

**IIRC Council
Meeting of 5 December 2013**

Minutes

Time: 09:15 – 15:50 (GMT)
Venue: Council Chamber
ICAEW, Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA, UK
Chairman: Mervyn King
Attendance: Attached
Minutes: Andrew Smith

<u>Agenda item</u>	<u>Paper</u>
1. Welcome, introduction and objectives for the day	N.A.
a) Welcome by Michael Izza, CEO of our host ICAEW.	
b) Introduction to the meeting and objectives for the day.	
2. Approvals and committee report	
a) Confirmation of Chairman.	Item 2a
b) Confirmation of new Council members.	Item 2b
c) Approval of minutes from previous meeting and matters arising.	Item 2c
d) Governance Committee report.	Item 2d
3. The Framework	
<i>To confirm the Working Group's treatment of key issues arising from feedback on the Consultation Draft and request Council endorsement for release of the Framework.</i>	
a) Introduction.	
b) Discussion of the Working Group's treatment of key technical issues arising from feedback on the Consultation Draft.	Item 3a
c) Endorsement of the Final Draft Framework.	Item 3b
4. Progress report	
<i>To provide an update on matters of importance and take questions.</i>	
a) Briefing on the status of IIRC activities from the CEO, including questions and discussion.	Item 4a
b) Strategy for the "breakthrough" phase, including questions and discussion.	Item 4b
5. Institutional arrangements: Structure and governance	Item 5
<i>To inform development of future structure and governance arrangements.</i>	
a) Introduction.	
b) Discussion.	
6. Perspectives of where <IR> stands within the corporate reporting landscape	Item 6
<i>To consider where <IR> stands within the corporate reporting landscape from different geographical, industry sector and cultural perspectives.</i>	
a) Introduction.	
b) Discussion.	
7. Any other business	N.A.
• Confirmation of date/location for next meeting (New York – 1 April 2014).	
8. Chairman's closing statement	N.A.

Close

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1. Welcome, introduction and objectives for the day

The Chairman thanked ICAEW for hosting the meeting and welcomed participants to it, especially those attending for the first time.

Michael Izza welcomed the Council to the ICAEW, noting the importance of the meeting in the context of the potential paradigm shift that endorsement of the International Integrated Reporting Framework ('the Framework') would represent for the corporate world.

The Chairman summarized the key objectives of the meeting as being to:

- Endorse the Framework for release.
- Provide guidance on future institutional arrangements.
- Provide insights on where Integrated Reporting currently stands, to provide context for the process to develop IIRC priorities and related work plans.

2. Approvals and committee report

2a Confirmation of Chairman

Key points of information/discussion

Paper 2a was taken as read.

Decisions

The Council unanimously confirmed the extension of Mervyn King's term as Chairman of the Council until 30 September 2015.

Actions

N.A.

2b Confirmation of new Council members

Key points of information/discussion

In addition to the appointments referenced in paper 2b (which was taken as read), the Chairman notified the Council that Herman Mulder had stepped down as Chairman of GRI, to which role Christy Wood had been appointed as his successor, and that he had consequently stepped down from the IIRC Council. The Chairman thanked Mr Mulder for his contribution as a Council member. GRI had proposed that his place as GRI representative on the IIRC Council be taken by Ernst Ligteringen, who would step down from the IIRC Board as a result. Christy Wood would remain on the IIRC Board as an independent director.

Decisions

The Council confirmed the following appointments:

As Council members

- Ernst Ligteringen (Chief Executive – GRI), for GRI, replacing Herman Mulder.
- Ranjit Ajit Singh (Vice Chairman - IOSCO; Executive Chairman - Securities Commission Malaysia) for IOSCO, replacing Vedat Akgiray.
- Philippe Zaouati (Deputy CEO - Natixis Asset Management; Chair - Investment Leaders Group) for Natixis Asset Management/Investment Leaders Group.

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As Council observer

- Russell Golden (Chairman – FASB) for FASB, replacing Leslie Seidman.

