

### 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?

Whilst G4 seems to have an over-emphasis on stakeholder engagement, it seems missing in <IR>. The process of determining materiality should start within the company, and then be checked with external stakeholders. The reason for this is, that people working for a long period in an organization might miss issues, as they feel this is too obvious to report on.

My suggested process would be:

- Dig into your history and create a list of all major issues that have affected your organization.
- Make an overview of all major impacts that the organization has on itself and society.
- Define your corporate identity: How would your company normally react to major issues.
- Present to your stakeholders both the impacts and the description of your identity, and ask if they feel your list of material topics is complete. Add those that the company recognises as material.

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?

Readers should be able to inspect both systems available and procedures followed to acquire the information provided. This should be a separate chapter or document, available for those who are interested. The common reader should not be noticed on this dry information.

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.

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).

Even the chapter on performance is presented narrative. If <IR> chooses not to produce any performance indicator, it should forecast that sector KPIs will be produced for all main sectors in the coming year.

The proposed set up of KPIs is correct though. I really appreciate 4.31 as a suitable guideline to develop <IR>.

### 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?

I just want to know who is responsible for the information provided and how I could contact the responsible manager.

Next I would want to know if the FEO and the CFO can vouch for the information provided.

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?

The reader should be helped to identify the level of assurance, so of there are more levels of assurance, this should be highly visible. (Color codes?)

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).

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 think this is not a guideline, like stated in the key points. Or worse:

I think providing this type of guideline will be a step back, instead of one important one forward. To my opinion a guideline helping both companies and the cause of CSR would:

1. Help companies start reporting on CSR
2. Provide a clear growth path
3. Makes companies within the sector more comparable
4. Helpes companies to reveal their identity

### 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?

Definitions, General definitions that could be overridden by sector definitions.

### Other

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