



15 July 2013

International Integrated Reporting Council
10 Lincoln's Inn Fields
Holborn
London
WC 2A 3BP
United Kingdom

Dear Sir/Madam,

In response to your request for comments on the exposure draft on the Consultation Draft of the International Integrated Reporting (IR) Framework, attached is Sasol Limited's comments based on the Company's experience from a preparer perspective.

CONSULTATION DRAFT OF THE INTERNATIONAL INTEGRATED REPORTING (IR) FRAMEWORK

CHAPTER 1: OVERVIEW

Principles-based requirements

1. Should any additional principles-based requirements be added or should any be eliminated or changed? If so, please explain why.

Whilst we support a principles based approach, we do not agree that the primary audience of the integrated report should be the "providers of financial capital". The integrated report is intended to provide a balanced view of the organisation addressing the needs of all our stakeholders which includes investors, government, employees, unions etc. Our view is that by limiting the audience of the integrated report to primarily those "providers of financial capital" would be inappropriate. We propose rather that each organisation identify its primary audience and state it upfront in the report.

Interaction with other reports and communications

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

We support the view that the Integrated Report should be a stand-alone document with links to the other reports and communications that the company prepares. We would propose that similar to the framework applied in South Africa, the reporting boundary be required to be specified in the Integrated Report so that users are aware of the period covered by the report.

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?

Whilst it may be a good initiative by the IIRC, we do not support an online database of authoritative sources of indicators or measurement methods developed by established reporting standard setters and others as this may be seen as a benchmark by many

companies and could be perceived as being prescriptive. Many companies could perceive non-compliance if their disclosures are not in line with those published on the on-line database.

In addition, each business has different indicators against which it measures its performances based on its specific circumstances and strategy. While we can understand the attempt to provide comparability with these indicators, it would not necessarily provide information on the business which would be useful to their particular stakeholders.

Other

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

We have no further comments.

CHAPTER 2: FUNDAMENTAL CONCEPTS

The capitals (Section 2B)

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

We agree with the capitals approach but were not certain from the Consultation Draft if these capitals were prescriptive or if an organisation could follow a methodical approach to identify the capitals relevant to their business. It is also not apparent if the business model presented is an example or if organisations are required to disclose the capitals in the business model. We would propose that organisations identify and disclose the capitals relevant to the business and not necessarily include these in the business model presented but rather explain how the capitals are used to create value. The requirement to disclose the capitals in the business model should be optional.

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

We have no further comments.

Business model (Section 2C)

7. Do you agree with this definition? Why/why not?

We agree with the definition of a business model. We also believe that the definition will assist in guiding companies in compiling or presenting a business model.

8. Do you agree with this definition? Why/why not?

We agree with the definition of outcomes. We also agree with the concept of outcomes however in practice it could be difficult to implement. We would propose that additional guidance be provided on the identification of outcomes and the links to the inputs and business activities in the business 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).

We have no further comments.

Other

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

We have no further comments.

CHAPTER 3: GUIDING PRINCIPLES

Materiality and conciseness (Section 3D)

11. Do you agree with this approach to materiality? If not, how would you change it?

We agree with the approach to materiality and believe that it would assist in making the Integrated Report more succinct.

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

Our observations on the “materiality determination process” are that it is very prescriptive and does not take into account that many organisations could have different approaches in identifying materiality. As an example, an organisation could identify materiality based on top issues identified by the Board or items discussed at Board meetings which indicate the collective integrated thinking over an organisation. In addition, materiality should be considered from both a quantitative and qualitative perspective as well as in aggregation.

We propose that organisation provide detail on the materiality determination process applied in the Integrated Report and the current guidance should be provided as an example only.

Reliability and completeness (Section 3E)

13. How should the reliability of an integrated report be demonstrated?

In South Africa, under King III, we apply a combined assurance model and the Integrated Report is endorsed by the CEO and CFO of the company. This provides credibility and an indication of the reliability of the report.

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

We have no further comments.

Other

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

On the issue of comparability, we do not believe that it is appropriate as each company should be able to tell its own story and hence may not necessarily be comparable. Each company is unique and measures success differently based on its strategy. Comparability can only be achieved if a rules based approach is followed, which we do not support.

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 have no further comments.

CHAPTER 5: PREPARATION AND PRESENTATION

Involvement of those charged with governance (Section 5D)

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?

We would encourage the IIRC to include a requirement for those charged with governance to include a statement acknowledging their responsibility for the integrated report as it creates credibility and reliability for the report.

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

We have no further comments.

Credibility (Section 5E)

19. If assurance is to be obtained, should it cover the integrated report as a whole, or specific aspects of the report? Why?

In South Africa, our organisation currently applies a combined assurance model which involves internal and external assurance over specific aspects of the report. Our view is that this should be incorporated in the Consultation Draft.

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.

Please refer to comments provided on question 19 relating to the combined assurance model. We also propose that this section be further expanded on.

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).

We have no further comments.

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?

We believe that a principles-based document provides guidance for organisations to be prepare an Integrated Report and will evolve as organisations embrace the integrated thinking and communicate how they create value to their stakeholders.

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?

- Guidance on combined assurance
- Guidance on how to identify the outcomes in the business model and the link to the inputs and business activities.
- Guidance on endorsement of the Integrated Report by the Board, CEO or CFO
- Guidance on including the determination of materiality, reporting framework etc to be included as an annexure to the report rather than including it in the primary report as it could take 3 to 4 pages thereby increasing the size of the report.

Other

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

We have no further comments.

Conclusion

We thank you for the opportunity to provide comments on this document. Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours faithfully,

Samantha Barnfather

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