

<IR> Framework Panel: Meeting of 26 February 2019

Time	12.00 pm – 2.00 pm (GMT)
Members/TAs	Erik Breen (Chair), Jean-Luc Barlet, Sarah Bostwick Stromski, Nancy Kamp-Roelands, Rodrigo Morais, Yoichi Mori, Tom Roundell-Greene, Hugh Shields, Jason Voss, Zubair Wadee
IIRC	Lisa French, Richard Howitt, Jonathan Labrey, Liz Prescott
Apologies	Roger Simnett
Minutes	Liz Prescott
Agenda	<ol style="list-style-type: none">1. Welcome and attendance2. Minutes of previous meeting and matters arising3. Momentum Phase Strategy4. Progress update: Guidance - Outputs5. 2019 Technical Programme6. Any other business7. 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 2 October 2018 meeting were distributed for comment on 19 October 2018. Silence was taken as agreement, and the minutes were accepted without change.

3. Momentum Phase Strategy

Jonathan Labrey, IIRC Chief Strategy Officer, described the next phase of the integrated reporting movement, namely the IIRC's Momentum Phase Strategy. Salient points were as follows:

- Launch of the *momentum phase* followed a year-long evaluation of the *breakthrough phase*, which created the conditions for early adoption of the International <IR> Framework in target markets and tested the principles of integrated reporting to demonstrate a scalable model. The evaluation pointed to the emergence of three key themes since the <IR> Framework's release:
 - Adoption is taking hold, as evidenced by stock exchanges, corporate governance codes and other capital market communications that refer to integrated reporting concepts
 - Mainstream adoption of integrated reporting is evident in South Africa and Japan – two quite different markets – suggesting that integrated reporting is adaptable to various capital markets and across sectors, including the public, private and not-for-profit sectors.
 - Growing interest in integrated reporting concepts by international organizations and national governments signals systemic interest. A recent [IOSCO report](#), which references the IIRC, specifically, is a testament to this interest.
- The three-year *momentum phase* is itself part of a journey, one that will prepare the IIRC and its stakeholders for the next big shift, *global adoption*. During the latter phase, the principles of integrated reporting should receive mainstream adoption and become the norm in the global economy.
- The *momentum phase* includes six key themes and related IIRC priorities. The <IR> Framework Panel makes an important contribution to these themes through its support of robust technical guidance.

- As part of the momentum phase strategy, the IIRC has identified and prioritized key markets and sectors. A *Theory of Change* will create the narrative around the economic and societal impacts enabled by integrated reporting. The *Theory of Change* will also unite the IIRC's coalition around a core set of beliefs in terms of responding to the world's most pressing economic and societal megatrends (e.g., climate change, sustainable development, inclusive capitalism and long-term value creation) and achieving greater alignment through the broader corporate reporting system.
- The ensuing discussion generated the following points:
 - The role of investors (who seek quantitative data where meaningful) and work of auditors (who instil trust and confidence by ensuring data and process integrity) are of central importance.
 - The <IR> Training Programme should, in time, evolve to include a 'Train the Trainer' module for the investor community. IIRC staff noted that plans for an investor module are underway.
 - The IASB's planned [revision](#) of the *Practice Statement on Management Commentary* and its recognition of innovations in integrated reporting (p. 7) are encouraging developments.

4. Progress update: Guidance – Outputs

- IIRC staff provided an overview of the 2019 Technical Programme and noted changes to the technical team. The Chair asked that the valued contributions of Laura Leka and Yvette Lange, former members of the IIRC team, be formally acknowledged.
- Reference was also made to the Corporate Reporting Dialogue's [Better Alignment project](#), now underway, which complements Action 2 (Multiple Capital Metrics) in the Technical Programme. The IIRC team also noted a corporate reporting mapping project underway by McKinsey.

4a. Frequently Asked Questions (FAQs). IIRC staff provided an update on the previously-reviewed FAQs. There are now 51 highly connected FAQs, which are presented in plain language. The features of the communications strategy were noted, as were plans for the online platform, which offers an interactive experience. Visitors can provide a 'thumbs up/thumbs down' rating and an IIRC email address will be provided for users who wish to provide more detailed feedback.

4b. Multiple Capitals Practice Note. IIRC staff provided an update of the previously-reviewed Practice Note. Following the preparation of the first draft, staff had revisited feedback from the *2017 Framework Implementation Review* to ensure coverage of key issues. A gap analysis highlighting areas for further work was presented. IIRC staff will close the identified gaps through suitable explanations, guidance and examples. Based on stylistic advice raised at the October 2018 meeting, staff will also consider options for presentation. A second draft will be presented at the next Panel meeting.

4c. Value Creation Practice Note. The initial proposal for the Value Creation Practice Note was discussed in February 2018 and the first draft of the Practice Note, reflecting proposal feedback, was presented for discussion. The draft Practice Note incorporates key aspects of the IIRC's *Value Creation Background Paper* to emphasize practice over theory and reinforce the importance of: (1) an entity-specific definition of value, (2) a focus not only on value creation, but also on value retention or loss, (3) the importance of various time horizons and (4) the critical link between the business model and value creation over time.

While acknowledging that further work was required on the practical examples, Panel members were satisfied with the general length and tenor of the draft. Panel members agreed that the documented issues reflect market misunderstanding and implementation challenges, but suggested that further emphasis be given to reporting boundaries and the fact they can differ across issues. Practitioners' ongoing struggle with differentiating outcomes from outputs was also noted for attention.

4d. Getting Started Guide. Panel members have seen two drafts of the Getting Started Guide with the current version under review by third parties, including members of the Business Network. Upon completion of the external review process, a third draft will be shared with the Panel.

IIRC staff noted that initial feedback to the draft Guide had been encouraging, particularly with regard to the 'pathways to integrated reporting' material. The quality of feedback to date has been excellent, with practitioners providing valuable insights to enhance the Guide.

5. 2019 Technical Programme

IIRC staff updated Panel members on progress and plans within the 2019 Technical Programme, based on discussions at the October 2018 meeting. The changes reflected:

- Commencement of the Corporate Reporting Dialogue's *Better Alignment Project*, which complements an ongoing project (Action 2)
- Revised timing of two projects (Actions 4 and 46) to accommodate revised scoping and extended consultation
- A shift in two projects (Actions 22 and 25) to accommodate the above extensions
- The outsourcing of one project (Action 8) to a key partner, who would be encouraged to seek Panel feedback.

IIRC staff noted that the above changes stagger the outputs for maximum attention. Panel members reviewed the proposed changes to the Technical Programme and, in light of reduced IIRC technical capacity, agreed that Action 24 (originally scheduled for Q4 2019) be moved to Q1 2020.

6. Any other business

- A European Financial Reporting Advisory Group (EFRAG) meeting will be held on 5 March in Brussels. Nancy Kamp-Roelands will chair a panel discussion on corporate reporting, featuring the IIRC's CEO.
- Dates of the IIRC's upcoming Board and Council meetings in Frankfurt were noted as 10 and 11 April 2019, respectively. The Chair will present the work of the Framework Panel to the Board.
- The [IIRC Global Conference](#) is to be held in London on 16-17 May.

7. Conclusions and next steps

- The Chair thanked Panel members for their participation and IIRC staff, including departed IIRC technical staff, for their hard work. He then closed the session.
- The date of the next meeting is **Tue 21 May 2019**.