Consultation questions

The IIRC welcomes comments on all aspects of the Draft International <IR> Framework (Draft Framework) from all stakeholders, whether to express agreement or to recommend changes.

The following questions are focused on areas where there has been significant discussion during the development process. Comments on any other aspect of the Draft Framework are also encouraged through the questions.

Please provide all comments in English.

All comments received will be considered a matter of public record and will be posted on the IIRC's website (www.theiirc.org).

Comments should be submitted by Monday 15th, July 2013.

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Stakeholder group: Report preparers

If replying on behalf of an Organization please complete the following:

Organization name: Teck Resources Limited

Industry sector: Basic materials

Geographical region: Global

Key Points

If you wish to briefly express any key points, or to emphasize particular aspects of your submission, or add comments in the nature of a cover letter, then the following space can be used for this purpose. Please do not repeat large amounts of material appearing elsewhere in your comments.

Overall, we welcome a framework for Integrated Reporting. We felt that more clarity around expectation of what is required for in accordance with the framework and what is aspirational, more guidance (it is not end-user friendly, consider creating a guidance manual with definitions, examples and clearer language on expectations) and examples of best practices, better alignment on materiality with other reporting guidelines (companies should not have to do different materiality analysis for different reports), clearer guidance fore report assurance providers would help strengthen the document for use by report preparers. It is an aspirational document, and the evolution will take multiple years to apply, this should be captured a statement or in the guidance.

Chapter 1: Overview

Principles-based requirements

To be in accordance with the Framework, an integrated report should comply with the principles-based requirements identified throughout the Framework in bold italic type (paragraphs 1.11-1.12).

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

Consider making integrated thinking a principle. How is integrated thinking different from connectivity of information? If it's a separate concept, should it be a principle? if IR is guided by the framework and integrated thinking, could it be a principle.

Interaction with other reports and communications

The <IR> process is intended to be applied continuously to all relevant reports and communications, in addition to the preparation of an integrated report. The integrated report may include links to other reports and communications, e.g., financial statements and sustainability reports. The IIRC aims to complement material developed by established reporting standard setters and others, and does not intend to develop duplicate content (paragraphs 1.18-1.20).

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

We would like guidance on how to reconcile applying materiality for IR purposes with applying materiality for GRI purposes. A different audience and stakeholder set for IR as opposed to a sustainability report would lead to a different materiality process and perhaps result resulting in duplication of efforts. In an era of reporting overload, we encourage IIRC to seek alignment with other reporting frameworks and guidance, and direct reporters to those sources. As an organization committed through ICMM membership to produce an A+ level GRI report, we want to understand how the GRI's protocols for defining content, boundary, and scope sufficiently aligned with the requirements determining content, boundary, and scope for an IR or explicit guidance on additional steps a company must take to ensure alignment. Ensuring alignment of IR and GRI will lead to more companies using the IR framework.

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?*

GRI, CDP, Rating agencies (DJSI), Investor requests, SASB, ICMM.

Other

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

> Who makes the determination of "in accordance with". Need to ensure some level of flexibility to apply to different organizational structures. All context and guidance should be in one place. There seems to be duplication and confusion between executive summary, overview and fundamental concepts (chapter 2). IR also uses the principle of stakeholder responsiveness like AccountAabilitiy. However, AccountAbilitiy's responsiveness principle is tied to the inclusivity principle. Can you explain how and where it differs as many reporters have drawn on the AccountAbiltiy principles for years.

Chapter 2: Fundamental concepts

The capitals (Section 2B)

The Framework describes six categories of capital (paragraph 2.17). An organization is to use these categories as a benchmark when preparing an integrated report (paragraphs 2.19-2.21), and should disclose the reason if it considers any of the capitals as not material (paragraph 4.5).

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

> The capitals model is a unique approach, however, more guidance and examples would be useful on applying.

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

Business model (Section 2C)

A business model is defined as an organization's chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term (paragraph 2.26).

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

> We agree with the definition but context for the business model would be useful as well as examples on how it's reported.

Business model (Section 2C) continued

Outcomes are defined as the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs (paragraphs 2.35-2.36).

