1. Welcome and attendance
The Chair welcomed Panel members, and noted apologies.

2. Minutes of previous meeting and matters arising
Minutes of the 26 February 2019 meeting were distributed for comment on 22 March 2019. Silence was taken as agreement, and the minutes were accepted without change.

3. Progress update: Guidance – Outputs

3a. Practice Note: Statement of responsibility. IIRC staff introduced the draft content for a Practice Note to provide greater clarity and intent on the Statement of responsibility (the Statement) (Paragraph 1.20 of the <IR> Framework). A recent Training Partner briefing forms the basis of the Practice Note, which focuses on five key areas: the role of the governing body in reporting; rationale for the Statement from those charged with governance (TCWG); elements of a good statement; alignment with existing practice, and disclosure options if a company is not comfortable including such a statement in its report.

Panel members agreed the draft content was heading in the right direction, but suggested the concepts will be better illustrated once the practice note includes examples and good practices. Panel discussion raised the following points, which will be reflected in a revised draft of the Practice Note:

- The five issues should be reordered so that the rationale for the statement appears first.
- Companies may have an executive board as well as other governance bodies. Panel members noted the Framework definition of TCWG, and that responsibility for the Statement lies with those responsible for strategy i.e., the Board. The Practice Note needs to reinforce this.
- A hyperlink to the 2017 Framework Implementation Feedback Summary citing market support for the governing body’s role in integrated reporting should be included in the Practice Note.
- The terminology “use of a collective mind” in Paragraph 1.20 of the <IR> Framework was considered too nebulous, and requiring further definition. Is it consensus, unanimity, 50% + 1?
- In relation to alignment with existing practice, the gravity of the Statement was questioned. 1) Would it carry any legal weight? and 2) How it would compare to an unqualified statement by an auditor? Further research in this area was suggested.
- As integrated reporting takes time to implement, report preparers can “opt out” of providing a Statement (albeit noting the three-part alternative in papragraph 1.20). Panel members
suggested the Practice Note list the pros and cons to encourage greater practitioner thought as to why they might not want to opt out.

- The three reasons for opting out are all affirmative, so greater insight is needed to understand why companies are currently opting out of providing a Statement of responsibility.
- A revised draft might also benefit from a ‘pathways’ section that discusses what boards need to consider or have in place in order to include a statement of responsibility in their integrated report.

3b. Practice Note: Value Creation. The initial proposal for the Value Creation Practice Note was discussed in February 2018 and the first draft discussed at the February 26 2019 meeting. Panel members noted the progress made on the draft Practice Note and offered the following suggestions to further enhance its content, which will be incorporated into a revised draft:

- The illustrative examples reflect value creation as a “net” concept rather than “gross” ie. netting costs against gross benefits, and are strongly weighted to value creation. Inclusion of some more balanced examples is needed.
- Netting and weighting of different items can be challenging. Outcomes may not always be easily quantifiable and that the entity will need to apply its mind to weighting of outcomes. The content of a recent Business Network webinar on Outputs and Outcomes will be reviewed for examples to include in the Practice Note.
- Time horizons need to be considered in relation to value creation and value destruction – the nature of investing is that there can be value destruction in the short term in the pursuit of longer-term gains. An illustrative example demonstrating this should be included.
- The importance of metrics needs to be raised. Companies need to determine their own metrics to link strategy to results, and to show how they are tracking their performance. Panel members suggested weaving in discussion about metrics, and how they take a company from qualitative aspects of reporting to quantitative. Other points noted in relation to metrics were:
  - Quantified metrics doesn’t always mean quantified in monetary terms.
  - Some elements of performance may be difficult, or unable, to be quantified.
  - Panel members suggested the work of the World Benchmarking Alliance, who score companies’ SDG performance, as well as FASB’s detailed industry specific work done over the years could be a very rich source of material regarding creating metrics.
  - A repository of metrics to help others would be a useful resource to create in the future.
- Consider removing text under headings “Core themes” and “Implementation issues” to avoid duplication of information covered in the Practice Note.
- Standardise the style of examples by choosing a format and using it consistently.
- Issue 4 has merged the question of time and different stakeholders. Focusing on time may be – better, or make it clear that the two may be incapable in some instances of being delinked.
- Framework text within the Practice Note should be highlighted or otherwise clearly delineated.
- The distinction between value proposition and value creation needs to be made clearer.
- The status of the Practice Note needs greater emphasis, not just a brief sentence at the beginning of non-prescriptive guidance.
- P.15 last paragraph left side - wording assumes too much of a direct relationship, which is not always present. Wording of this paragraph needs to be reviewed as the message is not clear.

