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

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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 London at that time are invited to attend in person.