

<IR> Framework Panel: Meeting of 14 April 2020

Chair	Erik Breen
Members	Jean-Luc Barlet, Sarah Bostwick Stromoski, Stathis Gould, Nurmazilah Dato' Mahzan, Michael Gebbert, Nancy Kamp-Roelands, Yoichi Mori, Leigh Roberts, Tom Roundell-Greene, Jason Voss, Zubair Wadee
IIRC	Richard Barker, Lisa French, Laura Girella, Liz Prescott, Katrina Wong
Apologies	Tom Roundell-Greene
Minutes	Liz Prescott
Agenda	<ol style="list-style-type: none"> 1. Welcome and attendance 2. Analysis of responses to Topic Paper 1: Question 2 3. Analysis of responses to Topic Paper 1: Question 3 4. Analysis of responses to Topic Paper 1: Question 4 5. Analysis of responses to Topic Paper 1: Question 5 6. Other business and meeting conclusions

1. Welcome and attendance

The Chair welcomed Panel members and noted apologies.

2. Minutes of previous meeting and matters arising

The Chair noted apologies from the IIRC team that minutes of the 7 April meeting had yet to be circulated, and confirmed that they would be circulated as soon as possible.

3. Analysis of responses to Topic Paper 1 – Responsibility for an integrated report – Q2

- The IIRC team recapped the previous discussion on Q1 of Topic Paper 1 (ref: Recommendations A, B and C in minutes of the 7 Apr 2020 meeting).
- In relation to Q2, the IIRC team relayed the various systems, procedures and controls raised by survey respondents as possible content for <IR> Framework guidance. Additionally, some respondents pointed to existing external frameworks on internal control environments, suggesting that they should receive explicit reference in the <IR> Framework. In this regard, Panel members reiterated that the <IR> Framework is principles-based and, therefore, neutral with respect to external standards and frameworks. Such references could, however, be made in an expanded set of FAQs. A statement to this effect should be made in the Basis for Conclusions.
- Some Panel members wondered whether investors might place less weight on a statement by those charged with governance and more on understanding how an organization's reporting process links to corporate management and governance. The IIRC team should look to make these connections more explicit.
- The Panel agreed that the reference to systems, procedures and controls in the revised Framework should be kept at a high level, and supporting detail should be included in the FAQs.

4. Analysis of responses to Topic Paper 1: Question 3

- Just over 75% of respondents agreed that the <IR> Framework guidance should encourage the disclosure of roles and responsibilities in the integrated reporting process. A small number of respondents took the question quite literally: whereas the proposal contemplated identifying key departments, executives and Board functions involved, some took the proposal to mean a required listing of individual personnel by name.

- Over 50% of the supportive arguments focused on enhanced transparency and accountability, leading to trust in integrated reports. Along this vein, some respondents highlighted alignment between the proposal and similar practices in financial reporting.
- Over one-third of respondents offered specific suggestions for the <IR> Framework guidance (e.g. positions or departments frequently responsible for disclosures; processes supporting stakeholder engagement).
- There was little convergence in views among the 18% opposing the proposal; a handful of report preparers expressed concern about adding unnecessary detail to integrated reports.

5. Analysis of responses to Topic Paper 1: Question 4

- Almost three-quarters of respondents agreed that a statement of responsibility should be described as best practice. Panel members pointed to respondents' detailed comments, many of which described the statement as both 'good' and 'necessary'. The IIRC team was encouraged to further segment the responses to confirm the level of support for a *required* versus *encouraged* statement.
- The Panel revisited its 7 Apr recommendation regarding the statement of responsibility: (1) retain this as a simplified requirement and (2) introduce voluntary process-oriented disclosures. Despite current limited uptake of Paragraph 1.20, consultation feedback suggests that users of integrated reports continue to favour a statement of responsibility from positions of authority.
- The IIRC agreed to present proposed wording for a revised Paragraph 1.20 at the 21 Apr meeting.

6. Analysis of responses to Topic Paper 1: Question 5

- Survey feedback indicated a need to clarify whether senior management/executives are included in the definition of 'those charged with governance'.
- Some acknowledged the audit roots of the terminology and urged its continued use; to do otherwise could cause confusion. The term also accommodates various governance arrangements. Panel members agreed that the term should be retained, with possible clarifications via examples.
- Some noted the distinction between those who 'do' and those who 'oversee' the reporting process. Regarding oversight, the issue of one-tier versus two-tier boards was raised. In a two-tier model, the *executive board* is responsible for the report's preparation and the *supervisory board* for its oversight. Panel members inferred from survey feedback that report users seek reassurance from those who oversee the process at the highest level. This statement, coupled with process-oriented information, instils confidence in the internal rigour of the reporting approach and the competence of report preparers. On this basis, the Panel reiterated its 7 Apr recommendation: the statement of responsibility should be *required* and the process disclosures *voluntary*. One Panel member noted that if reporting process is sound, those charged with governance should have no reservations about signing the statement. If they cannot offer a statement, this says something of the robustness of the underlying process.
- Some survey respondents suggested cross-referencing the IAASB's ISA 260, allowing preparers to interpret the terminology and scope for themselves. The Panel reinforced its stance regarding referencing external standards and frameworks (see Item 3 of these minutes).
- Panel members suggested that adherence to Para 1.20 be included in the Examples Database.

7. Other business and meeting conclusions

Before closing the meeting, the Chair thanked all Panel members for their contributions, and IIRC staff for their work, and confirmed an additional meeting had been scheduled for **Tue 21 Apr 2020**.