

December 28, 2011

Professor Mervyn E. King
Chairman
International Integrated Reporting Council

By email
(dpresponses@theiirc.org)

Dear Professor King

**COMMENTS ON IIRC DISCUSSION PAPER
TOWARDS INTEGRATED REPORTING: COMMUNICATING VALUE IN THE 21ST CENTURY**

We refer to the Discussion Paper, *Towards Integrated Reporting: Communicating Value in the 21st Century*, issued by the International Integrated Reporting Council ("IIRC").

The Institute commends the IIRC's efforts in exploring the alternative in the form of Integrated Reporting as a possible solution to the current issues in reporting as described in the Discussion Paper.

The proposed Integrated Reporting solution has been described at a very high level, including references to forward looking statements, future-oriented disclosures, disclosures on strategy, governance, business model, performance, plans, value creation and stewardship. With such wide-ranging subject matter, we have found the level of description and discussion in the Discussion Paper too distant from a level of specificity that would allow us to provide comments and responses at a suitably specific level. While the high level objectives stated are commendable, we have concerns with the following:

- (i) the manner in which financial information prepared on the basis of a financial reporting framework can effectively be combined with a substantial volume of non-financial information within the same statement, including the very different levels of objective and subjective information that would be combined.
- (ii) the volume that such integrated information would accumulate to within the same integrated report, thus rendering the report itself unwieldy.
- (iii) the different levels of assurance that would apply to such wide-ranging information presented within the same integrated report.
- (iv) the potential for many different parts of the integrated report to be carved-out from an accompanying assurance report.
- (v) the potential for the combination of factors described above to lead to obfuscation of information – by nature, level of objectivity or subjectivity, level of assurance, and by nature of historic- versus future-orientation.

The Discussion Paper refers in several parts to integrated reporting driving innovation. This is an untested proposition and we recommend that if it is to be asserted, suitable evidence and illustration be provided.

Given the concerns we have highlighted, we believe the IIRC should consider the development of a more specific proposals and illustrations if the IIRC is to propose Integrated Reporting as the solution to the issues it has highlighted. In this process, the IIRC might also consider the possibility and feasibility of other alternatives, e.g. building a platform to connect existing types of reports and information, and building principles or standards or such other framework which may be applied across all existing reports and information, etc.

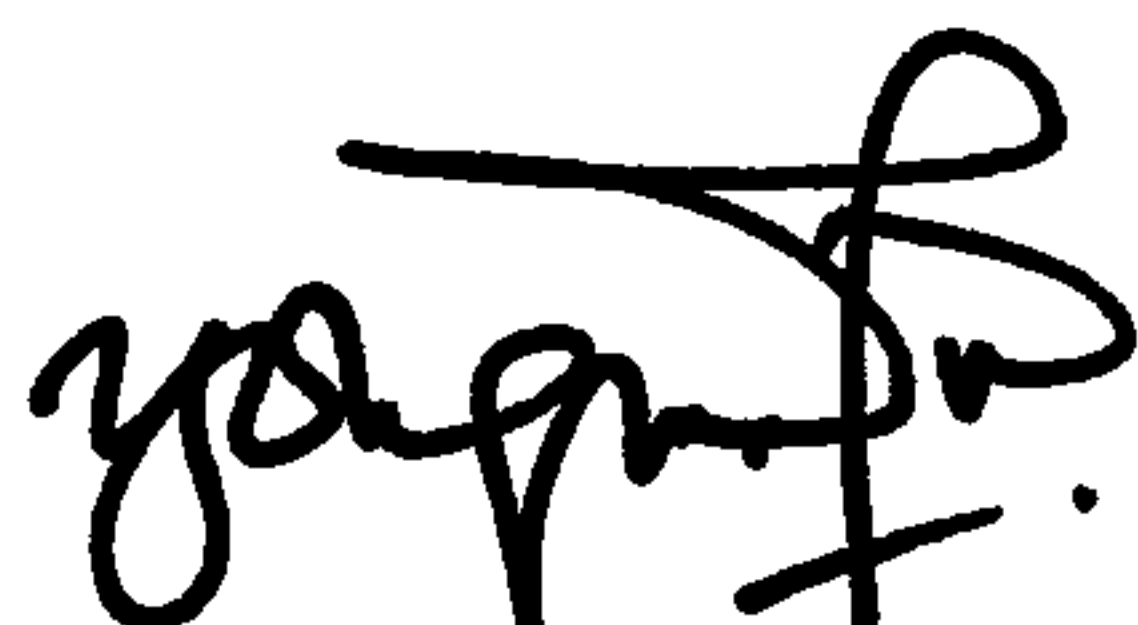
Given our comments above, we will not be submitting responses to the detailed questions set out in the Discussion Paper. Other comments:

- (i) If a framework for Integrated Reporting is to be developed to attain the stated objectives, we anticipate that:
 - (a) it should be an internationally accepted framework
 - (b) it should be directed to public and publicly-accountable entities
- (ii) Notwithstanding the concerns we have stated above, we have found the concept of multiple capitals helpful in explaining how an organisation creates and sustains value.

Please do not hesitate to contact the undersigned or the Institute's Technical Manager, Ms Chow Hsiao Mei at 03-2698 9622 should you require any clarification.

Thank you.

Yours sincerely,



FOO YOKE PIN (Mr)
Executive Director