INTEGRATED REPORTING ⟨IR⟩

Minutes of IIRC Working Group Meeting
London – 29 May 2012

Chair: Ian Ball

Attendees and apologies: See attached

Actions

A1	Working Group members to send any further specific comments on Rio+20 engagement to the Secretariat.
A2	The Secretariat to circulate the FAQs after taking the Working Group's comments into consideration. Working Group members who did not raise comments by the deadline set by the Secretariat would be taken as having agreed with the FAQs as drafted.
A3	Working Group members to contact the Secretariat with suggestions for people/organisations who can help to resource the topic-specific projects, in partnership with the IIRC. The Secretariat will follow up by email, with further details of each of the projects.
A4	Working Group members to send any further views or comments on the outline Framework to the Secretariat for consideration.

Recommendations

R1	It was suggested that there were too many messages, and that the headline policies should be limited to the first, second and fourth objectives of the Rio policy paper, namely: • To increase understanding of, and support for, <IR> among the companies and investors attending Rio+20. • To ensure <IR> is seen as one of the pragmatic, realistic and practical legacies from Rio+20. • To demonstrate that an evolution in corporate reporting is taking place and that companies and investors perceive real business benefits from a more integrated approach to reporting.
R2	The Working Group suggested that looking at existing Awards programmes for reporting would help to identify good examples for inclusion in the Examples database. The Working Group also suggested that working with the founders of those Awards programmes in setting the Awards criteria would help to promote the IIRC's definition of <IR> and raise awareness and acceptance thereof. The Working Group pointed out that the database should aim to include a spread of examples across jurisdictions and sectors. In addition, the examples should be extracts from company reports, as no company has yet achieved a fully integrated report, and should explain why each extract has been selected.

Minutes of IIRC Working Group Meeting
London – 29 May 2012

R3	The outputs of the various technical projects will be put to the Working Group for their input. As some of this input will be sought on a tight turnaround, the Working Group asked the Secretariat to share details of the critical path (or other appropriate communication) with details of when Working Group input is likely to be required, so as to allow members to plan ahead and set aside time to make a considered response. The Working Group also mentioned that the Secretariat might seek some of the consultation using online chats or a community discussion, so that travel is not always required in order to contribute to projects. (R3)
R4	The Working Group agreed that the Framework should provide a set of principles against which communications (in whatever form) prepared by a company could be evaluated to determine whether the company was reporting its performance in an integrated way that showed the interdependencies between the different capitals. The Working Group also agreed that the Framework should not prescribe a template for an Integrated Report.
	The other features of the outline (set out in paragraphs 6 ii) through 6 vii) of the pre-meeting paper labelled item 5.2) were agreed by the Working Group as an appropriate basis for the Framework.
	The Working Group suggested that the outline framework might have four parts rather than the two currently suggested by the Secretariat – these four parts being:
	• Section 1 of the proposed framework (as in of the pre-meeting paper labelled item 5.2) becoming Part 1;
	• Sections 2 through 4 (as in of the pre-meeting paper labelled item 5.2) becoming Part 2;
	• Sections 5 and 6 (as in of the pre-meeting paper labelled item 5.2) becoming Part 3; and
	• Section 7 (as in of the pre-meeting paper labelled item 5.2) forming Part 4.
R5	The Working Group approved its Terms of Reference.
R6	The Working Group asked the Secretariat to consider preparing an Integrated Report when producing the IIRC's annual company report. The Secretariat agreed to consider this suggestion.
R7	Bob Massie indicated an interest in being involved in the project researching "Value to whom?".

Next meeting

The next meeting of the WG will be 17 September 2012, at PricewaterhouseCoopers, Westgate, Thomas R. Malthusstraat 5, 1066 JR, Amsterdam, Netherlands.

INTEGRATED REPORTING ⟨IR⟩

Minutes of IIRC Working Group Meeting
London – 29 May 2012

Notes

1. Ian Ball outlined the meeting objective as seeking input from the Working Group on:

   - The Pilot Programme Conference
   - The IIRC Strategy
   - Rio+20 Policies and Legacy
   - Outline Framework

2. The minutes from the meeting on 27 February were approved. Paul Druckman commented on the current status of the action points and described the Secretariat's responses to the Working Group's recommendations from that meeting, as summarised in Appendix 2.

