

INTERPRETIVE RELEASE

**DISCLOSING THE FINANCIAL IMPACT OF
CLIMATE CHANGE AND OTHER ENVIRONMENTAL ISSUES**

Draft for Comment

March 2005

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Notice

The CICA's MD&A Guidance calls for appropriate disclosures where the management of a particular environmental issue is identified as a key performance driver of the company. Disclosures are also called for in the Guidance (as well as by securities regulators) regarding issues that pose a significant risk or uncertainty to the company and issues that are relevant to assessing future prospects. Certain types of exposure and uncertainty such as environment-related litigation or regulatory action are, if material, addressed in notes to financial statements under generally accepted accounting principles (GAAP), but others, including climate change exposure and related strategy, goals, targets and operational performance in managing emissions, are not.

There is research demonstrating that companies with significant environmental risk exposure are not providing adequate disclosures in their regulatory filings and reporting to capital markets, especially with respect to climate change. For example, 13 major pension fund leaders managing assets of US\$800 billion wrote the SEC in 2004 requesting greater enforcement of existing regulatory disclosure requirements.¹ There has also been an increase in shareholder resolutions from institutional investors in both Canada and the USA requesting specific disclosure about environmental risks and risk management, especially with respect to climate change issues.

The reality that environmental matters can impact a company's financial performance and prospects is now attracting significant investor attention as businesses in Canada and worldwide face a new set of risks and uncertainties, obligations and opportunities associated with climate change. The Carbon Disclosure Project², led by 95 institutional investors representing assets in excess of \$10 trillion, recently highlighted the greatly increased attention being paid to climate change by FT500 Global Index companies and the related capital market interest in the risk profiles of these companies.

Government policies and schemes to reduce greenhouse gas emissions are likely to have significant implications for many businesses, especially since the Kyoto Protocol became internationally binding on February 16, 2005. Currently, companies face considerable uncertainty in Canada about the implications of the yet-to-be-determined legislative framework that may be established to meet GHG emission targets. Companies in several sectors, however, are already putting in place strategies to manage and hedge their potential exposure to climate change obligations, whether through technological change and investment or through emissions reduction transactions within and outside emissions reduction trading schemes.

Assets and liabilities related to transactions in GHGs will have to be accounted for in company financial statements.³ Additional disclosures will be necessary in the MD&As of many Canadian companies expected to be affected by the Kyoto Protocol.

¹ See http://www.incr.com/call_for_action_summary.htm.

² See <http://www.cdproject.net>.

³ See CICA Research Activities, Accounting for Greenhouse Gas Emissions and Related Credits and Allowances, http://www.cica.ca/index.cfm/ci_id/21507/la_id/1.htm

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The CPR Board proposes to issue the attached Interpretive Release (IR) to assist preparers in assessing the nature and extent of disclosure about climate change and other environmental issues to be consistent with recommendations in the CICA's *Management's Discussion & Analysis: Guidance on Preparation and Disclosure* and called for by existing securities regulators' continuous disclosure requirements in National Instrument 51-102⁴.

Individuals and organizations are invited to send written comments on this draft MD&A Interpretive Release. Comments are requested from those who agree with the draft as well as from those who do not. Comments are most helpful if they are related to a specific paragraph or group of paragraphs, clearly explain the problem, and include a suggested alternative supported by specific reasoning. All comments received will be available on a public file unless confidentiality is requested.

The Board would particularly welcome responses to the following questions:

1. Do you agree that it is useful to provide additional guidance about MD&A disclosures concerning the impact of climate change and other environmental issues on financial performance, beyond what is already set out in existing securities regulators' continuous disclosure requirements and the CICA's MD&A Guidance?
2. Do you consider that MD&A preparers will find the guidance proposed in this Interpretive Release to be useful in preparing MD&As that adequately disclose the impact of climate change and other environmental issues on financial performance?
3. Are there any ways in which this Interpretive Release could be improved to make it more helpful? Please offer specific suggestions for improvement.

Comments are requested by May 16, 2005, addressed to:

**Chris Hicks CA, Principal, Knowledge Development
Canadian Institute of Chartered Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2**

**For ease of handling, we prefer comments to be sent by e-mail to:
md&a@info.ca**

⁴ For additional background information, see CICA Background Paper for the Capital Markets and Sustainability Program of the National Round Table on the Environment and the Economy, *Financial Reporting Disclosures about Social, Environmental and Ethical (SEE) Issues*, November 2004.

