

**IIRC Council
Meeting of 27 April 2012**

Minutes

Chairman: Mervyn King

Attendees and apologies: See Appendix 1

Actions

A1	Secretariat to restructure the Terms of Reference documents to remove repetition between the documents, and avoid “over-selling” within these documents (eg comments such as promising to “meet the needs of the 21st century” are not appropriate in the Terms of Reference).
A2	Council members to send detailed comments on the IIRC Strategy paper to the Secretariat.

Recommendations and conclusions

R1	As permitted by the Board Charter, two “other members” were appointed as non-executive directors to the Board: Christy Wood and Jane Diplock. These appointments would be in an individual capacity, not representing any organization. (<i>Note: Christy Wood was not present for the discussion on Appointments.</i>)
R2	The Council accepted the Chairman’s proposal to appoint CPA Australia to the Council.
R3	The Council acknowledged that, given both the legal structure of the IIRC and because the Board meets more frequently than Council and is therefore better able to take day-to-day operational decisions, the final decision-making authority rests with the Board. As a matter of course, however, the Board would elect not to go against the wishes of Council, and would take the Council’s “non-binding approval” of proposals into account.
R4	The Council suggested that the IIRC strategy should: <ul style="list-style-type: none"> • Be more “visionary” and “aspirational. • Address both the IIRC and <IR>, including the definition of <IR>. • Be clear about the stakeholder groups that <IR> is focusing on, but should also explain that the needs of a wide range of stakeholders will be addressed. • Be clear on how it will help institutions understand how competing initiatives relate to each other, given that institutions are being asked to commit resources to several competing initiatives.
R5	The Council made the following suggestions during the breakout topic discussions:

**IIRC Council
Meeting of 27 April 2012**

Minutes

	<ul style="list-style-type: none"> • The IIRC should identify a “vision for the next 20 years”, as this vision is important in guiding the development of <IR> in the longer term. • The 2013 Russian Presidency of the G20 should be a year of momentum building – the goal should be to gain greater Russian involvement in the IIRC. The IIRC should be ready to engage strongly with the G20 about <IR> by 2014 when Australia takes over the Presidency. • The IIRC needs to map the specific relationships that the IIRC has and make the most of existing networks, including Council members. This should include US Treasury, SEC, G20 sherpas, business, investors. • The IIRC should convene the Public Sector to get them thinking about <IR> and contributing to its development, so that the Public and Private sectors do not go down different routes to develop different interpretations of <IR>.
R6	The Council confirmed the proposed activities and direction regarding development of the International <IR> Framework

Next meeting

The next meeting of the Council will be held on 2 November 2012, in Tokyo.

Notes

1. The minutes of the previous meeting were approved.
2. Council members Peter Bakker and Leslie Ferrar were welcomed to their first meeting. Other new appointments to the Council and Working Group were noted.

Status Reports

3. The CEO introduced the Status Reports discussion, asking for comments.
4. *Board Report:* The following points were raised in respect of the Board Report.
 - Long term institutional arrangements are not a top priority.
 - The Council expressed some concern that a number of companies are starting to announce that they have prepared integrated reports and that there is a risk that the term “integrated report” will come to be applied to reports that do not meet the vision or standard envisaged by the IIRC.
5. *Governance Committee:* Wolfgang Engshuber, the Chairman of the Governance Committee gave a brief report of the Governance Committee’s meeting on Thursday 26 April, as follows:
 - The Governance Committee had deliberated the terms of employment of the CEO and concluded that it would be appropriate for the CEO to be engaged for at least the duration of the IIRC’s transition phase. The Committee had, therefore, asked the Chairman of the IIRC to approach the CEO to discuss

IIRC Council Meeting of 27 April 2012

Minutes

extending his contract of employment to September 2014. The Council inquired why the CEO's contract is for longer than the IIRC's initial transition phase (originally scheduled to end at the end of 2013). The Chairman commented that, as would be discussed later in the meeting, the transition phase is expected to last into 2014, and it is appropriate for the CEO's contract to match this period;

