



# <IR> Framework Board

## Minutes of 12 October 2021 meeting

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<b>Chair</b>	Erik Breen
<b>Members</b>	Vania Borgerth, Robbie Campo, Michael Gebbert, Dr. Nurmazilah Mahzan, Yoichi Mori, Cora Olsen, Leigh Roberts, Hugh Shields, Jason Voss, Zubair Wadee
<b>Staff</b>	Lisa French, Laura Girella, Caroline Bridges
<b>Guests</b>	Jeremy Osborn (Value Reporting Foundation), Charles Tilley (Value Reporting Foundation)
<b>Apologies</b>	--
<b>Agenda</b>	<ol style="list-style-type: none"><li>1 Welcome, attendance and agenda</li><li>2 Minutes of previous meeting (13 Jul 2021)</li><li>3 Forward-looking agenda: Debrief from 13 Jul meeting</li><li>4 Technical programme update</li><li>5 Integrated Thinking Principles: Project status (Guest: Dr. Jeremy Osborn, Director of Business Relationships &amp; Networks, Value Reporting Foundation)</li><li>6 Any other business</li><li>7 Conclusion and next steps</li></ol>

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### 1. Welcome, attendance and agenda

The Chair welcomed Framework Board members to the meeting and noted no apologies. The Chair recognized the Board's two newest members, Vania Borgerth and Robbie Campo, each of whom provided a short introduction. The Chair acknowledged guests Jeremy Osborn and Charles Tilley.

Lisa French noted Liz Prescott's new role within the Value Reporting Foundation and acknowledged Liz's long-standing contributions to the Board. Lisa then introduced Caroline Bridges to Board members, noting her current work in supporting the *Integrated Reporting and Integrated Thinking Oversight Committee* and other technical initiatives.

### 2. Minutes of previous meeting (13 Jul 2021)

The minutes of the 13 Jul 2021 meeting were previously circulated. The Chair invited related questions, comments and clarifications. With none offered, the minutes were accepted as written.

### 3. Forward-looking agenda: Debrief from 13 Jul meeting

Staff referenced the Board's previous discussion on potential alignment of the International <IR> Framework and SASB Standards. For the benefit of new members, staff recalled views from the 13 Jul meeting, namely an interest in: (i) satisfying the market's appetite for implementation guidance in the short term and (ii) refraining from reopening the <IR> Framework until other notable developments in the corporate reporting space (e.g. potential formation of an ISSB and IASB plans to evolve the Management Commentary Practice Statement) had taken shape.

Consistent with these sentiments, the Value Reporting Foundation has modified its external position regarding harmonizing the <IR> Framework's six capitals and the SASB Standards' five sustainability dimensions. In particular, the organization has communicated a near-term emphasis on supporting the IFRS Foundation's Technical Readiness Working Group, as a precursor to longer-term alignment of the Value Reporting Foundation's resources. This process and these contributions will inform future alignment activities.

## 4. Technical Programme update

Staff updated Framework Board members on recent projects, including the following:

- **Launch of [Transition to integrated reporting: A guide to getting started](#).** Staff relayed statistics about the publication and its related launch event: 1,100 publication views<sup>1</sup>, 11k LinkedIn and Twitter impressions<sup>1</sup> and 25% new traffic to the launch webinar (double the organization's norm).
- **Response to the IASB's Exposure Draft on Management Commentary Practice Statement.** Staff described the approach taken to develop the Value Reporting Foundation's 6 Oct [comment letter](#). Information about related outreach and use of the comment letter by others was also shared.
- **Preparation of draft Frequently Asked Questions (FAQs).** Staff introduced four FAQs related to: (1) the timing of adherence to the <IR> Framework, (2) perceived delegation of responsibility from those charged with governance, (3) introduction of 'purpose' to the <IR> Framework and (4) examples of process disclosures.

In the ensuing discussion, Board members provided the following feedback on the draft FAQs:

### FAQ1 – Time frame for <IR> Framework adherence

- It should be clarified that this FAQ addresses new preparers of integrated reports
- The response should avoid downplaying a firm commitment to prioritizing the 19 requirements

### FAQ3 – Definition of purpose

- Given the nature of the response (i.e. explaining why something goes unexplained), its tone should be less defensive
- Although the <IR> Framework refrains from defining purpose, the forthcoming *Integrated Thinking Principles* may adopt a different stance. Linking to this non-authoritative definition, once available, could be helpful.

