

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 believe that an integrated approach to reporting benefits our company and our stakeholders. As we continue on this journey, we cannot emphasize enough the effort that is required to develop and enhance the processes necessary to inform our integrated report. However, we feel the efforts have benefited our company, and will continue to do so, by enabling more robust and thorough discussion of all the attributes that impact our ability to deliver value for our stakeholders. We support the IIRC's initiatives to develop an integrated reporting Framework that will establish and underpin globally consistent application of integrated principles in corporate reporting.

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.

We note that the Consultation Draft contains 21 principles-based requirements identified in bold italic type that take account of the content of the Framework as a whole, including the Fundamental Concepts. Assuming the statements in bold italics have been prioritized by the IIRC as the key principles around which the entire Framework is constructed, and the non-bold italics are supporting material to aid in understanding the key principles, we provide the following commentary:

Paragraph 2.42 notes that it is not the purpose of an integrated report to measure the value of an organization or its capitals, but rather to provide information that enables the intended report users to assess the ability of the organization to create value over time. We do not believe the principles as outlined sufficiently and consistently recommend a reporting entity that will enable stakeholders to consider whether net value has been generated by an organization.

The Framework defines primary value-driving areas within an organization as "capitals," and says stakeholders are responsible for assessing an organization's disclosures about the different capitals and determining whether, overall, value has been created or destroyed. The supporting discussion within the Fundamental Concepts examines what a reporter's responsibility should be: To address individual capitals and their material and relevant value considerations over multiple time frames, as well as interrelationships and interdependencies and trade-offs among them. Value determination and the capitals concept are inextricably linked in the Framework. The capitals concept is fundamental to organizations reporting and stakeholders assessing the question of net value, and provides for better insight into the mind of management on this question. Yet in 4.27, the bold, italicized principles consider the capitals only as a performance principle. The priority of the capitals should be increased by introducing them as fundamental principles and better tying them through the value principles. To us, this means stating as a bold, italicized principle: Organizations should use the capitals concept. Certainly organizations can execute this in many different ways, as long as the concept relative to value is evident to the users of the reporting. Additionally, considering that reporting practices have historically been largely biased to the positive – e.g., in answering the question, "Why invest?" – we believe the capitals individually and as a whole provide a better opportunity for balanced discussion and analysis of value.

Corollary to this point: Practically speaking, organizations with access to financial capital or the ability to generate it can survive for a long time without adding net value (i.e., at the expense of one or more of the other capitals). We question the story such companies may choose to tell

if the Framework principles (bold, italics) do not consistently embed the capitals concept as fundamental, as is repeatedly done with value.

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?

Following on the discussion in 1.15, Integrated Thinking: We believe that for an organization to be a successful integrated reporter, integrated thinking must pervade ALL its reporting inputs and outputs. Practical internal and external execution aspects of successful integrated reporting are not well reflected in the Framework. Lack of guidance on how a successful integrated reporting process can be constructed puts the acceptance and adoption of this entire IIRC initiative at risk.

We believe integrated reporting is far more than preparing an integrated report.

Neither integrated reporting nor an annual integrated report is a requirement of regulators in major capital markets and we believe they are unlikely to be so for years. Reporting entities will choose to buy in, or not, depending on the merits of this type of reporting versus or in conjunction with what they are already doing. The volume of standards, guidance and advice currently available from regulators, GRI, accounting bodies or groups created by them, public accounting firms, consultants, etc., is massive, a large basket of continuous regulatory reporting requirements, summary annual report, annual report, specific financial reports, summary sustainability report, annual sustainability report, corporate reporting on the internet, other stakeholder-specific reports, etc.

In practice, it is often the same people within an organization – already working under very tight deadlines and constraints – who will be asked to consider this initiative. As such, whether integrated reporting is embraced or not will depend on a cost/benefit (penalty/reward) analysis: The financial commitment, personnel or effect on deadlines of doing something substantially different or new; the cost of not doing it relative to reporting peers or not meeting stakeholder and market expectations; this versus the benefit internally as described below, and/or benefitting externally by getting ahead of changing stakeholder expectations, increasing transparency, reputation and generally improving stakeholder decision-making.