3c. Getting Started Guide. Panel members were presented with the third draft of the Guide, inclusive of valuable insights from practitioner review. Panel members agreed drafting of the Guide was now complete. IIRC staff will now work with their designers to prepare the Guide for publication.

IIRC staff presented a paper outlining a proposed revision of the Framework. Panel members had a detailed discussion of the pros and cons of a revision to the Framework. Additional matters that needed to be considered were also identified. Points raised during the discussion were as follows:

- Initial reaction to the paper was mixed, albeit all panel members agreed no wholesale revision of the Framework was required. The 2017 Framework Implementation Review concluded that the Framework was robust and up to its task, and tinkering with the document could undermine the fact its principles based and stands the test of time to deal with changes in corporate reporting.
- Coinciding with other realignment efforts was not a compelling reason to re-open the Framework.
- On the other hand, an update of the <IR> Framework could reflect evolution, lessons learned and make the Framework language less complex. This was far more palatable to all panel members than a revision, which suggests something more fundamental.
- An update could also increase the attention to the <IR> Framework, and offer an opportunity to promote the combination of the <IR> Framework and Practice Notes being developed, giving to an overview of materials available to preparers and its hierarchy so that people have the full picture.
- Panel members strongly agreed that other frameworks, the SDGs etc. should not be referenced in the <IR> Framework - it should stand alone as it is fundamentally correct philosophically. Referencing other frameworks could also result in omissions, may necessitate constant changes to the framework, and potentially cause future misalignment in the event other frameworks change direction in a way that is at odds with the <IR> Framework. Panel members felt that the relation of integrated reporting to other frameworks would be better dealt with in companion documents outside the <IR> Framework.
- Regarding process, the ‘Account’ phase (where the Basis of Conclusions is documented) is only shown at the end. In other standard setting bodies, the basis for conclusions or rationale for the different options shown in a consultation draft are discussed much earlier. On the issues of scoping and planning, one panel member urged caution in using resources to comment on proposed events (e.g., the detail of GRI sector standards is beyond the IIRCs work). Has any research that supports the benefits envisaged in a revision been undertaken? Are these benefits based solely on logic or has some other work been done to support the benefits?
- The timing seemed overly optimistic and the resources required to do any revision of the Framework were noted as a concern. Regardless of whether major updates or minor “tweaks” were made, the process undertaken would still be the same, requiring “an army” of people.
- Panel members questioned whether the energy spent on a revision might be better spent on marketing the existing <IR> Framework. This may help wider-scale adoption in markets such as Germany where integrated reporting is not embraced in totality (rather, certain elements may be reflected in sustainability reports, web pages, etc.). It was noted that marketing alone might not invite a second look, but an updated <IR> Framework might.
- The proposal document will be updated to reflect the case for an update of the <IR> Framework, and a second proposal will be prepared suggesting a fully-fledged marketing campaign to support an update of the <IR> Framework, giving the Board two alternatives from which to choose.

5. Any other business

There were no other matters noted.

6. Conclusions and next steps

The Chair thanked Panel members for their quality and conciseness of their comments, and IIRC staff for their work before noting the date of the next meeting as Tue 3 Sep 2019 and closing the session.