This Interpretive Release is to be read in conjunction with the CICA publication
Management's Discussion and Analysis: Guidance on Preparation
and Disclosure.

CICA Guidance on MD&A: Interpretive Release No. 2

Disclosing the Financial Impact of Climate Change and Other Environmental Issues

Part 1 Introduction

- 1.1 The MD&A provides management with a vehicle to communicate to investors how and why climate change and other environmental issues have impacted a company's past results or may impact its future prospects. It can also communicate how management's strategies and systems for identifying and managing climate change and other environmental issues impact or may impact financial condition and results.
- 1.2 This IR provides guidance to assist in meeting the existing disclosure requirements of securities regulators as they apply to climate change and other environmental issues. The Appendix summarizes in a table extracts from Canadian Securities Administrators' disclosure requirements that are applicable to disclosures about climate change and other environmental issues. Some of these excerpts explicitly refer to environmental issues; others, such as those that refer to disclosures about known risks and uncertainties, do not make explicit reference to the environment but clearly may apply to climate change and other environmental issues about which investors need information.
- 1.3 This IR also provides guidance that supplements the recommended disclosure practices provided in the CICA publication *Management's Discussion and Analysis: Guidance on Preparation and Disclosure* (MD&A Guidance).
- 1.4 The Kyoto Protocol has drawn business and investor attention to the issue of climate change and greenhouse gas (GHG) emissions. The Kyoto Protocol commits certain developed countries (and hence their industries) to reductions in GHG emissions; such reductions are

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likely to involve costs to many companies. Even companies headquartered in countries that have not signed the Kyoto Protocol may be affected by:

- their operations in Kyoto countries
- national or state requirements and/or inducements to reduce GHGs.

1.5 Climate change issues are more significant to some industries (e.g. oil and gas, energy utilities, energy intensive manufacturing, and property and casualty insurance) than to others.

1.6 Assets and liabilities related to transactions in GHGs will have to be accounted for in company financial statements.¹ In addition, many Canadian companies will need to provide disclosures in MD&As in order to communicate the impact of GHG-related strategies, risks and obligations on past and future financial performance.

1.7 Other environmental issues (examples of which are provided in paragraph 1.8 of the IR) arise from the ways in which an organization interacts with the environment², directly or indirectly, through the activities, products and processes of the company and/or its suppliers and sub-contractors. Environmental interactions and associated impacts vary across industry sectors and geographic regions.

1.8 The activities, products and services of companies may result in climate change and other environmental issues such as:

- greenhouse gas emissions³
- other emissions to atmosphere (e.g. particulates, volatile organic compounds, other nitrous oxides, sulphur dioxide)
- releases to water

¹ See CICA Research Activities, Accounting for Greenhouse Gas Emissions and Related Credits and Allowances, http://www.cica.ca/index.cfm/ci_id/21507/la_id/1.htm.

² The term “environment” is viewed as “our natural physical surroundings, that is, air, water, soil and land, flora and fauna (including renewable resources, such as forests), and non-renewable resources (such as fossil fuels, minerals)”. CICA *Environmental Costs and Liabilities: Accounting and Financial Reporting Issues*, 1993, page 9.

³ There are six greenhouse gas categories: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride.

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- releases to land
- extraction and/or use of raw materials and natural resources, including water
- use of energy
- use of land, flora and fauna (and related impacts on biodiversity)
- noise and odours
- disposal of waste, hazardous materials and by-products
- product use and end-of-life disposal practices.

1.9 Companies take action on climate change and environmental issues for a number of legal, financial and relationship-related business reasons, including:

- need to comply with laws, regulations, permits, licences etc.
- need to comply with contractual terms of covenants and agreements
- commitment to support recognized treaties, conventions, protocols
- desire to increase operating efficiencies and cost reductions
- desire to meet expectations of suppliers and/or customers
- desire to minimize risks and related potential costs of emergencies
- desire to optimize relationships with important stakeholders, such as affected communities or other interested parties, including government authorities
- desire to obtain insurance coverage or borrowing and at optimal rates
- need to comply with judicial rulings or court orders
- need to comply with labelling regulations or commitment to voluntary labelling codes
- commitment to comply with company policies, business principles etc.
- commitment to comply with indigenous laws and local customs
- commitment to comply with voluntary codes of practice, trade association rules, etc.

