The International Integrated Reporting Committee
[to be submitted electronically]

15 July 2013

Dear Sirs

IIRC Consultation Draft of the International <IR> Framework

PwC welcomes the opportunity to respond to this consultation draft. It represents an important step towards improving the relevance of the corporate reporting model for the reality of the 21st century.

This response is being submitted on behalf of the network of member firms of PricewaterhouseCoopers International Limited and references to "PricewaterhouseCoopers", "PwC", "we" and "our" refer to the PwC network of member firms.

We believe integrated reporting has the potential to enhance the depth, breadth and quality of corporate reporting and a principles based framework is a major step in its development. The complexity of the issues being addressed and the extent to which experimentation will expose further challenges will almost certainly result in the need for the framework to continue to evolve. The existing framework should not therefore be regarded as the final destination but a big step in the direction of bringing the reporting model firmly into the 21st century.

Integrated reporting or an integrated report

Care needs to be taken not to confuse the concept of integrated reporting with the production of an integrated report. We believe the emphasis should be on integrated reporting; applying the principles in the framework across all of a company's applicable reporting so that it represents a coherent whole, rather than on the preparation of a single integrated report. As currently drafted, the language in the framework could be read as implying there should be a single new report in addition to existing reporting which many companies may see as an additional reporting burden. It is important to emphasise that integrated reporting is a holistic approach to management applied across all reporting, both internal and external, not simply a new report to be imposed on top of existing corporate reporting and communication.

Role of the framework and the IIRC

The framework, because it is principles based, does not, nor do we believe it is intended to, give organisations a handbook of how to produce integrated reporting. It is therefore important that the IIRC, as the owner of the framework, is very careful in how it describes its future role, the extent to which it may seek to develop further practical guidance or standards and how it interacts with existing or future bodies that provide such guidance and standards now and in the future. Furthermore the

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IIRC also needs to be clear on the extent to which it will or will not be able to provide practical direct support to organisations implementing the framework as opposed to endorsing guidance produced by other groups and/or "accrediting" implementation advisors so that implementers have access to such support. Without such clarity there is likely to be considerable confusion amongst preparers.

We believe it is important that application guidance is developed by appropriate bodies to support the framework, preferably with sector specific guidance building on reference material already developed for other corporate reporting initiatives.

Focus on providers of financial capital

We agree that that the primary users of integrated reporting are likely to be the providers of financial capital and therefore the focus on their needs is appropriate, but it is also important that the needs of other capital providers are not ignored. Much of the existing reporting suite is aimed at providers of financial capital and is primarily short term in focus. In the short term the interests of other stakeholders may be focussed on different objectives or definitions of value and thus it is harder to produce a single set of reporting covering all stakeholders' interests. Over the longer term the interests of all stakeholders tend to converge, given a likely common interest in the company's ability to manage all relevant capital stocks to avoid depletion. More specific guidance on the issues associated with reporting on multiple time periods could help companies understand this more clearly.

Reporting on the long term future does raise practical considerations because of current regulatory restrictions and legal risks around forward looking reporting in many jurisdictions. This is one area where more guidance is likely to be required.

Categories of capital

We believe that the six categories of capital should allow an entity to describe how it creates value. However an organisation chooses to categorize its own value creation processes, it can increase comparability with the integrated reporting of other organisations by mapping these processes back to the six capitals of the framework. As currently drafted the role of the capitals is described as a means for ensuring nothing is overlooked, however we believe they are also important in ensuring a degree of comparability between organisations. We agree that this does not mean all companies should report against each of the capitals as some may not be material to an individual company.

The expansion of reporting to cover the environmental, social and other matters required by all of the capitals is a major undertaking and integrated reporting will likely be an evolutionary process for most companies. This process will be guided by stakeholders. While we agree that companies should not assert compliance with the framework unless all of the principles based requirements are followed, a step by step approach to adoption over a period of time should be supported.

