

Dear Chairman King:

I write in my capacity as Founder and Co-Chair of Global Initiative for Sustainability Ratings (www.ratesustainability.org). GISR's mission is to accelerate progress toward the global sustainability agenda through the creation of a generally accepted, transparent and non-commercial sustainability ratings standard.

I commend the Committee's work in launching its integrated reporting process. Integrated reporting, if properly designed to truly capture the interdependencies of financial and sustainability performance of the organization, can play a pivotal role in integrated ratings. For that reason, GISR looks forward to developing a collaborative relationship with IIRC to ensure optimal harmonization of our respective efforts.

Like integrated reporting, Integrating ratings, toward which sustainability ratings is a critical step, requires assessment of all drivers of long-term value creation. As the IIRC Discussion Paper argues, such an assessment depends on the organization's use and stewardship of social, natural, intellectual, human, manufactured and financial capital. No one form of capital is dominant in this regard. Instead, it is the interaction and synergistic relationship—"connectivity" in the language of the Discussion Paper—across all forms of capital that determine company performance. Long-term value flows from continuous innovation in embedding these interactions in the organization's strategy, management, products and services.

The Discussion Paper's definition of integrated reporting aligns with the above perspective. I hasten to add, however, that operationalizing the concept of "material information" in the design of an integrated reporting framework must adopt an expansive and inclusive approach to materiality. Specifically, materiality should encompass the interests of all stakeholders—investors, employees, customers, communities, the environment, future generations—affected by the organization's activities. In practical terms, an integrated report will assign equal weight to, for example, how human capital affects financial capital as it does to how financial capital affects human capital. This parity lies should lie at the heart of a future integrated reporting framework and, ultimately, an integrated reporting standard.

I look forward to keeping apprised of IIRC's 2010 activities.

Respectfully submitted

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