

Colonial First State

Consultation Draft of the International <IR> Framework

We are writing regarding the Consultation Draft of the International <IR> Framework. We would like to express our broad and continuing support for the <IR> framework and the fundamentally important reform of corporate reporting which the International Integrated Reporting Council (IIRC) is trying to achieve. As an investor member of the pilot programme we have been impressed by the rigour, competence and ambition shown by the IIRC and pilot companies.

In relation to the consultation draft we wish to make the following comments:

- At an overarching level we agree with the fundamental concepts, guiding principles and content elements. We also believe that the framework provides enough flexibility to allow for different types of organisations to report under it in a logical and relevant manner.
- While we agree that the primary audience for the report should be the providers of financial capital, we would suggest this should be further limited to the providers of 'long-term' financial capital (or long-term investors). While this may be self-evident as much of the content of an integrated report would not be useful to short-term investors, we nonetheless believe this point is worthy of clarification.
- We agree that the IIRC should avoid duplicating other standards for disclosure and instead seek to reference those standards for reporting purposes. In this regard we believe the converged IFRS and US GAAP standards (once completed) will provide the basis of financial disclosures while GRI G4 standard will provide the basis for sustainability related disclosures. In this regard both financial and sustainability standards contain guidance on materiality which should be referenced in the <IR> framework.

While not a panacea we consider the development and uptake of integrated reporting as a key element of more sustainable financial markets as the <IR> framework provides an approach to reporting by which investors can better and more holistically understand the companies they invest in. This improved understanding is critical to our industry becoming more effective stewards of our client's assets.

Yours sincerely,
Pablo