The concept of value is at the heart of the framework; however the draft framework does not define precisely what is meant by value, noting instead that it encompasses all forms of value that the organisation creates through the increase, decrease or transformation of the capitals. We believe that it is important to retain this flexibility but that an additional principle should be introduced for companies to state clearly how they have defined value for the purposes of their reporting. This could include an explanation of how the other five capitals interact with financial capital as a way of bridging between traditional measures of value and the integrated reporting concept of value.

Implications for the provision of assurance on integrated reporting information

As currently drafted the framework does not constitute suitable criteria for the purposes of assurance. Similar to the need for explanatory notes when applying financial reporting standards, the principles based approach adopted in the framework necessarily requires that companies clarify how they have interpreted the principles in the context of their specific business activity. Additional guidance about the potential coverage of assurance engagements, and therefore the level of credibility, could be helpful for companies to understand the complexities involved in choosing to obtain assurance over their entire integrated reporting system or only certain elements of it; both of which are possible in practice.

We believe that being able to provide robust assurance over the entire integrated reporting system of a company, or elements of the reporting in the early stages of adoption of the framework, is critical to achieving external credibility and can help in enhancing internal governance and decision making processes. Ultimately whether to seek assurance will be a decision for preparers and their stakeholders. If assurance is seen as an important element of market confidence in integrated reporting systems, it is important that the assurance providers themselves have credibility. Assurance standards for integrated reporting should therefore be developed and those providing the assurance should be subject to the international quality review standard (ISQC1).

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Overall we believe the framework will be an important step towards transforming existing disconnected corporate reporting into a concise new reporting model focussed on how businesses create and sustain value. We believe there is a need for such a model and commend the IIRC for its work in developing the framework.

Our responses to the specific questions in the consultation paper can be found in the appendix to this letter.

If you would like to discuss any of these points in more detail, please contact Richard Sexton (+44 20 7804 5058) or John Hitchins (+44 20 7804 2497).

Yours sincerely

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Appendix 1 – Responses to the questions in the Consultation Draft of the International <IR> Framework

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.

We support the inclusion of principles-based core requirements to encourage a holistic consideration of the framework.

We would recommend the addition of two requirements:

1) The application of integrated reporting concepts to all relevant reports and communications is an important aspect of the framework. As such, the first sentence in paragraph 1.18 - "*The <IR> process is intended to be applied continuously to all relevant reports and communications, including analyst calls and the investor relations section of an organization's website*"- should be listed as a requirement.

2) The concept of value is at the heart of the framework, however, the draft framework does not define precisely what is meant by value, noting instead that it encompasses all forms of value that the organisation creates through the increase, decrease or transformation of the capitals. We believe that it is important to retain this flexibility, but that an additional requirement should be introduced for companies to state clearly how they have defined value for the purposes of their reporting. This could include an explanation of how the other five capitals interact with financial capital as a way of bridging between traditional measures of value and the integrated reporting concept of value.

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 (paragraph 1.18-1.20).

2. Do you agree with how paragraphs 1.18-1.20 characterize the interaction with other reports and communications?

As currently drafted, the language in the framework could be read as implying there should be a single new report in addition to existing reporting which many companies may see as an additional reporting burden. We would encourage the IIRC to focus the application of the framework on the concept of an integrated report as the primary report – in most jurisdictions, the annual report – rather than on the creation of a separate report as may be interpreted at present. In our experience, this is the focus for the majority of companies adopting the principles of integrated reporting and is better aligned with the aims of the IIRC.

In addition, paragraphs 1.18-1.20 should build on the application of integrated reporting across all relevant reports, as the first sentence suggests should be the aim, instead of on the concept of 'an integrated report'. This would encourage focus on the substance of the requirements rather than the physical form resulting.

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 IIRC should not underestimate the scale of effort that would be required to maintain a complete list of authoritative sources, in particular if national as well as global standards were to be included, and given the pace of development in particular around different dimensions of non-financial capital. Further, a long list of different standards may create confusion rather than being an aid to preparation.

Instead of creating a database, the IIRC could think about developing additional guidance on how to implement the framework. As part of any guidance document, references could be provided to the most commonly used measurement protocols. This would provide an easier pathway for organisations and wouldn't seek to be definitive.

