

International Integrated Reporting Committee
13th May 2011, AICPA Boardroom, New York
Meeting Minutes – Final

Attendees

The list of attendees and apologies is attached as an Appendix to the minutes.

Summary of Action Items from Meeting

	Action Item	Responsible
1.	Finalise Discussion Paper and issue for public consultation	Working Group
2.	Assist with recruitment of pilot companies	Jessica McGlyn
3.	Commit additional resources to support launch campaign	Michael Izza
4.	Assistance with initiating engagement activities in Russia	Helen Brand
5.	Appoint new Chief Executive	Sir Michael Peat/ Prof Mervyn King
6.	Consider options for physical location of secretariat	New Chief Executive
7.	Circulate funding formula for the transition period showing IIRC member contribution	Secretariat
8.	Circulate proposals for a stakeholder forum	Governance Taskforce
9.	Consider opportunities to extend membership to increase geographic representation	Sir Michael Peat/ Prof Mervyn King
10.	Nominate second Deputy Chairman	Prof Mervyn King

Agenda Item 1 – Welcome, introduction, objectives and minutes

Sir Michael Peat welcomed members and thanked Arleen Thomas, AICPA, for hosting the dinner on the previous evening. Sir Michael outlined three objectives for the meeting:

1. Agree the direction of the Discussion Paper.
2. Update on plans to raise awareness and gain support for Integrated Reporting.
3. Agree revised secretariat arrangements and governance consultation process.

Minutes of previous meetings were approved. It was agreed that a summary of action items will be included in the May minutes.

Agenda Item 2 – Discussion Paper Comments

Paul Druckman opened the discussion of comments received:

- noting that professional editing of the document has been arranged;
- expressing appreciation for the work of all teams and task forces;

International Integrated Reporting Committee
13th May 2011, Meeting Minutes - Final

- recognizing the work of the secretariat, in particular Beth Schneider and Michael Nugent;
- identifying two key objectives for the meeting:
 - to debate key areas of divergent comment; and
 - to debate fundamentals of the framework.;
- outlining five discussion areas:
 - overall tone and feel;
 - core challenges;
 - relevance of governance issues in the document;
 - content fundamentals; and
 - process.

Comments from IIRC Members

Key comments from IIRC members on the issues outlined are summarized as follows:

- It was recognized that the current document is too long, that the value proposition for Integrated Reporting needs to be made more compelling and that the language needs to be more user-friendly to the investor community. It was also agreed that the launch of the Discussion Paper should be supported by a powerful public relations campaign. It was agreed that time should be taken to finalize the Discussion Paper rather than stick to ambitious timelines.
- There were several substantive comments focused on the audience of the document, questioning whether the audience is the G20, pilot companies or the investor community. It was suggested that the focus of the Discussion Paper should be on building widespread discussion and momentum and that the approach should be to develop a core document that would serve as the basis for more concise summary briefings for specific audiences, such as the G20.
- In reference to the G20, it was underlined that inclusion of Integrated Reporting on the G20 meeting agenda should be de-prioritized as an objective. It was agreed that it would be helpful in terms of awareness, but would not necessarily drive meaningful action unless Integrated Reporting is subsequently included on the G20's work agenda.
- Additional discussion revolved around the challenges of 1) maintaining an appropriate balance between sustainability and other components of integrated reporting in the document, 2) introducing something new, that in the short-term would impose additional demands on companies, and 3) the tension between additional transparency and commercial sensitivity. The Discussion Paper should set out some of these challenges and solicit comment.
- Some concern was expressed that the term "capitals" as used in the draft would add to complexity, although others felt that this was an important concept. It was suggested that the concept of the capitals be retained, but that the Working Group consider presenting the capitals as a source of reference rather than as a core part of the framework.

International Integrated Reporting Committee
13th May 2011, Meeting Minutes - Final

Actions agreed

Sir Michael summarized the discussion and identified the following next steps:

1. The Working Group will develop a next draft based on consultation and the IIRC's comments.
2. The revised draft will be circulated to the IIRC for final agreement.
3. Sir Michael and Professor Mervyn King will approve the final draft in consultation with the co-chairmen of the Working Group and the secretariat.
4. The approved Discussion Paper will be issued for public consultation.

Agenda Item 3 - Engagement and communication update

Jessica Fries presented an update of engagement and communications activities and sought IIRC agreement/input regarding:

- the prioritization of efforts set out in the briefing paper;
- Any additional events where Integrated Reporting should be included on the agenda; and
- involvement with MEDEF (Mouvement des Entreprises de France), the French business union responsible for organizing the B20 Business Summit which will take place prior to the G20 Summit.

Comments from IIRC Members

- The need to manage expectations with respect to G20 engagement was underscored and members underlined that this should not be the focus of engagement activities.
- It was noted that Mr. Druckman has held a number of meetings in Mexico in anticipation of the G20 meeting there next year.