Following Robert Greenhill's decision to step down from the Council, the World Economic Forum will henceforth be represented by Rick Samans, who will also continue to represent Climate Disclosure Standards Board.

Actions

N.A.

2c Approval of minutes from previous meeting and matters arising

Minutes

The minutes were approved without revision.

Matters arising

N.A.

2d Governance Committee report

Key points of information/discussion

Paper 2d was taken as read.

Decisions

N.A.

Actions

N.A.

3. The Framework

NB: References to specific sections of the Framework are to the draft of the Framework provided ahead of the meeting in paper 3b, unless otherwise stated.

Key points of information/discussion

The Chairman introduced the session by indicating that:

- The IIRC Board approved the Framework for release at its meeting of 4 December 2013, subject to Council endorsement at this meeting.
- The Framework had been developed after extensive consultation and deliberation, in which respect he thanked the Council, the Technical Task Force under the chairmanship of Charles Tilley, the Working Group under the chairmanship of Ian Ball and the IIRC team, led by Paul Druckman.
- Council members had the opportunity to contribute to the final stage in the process to develop the Framework, by participating in a Working Group meeting on 22 October 2013 and in two webinars held on 21 October 2013.
- All comments were welcome from Council members, but any substantive changes to the Framework should be on a "fatal flaw" basis only.

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- If substantive changes are made to the Framework by the Council, the document would be different to what has been recommended by the Working Group and would therefore need to be passed back through the Working Group and the Board.
- Any editorial changes would be: (a) reviewed by a panel comprising Charles Tilley, Ian Ball and Paul Druckman; and (b) signed off, on behalf of both the Council and the Board, by himself.

Invited by the Chairman to lead the session, Ian Ball indicated that:

- Two papers were issued to the Council ahead of the meeting, namely paper 3a, addressing technical issues arising from feedback on the Consultation Draft and paper 3b, providing the text of the Framework itself, both of which were taken as read.
- The Framework as presented to the Council, represented the view of the Working Group. The Framework was the subject of a lengthy discussion and rigorous debate at the Working Group meeting on 22/23 October 2013, at the end of which the Working Group voted on a near unanimous basis to recommend the Framework to the Council, incorporating such revisions to wording reflecting discussion at the meeting as approved by a panel comprising Charles Tilley, Ian Ball and Paul Druckman (the document laid before the Council included revisions agreed by this panel).

There was one abstention and no votes against. The abstention was not based on a substantive objection to the content of the Framework, but related to the process followed, in terms of the absence of an opportunity to approve the revised wording of the Framework before its submission to the Council.

Charles Tilley summarised the process followed to develop the Framework (ref. paper 3a).

Ian Ball summarised the key issues arising as a result of feedback on the Consultation Draft (i.e., relationship with other information; audience; value/value creation and capitals; and involvement of those charged with governance) and the way in which they had now been addressed in the Framework following discussion in the Working Group (ref. paper 3a). He also referenced input received ahead of the meeting from Council members Atsushi Saito (Tokyo Stock Exchange) and John Colvin (Australian Institute of Company Directors).

Comments and suggestions

In summary, meeting participants:

- Acknowledged the work done to produce a document of high quality, congratulated those involved and commended the rigour of the development process.
- Recognised that the Framework is not a perfect document that will please everyone in all respects, but also that its release represents the start of a journey and that best practice relating to <IR> will emerge as a result of implementation. Experience gained in implementation will in turn inform the ongoing strengthening of the Framework in future iterations.
- Acknowledged that, pending a future iteration of the Framework, practice notes, other explanatory guidance, FAQs and appropriate messaging can be developed where the need for clarification arises relating to the Framework.

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- Recognised that there will be some discomfort, concerns and challenges in implementing <IR> in certain jurisdictions, but that it is only by getting companies to use the Framework that the necessary platform of practical experience on which to base potential future revisions will be built.
- Indicated that there were no fatal flaws in the Framework, notwithstanding some reservations and concerns expressed by some meeting participants about specific aspects of its contents.

