

November 28, 2014

Mr. Paul Druckman  
Chief Executive Officer  
International Integrated Reporting Council (IIRC)  
29 Lincoln's Inn Fields  
London  
WC2A 3EE  
United Kingdom

**Dear Mr. Druckman,**

We, the IBRACON – Instituto dos Auditores Independentes do Brasil (Institute of Independent Auditors of Brazil), appreciate the opportunity to comment on the Discussion Paper – Assurance on <IR>: An exploration of Issues (Discussion Paper), issued by the International Integrated Reporting Council (IIRC). Please find below our comments and responses to the paper.

As assurance providers, we argue that establishing suitable criteria is essential to develop verification standards and/or integrate ESG factors into traditional financial standards, which provide technical guidance to guarantee independence, skills, knowledge and professional skepticism. In addition, it is important to clearly understand the expectations of investors and other stakeholders regarding assurance in order to determine the subject matter as well as verification methods. On the other hand, although we acknowledge the importance of this debate, we also recognize that its progress is hindered by the fact that most organizations are still struggling to comprehend and apply fundamental concepts of <IR>, such as integrated thinking and connectivity. .

Furthermore, we consider that awareness and proper application of the <IR> Framework itself by organizations is also critical to assurance.. Assurers can certainly be prepared to verify an <IR> as long as minimum framework concepts are further elaborated. The current Framework seems broad, which makes it difficult for assurers to attend IAASB guidance and/or other standards for independent revision.

Accounting assurers also follow IFAC statements which offers guidance on ethics, independence, skills development and quality control for assurance engagements, which induce accounting firms to develop skills on financial and non-financial information. Therefore,, accounting firms have important skills and will continue develop new skills to provide assurance with quality and credibility, in view of <IR> developments.

Evaluating the maturity level of internal controls and systems already poses a great challenge when performing independent financial verification. <IR> demands much more than collecting and consolidating financial and ESG data for an independent verification. Thus, the robustness of systems is a key point when considering the cost-effectiveness of an assurance engagement, as it will determine the amount of effort required by the independent assurer. This is one of the reasons why IIRC should consider first to determine credibility for an <IR>, strengthening its concepts in order to orient its application by organizations. After this, with clear suitable criteria and subject matter it is possible to expect from assurers a credible verification. Also, it is very important that assurers continue applying available standards for financial and non-financial information stated by IAASB until the report users' expectations were set by IIRC through the framework application by organizations. Hybrid or combined assurance can be an option for performing assurance for <IR> until the Framework is well adopted by organizations.

The market today expects from financial assurers conclusion statements which allow users to better understand how an assurance review is performed. Hence, the expectation for non-financial information statements from assurers should be set by IIRC before considering the development of new assurance standards. Rather than this, we are in favor of IIRC engaging with financial standard setters to integrate ESG factors into the existing assurance standards, which are already being reviewed by account standard setters in order to attend market expectations.

Finally, the IIRC should focus primarily on the “integrated thinking” concept, establishing suitable criteria for assurance providers to develop and/or consider this as part of the financial standards that are being reviewed to attend financial user’s expectations. In the meantime, we strongly believe that a dialogue with IAASB and other accounting players and reports’ users can be a great starting point to build, if necessary, a specific assurance standard for an integrated reporting and/or report.

Yours sincerely,



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