Other

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

We support the IIRC's focus on the information needs of the capital markets, however, at present many companies find it difficult to reconcile the information demands of their current investor base and the information that they see as relevant and material to performance and prospects over the longer time horizons proposed in the framework.

Some investors are more focused on short term earnings and results as these tend to have an immediate reaction in the capital markets. However, it will be important to emphasize that the goal of integrated reporting is to provide information on the strategic vision for the short, medium and long term to provide valuable information for all stakeholder groups. It is only over the long term that the interests of different stakeholders tend to converge, given a likely common interest in the company's ability to manage all relevant capital stocks to avoid depletion. More specific guidance on the issues associated with reporting on multiple time periods could help companies understand this more clearly.

In addition, by emphasising that the concepts of integrated reporting should be applied across all relevant communications, companies will present a consistent, comprehensive view, enabling different audiences to focus on those items most relevant to their decision making.

Reporting on the long term future does raise practical considerations because of current regulatory restrictions and legal risks around forward looking reporting in many jurisdictions. This is one area where more guidance is likely to be required

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 that the categories of capital are an appropriate benchmark for the preparation of an integrated report. The concept of capitals is fundamental to the notion of value creation and to the reach of integrated reporting beyond the emphasis on traditional financial reporting provided by many companies today.

We believe that the six categories of capital should allow an entity to describe how it creates value.

For these reasons and to aid comparability, which is important to stakeholders, we believe that the framework should require the categories to be evaluated by all organisations. Organisations should be able to vary the nature and emphasis on content (including the exclusion of those that are not material), depending on how the capitals affect the organisation and/or how the organisation affects the capitals. Organisations should also be free to divide capitals into sub-categories. We do not believe it is necessary for a company to disclose the reason a capital is not material. This may lead to disclosure overload.

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

Paragraph 2.16 attempts to address both the issue that the value creation process involves the diminution of value stored in some capitals as well as an increase in others and that different stakeholders will have different perceptions as to the "value" created or consumed. The paragraph concludes with the statement that the term value creation includes instances when the overall stock of capitals is decreased. This is a complex paragraph which many may find confusing, for example many would believe that if the overall stock of capitals is decreased then value has been destroyed rather than created. We think the point to be made is that the value creation process is likely to involve the diminution of the stock of some capitals as well as an increase in others and that these gains and losses may be difficult to compare on a consistent basis because of the different nature of the capitals. What is important is that there should be transparent reporting of both the gains and the losses so that stakeholders receive the information they require.

The draft framework does not attempt to give relative weights to the six capitals and we agree with this approach. However, as the framework's primary audience, the providers of financial capital are likely to have particular interest in the long term effects on financial capital arising from changes in the other capitals. It would therefore be useful for there to be further consideration, and possibly guidance, as to how the five other capitals interact and affect financial capital. This would also provide a way of bridging between traditional measures of value and the integrated reporting concept of value.

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?

Overall we support the definition but with the following refinement. A business model will have intended outcomes but actual outcomes will almost certainly vary and therefore there is potential for confusion by including the word "outcome" in the definition, altering this to "intended outcome" would avoid this.

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?

We agree in principle with the definition although we would not necessarily restrict the framework to 'Outcomes'.

As part of our support of the IIRC Pilot Programme conference we performed a review of integrated reporting practices amongst the Pilot Programme and other good reporters globally. In performing this review we noted that a growing number of organisations are reporting on their performance beyond the financial numbers but that the phrase commonly used is 'Impacts' rather than 'Outcomes'.

Further, PwC has recently published a background paper, entitled 'Measuring your impact: A new language for business decisions' to the UN's High Level Panel on the Post-2015 Development Agenda report "A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development". In this paper we distinguish 'outcomes' (what has changed as a result of business activities), from 'impacts' (how much of that outcome is directly attributable to the execution of strategy) and 'value' (the value of these impacts).

