<IR> Framework Panel: Meeting of 5 November 2019

Time	10.00 am – 1.00 pm (EST)
Members/TAs	Erik Breen (Chair), Jean-Luc Barlet, Sarah Bostwick Stromski, Laura Leka, Rodrigo Morais, Yoichi Mori, Tom Roundell-Greene, Zubair Wadee, Jason Voss
IIRC	Lisa French, Liz Prescott
Apologies	Nancy Kamp-Roelands, Lothar Rieth, Hugh Shields
Minutes	Liz Prescott
Agenda	1. Welcome and attendance
	2. Minutes of previous meeting and matters arising
	3. Progress update: Guidance - Outputs
	4. Progress update: Ongoing discussion with others
	5. 2019 Technical Programme update
	6. Proposed <IR> Framework update
	7. Proposed 2020 Panel meeting dates
	8. Any other business
	9. 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 3 Sept 2019 meeting were distributed for comment on 16 Sept 2019. One amendment was made in relation to *Item 4 – Proposal document: <IR> Framework Revision*. In particular, it was noted that Panel members agreed to a scaled-back revision of the <IR> Framework and found the proposed types of revisions to be clear. The minutes were accepted without further change.

3. Progress update: Guidance – Outputs

3a. Practice Note: Value Creation. The IIRC team reported continued work on the draft Practice Note, with finalization and design slated for December. The content has been considered in the context of a potential <IR> Framework update, with no changes deemed necessary. Prior to completing an internal review, the draft Practice Note will also be assessed by an IIRC Board member. The IIRC team thanked Panel members for providing examples for inclusion.

3c. Getting Started Guide. The IIRC team shared an update on the Getting Started Guide, which has been reviewed internally, with several recommendations arising. As above, the content has been considered in light of the potential <IR> Framework update. The extent to which the Guide covers Paragraph 1.20 could be influenced.

Panel members discussed whether the Guide should be released with the revised <IR> Framework to maximize its impact; however, based on signals of market expectation for the Guide, it was decided that such expectations should override marketing considerations. On this basis, Panel members agreed to a soft launch of the Guide as soon as possible, with a hard launch to accompany the revised <IR> Framework. This approach would allow the IIRC to: (1) reflect minor changes arising from the <IR> Framework revision, (2) incorporate user feedback on the first version of the Guide, (3) accommodate market translations as necessary and (4) maximize the impact of both publications.

In terms of content, Panel members recommended that: (1) the number of pathways to integrated reporting range between three and five, and (2) a single *'What you need to know'* page, covering integrated reporting basics, be included.

4. Progress update: Ongoing discussion with others

In September, participants of the Corporate Reporting Dialogue's *Better Alignment Project* (CDP, CDSB, GRI, IIRC, SASB) launched a [report](#) demonstrating consistency across climate-related disclosure requirements. IIRC staff noted that the launch – hosted by the World Economic Forum and attended by investors, consultants and policy makers – underscored investor calls for *'a single set of ESG metrics on an industry basis'*. In the ensuing discussion, participants:

- Asserted that the sudden surge in demand for ESG metrics is fueled by new investment products, coupled with a motivation to extend traditional investor paradigms (i.e., models built on financials) to less familiar subject matter.
- Observed that while there is general consensus on key *financial* metrics, the same is not true in non-financial reporting. A recent call by Eumedion, a Dutch Corporate Governance Forum, for IASB-led *International Non-Financial Reporting Standards* demonstrates this sentiment.[1]
- Reinforced the importance of materiality considerations in relation to non-financial topics.
- Cautioned that a disproportionate emphasis on a single set of metrics undermines the importance of context, narrative and strategy disclosures, the very features that the <IR> Framework seeks to promote.
- Observed that in some regions, companies struggle to provide broader insight into *operational* performance, activities and impacts. The 'newness' of such disclosures and a fear of litigation were cited as likely hurdles. Notably, in Japan, the regulator and stock exchange encourage the disclosure of five-year business plans.
- Suggested that the IIRC: (1) reinforce the <IR> Framework's coverage of all issues affecting value creation, (2) offer further process-oriented guidance on the selection of non-financial/operating metrics and (3) clarify its position regarding *universal* versus *entity-specific* metrics.

5. 2019 Technical Programme update

IIRC staff presented a summary of 2019 technical outputs and achievements. Panel members recommended that the 2019 progress update reference plans for a 2020 <IR> Framework revision.

6. Proposed <IR> Framework update

- IIRC staff introduced a revised proposal document, based on previous Board and Panel member feedback. Panel members agreed that the process of amending the <IR> Framework should be referred to as a *'revision'* rather than an *'update'*. This former term is consistent with the IIRC's *Procedures Handbook* and governance documents.
- The Panel agreed with the proposed revision approach insofar as it includes market consultation as part of a robust due process, while also providing the flexibility to accommodate a relatively quick turnaround.
- To support agility, the Chair noted the importance of tackling key issues through focused consultation. Panel members favoured including multiple issues within a single discussion paper (45 to 60-day exposure), rather than issuing a series of individual papers with a 30-day exposure period apiece.
- Panel members agreed with focused consultation on: (1) the statement required by those charged with governance, as set out in Paragraph 1.20, and (2) the difference between outcomes and impacts, including a discussion of time horizons.
- The practice of presenting multiple possible scenarios, as promoted in the final recommendations of the Taskforce on Climate-related Financial Disclosures, was raised. It was wondered whether

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[1] See Eumedion's [Towards a global standard setter for non-financial reporting](#).

the <IR> Framework's *Outlook* guidance, which does not explicitly address scenario analyses, should be amended to do so.

- One Panel member proposed a reconsideration of the materiality definition and/or approach. Within this context, preparer confusion over the materiality determination process was noted. IIRC staff questioned whether improved signposting to *existing* guidance (e.g., a dedicated set of FAQs published in 2019; materiality-based guidance issued in 2014) might be a more appropriate mechanism.
- While on the topic of materiality, Panel members noted pockets of market confusion over:
  - The link between stakeholder engagement and materiality
  - Compatibility between various frameworks when making materiality assessments.

  It was generally agreed that the Getting Started Guide would be an appropriate avenue to resolve such confusion.
- One member proposed that the diagram depicting the value creation process could be simplified.
- The Chair recommended that the IIRC team identify appropriate avenues to address the above proposals. It should also finalize the list of issues for focused consultation in early 2020.

7. Proposed 2020 meeting dates

Panel members agreed that monthly meetings would be necessary to accomplish the <IR> Framework revision within an aggressive timeframe. During the course of discussion, Panel members also noted: (1) a commitment for deeper involvement in 2020 in terms of reviewing, discussing and potentially authoring material, and (2) the need for a single IIRC voice on all publicly-facing material. Names of Panel members committing to a stronger leadership role were recorded.

8. Any other business

There were no other matters noted.

9. Conclusions and next steps

Before closing the meeting, the Chair thanked Panel members for their contributions, and IIRC staff for their work, and noted that monthly meetings would be set for 2020. On the latter point, Panel members would be asked to indicate their availability for scheduled meetings in due course.