## IIRC Framework Panel: Meeting of 4 October 2016

**Time**: 12:00 - 14:00 (BST)

Start time: **New York** = 07:00, **São Paulo** = 08:00; **London** = 12:00, **CEST** = 13:00, **Johannesburg** = 13:00, **Mumbai** = 16:30, **Tokyo** = 20:00, **Sydney/Melbourne** = 22:00

**Present via teleconference:**

| | | | |
|---|---|---|---|
| Erik Breen (Chairman) | Jean-Luc Barlet | Sarah Bostwick | Nancy Kamp-Roelands |
| Rodrigo Morais | Yoichi Mori | Sarah Nicholls | Barbara Pomfret Hugh |
| Shields | Roger Simnett | Jason A. Voss | Zubair Wadee |

**IIRC:** Paul Druckman     Lisa French          Michael Nugent          Katharine Dawson

**Apologies for absence:**          Christoph Dolderer   Parvatheesam Kanchinadham

**Minutes:** Katharine Dawson

**Agenda**

| Item | Topic |
|---|---|
| 1. | Welcome from the CEO |
| 2. | Welcome from the chair; objectives |
| 3. | Terms of reference and procedures |
| 4. | Self-introductions |
| 5. | Review of reports |
| 6. | Academic research |
| 7. | Informal feedback |
| 8. | Discussion of key technical issues |
| 9. | Conclusions and next steps |

**1. Welcome from the CEO**

N.A.

**2. Welcome from the chair; objectives**

*Key points of information/discussion*

Objectives of the meeting:

- Become acquainted as a group
- Establish common understanding and expectations of the Panel's focus
- Share preliminary thoughts on key technical issues.

**3. Terms of reference and procedures**

*Key points of information/discussion*

Ensure understanding of the purpose of the Panel, namely:

- To recommend updates to the International <IR> Framework to the IIRC Board, including public exposure drafts

Input as requested on other guidance material.

**4.    Self-introductions**

N.A.

**5.    Review of reports**

*Key points of information/discussion*

Preliminary findings of a report review analysis (findings from 37 reports; total will be 50).  Four areas of potential misinterpretation of the Framework requirements have so far been identified:

- Materiality – failures to focus on matters that substantively affect an organization's ability to create value over time
- Stakeholders' needs (ref., Framework paragraph 3.10) – failure to explicitly reference the needs and interests of key stakeholders and how the organization addresses them rather than simply reporting that engagement has taken place.
- Outputs and outcomes – failure to address, differentiate between or a general confusion around outputs and outcomes
- Statement from those charged with governance (ref., Framework paragraph 1.20) – failure to: a) include a statement of responsibility or b) fulfil the requirements of Paragraph 1.20.

**6.    Academic research**

*Key points of information/discussion*

A variety of research was compiled, covering four main types:

- Market level – identify characteristics associated with <IR>, attributes of types of companies adopting, use and change of decision behaviour and market reaction
- Organizational level – interviews, surveys and case studies
- Individual/decision making – experiments; manipulating information/situations to see whether behaviour changes
- Critical theory – theory or opinion pieces on <IR>.

**7.    Informal feedback**

*Key points of information/discussion*

Informal feedback on the Framework has been compiled though feedback from the IIRC 'family' (Board, Council and other groups), IIRC Networks, IIRC team and e-mail queries, covering the following key themes:

- Assurance and assurability
- Compliance challenges
- Application of the Capitals
- Externalities
- Aggregation and disaggregation
- The concept of Intangibles
- Materiality
- Application of the Framework for Public Sector organizations, Not-for-profits and SMEs
- Value definition.

8. **Discussion of key technical issues**

*Key points of information/discussion*

Discussion of topics that resonate with the Panel and that the Panel should spend its time discussing. Points and comments made by individual meeting participants included:

- <IR> to stay a principles based approach
- Continue to build critical mass
- A move to specificity and away from meaningless terms such as "trying to deliver shareholder value"
- Defining and understanding how an organization defines and relates to different shareholders
- A general call to the reporting community to ask how the Framework can be improved
- Apply further clarity and more detailed guidance on some of the Framework concepts to make implementation more practical, including:
  - Closing the timing gap between financial and other disclosures
  - Materiality in the context of <IR>
  - Outcomes and outputs
  - Implementation of integrated thinking
  - Enhancing credibility of <IR> / assurability of information
- Not so much guidance that it deters report preparers.  Focus on minimum requirements and provide examples
- The influence of corporate culture on value creation and destruction
- Opportunity to reference the Sustainable Development Goals
- A concern there may be issues in certain markets or across different standards that we are overlooking

*Summary*

Three key 'buckets' of themes discussed

- Materiality
- Outputs vs outcomes
- Other minor issues

*Actions*

Topics will be added for the next meeting to further this discussion.

9. **Conclusions and next steps**

Thanks were made for attending the meeting and for the contributions made.

A reminder was made that the next meeting will be held on 8 December 2016 at 12:00 – 14:00  (GMT) to coincide with the IIRC/ICGN Conference and that those who are in in London at that time  are invited to attend in person.