We believe it could be of concern to organizations that this Framework requires yet another, principally different report that may overlap with the many other reports developed. The IIRC makes clear that it is not attempting to replace existing reports with this initiative yet does not desire duplication. We understand there may be sensitivities across other organizations and individuals establishing guidance that this IIRC Framework may affect (e.g., SASB, GRI, GISR). The overlap is confusing to us and would, we suspect, also confuse other reporting organizations, and should be clarified. Practically and principally, developing and optimizing an organization's reporting under this Framework should call into question all organizational content externally reported, and how it is developed and delivered to stakeholders. It should question the existence of other reports or their component parts, otherwise higher costs, inefficiencies and duplication could occur.

We believe a key benefit of integrated reporting is the opportunity to better embed integrated thinking into organizations. A focus on continuing improvement of integrated reporting processes internally provides the opportunity for better reporting externally. By engaging key stakeholders and executive management to determine and prioritize value drivers, value opportunities, issues, risks, etc., while explicitly considering value connections and trade-offs in the context of the capitals, there can be better understanding by stakeholders of the mind of management. We can then be prepared to report in an integrated way on all material matter in all reports and reporting modes. For example, all relevant external reporting information and content can be developed using principles of integrated reporting and executed in a hub on a

corporate website. Any and all relevant reports, including the annual integrated report, can be generated from that hub, and contain information founded in the key integrated characteristics.

In summary, the effect of 1.18 and 1.19 and the overall discussion/guidance in the Framework on a reporting organization centers on developing an annual integrated report, rather than on a strategic rethinking of how all reporting can be more integrated, how all quantitative and qualitative data and other content, and discussions and analysis of it, can principally be more integrated and better executed overall, of which an annual integrated report and the information within it is simply one tool. Despite the effect on other agencies and groups (e.g., sustainability-related), the IIRC should explicitly acknowledge that its recommendations, if done correctly, could and likely should affect other external reporting processes and reports.

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?*

To address the potential “not another report!” or “where do I start?” responses from reporting organizations, consider it essential that an online database of shared best practices for integrated reporting be developed. It should include an appropriate number of practice case studies.

This database should be as all-encompassing as possible regarding leading organizations’ internal and external thinking, practices and processes on this subject. We continue to refer to such sources as the World Economic Forum (Global Risk Report), SASB, GRI, GISR, UN Global Compact, the Carbon Disclosure Project and DJSI, along with commentary and guidance provided by the large accounting firms, to inform our integrated reporting process.

The hows of integrated reporting that other organizations would be interested in may be: How to determine the key matters of investors, other stakeholders and management; how those matters relate to corporate goals, objectives, strategies, risks and performance targets; how stakeholder prioritization and matter prioritization criteria are developed, including and especially specific approaches to assessing importance of matters; how integrated reporting models are developed and executed in organizations; and how optimization of those models provides opportunity to improve overall corporate reporting and reports (e.g., how specifically websites are used, print reports including the annual integrated report are developed, other reporting priorities integrated in a delivery model, etc.).

Other

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

None.

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?*

We agree with the concept of the capitals, and the categories the IIRC has identified. The Framework of considering capitals provides a clear and complete methodology to ensure all relevant aspects of the business are identified and assessed, as well a complete picture of the resources and relationships the business depends on and how it affects them.

The Consultation Draft clearly recognizes that while the categories of capitals are specifically identified, they are highly interdependent. We believe this is important to ensure the concepts are not misunderstood and the capitals are not considered in silos.

However, we believe it may be challenging for companies to change their thinking from more

traditional descriptions to considering items as capitals, which would lead to challenges in integrating and aligning the concepts internally. We suggest the categories and definitions be retained, but that the titles be changed from the use of capitals as the primary descriptors.

If the capitals are retained as the titles, we find the description "intellectual capital" to be less appropriate than the titles of the other capital elements. Further, we question whether "intangibles associated with the brand and reputation that an organization has developed" would be properly categorized as intellectual capital. Given this capital element is further defined as "[o]rganizational, knowledge-based intangibles," we suggest the term intellectual capital may be better described as, and should be changed to, intangible or organizational intangible capital. While the definition would be unchanged, we believe such a term would be more descriptive of what the definition comprises, facilitating a better snapshot view of the capital elements without the need to keep referring back to the definition to understand what the element entails.