Actions agreed

1. It was generally agreed that we are “doing enough in the right places” to raise the profile of Integrated Reporting.
2. Helen Brand offered assistance with efforts to initiate engagement activities in Russia.

Agenda Item 4a – Process to determine long-term institutional arrangements – for approval

Ian Ball introduced the agenda item and outlined the three stages laid out in the agenda document:

1. Initial liaison with stakeholders during May-October 2011.
2. Discussion at the November 2011 IIRC meeting of a public consultation document for publication in early 2012.
3. Final liaison with key stakeholders leading to a decision by the IIRC in late 2013.

International Integrated Reporting Committee
13th May 2011, Meeting Minutes - Final

Mr. Ball also asked the IIRC to consider how much content relating to the governance process should be included in the Discussion Paper about the Integrated Reporting Framework.

Actions agreed

1. The process set out in Paper 4a was approved.
2. It was agreed that the Discussion Paper should not include details of the governance consultation process.

Agenda Item 4b – IIRC Chairmanship – for ratification

Sir Michael introduced the agenda item proposing the following succession arrangements for the roles of Chairman and Deputy Chairman:

- Professor King to assume chairmanship on 1 October 2011 when Sir Michael steps down. Professor King to step down as Chairman of GRI to avoid any perception of a conflict of interest.
- the Treasurer to HRH The Prince of Wales be appointed as Deputy Chairman of IIRC to enable continued support from HRH The Prince of Wales.

Actions agreed

1. The IIRC ratified the proposed appointments.
2. It was agreed that a second Deputy Chairman would be appointed by Professor King, once he takes over the role of Chairman.

Agenda Item 4c – IIRC secretariat transition arrangements – for discussion

Sir Michael introduced the agenda item, recognizing the remarkable job of the secretariat to date, and acknowledging that the secretariat is currently under-resourced.

The agenda item proposed:

- an independent secretariat be established by January 2012; and
- a full-time Chief Executive, Deputy Chief Executive and Technical Director supported by a team of ten be appointed.

In addition, the following three options were proposed to provide the additional cash funding required in excess of the estimated £400,000 of income to come from the pilot programme (£10k per participant):

1. IIRC funding sub-committee to be formed to raise funds from a limited number of sponsors.
2. IIRC members to provide annual funding contributions, estimated at £38k per member (with some to contribute less and others more, dependent on means).
3. A combination of options 1 and 2.

International Integrated Reporting Committee
13th May 2011, Meeting Minutes - Final

The IIRC was asked whether they agreed with the proposed changes to the secretariat, and which of the proposed funding options should be adopted.

Comments from IIRC Members

Substantive discussion focused on issues of independence relating to both the secretariat itself and the proposed levy on the pilot companies with some members expressing the view that the amount requested was too low, while others considered that no contribution should be requested. Members also suggested additional sources of funding to consider e.g., FEI Foundation and other organisations that support economic research. Concern was expressed that the amount of expense and effort required to raise funds would divert energy and attention from the primary purpose of the IIRC.

Actions agreed

Sir Michael summarized the conclusions of the discussion as follows:

1. The IIRC agrees with the proposed two year approach outlined in the agenda document.
2. A flexible approach to be taken with the pilot programme, based on the proposed contribution of £10,000 per company.
3. Financial independence is an important consideration for longer-term arrangements beyond the current formative stage.
4. The second funding option was approved. For the transition period, it was agreed that IIRC members would fund the secretariat, with contributions reflective of ability to contribute without placing too great a demand on any single member.

Agenda Item 4d – National Integrated Reporting Groups – for approval

Mr. Ball introduced the agenda item related to national integrated reporting groups seeking formal recognition by the IIRC. The agenda item proposed that:

- the IIRC would not formally recognize or endorse national integrated reporting groups; and
- the nature of relationships with national bodies should take into consideration basic criteria consistent with the goals and objectives of the IIRC.

Comments from IIRC Members

A wide-ranging discussion ensued about the nature and options for varying types of relationships, including:

- subscription and stakeholder organization models;
- branding considerations;
- establishing criteria for relationships; and
- whether IIRC should endorse other bodies and/or whether other bodies should endorse the IIRC.

International Integrated Reporting Committee
13th May 2011, Meeting Minutes - Final

It was noted that, at this stage of the IIRC's development, support from a wide range of national organizations was important. However, it was agreed that formal endorsement did not need to exist for these relationships to be established and that there was considerable risk if organizations without national credibility in their countries were seen to represent the IIRC.

Actions agreed

The proposals set out in the paper were approved.

Agenda Item 5 – Next steps and other business

Stakeholder Forum

- It was proposed that a Stakeholder Forum should be created to enable broad participation. It was agreed that the Governance Taskforce should circulate a paper on this topic for decision out-of-session or at the November meeting.

Roundtables

- The purpose of the roundtable meetings being held around the world was clarified as being to raise awareness and generate feedback and support.