Part 2 Deciding What To Disclose

2.1 It is management's responsibility to identify which climate change and other environmental issues and related impacts affect or may affect financial condition and results and whether they are of such significance or potential significance that they might reasonably be expected to influence investors' decisions. Environmental impacts may take time to develop and may

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be cumulative over time. These characteristics should be considered in determining the need for disclosures regarding environmental issues. In addition, direct and indirect impacts need to be considered. For example, an environmental spill may give rise to specific cleanup costs that directly impact a company's financial condition and results. The same spill, and management's response to that spill, may also impact company reputation and thus indirectly impact future financial performance in other ways such as longer lead times for obtaining new operating certificates or permits.

- 2.2 If management concludes that the impact, direct or indirect, of climate change or other environmental issues is likely to be material to investor decision-making, it should provide MD&A disclosures that, together with any disclosures in the financial statements, provide the information needed by investors. This is consistent with the general instructions and interpretation of the securities regulators⁴. For example, the securities regulators require that “your MD&A should help current and prospective investors understand what the financial statements show and do not show; discuss material information that may not be fully reflected in the financial statements...”
- 2.3 In determining what to disclose, management will need to consider the regulatory MD&A requirement for disclosure and discussion of “known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on your company's business.”⁵ In addition, in analyzing results of operations, management must discuss “commitments, events, risks or uncertainties that you reasonably believe will materially affect your company's future performance...”⁶
- 2.4 Management must also consider any accounting estimates related to climate change and other environmental issues and determine if they qualify as “critical accounting estimates”. If so, then required regulatory disclosures must be provided.⁷

⁴ National Instrument 51-102F1, Part 1(a).

⁵ National Instrument 51-102F1, Part 2, Item 1.2.

⁶ Form 51-102F1, Part 2, 1.4 (g)

⁷ National Instrument 51-102F1, Part 2, Item 1.12.

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2.5 Management will need to consider the regulatory Annual Information Form (AIF) requirements that call for discussion of:

- “the financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of your company, in the current financial year and the expected effect in future years”,⁸
- environmental policies fundamental to operations and the steps taken to implement them⁹,
- risk factors, including environmental and health risks, and regulatory constraints that would be likely to influence investor decision-making.¹⁰

In keeping with the disclosure principles and framework set out in the MD&A Guidance, management should consider the usefulness to investors of providing these disclosures, if material, in the MD&A.

2.6 Even when some disclosures about the financial impact of climate change and other environmental issues are included in financial statements, additional MD&A disclosure provides an opportunity for management to explain the context in which environmental issues have impacted or may in future impact financial condition and results, either directly or indirectly. In addition, the MD&A provides an opportunity for management to discuss its strategy and systems for managing climate change and other environmental issues and related risks. In this way, the combination of financial statement and MD&A disclosure enables investors to better understand the company and assess future prospects.

2.7 In assessing materiality for the purpose of disclosure, MD&A preparers should consider the information that a reasonable investor would need in making a decision to invest or continue to invest in the company.¹¹ Climate change and other environmental issues should be disclosed and discussed if they either have, or are reasonably likely to have, a current or future effect, direct or indirect, on the entity’s financial condition, changes in financial

⁸ National Instrument 51-102F2, Part 2, Item 5.1(1)(k).

⁹ National Instrument 51-102F2, Part 2, Item 5.1(4).

¹⁰ National Instrument 51-102F2, Part 2, Item 5.2.

¹¹ CICA MD&A Guidance 230.3

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condition, results of operations, liquidity, capital expenditures or capital resources that is material to investors. In considering what might be material to investors, management should consider potential impacts of environmental issues on intangibles such as corporate reputation, brand loyalty and key stakeholder relationships.