We recommend the framework include wording to distinguish impact from outcome in order to avoid confusion and further acknowledge that some companies may wish to include impact reporting within their integrated reporting model.

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 (Section 4E).

An area of debate, on which the framework is relatively silent is on how the business model interacts with other content elements, particularly strategy, e.g. which comes first the strategy or the business model? In our experience many companies familiar with reporting on strategy find it difficult when adding an additional level of disclosure around business model. We would therefore encourage the inclusion of some guidance on the interaction between strategy, business model and other content elements.

Para 4.21 suggests the company should answer the question to what extent is the business model resilient. This is unlikely to result in meaningful disclosures beyond a statement like 'our business model is resilient'. Arguably it is the overall business that is resilient and that the business model, along with strategy, needs to flex depending on externalities. The focus should therefore be on the content elements as a whole providing sufficient insights to allow the reader to form their own view on resilience.

Other

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

As noted in our cover letter differences in the perception of value between categories of stakeholder are likely to reduce or even converge over a longer time horizon as all have an interest in a company demonstrating the ability to manage all relevant capital stocks in the long term to avoid depletion. This could usefully be brought out in Section 2D.

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?

We agree that materiality should be determined by reference to assessments made by the primary intended user – i.e. providers of financial capital rather than wider stakeholders. We also support a single materiality principle across a company's integrated reporting as we believe applying different levels of materiality to different aspects of an integrated report would be confusing. However we would note that financial reporting already has its own materiality guidance and therefore full integrated reporting will need to address how the determination of integrated reporting materiality fits with that used in financial reporting. Integrated reporting materiality should not conflict with that used in financial reporting.

Section 3D of the framework does not attempt to distinguish between the quantitative and qualitative aspects of materiality, though paragraph 5.8 does pick this up. It might be possible to add these concepts to paragraph 3.26, where the idea that both positive and negative matters can be material is introduced – i.e. a smaller-than-expected amount (because of negative news) can be material even though quantitatively not significant. This is of course a vital aspect of any materiality framework, and it emphasises the need for any 'definition' to be principles-based rather than prescriptive in detail.

In the context of the integrated reporting framework the definition will be made even more challenging by the focus on how companies will create value in the short, medium and long term (paragraph 3.22). This is addressed in paragraph 5.5 and will be closely related to assessing the magnitude and likelihood of occurrence of future events. This is an important aspect of the materiality definition which differs from the way materiality is assessed in the context of historical financial statements. It should therefore be drawn out more prominently and located in section 3D. .

Paragraphs 3.28 and 5.13 set out the materiality determination process and require that this be disclosed; there is a significant risk that this will result in standardised, boilerplate language. We suggest that the framework also include disclosure of the key judgements made rather than simply the process.

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

Section 5B does not address the possibility that the combined effect of individually immaterial items might still be material. The need to consider this possibility should be built into the determination process.

There is no requirement in the framework to disclose a threshold for materiality, which is of course consistent with existing practice. It may be worth noting that disclosure by the auditors of the level of overall materiality that they used in their audit has been discussed internationally, and a recent amendment has been made in the UK to ISA 700 to require this disclosure in respect of companies that apply the UK Corporate Governance Code. This may inadvertently create assumptions on the part of readers that they would apply to the disclosures in the framework.

We would strongly support the suggestion in paragraph 3.29 under Conciseness that an integrated report can be linked to additional detailed information though of course there remain difficulties with this under statutory reporting frameworks, including the UK framework.

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?

We agree that the reliability of integrated reporting is enhanced by mechanisms such as the company's internal reporting systems, appropriate stakeholder engagement and independent external assurance. From our point of view every business should have such mechanisms in place for integrated reporting.

The first step in demonstrating reliability is a communication of how these mechanisms are implemented. This communication should not be limited to certain circumstances (refer to par. 3.32: "it may be appropriate in some cases"). As "reliability" is a guiding principle, it should be stated that either external assurance has been attained or a detailed description of internal mechanisms and controls is necessary to demonstrate the reliability of an integrated report. Please however see our answer to Question 20 which explains that the framework needs further guidance and assurance standards need to be developed before external assurance could be provided.