3. Paul Druckman presented a CEO update, including the handout titled "IIRC Team Plan May 2012 – September 2014 timeline v3" (the critical path). The following points were raised in response to questions:

   - A policy relating to entering into Memoranda of Understanding with other organisations is under discussion by the Board. Once approved, MoUs may be entered into with other organisations.
   - The current list of topics for projects is not "locked" in the sense that further projects can be added to the list for later prioritisation.
   - The critical path has been designed so that outputs will be delivered to coincide with big milestone events, for example, the draft Framework is timed to be issued ahead of the OECD Conference.
   - An outline or "bare bones" framework will be issued for consultation, and built up further over time.
   - The public consultation on Long Term Governance seems to be very late in the critical path, making the timetable for public consultation and setting up the final IIRC governance structure very tight.

4. Superna Khosla introduced a discussion of the contents of the Pilot Programme Conference to be held in September 2012 near Amsterdam. The breakout discussions of this topic, at which detailed notes were taken by the Secretariat, elicited a number of good suggestions which will be developed further by the Relationships Team.

5. Jonathan Labrey led a discussion about the IIRC's engagement at the Rio+20 Summit and the post-Rio Legacy. The following points were made:

   - The current Zero Draft does not contain wording that is strong enough to create international support for <IR>, particularly in relation to encouraging governments to consider the introduction of regulations that require <IR>.
   - A view was expressed that the current Strategy and other documents have downplayed the power of <IR> to drive sustainability. This led to a discussion about the purpose and definition of <IR>, which included the point that, while sustainability is very important, unless <IR> uses language that helps CFOs and Investors to understand and accept the concepts, it will not be accepted by the business and investor communities. Consequently, the IIRC's approach of downplaying the use of "sustainability" language is appropriate.

- It was suggested that there were currently too many policy messages in the paper tabled by the Secretariat, and that the headline messages should be limited to the first, second and fourth objectives, namely:

  o To increase understanding of, and support for, <IR> among the companies and investors attending Rio+20.

  o To ensure <IR> is seen as one of the pragmatic, realistic and practical legacies from Rio+20.

  o To demonstrate that an evolution in corporate reporting is taking place and that companies and investors perceive real business benefits from a more integrated approach to reporting. (R1)

- The Rio+20 messaging should focus on all the capitals, not just on natural capital, given that the Rio+20 Summit is focused on sustainable development, which encompasses social and economic capital, as well as natural capital.

- The <IR> messaging should be adapted for each of the audiences being addressed by the IIRC, when necessary – appropriate emphasis needs to be placed on different aspects of the core message in order to address the interests and focus of different groups.

- For Rio+20, the <IR> message can be fairly generic, but the legacy message should be more specific about <IR> as a solution that can help sustainable development.

- The Working Group was asked to send any further specific comments to the Secretariat. A final position paper, taking account of the discussion, will be prepared and circulated prior to Rio+20. (A1)

6. Jonathan Labrey introduced a discussion about the FAQs. The Secretariat took detailed notes during the breakout discussions that followed, and these will be used to finalise the FAQs. The following points were discussed:

- Question 6 raised the most concerns, and a number of specific wording proposals were provided to the Secretariat.

- The Working group pointed out that sometimes small changes in wording could change the emphasis quite considerably, and therefore suggested that the Secretariat look closely at any wording changes proposed during the breakout discussions, as well as any sent after the meeting.

- The Working Group asked for the chance to re-review the final draft of the FAQs, as revised by their discussions.

- The Secretariat agreed to circulate the FAQs after taking the Working group's comments into consideration, on the basis that any members who did not raise comments by the deadline set by the Secretariat would be taken as having agreed with the FAQs as drafted. (A2)

7. Michael Nugent led a discussion of a number of technical issues. The following points were discussed:

- An Examples database is being prepared in partnership with Black Sun. The Working Group suggested that looking at existing Awards programmes for reporting would help to identify good examples for inclusion. The Working Group also suggested that working with the founders of those Awards programmes in setting the Awards criteria would help to promote the IIRC's definition of <IR> and raise awareness and acceptance thereof. The

Working Group also pointed out that the database should aim to include a spread of examples across jurisdictions and sectors. In addition, the examples should be extracts from company reports, as no company has yet achieved a fully integrated report, and should explain why each extract has been selected. (R2)

- Members of the Working Group are asked to contact the Secretariat if they have suggestions for people/organisations that can help to resource the topic-specific projects, in partnership with the IIRC. The Secretariat will follow up by email, with further details of each of the projects. (A3)

- The outputs of the projects will be put to the Working Group for their input. As some of this input will be sought on a tight turnaround, the Working Group asked the Secretariat to share details of the critical path (or other appropriate communication) with details of when Working Group input is likely to be required, so as to allow members to plan ahead and set aside time to make a considered response. The Working Group also mentioned that the Secretariat might seek some of the consultation using online chats or a community discussion, so that travel is not always required in order to contribute to projects. (R3) It is also anticipated that several of the projects will be discussed at the meeting in September

