

<IR> Framework Panel: Meeting of 21 Apr 2020

Chair	Erik Breen
Members	Jean-Luc Barlet, Sarah Bostwick Stromoski, Stathis Gould, Nurmazilah Dato' Mahzan, Michael Gebbert, Yoichi Mori, Leigh Roberts, Tom Roundell-Greene, Jason Voss, Zubair Wadee, Hugh Shields,
IIRC	Richard Barker, Lisa French, Laura Girella, Liz Prescott, Katrina Wong
Apologies	Nancy Kamp-Roelands (written comments provided in advance)
Minutes	Katrina Wong
Agenda	1. Welcome and attendance
	2. Minutes of previous meetings (7 and 14 Apr 2020)
	3. Analysis of responses to Topic Paper 2: Question 1-4
	4. Analysis of responses to Topic Paper 3: Question 1
	5. Strawman proposal – Responsibility for an integrated report
	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 acknowledged that the minutes of the 7 Apr and 14 Apr meetings had yet to be circulated. The IIRC team committed to distributing the outstanding minutes with those of the current meeting.

3. Analysis of responses to Topic Paper 2 – Business model considerations – Question 1-4

The IIRC team summarized survey responses to Topic Paper 2, noting limited participation from the investor community. High survey participation was noted from the European region.

Question 1

- Ninety-five per cent of respondents supported the proposed inclusion of illustrative examples and visual techniques to elevate the significance of outcomes. Supporting arguments included views that the proposal: (1) encourages more effective and balanced disclosures, (2) provides a logical way to clarify important concepts and (3) responds to a pervasive misunderstanding of outputs and outcomes.
- Only two respondents rejected the proposal, on the basis that: (1) illustrative examples would provide an ineffective link between vision, mission and business model, and (2) the current example overlooked service-oriented organizations.
- Three questions were posed to the Panel:
 - Does the distinction between outputs and outcomes need to be clarified?
 - How is this distinction best illustrated?
 - Where should illustrative examples or visual techniques be included?
- Panel members agreed that the distinction between outputs and outcomes needs to be clarified. At the same time, the <IR> Framework must remain concise and applicable to all regions, sectors and organizational types. As such, illustrative examples should not become too unwieldy. More detailed or comprehensive examples, if planned, should appear outside the <IR> Framework.

- Panel members noted that any example(s) in the <IR> Framework should be understandable and accessible to all. The simple example of a car to demonstrate outputs versus outcomes was favoured. Panel members also strongly supported the inclusion of services-based illustration.
- One member expressed concern over the use of visual techniques alone, as the utility of this approach varies according to learning style. It was suggested that the proposal incorporate a mix of visual techniques and illustrative examples to appeal to all. On this basis, simple examples and minor revisions to the value creation diagram should be explored. There was general agreement that, in terms of emphasis, the former technique was preferred.

Question 2

- Survey results supported clearer links between outcomes and value creation (93% in favour).
- Panel members agreed that the <IR> Framework could elevate the importance of outcomes by linking them more explicitly to value creation. This could be accomplished through a simple example within the <IR> Framework. Continued emphasis on conciseness was reiterated, as was the need to vet a proposed example before finalizing a decision.

Question 3

- The IIRC team shared that survey results support the reinforcement of: (1) the potential for value *preservation* and *erosion* and (2) the importance of evidence-based disclosures.
- Panel members discussed whether the term ‘value erosion’ should be used to reflect the reality that negative outcomes can, and often do, arise from business model activities and outputs. This would remind organizations that negative outcomes should be considered and disclosed.
- One Panel member raised concern that, after 10 years of integrated reporting, there remains a lack of balanced reporting on positive, negative and neutral outcomes. The sentiment of *neutral* and *negative value creation* should, therefore, be reinforced. Some were unconvinced that the <IR> Framework’s wording should move to these terms (used in King IV), particularly as survey respondents had flagged the notion that ‘*value creation can include instances where value is eroded*’ as an oxymoron. A shift to ‘*negative value creation*’ could prove equally unappealing.
- Several Panel members liked the directness of expanding the terminology to cover ‘value creation and erosion’. The IIRC team agreed to develop proposals for further consideration.
- Panel members debated the relationship between ‘outcomes’ and ‘value creation’ and whether they are related, but inequivalent, concepts. There was interest in probing the matter further, but outside the scope of the current revision.

Question 4

- Eighty-seven per cent of respondents supported a clarification of the <IR> Framework’s coverage of longer-term impacts on society and nature, under the existing ‘outcomes’ definition.
- Panel members cited an oversaturation of terminology and lack of a generally-accepted definition of ‘impact’ as reasons to avoid adopting the latter term. Panel members also recalled the 11 Feb meeting, during which they encouraged the IIRC to hold its ground with ‘outcomes’, but reinforce its conceptual alignment with impacts.

4. Analysis of responses to Topic Paper 3 Question 1

Due to time constraints, this item was deferred to a future meeting.

5. Strawman Proposals – Responsibility for an integrated report

The IIRC team requested that Panel members respond to the proposals by COB Thu 24 Apr.

6. Other business and meeting conclusions

Technical issues accelerated the call’s adjournment. The next meeting is set for **Tue 28 Apr 2020**.