Please refer to Section 4 for discussion of paragraph 4.5.

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

Sections 2.2 and 2.5 of the Consultation Draft suggest disclosures related to the capitals:

- 2.2: "Disclosures about the capitals therefore include the factors that affect their availability, quality and affordability and the organization's expectations of its ability to produce flows from them to meet future demand."
- 2.5: "It is important, however, that an integrated report disclose (as required by paragraph 4.5) the interdependencies that are considered in determining its reporting boundary, and the material trade-offs that influence value creation over time, including trade-offs: Between capitals or between components of a capital...Over time...Between capitals owned by the organization and those owned by others or not at all."

These statements seem to imply a company should disclose its business model and information pertaining to capitals. We feel the Consultation Draft could more clearly connect the capitals and other fundamental concepts discussed in Section 2 to the Content Elements laid out in Section 4 and the preparation and presentation considerations in Section 5. For example, the capitals are discussed as fundamental concepts but are not mentioned in the Content Elements in Section 4 or preparation and presentation considerations in Section 5, which instead seem to suggest organization of the report in other ways.

If it is intended that the capitals be the benchmark to ensure all capital forms are considered and part of the theoretical underpinning for the concept and determination of value, but not necessarily disclosed or discussed in this manner in the document itself, it would be helpful to state that and expand on how the consideration of capitals may manifest itself into the integrated report disclosures.

If it is the expectation that capitals will be or could be reported on explicitly within the document, it would be helpful to incorporate the concepts of capitals directly into the Content Elements included and discussed in Section 4 to understand how the IIRC envisions the capitals concept practically manifesting itself within an integrated report.

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 this definition. We believe the business model is a key point of integration for the company's activities and the stakeholder interests.

We believe it would be beneficial to expand on what short, medium and long term encompass as envisioned by the IIRC. Since the application of these terms may differ among businesses and hence result in differing periods of time, it would assist to provide background around what considerations the IIRC suggests should be included in deciding how short, medium and long term are defined and determined by a company.

We believe it would also be beneficial to provide guidance on the expectation of the level of weighting given to the short, medium and long term when defining the company's business model. This would be of particular importance when factors, performance or impact on value may be competing or differ when considered within those time frames.

In our view, the concept of innovation should be more prominently addressed within the business model discussion.

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 this definition. Refer to Section 1 for further views on this topic.

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)?

None.

Other

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

Underlying the premise of integrated reporting is the concept of value, which is discussed most significantly in Section 2D of the Consultation Draft. While it centers around value and discusses some components of value, the Consultation Draft does not address the fundamental question of what value is and how a company should define value in its context.

We believe the concept of value could be expanded upon and clarified to say exactly what constitutes and defines value as it is contemplated by the IIRC.

The discussion should also address how different components can be analyzed and compared in terms of value creation. For example, a company may need to compare natural and financial capital items and determine which are most significant in value creation and warrant discussion within the integrated report. The manner in which these may impact value could differ significantly depending on how value is defined, the basis by which such items may be compared and the relevant time frame over which such value is considered.

Additionally, the external environment is discussed as part of Content Elements in paragraphs 4.8 and 4.9. However, while it is noted in Figure 2 and 3, it is not expanded upon within the Fundamental Concepts in Section 2. We believe the importance of the external environment, which is integral to a company's value creation process vis-à-vis what it does with the capitals and what the outcomes are, should be enhanced in this section.

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?

We do not believe that it is the role of the IIRC to define materiality. We believe the IIRC can provide guidelines for consideration in determining what matters are discussed in an integrated report without having to provide a new definition of materiality.

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

As a principle fundamental to financial reporting, materiality has been defined by many standard setters and regulators for such application. In the case of publicly listed companies in Canada and the United States, the identification of an item as material under the applicable regulatory regime drives not only specific disclosure requirements, but the company's liability for its disclosure.