- The Governance Committee had deliberated the appointment of "other members" to the Board as permitted by the Board Charter, and concluded that the appointment of up to three non-executive directors was appropriate and desirable.
 - The Committee agreed a number of agenda items for their next meeting, including the composition and balance of membership on the Council; a Risk Matrix showing Strategic Risks; the development of policies on Conflicts of Interest (Council), Register of Interests (Council) and Code of Conduct (Board) and the audit plan for the 2013 audit.
 - Other points that were discussed by the Governance Committee will be raised at the relevant point on the Council meeting's agenda.
6. *Appointments:* The Chairman proposed the following, with the support of the Governance Committee:
- As permitted by the Board Charter, the appointment of two "other members" as non-executive directors to the Board: Christy Wood and Jane Diplock. These appointments would be in an individual capacity, not representing any organization. (*Note:* Christy Wood was not present for the discussion on Appointments.) (R1)
 - The appointment of CPA Australia to the Council. (R2)
 - These proposals were endorsed by the Council, and the Chairman undertook to approach the individuals concerned.

Terms of Reference

7. The Council was satisfied that the proposed arrangements were sound. However, it was suggested that a different structure, avoiding repetition between the different Terms of Reference documents, and avoiding "over-selling" (eg promising to "meet the needs of the 21st century" are not appropriate in the Terms of Reference) would be helpful. (A1)
8. A question was raised as to whether the Terms of Reference documents should include term limits. The Council concluded that, although term limits are a sound idea, the current Terms of Reference only relate to the transition phase of the IIRC, which ends in 2014, and that appropriate long term institutional arrangements will be put in place at that time.
9. There was some discussion about the fact that final decision-making authority rests with the Board rather than with the Council, and whether this is appropriate. It was concluded that this is appropriate, given both the legal structure of the IIRC and because the Board meets more frequently than Council and is therefore better able to take day-to-day operational decisions. As a matter of course, the Board would elect not to go against the wishes of Council, and would take the Council's "non-binding approval" of proposals into account. (R3)

Strategy

IIRC Council Meeting of 27 April 2012

Minutes

10. The CEO introduced the IIRC Strategy, which had been circulated in draft form prior to the Council meeting.
11. The following overall points were raised (R4):
 - The strategy should be more “visionary” and “aspirational”, for example, “promoting” <IR> seems unambitious, and the Secretariat might instead consider the more aspirational “development of an adaptable framework that evolves and is responsive to the environment”.
 - The definition of <IR> needs to be addressed in the strategy.
 - There is a significant risk that <IR> is seen as narrow – the IIRC needs to have a focus on ensuring that <IR> is about the company as a whole and not just a narrower concept relate to external reporting.
 - A wide range of stakeholders is being addressed through <IR>. While <IR> should be clear about the stakeholder groups it is focusing on, the strategy should bring out that the needs of a wide range of stakeholders will be addressed.
 - The current focus of the IIRC on a conceptual framework, but the IIRC also has a wider responsibility to work within the broader institutional landscape and to give more specific guidance in relevant areas, as required, such as on comparability, reliability and conciseness.
 - Institutions are being asked to commit resources to several competing initiatives. It is very important that the strategy is clear on how it will help those institutions understand how the different initiatives relate to each other. Work to harmonise existing initiatives would be welcomed.
 - While the opportunity to cut through disclosure overload with Integrated Thinking and Integrated Reporting delivering the right information at the right time is a prize worth aiming for, it is very important that the strategy does not understate the challenge represented by Integrated Reporting being seen as a burdensome requirement for additional disclosure.
 - The draft strategy is useful in helping to frame the IIRC’s thinking. As such, it is currently more about the IIRC than about <IR>, and it would be helpful to revise the draft strategy to build in more definitional aspects of <IR>.
12. A number of detailed comments about the draft strategy paper were raised and noted by the Secretariat. Council members are asked to send any further detailed comments to the Secretariat. (A2)

Breakout sessions

13. The Council was asked, in smaller groups, to discuss three topics – broadly, to ensure that the IIRC’s agenda is capable of moving political decision-makers to action; to ensure that the IIRC is sufficiently networked into key regulators and governments to achieve global support; and to ensure the current level of support and momentum for <IR> are maintained. Detailed notes of these discussions were made by members of the Secretariat, and these will be used to inform the IIRC’s communications and policy over the coming months.
14. A number of key messages came out of the discussions, including (R5):
 - A definition of <IR> is vital.

