

Minutes of meeting (19 June 2018)

Time	12.00 pm – 2.00 pm (GMT)
Members/TAs	Erik Breen (Chair), Jean-Luc Barlet, Sarah Bostwick Stromski, Stathis Gould, Hugh Shields, Roger Simnett, Zubair Wadee
IIRC	Lisa French, Yvette Lange
Apologies	Nancy Kamp-Roelands (written comments provided), Rodrigo Morais, Yoichi Mori, Lothar Reith, Tom Roundell Greene, Jason Voss
Minutes	Lisa French
Agenda	<ol style="list-style-type: none">1. Welcome and attendance2. Minutes of previous meeting and matters arising3. Progress update: Guidance proposals4. Progress update: Guidance outputs5. Progress update: Research proposals6. Ongoing discussion with others7. Technical programme8. Any other business9. Conclusions and next steps

1. Welcome and attendance

The Chair welcomed Panel members and noted apologies.

2. Minutes of previous meeting and matters arising

Minutes of the 24 April 2018 meeting were distributed for comment on Wednesday 9 May 2018. Silence was taken as agreement, and the minutes were accepted without change.

During the 24 April 2018 meeting, the Chair noted that a review of the 2018 Technical Programme and its project prioritization would be useful. The IIRC agreed to prepare an accompanying paper for the June meeting. Related discussion points and outcomes are included in Item 7 of these minutes.

3. Progress update: Guidance proposals

3a. Getting Started Guide. IIRC staff reported that a first draft of the Getting Started Guide was underway and noted the following upcoming milestones:

1st draft circulated to Panel	23 July 2018
Deadline for Panel comments	3 August 2018
2nd draft presented for discussion	21 August 2018

Panel members found these review time frames to be reasonable. Staff noted plans for simultaneous review by a cross-section of <IR> Business Network participants. The Chair suggested that Panel members also propose reviewers from the business community. **action**

4. Progress update: Guidance outputs

4a. Frequently Asked Questions (FAQs). IIRC staff presented FAQs covering the purpose and audience of an integrated report (Action 10), Guiding Principle – Stakeholder relationships (Action 11) and Guiding Principle – Conciseness (Action 20). Panel members were invited to comment on all aspects of the FAQs, including content, length and language. The following input was provided:

- The FAQs strike an appropriate balance between relaying Framework content, as originally (and formally) worded, and offering further commentary through a more conversational tone.

- In response to the question, ‘*What is the primary purpose of an integrated report?*’, it would be useful to incorporate Paragraph 1.1 of the <IR> Framework, as this succinctly captures all features of integrated reporting, including the time horizons associated with value creation.
- Under ‘*Stakeholder relationships*’, the first response emphasizes reactive or defensive themes. The text should go beyond a responsive stance to one that proactively harnesses stakeholder insights to drive opportunities in a fast-changing environment.
- Under ‘*Stakeholder relationships*’, the second response should more strongly reference the organization’s capacity to address the needs and expectations of key stakeholders.
- Under ‘*Conciseness*’, the third response should reinforce the important role of materiality in maintaining report focus. Report preparers should capture a higher order level of integrated thinking as it relates to value creation.
- IIRC staff should confirm that the previous FAQs covering ‘*Materiality*’ adequately distinguish between different report forms and reference the Corporate Reporting Dialogue’s [Statement of Common Principles of Materiality](#). It may be worth acknowledging in the ‘*Conciseness*’ section that materiality approaches vary.
- Under ‘*Conciseness*’, the fourth response should reiterate that report preparers should communicate as succinctly as possible (Paragraph 3.38), to ensure their reports are read and to direct attention to the most relevant matters. This involves focusing on the elements of integrated reporting, avoiding clutter and boilerplate, and expressing concepts in as few words as possible. The response should acknowledge the balancing act between *completeness* and *conciseness* and a reluctance to specify a targeted page range, as report length varies with an entity’s circumstances and its starting point for the integrated report.

5. Progress update: Research proposals

5a. Disclosing stakeholders’ needs and interests (Action 12). IIRC staff introduced the related proposal document, which responds to a range of market questions. These include process-related questions (i.e., *What is stakeholder engagement?*) and output-related questions (i.e., *What specific disclosures does the <IR> Framework seek to encourage?*). The proposal envisages IIRC research into current practice, the characteristics of effective disclosures and further resources on stakeholder engagement and relationship management. The project would explore: (i) how relationship quality is evaluated, (ii) how matters arising from stakeholder feedback are treated, and (iii) how disclosures may vary according to the nature of the matter (e.g., short-term operational issues versus longer-term strategic considerations). Panel members provided the following input:

- Although disclosures on stakeholder needs and interests are inherently entity-specific, there are certain general characteristics of ‘good disclosure’ that can be brought to the fore.
- With its emphasis on *disclosing* the results and implications of stakeholder engagement, the project’s output could usefully supplement existing process-related publications (such as those cited on page 15 of the meeting papers).
- In relation to the above point, the Boundaries section should explicitly state that the project output will focus on *disclosing* stakeholder engagement results and implications; it will not instruct organizations on how stakeholder needs are to be incorporated into strategic decision-making. (If there are plans to address the latter, the IIRC might consider raising these plans, pre-emptively, in the Boundaries section.)
- Although the project will not focus on process per se, the output should nonetheless distinguish between the acts of: (i) consulting stakeholders on an ongoing basis and (ii) discerning how, or if, the information arising should be included in the integrated report. In addressing the latter, the <IR> Framework requirements and guidance on materiality – and the emphasis on meeting the information needs of providers of financial capital – should be referenced.