### FAQ4 – Process disclosures

- The examples should be positioned as 'reasonable considerations' rather than a required checklist; such disclosures should be relevant to each organization
- The order of the two categories should be reversed
- Reference to integrated thinking might be helpful (alternatively, this reference could appear in FAQ1, as integrated thinking is more a management approach/mindset than a disclosure step)

## 5. Integrated Thinking Principles: Project status

Jeremy Osborn provided an overview of the Integrated Thinking Principles and the process through which they were formed. Six draft Principles, which include three layers of detail, were introduced. In the ensuing discussion, Board members offered feedback as follows:

### Recurrent themes

- The Integrated Thinking Principles should align more closely with the <IR> Framework, as most users of the Principles will *also* use the <IR> Framework. Misalignment risks confusing preparers and undermining the importance of the <IR> Framework. Board members highlighted three gaps to be resolved or justified:
  - The Integrated Thinking Principles' **purpose** element emphasizes profitability. By contrast, the <IR> Framework avoids this language/lens (which implies a primacy of financial capital) and instead focuses on value creation, preservation or erosion across the six forms of capital.
  - The Integrated Thinking Principles use the word **strategy** to denote 'profitably meeting the needs of customers'. By contrast, the <IR> Framework refers to strategy in the context of 'maintaining the business model through effective resource allocation'.
  - The Integrated Thinking Principles favour the word **impacts**, yet the <IR> Framework refers to business model **outputs** and **outcomes**.

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<sup>1</sup> During the publication's first three weeks

- With respect to terminology, confusion between the six Integrated Thinking **Principles** and the <IR> Framework's seven Guiding **Principles** seems inevitable. The Value Reporting Foundation should be cautious about presenting two sets of *different* principles across its resources.
- The Level 1 Principles overlook the importance of **opportunities** as a key contributor to an organization's strategy development and value creation.
- In some cases, the Level 2 content does not correspond to the Level 1 content.
- The relative order of the *Business Model* and *Purpose & Culture* circles should be reconsidered.

#### **Overall design**

- Try to embed or contextualize the model in the existing landscape. In other words, what is the connection to material already available, including (but not limited to) the <IR> Framework?
- The single-word approach to Layer 1 indicates **focus areas** rather than **principles** (short sentences or positive statements to guide actions). Ensuring all principles can be recalled from memory (via a series of single words) should not constrain the model's overarching goal.
- If single words are retained, then bear in mind that verbs are often more powerful than nouns.
- The model's current **structure** may be incompatible with the **volume** of explanatory text needed; one or the other of these aspects should be reconsidered.
- In some cases, the Level 2 content is vague; consider action-oriented steps, guidance or prompts.
- Given the range of organizations applying integrated reporting and integrated thinking, the model should avoid a bias (with its reference to customers and investors) to profit-oriented companies.

#### **Six Integrated Thinking Principles**

- The Purpose and Strategy elements of Level 1 appear to overlap; it is also unclear whether the Purpose element actually describes a mission statement.
- The Governance element should include mechanisms for self-reflection and review; this is core to an organization properly evaluating itself and remaining true to its purpose.
- The mechanisms that encourage constant cross-functional interaction and awareness within an organization are missing; these mechanisms would fit naturally in the Governance element.

#### **Other considerations**

- Where the presentation model uses analogies, these analogies should be globally accessible.

The session closed with a summary of next steps: the draft Principles will be reviewed by the *Integrated Reporting and Integrated Thinking Oversight Committee* and tested by select <IR> Business Network participants.

#### **6. Any other business**

No other matters were noted.

#### **7. Conclusion and next steps**

The Chair noted the upcoming Value Reporting Foundation Symposium, scheduled for 6-7 Dec 2021. The Chair thanked Board members for their contributions, noting that: (1) further comments on the Integrated Thinking Principles should be directed to Jeremy and (2) further comments on the draft FAQs should be directed to Lisa and Laura. The Chair then closed the meeting.