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

We agree with the definition, however it is too broad and more guidance is needed for application. For example, do inputs and outputs apply for the short, medium and long term and if so how do you measure outcomes for the long term?

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 (see Section 4E)?*

Other

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

The framework does not include a definition of value. What does IR mean by value? Who defines value? For whom is the value created? Since value creation is at the heart of the framework, one would think some clarity around value or at least a definition would be included.

Chapter 3: Guiding Principles

Materiality and conciseness (Section 3D)

Materiality is determined by reference to assessments made by the primary intended report users (paragraphs 3.23-3.24). The primary intended report users are providers of financial capital (paragraphs 1.6-1.8).

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

More guidance on methodologies for determining materiality would be useful, particularly around prioritization, how to calculate value, and guidance on how to includes systematic issues and risk in integrated reports. The structure of the framework appears to commit senior management or those charged with governance to playing a fundamental role in producing an IR. Although it would be ideal for these individuals to play such a role, clarity needs to be provided in terms of whether this is an ideal state or aspirational goal as opposed to a requirement, particularly with regards to materiality. (E.g. 3.23 a matter is material if, in the view of senior management and those charged with governance… Or in 3.32 Senior management and those charged with governance exercise judgment in deciding whether…). A statement or acknowledgement related to the likelyhood that IR is a process and evolution, and that this is an aspiration to have sign off at this level could be provided for clarification and context.

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

> The three time frames are unique to each company, therefore a stronger definition of what these time frames mean could help support comparability.

Reliability and completeness (Section 3E)

Reliability is enhanced by mechanisms such as robust internal reporting systems, appropriate stakeholder engagement, and independent, external assurance (paragraph 3.31).

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

> Further clarity, expectation and guidance on assurance could be provided and possibly what these implications could be for a company. For example, what are the impliciitions of combined assurance? How do you determine "how ready you are" as an organization? How do you engage financial teams who will definitely be shy about this transition to combine non-financial and financial assurance? Particularly when non-financial systems are significantly less reliable and less mature than financial systems.

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

Other

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

> There is inconsistent language in the framework. We need to know whether an element is prescriptive, optional, or for guidance. Each section in chapters 3 and 4 contains the word "should" (e.g. 3.48 the information in an integrated report should be presented…) However, in the earlier sections, it is stated that reporters are required to comply with these principles. There needs to be a clear distinction. Further, many of the concepts and principles are stated to b aspirational or desired end states. It is assumed that these are not prescriptive elements of an integrated report. For example,
>
> • 2.8 "the organization's strategy identifies how it intends to maximize opportunities";
> • 2.28 "an integrated report identifies the key inputs"
> • 3.49 "Reporting policies are followed consistently from one period to the next unless a change is needed…"
>
> However, in the Summary section, it states that chapter 4 identifies required disclosures, and section 4.1 states that "an integrated report includes the following content elements", implying that all other sections with command verbs are also requirements. Again, the intent needs to be clear to framework users and the language used throughout must be consistent.

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).*

Chapter 5: Preparation and presentation

Involvement of those charged with governance (Section 5D)

Section 5D discusses the involvement of those charged with governance, and paragraph 4.5 requires organizations to disclose the governance body with oversight responsibility for <IR>.

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?*

See comment above. Again, should this be aspirational?

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

Credibility (Section 5E)

The Framework provides reporting criteria against which organizations and assurance providers assess a report's adherence (paragraph 5.21).

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

It should be up to the company and its stakeholders how assurance should be obtained. It should align with the level of maturity of the organization in terms of IR and how "ready" an organization is to obtain assurance.

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.*

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).*

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?*

Right now the framework is not clear enough, could use more definitions, guidance, context, examples and practical applications. We recommend looking at the ICMM Assurance framework which is also principles based, looks at identifying priritizing and reporting on materiality. They also have a guidance document. IIRC could engage with assurance providers to help provide more guidance on how this could be done.

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?*

1. Materiality 2. A guidance document for application of the framework 3. Capitals 4. Guidance on how to quantify long term outputs

Other

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

Please save the completed PDF form to your computer and submit via the IIRC website at www.theiirc.org/consultationdraft2013