- IIRC staff should review the European Commission's [Consultation Document: Fitness Check on the EU Framework for Public Reporting by Companies](#) for related content.
- In referencing external guidance on stakeholder engagement and relationship management, the IIRC should be aware that such guidance may have a different focus than that of the <IR> Framework. To avoid sending mixed messages, the IIRC should emphasize complementarity, rather than equivalency, when pointing to such external guidance.

6. Ongoing discussion with others

6a. Emphasis on balanced reporting (Action 28). IIRC staff relayed developments in this space, including the Corporate Reporting Dialogue's upcoming paper on transparency and accountability (which references balanced reporting as a key supporting attribute). The Integrated Reporting Committee of South Africa's current work on an information paper about balanced reporting was also noted. The paper will focus on the South African experience; however, it is expected to highlight universal themes, such as the role of leadership and governance in ensuring balanced disclosures and related barriers and challenges to achieving balanced reporting. Finally, staff highlighted the connection to Action 29, a research proposal related to the *incentives and barriers to balanced reporting, including legal liability*, as discussed at the <IR> Framework Panel's 20 February 2018 meeting.

The update was well received for its structure and informative view. Panel members flagged the [Embankment Project for Inclusive Capitalism](#) and various European Commission [consultations](#) on corporate reporting for their potential tie-in to balanced reporting.

7. Technical Programme

7a. Progress update. IIRC staff summarized progress against the 2018 Technical Programme's four work streams, noting the following, in particular:

- Project updates describe related discussions with the <IR> Framework Panel and outcomes of those discussions. Updates conclude with a commentary on current status and next steps.
- To date, efforts have focused on developing internal working papers and scoping documents. In H2 2018, emphasis will shift more towards market-facing outputs.
- The IIRC is on track with its planned initiatives, with two revisions to the 2018 Technical Programme. During the 24 April 2018 meeting, Panel members agreed to: (i) postpone the Practice Note on materiality, initially slated for Q4 release and (ii) accelerate the planned multiple capitals guidance. The former postponement recognizes that materiality is well covered by the joint IFAC-IIRC [materiality guidance](#) (November 2015) and pending FAQs.

IIRC staff invited feedback from Panel members on how to best present the information to the market. The following input was provided:

- The Progress Report should begin with a snapshot of progress by project type and allow readers to click through to more comprehensive updates. Individual project updates should be viewed (or sortable) by project *type* and *topic*. In this regard, the IIRC should consult similar work plan depictions by the IASB and IAASB.
- As written, individual project updates are sufficiently detailed without being cumbersome.
- The IIRC should publish its revised 2018 Technical Programme as included in the meeting papers and proceed with Q3 and Q4 efforts as written.

Looking beyond the Progress Report, the following general recommendations were offered:

- Although Panel members support the postponement of a materiality Practice Note, the project's viability should be revisited in 2019. Relatedly, the IIRC should map its 2019 Technical Programme during the <IR> Framework Panel's October 2018 meeting. action

- Recognizing the forthcoming shift to market-facing outputs, the IIRC should factor in a coordinated communication plan for major publications. **action**
- It is worth monitoring the IASB's [project](#) to revise and update the IFRS Practice Statement on Management Commentary.

8. Any other business

Governance matters. The Chair briefly summarized the <IR> Framework Panel's governance arrangements and, in particular, the initial staggering of Panel member appointments across one-, two- and three-year terms. Plans to renew three Panel member appointments are underway. IIRC staff noted that, subject to Board approval, two new appointments will also be pursued to close final gaps and provide further regional and constituency diversity.

Continuous improvement. IIRC staff invited views on the functioning of the <IR> Framework Panel and asked how the IIRC can further support Panel members and improve their experience. Panel members expressed satisfaction with the current approach, including the timeliness of papers and facilitation of meetings. It was recommended that the IIRC apprise the <IR> Framework Panel of any project outsourcing arrangements as they arise. On a related note, IIRC staff shared plans to elevate the profile and activities of the <IR> Academic Network. Select research proposals, developed between Q4 2017 and Q2 2018, will be shared with the <IR> Academic Network to stimulate research in these priority areas.

9. Conclusions and next steps

The Chair thanked Panel members and IIRC staff for their comments and attendance. He noted the date of the next meeting as **Tue 21 August 2018** and the physical meeting in Paris in October (the IIRC has circulated a placeholder invitation for 2 October 2018), and closed the session.