

November 26, 2014

Mr. Paul Druckman
CEO IIRC
29 Lincoln's Inn Fields
WC2A 3EE London
United Kingdom

Sent per email: assurance@theiirc.org

Dear Paul,

The International Auditing and Assurance Standards Board (IAASB) commends the International Integrated Reporting Council (IIRC) with furthering the debate on assurance as part of its leadership in the field of integrated reporting <IR>. The two papers on assurance on integrated reporting published by the IIRC help stakeholders understand the role of assurance in strengthening the quality and credibility of integrated reporting.

We were pleased to have participated as an observer in the development of the IIRC Paper, "Assurance on <IR>: An Exploration of Issues", and have experienced the rich discussions within the IIRC Assurance Technical Collaboration Group in preparing this paper. We also attended some of the IIRC roundtables on assurance, as well as the IIRC Pilot Program Conference in Madrid earlier in September where the topic of assurance was also discussed in separate sessions.

The IAASB's work is highly influenced by the international environment in which it operates. In *The IAASB's Strategy for 2015–2019*, one of our strategic objectives for 2015–2019 is to "Ensure the IAASB's Standards Evolve as Necessary to Adequately Address the Emerging Needs of Stakeholders for Services Other than Audits of Financial Statements". We refer to the IIRC's issuance of the International <IR> Framework as one of the important global developments that we will need to consider in achieving this strategic objective.

In support of this strategic objective, our *Work Plan for 2015-2016* includes the activities of the Innovation Working Group, in particular in relation to <IR> and the effects of technology on the audit. The IAASB initiated the Innovation Working Group in 2013 with the remit to *monitor developments in emerging areas of audit, assurance and related services and make recommendations to the IAASB on specific topics for the IAASB to pursue, including whether there is a need for a standard-setting response. These recommendations will take into account whether there is a visible market demand for audit, assurance and related services in the public interest, including the potential need for the IAASB to enhance the quality of engagements that are currently conducted on a widespread basis internationally or are expected to be in the near future.* <IR> was in 2013 identified as a priority area and at its September 2014 meeting, the IAASB agreed with the recommendation of the Innovation Working Group to establish a separate <IR> Working Group (the Working Group).

Assurance on integrated reports is at an early stage of development and will further develop based on user needs. The IAASB therefore intends to spend time further exploring users' needs related to assurance before developing a project proposal related to standard setting. At the same time, the IAASB believes it is important to be proactive in this area and be involved in discussions with different stakeholders on assurance on integrated reports from the early start.

The objectives of the Working Group are therefore to explore emerging developments in <IR>; gather further information on the demand for assurance, the scope of the assurance engagement and the key assurance issues; and explore how the IAASB most effectively can respond via International Standards or non-authoritative material (including Staff publications) and in what timeframe.

The Working Group invited the IIRC to its first meeting in November and intends to continue the dialogue with the IIRC on a regular basis to discuss developments in <IR> and emerging issues relevant to assurance on integrated reports. The IIRC consultation and roundtables on assurance on <IR> will also provide relevant input to the further work of the Working Group and the IAASB will therefore be very interested to see in due course the feedback the IIRC has received from its different stakeholders around the world.

The anticipated milestones related to <IR> included in the IAASB's forward agendas are:

- a) December 2014: Update to the IAASB on market developments in <IR> and emerging assurance issues.
- b) March 2015: Staff Awareness Paper that will provide insight into the market developments in assurance on integrated reports, the existing standards of the IAASB relevant to this area, emerging assurance issues and the anticipated work of the IAASB in this area.
- c) September 2015: Discussion Paper that will discuss the most relevant assurance issues in the area of <IR> and suggestions for IAASB responses.
- d) March 2016: Feedback Statement reflecting the IAASB's discussions with stakeholders, including responses received to the Discussion Paper.
- e) June 2016: Project proposal submitted to the IAASB addressing the development of an international assurance standard or an International Practice Note to provide practical assistance to practitioners on existing standards.

These anticipated milestones will be discussed with the IAASB at its December 2014 meeting and further advice will be obtained from the IAASB Consultative Advisory Group at its March 2015 meeting. Based on these discussions further changes may occur in the anticipated milestones.

If you have any questions regarding the above, please do not hesitate to contact me at ArnoldSchilder@iaasb.org, or alternatively, Nancy Kamp-Roelands, Deputy Director, at NancyKamp@iaasb.org, who from Staff is responsible for supporting the Working Group.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Arnold Schilder", is located below the text "Yours sincerely,".

Prof. Arnold Schilder
Chairman, IAASB