The Sustainability Accounting Standards Board ("SASB") in the United States is seeking to establish standards for disclosure and accounting of material sustainability issues. The *SASB Conceptual Framework Exposure Draft* notes the following:

"1.13 While SASB's goal of broadening the definition of materiality to include non-financial ESG information can be very beneficial to those concerned with the contribution of business to sustainable development, it is primarily for the benefit of those concerned with the financial performance of investments."

We see such broadening of the definition of materiality in both IIRC and SASB Frameworks as presenting potential regulatory and legal implications, especially where there is a lack of alignment between material matters as defined under the integrated reporting framework and the regulatory reports (e.g., 10-K in the US) required to be filed. In particular, companies will make disclosure determinations based on these regulatory regimes. Until this potential conflict has been adequately addressed, we believe there are significant problems with the IIRC proposing any definition of materiality. More specifically, we suggest the IIRC consider whether use of this term is necessary in this context, or whether another term may be more descriptive of what the Consultation Draft is trying to convey and address; i.e., recommended guidelines a company may consider in determining what matters to discuss in an integrated report.

In addition, we believe improvements can be made to the Consultation Draft's approach for the determination of the types of matters for inclusion in the integrated report. We agree with the key steps outlined in the process, i.e., identify relevant matters, assess importance and prioritize. The draft provides few details on how relevant matters should be identified for inclusion. While 3C speaks of the relevance of stakeholder engagement as part of the identification of matters, it may be useful to provide other sources or factors for consideration, such as:

- matters having financial implications (in short, medium or long term)
- peer-based norms
- legal or regulatory matters
- societal norms
- matters of corporate policy.

The Consultation Draft process for assessing importance is driven by an assessment of magnitude and likelihood of effect. We see the proposed approach as an event-driven and risk-based approach, and do not believe this to be comprehensive enough to cover the vast array of matters that could arise in the identification process. Further, we are not certain a single process for assessing importance can be applied across businesses and industries. We reiterate our belief that the IIRC should not be attempting to define importance of the matters but rather allow each entity the flexibility to determine their own process for assessing the importance of the matters relevant to them.

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?

We believe that reliability is achieved primarily from the appropriate design and operation of a company's internal reporting systems and processes. Ultimately, we believe this reliability will be proven over time to the degree that the users of a company's integrated report are able to garner the insights they need to understand its value creation story and are not surprised by

developments that impact such value.

We agree that appropriate stakeholder engagement is necessary to help ensure the completeness of relevant matters for consideration. We do not, however, see immediate value in an independent external assurance process, given the newness of some of the internal processes involved and the degree of subjectivity involved in the judgments required.

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

Paragraphs 3.33 and 3.34 deal with the concept of balance within the integrated report. While we agree that both positive and negative matters should be included, we perceive challenges in presenting such matters in an equal weighting given who the primary intended user of such report is and the historical bias in such reporting.

Other

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

None.

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).

Generally, the Content Elements suggested make sense. We believe the challenge will be for companies to determine how to present the various requirements in a concise format. We think company websites will be **integral** in delivering reporting on an ongoing basis and provide users with the ability to get the most important information as determined by the priority matrix, and to determine the level of detail they wish to obtain.

The way the Framework and Content Elements are presented suggests they have been developed for the purposes of a written report; we believe it to be much broader (see response to question 2 in Overview). While the purpose of an integrated report may not be to replace other reports (sustainability, proxy, etc.), we ask how it is then to be distinguished from other reports. For example, many of the Content Elements suggested by the IIRC directly overlap with the Standard Disclosures suggested by the GRI for a sustainability report. If the integrated report focuses on the most material items, we wonder whether having just one report might make the most sense so as to avoid overlap and repetition, and whether it is the expectation that companies continue to expend resources on producing multiple reports which duplicate information.

We believe a challenge for many organizations will be how to organize the report, as the Framework leaves it to the organization to determine how it will report on key items. For those companies that embrace it, this Framework is both an opportunity and a challenge. It allows for reporting and discussion to evolve over time; we like that a company can adapt to address the most important matters it faces at the relevant reporting time. The Framework encourages a holistic discussion of what is material to the company and the factors that impact its ability to create value in the short, medium and long term.