IIRC Council Meeting of 27 April 2012

Minutes

- Using “change management” principles to help to change the expectations of companies and regulators might be helpful in making the adoption of <IR> “seem inevitable”.
- Identifying a “vision for the next 20 years” is important, for example, what might information transfer look like in 15-20 years’ time? What technological developments might take place to help us?
- The 2013 Russian Presidency of the G20 should be a year of momentum building – the goal should be to gain greater Russian involvement in the IIRC. Australia takes over the Presidency in 2014 and we should be ready to engage strongly with the G20 about <IR> by then.
- The IIRC needs strong policy messages that reflect the strategy and resonate with policymakers, e.g. transparency and the outcomes it can lead to.
- The IIRC needs to map the specific relationships that the IIRC has and make the most of existing networks, including Council members. This should include US Treasury, SEC, G20 sherpas, business, investors.
- Many organizations claim to have produced integrated reports – the danger is that the IIRC loses control of what <IR> means.
- It is important to map the “critical path” that <IR> needs to follow. The Secretariat commented that this is currently the subject of a project within the IIRC, undertaken by an independent consultant.
- It was pointed out that the Public and Private sectors went down different routes to develop their respective accounting standards, and this should not happen again with <IR>. The IIRC should convene the Public Sector to get them thinking about <IR> and contributing to its development.

International <IR> Framework

15. The CEO asked the Council to confirm the proposed activities and direction regarding development of the International <IR> Framework. There was no discussion on the draft Frequently Asked Questions that articulate key concepts underlying <IR>, nor on the key elements of due process for developing the Framework, and these technical matters will be raised for discussion at the Working Group meeting in May.

Other business

16. Proposed dates for the 2013 meeting will be circulated shortly. Amsterdam was volunteered as a possible venue for one of the 2013 meetings.

**IIRC Council
Meeting of 27 April 2012**

Minutes

Attendees

Peter Bakker (morning only)	WBCSD
Simon Bradbury, representing Charles McDonough	The World Bank
Helen Brand	ACCA
Alan Buckle, representing Michael Andrew (morning only)	KPMG
Nelson Carvalho	Universidade de São Paulo
Aron Cramer	Business for Social Responsibility
John Elkington	Volans
Wolfgang Engshuber (morning only)	UNPRI
Leslie Ferrar	A4S, IIRC Director
Eric Hespenheide, representing Steve Almond	Deloitte
Ishaat Hussain	Tata Group
Michael Izza	ICAEW
Thomas Kusterer	EnBW
Huguette Labelle	Transparency International
Mervyn King, Chairman	IIRC Director
Ian Mackintosh, Representing Hans Hoogervorst	IASB
Herman Mulder	GRI
Dennis Nally	PwC
Ed Nusbaum	Grant Thornton
David Nussbaum	WWF, UK
Russell Picot	HSBC Holdings
Richard Samans	CDSB
Maria Helena Santana	IOSCO
Göran Tidström	IFAC
Charles Tilley	CIMA
Nigel Topping, representing Paul Dickinson	Carbon Disclosure Project
Jim Turley (morning only)	Ernst & Young
Adri van der Wurff, representing Angelien Kemna	APG Asset Management
Doug Webb	London Stock Exchange
Christianne Wood	ICGN, IIRC Director

**IIRC Council
Meeting of 27 April 2012**

Minutes

Observers: Ian Ball Gerald Edwards Jessica Fries Tang Jianhua, observing for Li Yong Claudia Kruse Ernst Ligteringen Marc Siegal, representing Leslie Seidman Zhang Wen, observing for Li Yong Yuki Yasui	IFAC, IIRC Director FSB PwC, IIRC Director CICPA APG Asset Management GRI, IIRC Director FASB CICPA UNEP-FI
Paul Druckman	IIRC CEO and Director
Jonathan Labrey Andy Smith Beth Schneider Matty Yates	IIRC Secretariat

Apologies

Steve Almond	Deloitte
Michael Andrew	KPMG
Paul Dickinson	Carbon Disclosure Project
Robert Eccles	Harvard Business School
Robert Greenhill	World Economic Forum
Hans Hoogervorst	IASB
Angelien Kemna	APG Asset Management
Mindy Lubber	CERES
Wan Ling Martello	Nestle
Charles McDonough	The World Bank
Sir Mark Moody-Stuart	Foundation for the Global Compact
Roberto Pedote	Natura
Rene Ricol	Government of France
Atsushi Saito	Tokyo Stock Exchange Group Inc
Leslie Seidman	FASB
Martin van Roekel	BDO International
Li Yong	CICPA