We believe that external assurance on an integrated report potentially has the most value to users in ensuring the reliability of the entire report. If external assurance has been provided, an integrated report should refer to that fact and either display the assurance report or describe the nature and result of the assurance engagement. If no assurance engagement has been performed with respect to the report itself, the implementation and operational effectiveness of appropriate reporting systems and stakeholder engagement mechanisms could be subject to an external assurance engagement.

If no external assurance engagement has been performed at all, reliability should be underpinned by a detailed description of the company's internal reporting systems which should form part of its integrated reporting.

Please see our response to Question 20 for what we believe would be needed for external assurance reports to be given on integrated reporting.

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

Reliability

Reliability is interpreted differently across the world. We therefore suggest it would be helpful to replace reliability by "faithful representation" (as the IASB and FASB have done in their conceptual frameworks). The use of different wording might lead to confusion.

According to paragraph 3.32, senior management has to decide whether information is sufficiently reliable to be included in an integrated report. Given the scope of an integrated report there are likely to be different levels of estimation uncertainty across the various capitals. The process of how or on what basis future information has been derived should be described in a way that allows readers to evaluate the sources and methods used. Paragraph 3.35 should include a requirement to disclose the critical assumptions underlying estimated amounts reported by the company.

A user's assessment of the reliability of future oriented information is underpinned by information on the assumptions used by management. This recognized in paragraph 3.7 in the "Completeness" section and should also be referred to under "Reliability".

One of the most important methods to ensure balance and consistency in the presentation of information within an integrated report over time is reporting against previously reported targets, forecasts, projections and expectations. We recommend adding "over time" in this context (par. 3.34) and referring to this topic within the "Consistency" chapter as well (see par. 3.49 and 3.50)

Completeness

Under paragraph 3.47, companies are required to describe the main assumptions applied, the volatility of those assumptions, and how the information could change if the assumptions do not occur as described. We agree that a description of how the information will change if the assumption changes would be of benefit for the audience of an integrated report. However this is an area which companies find difficult in existing financial reporting and will be an area of greater potential complexity in an integrated reporting environment. This therefore is an area where further guidance would be useful and examples of good practice built up over time.

Other

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

Consistency

Some of the methods recommended for achieving balance are also useful for consistency (see paragraph 3.34 for example) and could usefully be cross referenced into this section.

Comparability

Paragraph 3.51 states that addressing the questions relating to the content elements helps ensure a suitable level of comparability between companies. We believe this oversimplifies an extremely complex question. The framework gives companies the flexibility they need to report on their individual value creation story and this "through the eyes of management" approach may satisfy many investors. However the focus on individual stories is likely to weaken comparability in external reporting and may therefore not give other investors the information they need. The balance between comparability and the individual value creation story will evolve over time and guidance on the types of tools referred to in paragraph 3.52 will be needed. This aspect of the framework requires particularly careful monitoring over time.

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).

We note that Chapter 4.5 contains a list of disclosures. We agree that these disclosures provide useful information to the reader of the report. However, we are of the view that these general disclosures might be better presented at the end of the chapter as the current positioning may detract from the primary content elements discussed in the chapter.

We note that the bold lettered text in Chapter 4 seems to be presented in a manner that is inconsistent with the preceding chapters in that the bold lettered text is phrased in the form of questions, whilst the other chapters phrase the text as statements. We believe the document should be internally consistent in the way in which the bold lettered text is presented, preferably as statements.

Lastly, the term 'Boilerplate' is repeated in several places. Whilst we are in agreement that the disclosures provided should be meaningful, we are of the view that it would be better to have the concept of not containing boilerplate disclosures as a general principle rather than to repeat it several times.

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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?

Although we support the principle that those charged with governance should take responsibility for a company's integrated reporting, we note that many jurisdictions currently have a similar requirement for financial reporting and that such statements are typically made in the context of defined legal responsibilities. There is a danger that including such a requirement in the framework may be interpreted as extending these legal responsibilities to all of a company's integrated reporting. Before introducing such a requirement, therefore, the IIRC should work with the regulatory community to clarify the legal responsibilities.