The following comments and suggestions were made by individual meeting participants during the course of discussion:

- The Framework should specify that its implementation in certain jurisdictions is likely to be face challenges (e.g., the Australian legal environment presents challenges to the implementation of <IR>, notably in relation to the prevailing business judgment rule).
- The Framework should clearly state that its adoption is on a voluntary basis.
- The investor community is keen on approval of the integrated report by those charged with governance (normally the Board), the perceived risk being that it would otherwise be seen as an inferior document, prepared for marketing purposes.
- Boards are generally risk-averse and many will consequently not sign off on integrated reports, unless required to do so by legislation or regulation. The requirement will have a dampening effect on adoption, notably in more risk-averse jurisdictions. The IIRC should monitor this situation closely, to assess impact on uptake and act accordingly.
- The standard that has been set for approval of an integrated report is higher than that expected in some jurisdictions for the annual financial statements, which will put some companies (e.g., in Japan) in a difficult position. The principle of "comply or explain" is meaningless if compliance is not possible.
- Sign-off by those charged with governance should not obscure the fact that the key issue with <IR> relates to the way an organisation is run. This means <IR> concepts and principles can be applied, including those relating to the preparation of an integrated report, even if the sign-off by those charged with governance proves challenging or impracticable. Sign-off of the integrated report is essentially subordinate to that overriding benefit.
- There is still a strong emphasis on providers of financial capital as the primary audience and the Framework is not strong enough on the relevance of <IR> to other stakeholders. The Framework is silent on the level of debate relating to this point and the lack of unanimity on it. This has nonetheless been an issue of contention since the process to develop the Framework began and is part of the "creative tension" involved in the process to develop the Framework. It will continue to arise.
- There is a need to be mindful of the difference between those who will use the information (i.e., investors) and those who will be the beneficiaries of it (i.e., society at large and the environment).
- There are still ambiguities in some of the terminology, which – as in the case of "value" – may derive from different cultural interpretations.
- It is important to clarify what the next steps are for <IR>, notably in terms of the Framework's ongoing evolution.

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- The vision for <IR> should not be diluted. An ongoing focus on sustainable capitalism should be encouraged. <IR> is not about “tweaking” corporate reporting, but how reporting can have an impact on changing society for the better.
- The opportunity has been missed to refer in the Framework to other reporting frameworks and standards.
- There are risks in a principles-based approach, because of the interpretation of output and corresponding lack of consistency.

The Chairman concluded the discussion by noting that <IR> is ultimately about integrated thinking and applying the collective mind of the Board to the organisation’s business model and the impacts of its products and services on key stakeholders, including society and the environment.

Decisions

- The Council voted (all in favour, bar one abstention) to endorse the Framework for release, subject to a final formatting and editorial review.

John Colvin, representing the Australian Institute of Company Directors, indicated that his abstention was a reflection of the difficulty perceived in implementing <IR> in Australia in light of the current business judgment rule there. He stated that he would welcome IIRC support in working towards changes in the legal position that will render the local jurisdiction more conducive to take-up of <IR>.

Actions

- The Secretariat is to take input from the Council into consideration in the context of its ongoing technical development and messaging activities.

4. Progress report

Key points of information/discussion

The Chairman invited Council members to follow up with Paul Druckman on financial and in-kind contributions to the IIRC through 2015 (ref., the Chairman’s related letter of 7 November 2013).

Paul Druckman made a presentation on progress to date and the IIRC’s strategic focus going into 2014, noting that:

- The IIRC’s reach is now truly global, with supporters and a growing number of regional networks worldwide. It is also receiving some good media coverage.
- Improvements in reporting are increasingly being observed and the Emerging Integrated Reporting Database is likely to undergo significant changes in 2014, as more examples of good practice become available following release of the Framework.
- The IIRC strategy document has been based on extensive engagement, including with members of the Council. A key aspect of strategy over the next 2/3 years will be shift of focus from innovators to early adopters. The Framework is a good product, but it must evolve. The Pilot Programme participants are innovators, but many more companies are doing <IR> and recognise the Framework as guiding principles for their reports.