IIRC membership and next meeting

- It was suggested that the composition of the committee be reviewed, especially to consider additional participation from the eastern hemisphere.
 - Professor King expressed appreciation to Sir Michael for his contribution to the IIRC.
 - The next meeting date is planned for São Paolo on 10th November. A number of related events are being planned.
-

Appendix – Attendees

IIRC Members

- Sir Michael Peat, Principal Private Secretary to TRH The Prince of Wales and The Duchess of Cornwall (Chairman)
- Professor Mervyn King, Chairman, King Committee on Corporate Governance and Chairman, Global Reporting Initiative (Deputy Chairman)
- Helen Brand, Chief Executive, ACCA
- Professor Nelson Carvalho, Universidade de São Paulo, Brazil and Chairman, 25th session of UNCTAD's ISAR
- Paul Clements-Hunt, Head of Unit, UNEP Finance Initiative
- Aron Cramer, President and Chief Executive Officer, BSR
- Professor Robert Eccles, Professor of Management Practice, Harvard Business School
- John Elkington, Founding Partner & Executive Chairman, Volans
- Wolfgang Engshuber, Chairman, UN Principles for Responsible Investment
- Tim Flynn, Chairman, KPMG International (am only)
- Ishaat Hussain, Chief Financial Officer, Tata Group
- Michael Izza, ICAEW Chief Executive, Global Accounting Alliance
- Thomas Kusterer, Chief Financial Officer, EnBW [TBC]
- Huguette Labelle, Chairperson, Transparency International
- Mindy Lubber, President of Ceres and Director of INCR – by teleconference (note - able to attend part of the meeting only due to poor connection)
- Charles McDonough, Vice-President and Controller, The World Bank
- Sir Mark Moody-Stuart, Chairman of the Foundation for the Global Compact
- Dennis Nally, Chairman, PricewaterhouseCoopers International Limited
- David Nussbaum, WWF-UK Chief Executive, WWF International
- Roberto Pedote, Executive Vice President and Finance, Natura
- Russell Picot, Group Chief Accounting Officer, HSBC
- Jim Quigley, Chief Executive Officer, Deloitte Touche Tohmatsu
- Leslie Seidman, Chairman, Financial Accounting Standards Board
- Göran Tidström, President, IFAC
- Charles Tilley, Chief Executive, CIMA
- Christy Wood, Chair, International Corporate Governance Network

International Integrated Reporting Committee
13th May 2011, Meeting Minutes - Final

Observers

- Denise Esdon, Partner - International Auditing and Assurance Standards, Ernst & Young (by phone – representing Jim Turley)
- Shunzo Kayanuma, Director, Corporate Communications, Tokyo Stock Exchange (representing Atsushi Saito)
- Wayne Kolins, Global Head of Audit and Accounting, BDO (representing Jeremy Newman)
- Jessica McGlyn, Director, U.S., World Business Council for Sustainable Development (representing Björn Stigson)
- April Mackenzie, Partner, Grant Thornton (representing Ed Nusbaum)
- Ian Mackintosh, Vice Chairman Elect, International Accounting Standards Board (representing Sir David Tweedie)
- Peter Minan, Partner, KPMG (representing Tim Flynn)
- Robert Gigletti, Deputy Controller, GE, IIRC Content Taskforce
- Claudia McMurray, Special Representative, The Prince's Accounting for Sustainability Project
- Jerome Lavigne-Delville, Special Advisor, UNGC, IIRC Working Group
- John Paluszek, Chair, Global Alliance
- Arleen Thomas, Senior Vice President, American Institute of Certified Public Accountants
- Mike Wallace, Global Reporting Initiative

Other Attendees of the Meeting

- Ian Ball, IFAC
- Paul Druckman, The Prince's Accounting for Sustainability Project
- Jessica Fries, The Prince's Accounting for Sustainability Project
- Ernst Ligteringen, GRI
- Beth Schneider, IIRC Secretariat
- Michael Nugent, IIRC Secretariat
- Kenneth Witt, AICPA

Apologies – IIRC Members

- Professor Angélien Kemna, Chief Investment Officer, APG
- Jeremy Newman, Chief Executive Officer, BDO International
- Edward Nusbaum, Chief Executive Officer, Grant Thornton International
- René Ricol, General Commissioner for Investment, France
- Atsushi Saito, President & CEO, Tokyo Stock Exchange Group, Inc
- Richard Samans, Managing Director, WEF and Chairman, Climate Disclosure Standards Board
- Maria Helena dos Santos Fernandes de Santana, Chairman, IOSCO
- Jim Singh, Chief Financial Officer, Nestlé
- Björn Stigson, President, World Business Council for Sustainable Development
- Jim Turley, Chairman and Chief Executive Officer, Ernst & Young
- Sir David Tweedie, Chairman, International Accounting Standards Board
- Doug Webb, 100 Group of Finance Directors