2.8 Following are general questions that management should consider when deciding what to disclose:

- Have we identified all climate change and other environmental issues that our company faces?
- Have we identified all critical accounting estimates related to climate change and other environmental issues and collected all necessary information for disclosure?
- Have we determined which climate change and other environmental issues are material and therefore require disclosure?
- Have we assessed materiality in qualitative as well as quantitative terms?
- Have we documented and communicated internally how we have determined materiality regarding the impact of climate change and other environmental issues on financial performance?
- Have we focused on the potential impact of climate change and other environmental issues on longer-term financial condition as well as shorter term performance?
- Have we presented disclosures about climate change and other environmental issues in plain language, with candour and without jargon?
- From period to period, is there comparability and consistency in MD&A disclosures about climate change and other environmental issues?

Part 3 Use of Framework for Disclosure

3.1 In determining how best to communicate disclosures about climate change and other environmental issues in the company's MD&A, management may find it helpful to use the disclosure framework recommended in the MD&A Guidance as an outline for its discussion.

3.2 Using the framework, an entity would discuss and disclose as appropriate climate change and other environmental issues in relation to strategy, key performance drivers, capabilities,

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results and risk. The CICA’s MD&A disclosure framework can be used effectively to “connect the dots” for readers of the MD&A so as to communicate the importance or potential importance of climate change and other environmental issues to the company’s business.

3.3 The following series of questions, organized by elements of the disclosure framework, are offered to assist preparers of MD&A in applying the CICA disclosure framework to disclosures about climate change and other environmental issues.

3.4 Strategy:

- Has management disclosed its strategy for addressing climate change and other environmental issues? (For example, management might disclose whether it intends to use internal operating initiatives to reduce GHG emissions, or to use emissions trading in order to meet compliance targets.)
- Have we been sufficiently specific in indicating the expected impact of our strategic approaches on future financial condition and results?

3.5 Key Performance Drivers:

- For our company is environmental responsibility¹² a key performance driver as discussed in the CICA’s MD&A Guidance?
- Have we disclosed and explained the key performance drivers important to the achievement of our strategic goals with respect to climate change and other environmental issues?
- Have we identified and disclosed the key performance measures and indicators used to track and monitor performance of these key drivers? (For example, a company might disclose its target and actual GHG emissions for the most recent reporting period and its targets for upcoming periods.)

¹² CICA MD&A Guidance, paragraph 330.2.4.

3.6 Capability:

- Has our MD&A discussed the impact of climate change and other environmental issues on liquidity and capital expenditures?
- Have we presented a complete picture of financing requirements and sources related to achieving our stated strategic goals with respect to climate change and other environmental issues?
- Have we discussed the appropriateness of systems for information collection, record-keeping and internal and external reporting related to climate change and other environmental issues?
- Has our MD&A discussed the implications of climate change and other environmental issues for non-capital resources, such as availability of trained employees, brand value and reputation, development of innovative operating technologies, and adequacy of information collection systems and reporting processes?

3.7 Results:

- Have we disclosed how climate change and other environmental issues have impacted financial condition, cash flows and results of operations?
- Have we disclosed how climate change and other environmental issues are likely to impact future financial condition, cash flows and results of operations?
- Have we disclosed known facts and relevant assumptions to the extent that they support management's assessment of the impact of climate change or other environmental issues on future results?
- Have we provided sensitivity analyses to enable MD&A readers to better understand and assess the potential impact of climate change and other environmental issues on the company's financial condition, cash flows and results?

3.8 Risk¹³:

- Have we identified and discussed the principal risks associated with climate change and other environmental issues, including the likelihood of these risks resulting in adverse effects on the company’s financial condition, liquidity, cash flows and earnings?
- Have we been specific, perhaps through the use of sensitivity analyses, in our disclosures about the potential magnitude of the impact of the risks, including information about the underlying assumptions?
- Have we disclosed the measures taken to manage the risks associated with climate change and other environmental issues, including information on the policies employed, control systems and processes instituted, and oversight role of the board of directors with respect to climate change and other environmental issues?

Part 4 Overseeing the Integrity of Disclosure

4.1 Management is responsible for the MD&A disclosures about climate change and other environmental issues, including the establishment, implementation and maintenance of appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is complete, reliable and timely. This responsibility should be taken into account in CEO and CFO certifications about regulatory reporting and related disclosure controls and procedures.