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- Reporters will be targeted through different channels, including by industry and by geography, notably where the greatest resonance with <IR> is perceived. This does not mean that tougher markets will be avoided, but this approach will help to generate further momentum for uptake.
- Council support in the consistent use of terminology, applying the same meanings for the same terms (ref., the definition of <IR>), is important.
- <IR> is not “voluntary”, so much as “market-led” and a stronger investor “pull” would help to encourage its take-up. The IIRC will not focus on persuading regulators to mandate <IR>, but to enable a regulatory environment that allows <IR> to flourish. Whether or not <IR> is mandated is ultimately down to individual jurisdictions. The overall objective remains that <IR> becomes “inevitable”.
- The IIRC needs funding to be viable and support in taking various initiatives forwards. It cannot deliver the strategy relating to <IR> using only its own resources. Success depends on the ability to leverage networks, including those of its supporters, especially the Council members.
- Technical projects will fall under three broad categories going forward:
 - Leading practice (i.e., research and case studies on how <IR> is being implemented, with examples of good <IR> by industry, by geography and by reporting topic);
 - Evidence base (i.e., demonstrating the economic rationale for <IR> and whether, e.g., it results in a lower cost of capital and changes behaviour); and
 - Guidance and support (ref., revisions to the Framework; practice notes; FAQs, providing clarity to help people understand what we are doing).

Paul Druckman responded to specific queries as follows:

- Reporting relating to supply chain engagement is coming through from Pilot Programme participants. The IIRC will watch, rather than drive, this emerging practice. There is also some interesting reporting emerging on impacts on the community.
- Some good integrated reports are coming from non-corporate organisations, which must be encouraged. A focus on SMEs, organisations funded by private equity, not-for-profits and the public sector would all be worthwhile, but the IIRC must be careful not to overstretch itself. The ability of others must be leveraged to drive related initiatives.
- The IIRC will not get involved in the process to make awards, but desires to get involved in helping to develop criteria and support credible awards.

Comments and suggestions

The following comments and suggestions were made by individual meeting participants during the course of discussion:

- Care should be taken not to make too much of integrated reports. The real vision of <IR> lies in integrated thinking and the relationship between business and society, the capitals and value in the short, medium and long term.
- More buy-in for <IR> is likely if it is on a voluntary basis.

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- Responsible investment is an important driver for <IR> (ref., e.g., activities of the ICGN and PRI, as well as various related codes such as the Code for Responsible Investing in South Africa and Stewardship Code in the UK).
- There is a strategic risk that uptake of <IR> is broad, but of such indifferent or disparate quality that it creates mystification. The IIRC's challenge is not just outreach, but also encouraging a degree of concreteness and rigour, providing the appropriate degree of guidance on how to do <IR> properly, while allowing for innovation, experimentation and learning. Organisations will not always hit the mark with their integrated reports to start with.
- Over time, market pressure will influence reporting practices, through awards, reviews and by highlighting examples of where practice is lagging.
- <IR> is a collaborative effort. It is important to understand what the challenges and barriers in a collaboration of this kind are and where they exist. It is also important that the IIRC should stand for clarity on what <IR> is. The distinction between <IR> and sustainability reporting should be clearly established. The Corporate Reporting Dialogue has a meaningful role to play in this respect.
- Some in the NGO sector look upon <IR> with a critical eye. It is important to engage with them, to get their commitment, buy-in and understanding of <IR>'s added value.

Decisions

N.A.

Actions

- The Secretariat is to take input from the Council into consideration in the context of its ongoing planning and activities.

