



19 August 2020

International Integrated Reporting Council
The Helicon,
Third Floor,
1 South Place,
London EC2M 2RB, UK

Via email: 2020revision@theiirc.org

Dear Sir/Madam,

Re: 2020 Revision: <IR> Framework

The Corporate Reporting Users' Forum Japan (hereinafter referred to as CRUFJ) welcomes the opportunity to provide the IIRC with our comments. The CRUFJ was established in December 2009 and we have been holding regular monthly meetings since. We currently have more than 20 members, including buy-side and sell-side equity analysts, credit analysts, and portfolio managers. We have prepared this comment letter for Q.11 based on our discussion in monthly meetings from June to August 2020.

We urge careful consideration in adding explaining to capital providers other than financial capital providers how an entity creates value over time into the primary purpose of an integrated report. Financial capital providers here is assumed to be users of financial information including analysts. We understand that the integrated report selects corporate information which is material from the viewpoint of financial capital providers from a large amount of non-financial information and integrated the selected non-financial information with financial information for disclosure. We believe that it is essential for the integrated report to provide and explain corporate information by narrowing down the main audience to financial capital providers, selecting information to be disclosed, and associating it with a



business model that creates corporate value.

We recognize that EU's disclosure guidance of non-financial information requires not only the perspective of the impact of non-financial elements such as the environment on the financial condition of the entity, but also the disclosure of the impact of the corporate activities on the outside (for example, climate) and that the idea of multi-stakeholder capitalism has been taken up at the Davos Conference and USA's Business Roundtable. However, as what is important depends on each audience, even if an entity aims to disclose its information that satisfies all audiences, it is highly likely that information disclosed will be defocused for each audience. We believe that such disclosure has high risk to result in inefficient disclosure of information that is not used so often while containing an excessive amount of information. We think that an entity should only disclose the impact of its business activities on other stakeholders in its integrated report if it is likely that the entity's financial information will be materially affected in the future by the impact. The impact will be disclosed as an outcome linked to the business model.

The primary purpose of the integrated report is to disclose material corporate information including non-financial to financial capital providers, and regarding the provision of information to other stakeholders, only the items that could have a material impact on the financial capital of the entity should be included in its integrated report. Other items should be disclosed by other means such as a website. However, it is desirable that the integrated report should include a map of corporate information disclosure including other means at the beginning of the report. We believe that these measures will lead to the provision of useful information.

About the Corporate Reporting Users' Forum (CRUF)

The CRUF was set up in 2005 by users of financial reports to be an open forum for learning about and responding to the many accounting and regulatory changes that affect corporate reporting. In particular, participants are keen to have a fuller input into the deliberations of accounting standard setters and regulators. CRUF participants include buy and sell-side analysts, credit ratings analysts, fund managers and corporate governance professionals. Participants focus on equity and fixed income markets. The Forum includes individuals with global or regional responsibilities and from around the world, including Australia, Canada, France, Germany, Hong Kong, India, Japan, New Zealand, South Africa,



UK and USA.

The CRUF is a discussion forum. Different individuals take leadership in discussions on different topics and in the initial drafting of representations. In our meetings around the world, we seek to explore and understand the differences in opinions of participants. The CRUF does not seek to achieve consensus views, but instead we focus on why reasonable participants can have different positions. Furthermore, it would not be correct to assume that those individuals who do not participate in a given initiative disagree with that initiative. This response is a summary of the range of opinions discussed at the CRUF meetings held globally. Local country differences of opinion are noted where applicable.

Participants take part in CRUFJ discussions and joint representations as individuals, not as representatives of their employer organisations. Accordingly, we sign this letter in our individual capacity as participants of the Corporate Reporting Users' Forum and not as representatives of our respective organisations. The participants in the Forum that have specifically endorsed this response are listed below.

(Signatures)

Kazuhiro Yoshii, CMA

Managing Director in Corporate Secretariat of the Board of Directors and Audit Committee of a large securities group in Japan

(Previous job was a law and Tax research analyst in a securities think tank)

Masayuki Kubota, CFA

Head of Rakuten Securities Economic Research Institute

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Koei Otaki, CPA, CMA

Senior equity analyst

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Hajime Yasui



The board member of Shiga Bank

Chie Mitsui CMA,

Senior researcher

Nomura Research institute

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Yosuke Mitsusada, Ph.D, CFA

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