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Dear Members of the International Integrated Reporting Committee,

I write on behalf of the Sustainability Accounting Standards Board (SASB), a 501c3 organization that provides sustainability accounting standards for the disclosure of material sustainability issues by publicly-listed corporations in the U.S, for the benefit of investors and the public. SASB receives strategic guidance from a Board of 13 members and an Advisory Council of 130 members. SASB's standards development work is overseen by a Standards Council of 15 experts in accounting, law and sustainability and vetted by Industry Working Groups with more than 650 experts participating in three sectors to date. These working group members represent $8.8T assets under management and $3.2T market capital.

SASB is invested in the work of the International Integrated Reporting Committee (IIRC) and is honored to provide official comments on the Consultation Draft Integrated Reporting Framework (Draft IRF).

SASB's development of industry-specific disclosure and accounting standards on material sustainability issues complements with the work of the IIRC. Many of the elements of the Draft IRF fully align with elements of SASB's Conceptual Framework, including our respective approaches to materiality, boundary and accounting for capitals.

Specifically, the principles-based approach in the Draft IRF complements SASB's approach, which prescribes sustainability topics that are material at the industry-level, for consideration of inclusion on annual regulatory filing by individual companies based on specific operating context. For topics that companies deem material in their specific operating context, SASB provides comparable metrics to account for company performance. This approach is also consistent with rules of public disclosure in U.S. capital markets, whereby materiality determination is ultimately the responsibility of companies, with ultimate liability of senior management.[1]

Strategically, we view SASB's work of promoting disclosure of material sustainability issues in annual and other SEC filings of publicly listed companies in the U.S. as a practical implementation of the concept of integrated reporting in the context of U.S. capital markets. SASB standards provide specific disclosure and accounting metrics to put the concept of integrated reporting into practice.

However, we believe one element of the Draft IRF—integration with other reports and communications– is not fully compatible with U.S. Federal disclosure regulations and disclosure requirements for publicly-listed companies in the U.S., and therefore could represent a hindrance

[1] Sarbanes-Oxley Act of 2002.

for a successful implementation of integrated reporting in the U.S.

U.S. Federal law already requires publicly listed companies to disclose material information, defined as "presenting a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the "total mix" of information made available."[2]

Specific disclosure requirements are established by federal regulation (Regulation S-K) and require publicly listed companies to disclose material information at the time of initial public offering (Form S-1) and thereafter on an annual and quarterly basis (Form 10-K and 10-Q) and on an on-going basis upon material corporate events (Form 8-K). Similar disclosure requirements are imposed on foreign corporation that issue share to the public in the U.S. (Mainly Form 20-F).

Therefore, Form 10-K and other mandatory SEC filings for publicly listed companies (SEC Filings) are the logical platform for Integrated Reporting by publicly listed in the U.S., for the following reasons:

- SEC Filings are the official conduit of material information between companies and investors and one of the main source of information for capital markets, on which investor base their follow-up information request and valuation models.
- SEC Filings are mandatory for corporations (both U.S. and Foreign) that issue securities to the public in the U.S. Inclusion or omission of information is the ultimate responsibility of senior management, subject to liability of company executives for non-disclosure of material items.
- SEC Filings are a high-level, strategic account of company performance that are intended for the benefit of investors and providers of financial capital (the primary audience of the Draft IRF.
- SEC Filings are meant to present a fair and comprehensive account of companies' performance and ability to create value in the short-, medium- and long-term, including not only operational and financial results but also the management of financial, manufactured and intellectual capitals, governance information and non-financial information that is required to give context to financial results.
- To the extent that the management of natural, human and social capitals is material, as determined by SASB in an industry-specific context, disclosure of company performance in these area is legally required. In addition forward looking information can be included to address key Content Elements of the Draft IRF, such as Opportunities and Risks and Strategy and Resource Allocation. Lastly, the Business Description Section of Form 10-K can be used to address other Content Elements of the Draft IRF including Organizational Overview and Business Model.

If an integrated report is created on top of, or in addition to the Form 10-K and other SEC filings, as prescribed by the Draft IRF in Section 1.18, all information that is material (as understood in the context of the U.S. capital markets) will be redundant with information in SEC Filings. Therefore, to the extent that IR focuses on significant and material value creation from the perspective of investors, implementation of these principles in a cost-effective manner is best done through the mandatory filings in the U.S.

Thank you for the opportunity to provide feedback on the Draft IRF. We encourage the IIRC to have flexibility in implementing its principles on a country by country basis, and to recognize/augment existing reporting systems which are in place. We appreciate your consideration of the point of view outlined in this letter.

[2] TSC Indus. V. Northway, Inc., 426 U.S. 438 (1976) and Basic v. Levinson, 485 U.S. 224 (1988).

Kind regards,

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Sustainability Accounting Standards Board