4.2 The board of directors is responsible for reviewing and approving all MD&A disclosures, including those related to climate change and other environmental issues.

¹³ As shown in the Appendix, securities regulators call for disclosures about risk and uncertainty in both the MD&A and the AIF. The CICA MD&A Guidance acknowledges that AIF requirements can be met through cross-reference to disclosures in the MD&A. The Guidance recommends that:

“management disclosures about risks and risk management should be included within the MD&A so that readers can understand the business and appreciate how risk impacts the various elements of the disclosure framework and can affect future prospects. The risk disclosures in the MD&A should be consistent with the risks and risk management systems identified and dealt with by the board of directors.” (360.2.1)

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4.3 In discharging their responsibilities, management should inform directors, and directors should ask, about matters such as:

- the process used to identify significant environmental issues
- the basis for assessing materiality for the purposes of disclosure
- any environmental issues that are not being disclosed and why
- shareholder activism related to the company's environmental disclosures
- consistency and comparability of disclosures from year to year
- consistency with other public reports by the company dealing with environmental issues (e.g. sustainability reports, press releases)
- the extent to which disclosures (or lack thereof) about climate change or other environmental issues may impact the company's reputation or risk profile
- the system for managing risk related to environmental issues
- the need for disclosures about any new environmental legislation or regulation that has or is expected to have an impact on financial performance.

**Appendix - Existing Regulatory Requirements Applicable to Disclosures about Climate
Change and Other Environmental Issues**

**NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS
Selected Excerpts Only**

Some of the following excerpts explicitly refer to environmental issues; others, such as those that refer to disclosures about known risks and uncertainties, do not make explicit reference to the environment but clearly may apply to climate change and other environmental issues about which investors need information.

Regulatory Form	Regulatory Reference	Required Disclosures
FORM 51-102F1 MANAGEMENT'S DISCUSSION & ANALYSIS	PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION	<p>(a) What is MD&A? [portion only]</p> <p>Your MD&A should</p> <ul style="list-style-type: none"> • help current and prospective investors understand what the financial statements show and do not show; • discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities, defaults under debt, off-balance sheet financing arrangements, or other contractual obligations; • discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future;
	PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION	<p>(g) Forward-Looking Information [portion only]</p> <p>You are encouraged to provide forward-looking information if you have a reasonable basis for making the statements... For example, MD&A requires a discussion of known trends or uncertainties that are reasonably likely to affect your company's business...</p>
	PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION	<p>(k) Resource Issuers</p> <p>If your company has mineral projects, your disclosure must comply with National Instrument 43-101 <i>Standards of Disclosure for Mineral Projects</i>, including the requirement that all scientific and technical disclosure be based on a technical report or other information prepared by or under the</p>

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		<p>supervision of a qualified person.</p> <p>If your company has oil and gas activities, your disclosure must comply with National Instrument 51-101 <i>Standards of Disclosure for Oil and Gas Activities</i>.</p>
	<p>PART 2 CONTENT OF MD&A</p> <p>Item 1 Annual MD&A</p>	<p>1.2 Overall Performance [portion only]</p> <p>Provide an analysis of your company’s financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on your company’s business.</p>
	<p>PART 2 CONTENT OF MD&A</p> <p>Item 1 Annual MD&A</p>	<p>1.4 Results of Operations [portion only]</p> <p>Discuss your analysis of your company’s operations for the most recently completed financial year, including...</p> <p>(d) for issuers that have significant projects that have not yet generated operating revenue, describe each project, including your company’s plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;...</p> <p>(g) commitments, events, risks or uncertainties that you reasonably believe will materially affect your company’s future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;...</p> <p><i>INSTRUCTION</i></p> <p><i>Your discussion under paragraph 1.4(d) should include</i></p> <p><i>(i) whether or not you plan to expend additional funds on the project; and</i></p> <p><i>(ii) any factors that have affected the value of the project(s) such as change in commodity prices, land use or political or environmental issues.</i></p>
	<p>PART 2 CONTENT OF MD&A</p> <p>Item 1 Annual MD&A</p>	<p>1.12 Critical Accounting Estimates</p> <p>If your company is not a venture issuer, provide an analysis of your company’s critical accounting estimates. Your analysis should:</p> <p>(a) identify and describe each critical accounting estimate used by your company including:</p>