- There was considerable debate around whether the output of the IIRC will be a framework for Integrated Reporting or a framework for preparing an Integrated Report, as outlined in paragraph 6 i) of the pre-meeting paper labelled item 5.2. The Working Group agreed that the framework should provide a set of principles against which communications prepared by a company (in whatever form) could be evaluated to determine whether the company was reporting its performance in an integrated way that showed the interdependencies between the different capitals. The Working Group also agreed that the framework should not prescribe a template for an Integrated Report. (R4)

- The other features of the outline (as set out in paragraphs 6 ii) through 6 vii) of the pre-meeting paper labelled item 5.2) were agreed by the Working Group as an appropriate basis for the Framework. (R4)

- The Working Group suggested that the framework might have four parts rather than the two currently suggested by the Secretariat, i.e., Section 1 of the proposed framework becoming Part 1; sections 2 through 4 becoming Part 2; sections 5 and 6 becoming Part 3; and section 7 forming Part 4. (All section references are to the attachment to the pre-meeting paper labelled item 5.2.)

- It was noted that the Pilot Programme participants, although happy to input into the development process for the framework, are also looking for some guidance from the IIRC.

- To the extent that any views were not raised during the discussion, members of the Working group are asked to send them to the Secretariat for consideration. (A4)

8. Other matters raised:

    - The Working Group approved its Terms of Reference. (R5)

    - A concern was raised about investors and companies being under-represented on the various groups and task forces. The Secretariat is aware of this concern and will convey this message to the Board.

However, the Working Group also pointed out that, while it was appropriate for this concern to be raised and discussed within the meeting, it was important not to discuss this outside of the group as external parties, not understanding all the background, might take the comment out of context. This could undermine the work and reputation of the IIRC, which would be counter-productive to what everyone is trying to achieve.

- The Working Group asked the Secretariat to consider preparing an Integrated Report when producing the IIRC's annual company report. The Secretariat agreed to consider this suggestion. (R6)

Minutes of IIRC Working Group Meeting
London – 29 May 2012

Appendix 1: Attendees

ACCA	Neil Stevenson
Aviva Investors	Stephanie Maier (representing Steve Waygood) from 11am until 12.30pm
BDO	Simon Pringle
Business Reporting Leaders Forum	Nick Ridehalgh
Carbon Disclosure Project	Pedro Faria (representing Nigel Topping)
CLP	Jeanne Ng
Deloitte	Eric Hespenheide
EFFAS	Ralf Frank
Ernst & Young	Brendan Le Blanc
GRI	Bastian Buck (representing Nelmara Arbex)
Harvard University	Robert Kinloch Massie
Hermes EOS	Tom Rotherham
IASB	Alan Teixeira
IFAC	Ian Ball
Independent Standards Advisor (affiliated to CICA)	Alan Willis
Independent	Alan Knight
JICPA	Kiyoshi Ichimura
Ketchum	John Paluszek
KPMG	David Matthews
Microsoft	Bob Laux
PwC	Jessica Fries
Railpen Investments	Frank Curtiss
SAICA	Graham Terry
Solvay	Michel Bande
UNEPFI	Yuki Yasui
Observers	Ernst Ligteringen (GRI) (from 2.30pm)
	Kim Holmstrom (Directorate-General for Enterprise and Industry)
	Yoichi Mori (JICPA)
IIRC CEO	Paul Druckman
IIRC Secretariat	Mark Brand
	Lois Guthrie
	Kate Jefferies
	Superna Khosla

Minutes of IIRC Working Group Meeting
London – 29 May 2012

	Jonathan Labrey	
	Mariko Mishiro	
	Michael Nugent	
	Hiroko Ozawa	
	Andy Smith	
	Beth Schneider	
	Kate Turner	
	Matty Yates	

Apologies

APG Investments	Claudia Kruse
Australian School of Business, The University of New South Wales	Roger Simnett
Aviva Investors	Steve Waygood
Carbon Disclosure Project	Nigel Topping
FASB	Peter Proestakes
General Electric	Robert Giglietti
Grant Thornton	Steve Maslin
GRI	Nelmara Arbex
Novo Nordisk	Susanne Stormer
PRI	Rob Lake
UNCTAD	Anthony Miller
UNGC	Jerome Lavigne-Delville
WRI	Janet Ranganathan
Goldman, Sachs & Co.	Bess Joffe (Observer)