Governance – This section requires an integrated report to focus on significant policies and practices, while the Opportunities and Risks section asks that companies remove boilerplate language. We question whether, if policies and practices don't change significantly year over year, there is value in repeating them in each report or if reference can be made to other sources, such as the company's website. Further, we suggest the Framework should center around how remuneration and incentives create value, and not simply on the policy itself.

Opportunities and Risks – We expect legal departments within organizations will likely need to be further engaged on the value of an integrated report, as companies may be challenged on its disclosure of specific opportunities and risks compared to regulatory requirements for similar disclosures.

Performance – We believe there is a real opportunity to demonstrate the link between financial performance and the capitals. Benchmarks will be necessary to demonstrate improvement. Measures for non-financial items are not standardized in most cases, which presents a challenge when trying to provide benchmarks to make comparisons. We believe some standard disclosures will become necessary so reports can be compared across industries, whether developed and communicated by the IIRC over time or by other organizations.

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?

In our opinion, requiring a statement acknowledging their responsibility for the integrated report is not critical. Since the IIRC is asking companies to adopt a Framework – based on key fundamental concepts and guiding principles – rather than providing specific guidance for data or other specific reporting items, we believe having responsibility acknowledged provides little value to the user.

18. Please provide any other comments you have about involvement of those charged with governance?

We view governance as a function of a company's values, policies and interactions with its stakeholders – and an integrated report as a product of such commitments. Those charged with governance have a responsibility to ensure that the building blocks are in place to support good governance and already sign off on policies and regulatory disclosures (proxy, financial statements and specific company policies) put in place to achieve such governance objectives. Given that the scope and depth of discussion in an integrated report are much less detailed than in those items noted above, we do not feel that it is appropriate (or value-added) to require additional acknowledgement of responsibility.

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?

We do not believe that assurance should be obtained.

Given the guidance that currently exists, we do not believe there is a comprehensive set of standards that would permit assurance on the integrated report as a whole. Certain aspects of an integrated report may lend themselves more readily to an assurance process; however, given that most companies are in the early stages of integrated reporting (or have yet to adopt it) and that the processes and systems needed to support such reporting are just developing, we believe it is premature to expect any significant value from the assurance process.

As noted in our response to question 13, we believe the degree of subjectivity and judgment involved in various aspects of the integrated report present a further challenge to the assurance process.

20. Please provide any other comments you have about Credibility (Section 5E). Assurance providers are particularly asked to comment on whether they consider that the Framework provides suitable criteria for an assurance engagement?

No additional comments.

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).

No additional comments.

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

While we believe certain Content Elements should be enhanced or revised, as described in our responses to the questions above, overall we believe that an integrated approach to reporting is a benefit to our company and to our stakeholders, and that the concept of the Framework is appropriate for the uses and objectives noted.

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?

We suggest the following:

- Identification of matters of relevance for inclusion in an integrated report. The capitals provide a broad framework for identification and consideration of matters. However, within the capitals are several individual matters that must potentially be considered for inclusion. We believe a number of factors should be considered in identifying potential matters of relevance to the company, such as: A company's own stakeholder survey/assessment results, topics identified as significant by peer companies in the industry sector; societal norms which may include as a proxy attributes from other non-governmental organizations' reporting models (e.g., World Economic Forum Global Risk Landscape, Dow Jones Sustainability World Index); the company's own risk management matrix; various other company policies (internal and externally published). We believe it would be beneficial for the IIRC to provide explanatory material on processes that may be beneficial to ensure relevant matters are identified, including sources to consider in identifying potential matters of relevance.
- Determination of priorities for reporting of matters in an integrated report. As described in our response to Question 12, we believe materiality is a concept that is beyond the role of the IIRC to define. We believe significant judgment is required in determining what matters may be a priority for inclusion, and that the IIRC's role is to provide guidelines for consideration without providing a new definition of materiality.
- Consultation with stakeholders. For reporting to be relevant and focused on the most significant matters, we believe the company must consider what is important to it and what is important to its stakeholders. We believe a stakeholder consultation process is necessary to assess importance to stakeholders. Such a consultation process can take many forms, and may differ by stakeholder group. We believe users may benefit from case studies or examples of how stakeholder input could be obtained.

Other

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

No additional comments.