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		<ul style="list-style-type: none"> (i) a description of the accounting estimate; (ii) the methodology used in determining the critical accounting estimate; (iii) the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made; (iv) any known trends, commitments, events or uncertainties that you reasonably believe will materially affect the methodology or the assumptions described; and (v) if applicable, why the accounting estimate is reasonably likely to change from period to period and have a material impact on the financial presentation; <p>(b) explain the significance of the accounting estimate to your company’s financial condition, changes in financial condition and results of operations and identify the financial statement line items affected by the accounting estimate;</p> <p>(c) quantify the changes in overall financial performance and financial statement line items if you assume that the accounting estimate was to change by using either</p> <ul style="list-style-type: none"> (i) reasonably likely changes in the material assumptions; or (ii) the upper and lower ends of the range of estimates from which the recorded estimate was selected; <p>(d) discuss changes made to critical accounting estimates during the past two financial years including the reasons for the change and the quantitative effect on your company’s overall financial performance and financial statement line items; and</p> <p>(e) identify the segments of your company’s business that the accounting estimate affects and discuss the accounting estimate on a segment basis, if your company operates in more than one segment.</p> <p>INSTRUCTION</p> <p><i>An accounting estimate is a critical accounting estimate only if:</i></p> <ul style="list-style-type: none"> (a) <i>it requires your company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made; and</i> (b) <i>different estimates that your company could have used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, would have a material impact on your company’s financial</i>
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		<i>condition, changes in financial condition or results of operations.</i>
FORM 51-102F2 ANNUAL INFORMATION FORM	PART 1 GENERAL INSTRUCTIONS AND INTERPRETATION	<p>(a) What is an AIF? [portion only]</p> <p>An AIF (annual information form) is required to be filed annually by certain companies under Part 6 of National Instrument 51-102. An AIF is a disclosure document intended to provide material information about your company and its business at a point in time in the context of its historical and possible future development. Your AIF describes your company, its operations and prospects, risks and other external factors that impact your company specifically.</p>
	PART 2 CONTENT OF AIF Item 5 Describe the Business	<p>5.1 General [portion only]</p> <p>(1) Describe the business of your company and its operating segments that are reportable segments as those terms are used in the Handbook. For each reportable segment include:</p> <p>(k) Environmental Protection – The financial and operational effects of environmental protection requirements on the capital expenditures, earnings and competitive position of your company in the current financial year and the expected effect in future years.</p>
	PART 2 CONTENT OF AIF Item 5 Describe the Business	<p>5.1 General [portion only]</p> <p>(4) Social or Environmental Policies – If your company has implemented social or environmental policies that are fundamental to your operations, such as policies regarding your company’s relationship with the environment or with the communities in which it does business, or human rights policies, describe them and the steps your company has taken to implement them.</p>
	PART 2 CONTENT OF AIF Item 5 Describe the Business	<p>5.2 Risk Factors [portion only]</p> <p>Disclose risk factors relating to your company and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by your company, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be most likely to influence an investor’s decision to purchase</p>

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		securities of your company.
	<p>PART 2 CONTENT OF AIF</p> <p>Item 5 Describe the Business</p>	<p>5.4 Companies With Mineral Projects [portion only]</p> <p>If your company had a mineral project, disclose the following information for each project material to your company:</p> <p>(1) Project Description and Location</p> <p>(d) All environmental liabilities to which the project is subject.</p> <p>(f) To the extent known, the permits that must be acquired to conduct the work proposed for the project and if the permits have been obtained.</p> <p>(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography</p> <p>(d) The sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.</p> <p>(11) Mining Operations - For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.</p> <p>(12) Exploration and Development - A description of your company's current and contemplated exploration or development activities.</p>
	<p>PART 2 CONTENT OF AIF</p> <p>Item 7 Description of Capital Structure</p>	<p>7.3 Ratings [portion only]</p> <p>If one or more ratings, including provisional ratings, has been received from one or more rating organizations for securities of your company that are outstanding and the rating or ratings continue in effect, disclose</p> <p>(e) any factors or considerations identified by the approved rating organization as giving rise to unusual risks associated with the securities;</p>