INTEGRATED REPORTING ⟨IR⟩

Minutes of IIRC Working Group Meeting
London – 29 May 2012

Appendix 2: Status Update: Actions and Recommendations from 27 February Working Group meeting (Extracted from minutes of meeting of 27 February)

Actions

A1	Circulate the following: • The membership lists and terms of reference of each of the IIRC groups (Council, Board, Working Group, Task Forces) • The papers underlying the slide from Paul Druckman's CEO update showing the governance structure	Completed.
A2	As requested by the IIRC Secretariat, assist with in- country Rio+20 engagement	On the agenda for discussion at 29 May meeting.
A3	Send details of planned events to the IIRC Secretariat (Sara Nori: sara.nori@theiirc.org) so that the list of events at which <IR> is discussed is kept up to date	Requested again at 29 May meeting.
A4	Follow up with a range of investors through regular engagement, including with CFA, who had indicated that they were planning to submit a response to the discussion paper, but did not.	Done, and CFA very likely to become part of the IIRC Working Group in due course.
A5	Analyse results of discussion group on the Business Model, Connectivity, the Capitals and Materiality, and distribute paper for input and feedback from Working Group (WG) members	Built into the work of the Technical Task Force and to be discussed at agenda item 5.

Recommendations and conclusions

R1	The WG noted the WG Terms of Reference (paper 3.1), Communications and Engagement Update (paper 3.2) and Long-term Institutional Arrangements paper (paper 3.3).	Terms of Reference have been approved by the Council and the Board. Working Group Terms of Reference due for action at agenda item 6.
R2	The WG suggested that a small WG Task Force could be formed to gather information about what each of the WG members is doing with respect to Rio+20.	This task force was not formed. However, Rio+20 engagement is on the agenda for discussion at agenda item

Minutes of IIRC Working Group Meeting
London – 29 May 2012

		4.
R3	The WG asked to input to the communications strategy in due course.	The strategy is still under development. However, aspects of the strategy will be discussed under agenda items 2 and 4.
R4	The WG recommended that the Deputy Chair of the Investor Network be from somewhere other than the UK, to help address the perception in some quarters that the UK is over-represented on the IIRC.	A Deputy Chair has not yet been appointed. Leads are being explored with potential candidates in the USA.
R5	The WG suggested that the Corporate Reporting User Forum (CRUF) be approached to input to investor discussions	CRUF has been approached, but engagement is still at an early stage and there is no particular progress to be reported.
R6	The WG recommended that the IIRF be developed with a focus on the needs of investors and that the Secretariat should develop wording to ensure that the IIRF's inclusiveness of the different stakeholders is conveyed as part of overall messaging.	Built into the work of the Technical Task Force and to be discussed at agenda item 5.
R7	The WG concurred with the Secretariat's suggestion that research be undertaken to test the expectation that the specific information needs of the other stakeholders, insofar as understanding how an organisation creates value in the short, medium and long term do not differ greatly from those of investors.	The Secretariat continues to be very aware of the need for balance within the various groups, task forces and Council.
R8	The WG suggested that the question of "value to whom?" be given further consideration by the Secretariat, taking into account the views expressed by the WG, and as appropriate, undertaking additional research and consultation".	Built into the work of the Technical Task Force and to be discussed at agenda item 5. Bob Massie indicated that he was interested in being involved in this project.
R9	The WG suggested that the IIRF should focus on Integrated Reporting, rather than merely provide guidance on the contents of an Integrated Report. The scope of this broader focus will be defined during the period of development of the IIRF.	This has been a subject of great debate, and will be further discussed at agenda item 5.
R10	The WG agreed with comments by respondents to the Discussion Paper (DP)	Project work will proceed in accordance with this

	that issuing an exposure draft of the IIRF towards the end of 2012 would be premature, because it could not fully take the results of the Pilot Programme into account. The WG therefore concurred with the Secretariat's proposals to issue a number of "issues papers" or "consultation documents" over the next two years to obtain views from stakeholders on various topics, such as materiality, and to use these to inform the development of the IIRF which would then be issued in 2013.	recommendation. An e-book/PDF will be issued on 5 June with all the responses and analysis of the Discussion Paper responses.
R11	The WG considers that technology enablement is important. In addition, the WG suggested that an XBRL observer at WG meetings would be helpful.	Discussions have been held with SAP, Oracle and IBM. Work is progressing "in the background".
R12	The WG suggested that the following are not key focus areas for the IIRC, given the need to focus resources on developing the IIRF: • The question of whether the IIRF should be mandatory or not and • Developing guidance aimed at regulators on "comply or explain".	The Secretariat appreciated the Working Group's advice on direction in this area.