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

Consideration should be given as to whether indicating responsibility for integrated reporting increases potential liability for those charged with governance.

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?

It is our view that assurance can be provided, assuming appropriate standards are developed, over the integrated report (or integrated reporting system) as a whole, or only over specified elements of the report. The extent of coverage is dependent on whether the subject matter information can be sufficiently clearly defined to allow for objective assessment and whether adequate evidence is available to support both quantitative and qualitative statements included in the report (or reporting system) or specified elements of the report.

The selection of the boundaries for the scope of reporting to be subject to external assurance is ultimately the decision of management, however where certain elements are selected (in contrast to the integrated report or reporting system as a whole) it is important that relevant concerns about the completeness, or otherwise, of the selected elements in the context of the purpose of the assurance engagement and the needs of the various stakeholders have been effectively addressed.

Ultimately, we believe there is value in assurance covering the integrated report (or reporting system) as a whole but it will take time for suitable definitions and standards to be developed. In the interim, therefore, it may be valuable to provide guidance on considerations for companies in relation to the selection of specific aspects to avoid concerns about "cherry picking" or lack of balance or completeness.

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.

Criteria

On a standalone basis the framework is not considered suitable criteria. As the application of the principles based approach underpinning the framework necessarily requires judgements and interpretation that are specific to each company, disclosure of how it has been applied is required in order for it be considered suitable criteria. We suggest that the wording of paragraph 5.21 is updated to address the above concerns:

"The Framework is not, in itself, suitable as criteria for the purposes of independent external assurance. The application of the Framework requires further explanation, either in application guidance or by way of some form of note disclosure, as to how it has been applied in order to be considered suitable criteria. The Framework also does not provide the standards for performing assurance engagements."

Assurance providers

Given that the primary users of integrated reports are intended to be the providers of financial capital, it is essential that lead auditors on assurance engagements over integrated reports (or reporting systems) have the required subject matter knowledge and experience, including in relation to financial subject matter information, to understand how and where the subject matter information may be materially misstated. Whilst we agree that independent, external assurance may also provide comfort, in addition to the internal mechanisms, to those charged with governance, we submit that in order for the assurance given to itself be credible it needs to come under the requirements of International Standard on Quality Control 1 (ISQC1).

Assurance standards

Limitations of the current corporate reporting model are reflected in the absence of assurance standards for integrated reporting. Beyond the application guidance we refer to above, consideration should be given to developing new international assurance standards to address specific issues arising from the development of a new reporting model.

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).

Reporting boundary

We agree with Section 5G that an integrated report will have a wider reporting boundary than that traditionally used for financial reporting. While we agree that the integrated reporting entity needs to consider employees, customers, etc., we believe it would be easier to define the boundary if the opportunities, risks and outcomes were better linked to the concept of capitals. Without this linkage to the capitals it is difficult to see where the reporting boundary might end.

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?

Please see our comments included in the covering letter

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?

We believe guidance in the following areas would help speed the adoption of integrated reporting as each addresses barriers that could deter a company from starting on its development.

1. While we agree that the primary focus of integrated reporting should be on the providers of financial capital we have noted in our responses that these are not a homogenous group, particularly as different investors have different timeframes. In the shorter term investor information needs may be very different from other stakeholders, however differences in the perception of value between categories of stakeholder are likely to reduce or even converge over a longer time horizon, as all have an interest in a company demonstrating the ability to manage all relevant capital stocks in the long term to avoid depletion. We believe this issue is not sufficiently explored in the framework and expanded explanatory material would be helpful.

2. Reporting longer term future orientated information has regulatory and legal challenges in many current reporting regimes. Guidance on how to navigate these challenges would help to overcome one of the more significant barriers to adopting integrated reporting

3. As explained in our answer to question 9, companies find the overlap between strategy and business model confusing and additional guidance to clarify this would be helpful.

Other

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

We have no further comments