5. Institutional arrangements: Structure and governance

Key points of information/discussion

Introducing the session, Jane Diplock noted that:

- Its purpose was to share current thinking and concepts on future institutional arrangements as developed by the Institutional Arrangements Task Force and seek thoughts and guidance from Council.
- The two primary concepts on which paper 5 is based are:
 - To ensure that <IR> is globally accepted and globally implemented with a very high level of credibility from external parties, notably those charged with responsibility for financial stability and sustainability.
 - To leverage the credibility already gained, notably through participation of supporting organisations, including Council members and others.
- Many reporting frameworks come and go without durability. With the Framework now available, buy-in of external public interest bodies - if appropriately balanced with the commitment of existing supporter organisations - could represent a real "game changer". Without it, there is a risk that <IR> becomes a slow, iterative process that splinters by jurisdiction and never gains real global traction. A structure is required over

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time that provides for delivery of strategy, generating durable, game-changing traction for <IR>.

- There is no intention to drive <IR> through the regulatory channel, in fact quite the contrary, but to strengthen global credibility through support of leading supranational and international representative bodies - including, but not limited to entities with a regulatory focus - which themselves to some extent are seen as guardians of the public interest.

Comments and suggestions

The following comments and suggestions were made by individual meeting participants during the course of discussion:

- It is important to be clear on whether the objective relating to <IR> is to "own" a complex reporting system, or to bring it together through a Framework that makes the process coherent. This will in turn drive structure and governance requirements.
- <IR> is market-led and no impression should be given that suggests anything else. Regulatory interaction is important, but one of the highest hurdles is market fear of excessive regulatory involvement in governance, which would go against the market-led/voluntary focus and risk alienating the target audience.
- A key focus now is to build momentum for <IR>. The objective of governance must be to increase buy-in for <IR> over time. Market forces will create the pull for <IR>, meaning that if the market sees value in <IR>, it will take off. If it is successful, governmental/regulatory oversight will follow, but it is too early for this now.
- Endorsement by regulatory bodies can trigger a "visceral" fear of interference and regulation. What is really needed is not endorsement *per se*, but momentum, in the sense that people in positions of authority speak up to support and encourage <IR>.
- Involvement of supranational public policy institutions/international regulatory bodies can help give legitimacy to appointments to the Board, but should not exceed that level of engagement.
- The need is for a light, dynamic, nimble but reliable structure that allows for swift movement, without being bound by political requirements.
- It would be regrettable if regulation of <IR> were to develop in parallel. The connection with regulators is of importance and <IR> would benefit from their involvement as "multipliers", in terms of entities which, in giving their support - and because of their legitimacy - help to give traction to the Framework and bring it up to scale.
- G20 backing for <IR> could be powerful. It is also worth bearing in mind that although the G20 is considered to be at the apex of policy-making, it does not have a strong reputation for following through on issues.
- Governance should align to strategy and the trajectory of change. <IR> is being established as a leading practice. It is not yet at the stage of being a common practice, which is the point at which it is more likely to get absorbed into public policy considerations. A governance structure is required that is fit for purpose in the medium term and will encourage investors and companies to adopt <IR> and governments to "onboard" the practice.

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- Corporate reporting is not “broken”, but it is in urgent need of improvement. It is a cause that people should be inspired to take up. If the concern exists that the public interest is not properly represented on the Council, public interest members can be appointed, but there is no need to radically overhaul the governance structure.
- There is a clear difference between being market-led and being voluntary. If the aspiration is for <IR> to become a corporate reporting norm, the key question is how an enabling regulatory environment is created. In some cases, this will be a question of working to remove regulation, while in others, it might be working to create regulation. The key is to identify in any given jurisdiction what is required to encourage an enabling environment.
- Even those who don’t want regulation will admit that it is going to come, but it would be inadvisable to bring regulators into sharp focus at this stage. There is less concern now about the self-appointed nature of the Council than previously.
- If <IR> is market-led, governance must be appropriate, but cannot be divorced from funding. The primary sources of funding are likely to be business, investors and the accounting profession. It therefore makes sense to downplay the role of “Endorsing Bodies” and emphasise the general role of the Council in the governance. The Council can appoint a nominating body to be involved in the Board appointment process, such appointments should be made applying suitable criteria.
- Investors will take great interest in the governance structure. They will consider as critically important not only who sits on the Board, but also how the Board is appointed and by whom. If investors perceive that the IIRC has been “hijacked” by the accounting profession and the sustainability constituency, they will not give the governance much credence.
- The model proposed in paper 5 represents a good “endgame”. Perhaps there is an intermediate step, which is for those already involved (i.e., the Council) to nominate the new Board, in conjunction with public interest entities (in which respect it is important to bear in mind that not all representatives of public policy are regulators). This will provide the basis for broader uptake and credibility from the start.
- It is important to have coherence and consistency with the theory of change. Business, investors and intermediaries who see across companies and are “intimate” with them must be involved in governance arrangements. The Council must involve organisations that “buy into” the transformation sought through <IR>.
- If the IIRC is an umbrella body at the centre of the reporting system, the role of a Nominations Committee must be to ensure that key players in the system are supportive of and positive about the <IR> journey.
- Future institutional arrangements should envisage the need for a Technical Board or Committee, with focus on the process to develop further iterations of the Framework and, conceivably, guidance and leading practice tools.

The Chairman concluded the session by noting that it is important not to conflate support with governance. The need exists for supranational and international bodies to recognise, support and accept <IR>. At the same time, the Council has been effective and is highly representative. The Council can form a Nominations Committee to appoint directors, on the premise that they

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should be individuals of appropriate practical experience. The IIRC has built up a huge body of knowledge to date that should not be lost. A key challenge is to create a paradigm from a regulatory point of view in which <IR> can flourish.

Decisions

N.A.

Actions

- The Secretariat is to revert to the Council with a paper on future institutional arrangements at the Council meeting on 1 April 2014.

6. Perspectives of where <IR> stands within the corporate reporting landscape

Key points of information/discussion

Russell Picot introduced the session by inviting Koushik Chatterjee and Sandra Guerra in turn to offer their perspectives of where <IR> currently stands in the corporate reporting landscape, based on their experiences in, respectively, India and Brazil.

Koushik Chatterjee (India)

- National Voluntary Guidelines in India provide nine core principles that establish a framework for businesses to act responsibly. They also require a business responsibility statement, based on the nine principles. This must contain information on whether policies on the issues covered by the guidelines link to actions and whether the company has carried out an independent audit. The statement is signed off by the Board. Company law requires large companies to allocate 2% of post-tax profit to corporate social responsibility. There is a huge opportunity in India to build on this, using the Framework as a platform.
- In a rules-placed culture like India, people tend to want to see what is required. Tata Steel is influential. What Tata does gets followed. Adoption of the Framework comes naturally to a company like Tata, which is run from an integrated perspective. Business processes are getting aligned in Tata to support <IR>.
- The principles-based approach of the Framework involves a judgment of what investors are looking at. Most investors in Tata Steel are aware of the alignment of financial objectives and sustainability objectives and have more interest in <IR> compared to the past. Hopefully, there will be a better understanding in 2014, based on the Framework, of what to report.
- The Framework offers a great opportunity to take things forward, It is a journey, but the opportunity exists for huge success, combining financial and sustainability objectives to create value.

Sandra Guerra (Brazil)

- What has proved very important in Brazil is the creation of an <IR> Commission, which is a group of organisations created to follow what was happening with <IR> and what the IIRC was doing.
- Initially a very small group, it now numbers 200 participants from 90 organisations and is facilitated by BNDES, the Brazilian Development Bank. There is a meeting every couple of months.

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- The Commission operates five different sub-groups, focused on:
 - Brazil's positioning on the Consultation Draft;
 - Communicating with target audiences;
 - Pioneer companies (i.e., not just Pilot Programme participants);
 - Relationships with investors; and
 - Roadshows.
- <IR> is a "buzzword" in Brazil. The Commission works like a hub. It involves consultants, who are offering services to companies on how to orient towards <IR and helping them through the <IR> process.

Comments and suggestions

The following comments and suggestions were made by individual meeting participants during the course of discussion:

- Litigation is not the issue in Brazil that it is in the USA. There has been discussion relating to the requirement for directors to sign off on the integrated report, which does carry implications for liability, but this is not perceived as a major issue.
- The tendency in Germany is to be nervous about something new and to wait and see what happens. EnBW set up a project in 2011 on the understanding that <IR> was a journey and would not happen overnight. It has brought together sustainability and financial reporting staff. EnBW is now doing a combined report, which doesn't yet meet the central concepts of <IR>, but represents a major step in that direction. The objective is to produce an integrated report for 2014. In EnBW's thinking, <IR> is not just a communication tool, but a governance tool. <IR> is not perceived as an extra burden for companies and EnBW engages with a growing number of other leading organisations to promote <IR> in Germany.
- A common sense, middle ground approach to the right sort of information to include an integrated report is required, to ensure that the right balance is struck between materiality and conciseness.
- The challenge is to get investors to serve as a "pull" for <IR>. It is important to get buy-side analysts engaged. A roadshow involving a series of "short and sweet" 45-60 minute engagements with groups of about ten buy-side investors is a good model to consider. In the USA most major cities have analysts societies that host regular lunch events.
- Integration of Environmental, Social and Governance ('ESG') consideration often gets stuck when voting proxies. The need exists to bridge the gap between ESG and mainstream. This means getting buy-in at CEO and Chief Investment Officer level for ESG to be built into the investment analysis process. Corporate Secretaries and the Head of Investor Relations are good access routes in this regard (ref. their interaction with pension funds and other institutional investors). It is also important not to overlook engagement with those who prepare reports "at the coalface".
- A4S has an emerging global CFO Leadership Network, which can perhaps be leveraged to influence investors on both the debt and equity side, as well as corporate pension funds.

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- The World Bank is trying to implement <IR> at the Bank itself. If it can lead by example, it will be able to influence others to do the same. The key thing is support at the top (ref., the CFO, as well as Investor Relations and Corporate Finance). It cannot be an initiative led by the accountants in an organisation. Key to getting buy-in is the need to articulate what the <IR> value proposition is and how it helps better communication, connects silos and contributes to overall success. This takes time and the need exists to guard carefully against the risk that it is seen as just another report.
- Capacity-building is required in some countries before they can do <IR>.
- <IR> will work if it is shown to make good business sense. Momentum is growing and <IR> is moving into the mainstream. The <IR> journey will be less bumpy if CFOs are behind it.
- <IR> is tricky to navigate for organisations. It is in the IIRC's interest to be the point of information and navigation for <IR>, helping those interested to understand what's going on and what the linkages are.
- The Operating and Financial Review ('OFR') in Australia, which is similar to <IR> (in terms of addressing strategy, objectives and how objectives are being achieved) is causing distress, because of the interpretation of the law imposed by the regulator. Companies see <IR> as further reporting overload, their view being that if you have an OFR, annual financial statements and an analysts' presentation, there is no added value in preparing anything else. If <IR> is to become a norm, a convincing argument needs to be prepared to persuade the sceptics why it is valuable.
- An important point to consider in interactions with Audit and Risk Management Committees relating to <IR> is that going beyond purely financial issues can help to identify key risks. The financial crisis has shown that substantial decline in corporate value may well be based on non-financial drivers.
- Providers of debt finance should not be overlooked in the Breakthrough phase, on the basis that a key argument to motivate uptake of <IR> is that it will lower the cost of capital. Providers of finance can measure risk on a more informed basis with an integrated report and therefore price debt at a better rate.
- The "next generation" is reluctant to take jobs in organisations that have not applied their minds to social and environmental issues.

Decisions

N.A.

Actions

- The Secretariat is to explore the possibility of liaising with with the ICGN, CFA Institute and other representative organisations on engagement with the buy-side analyst constituency relating to <IR>.
- The Secretariat is to liaise with A4S on means by which to leverage its emerging global CFO Leadership Network relating to <IR>.
- The Secretariat is to factor Council input into development of priorities and work plans for 2014.

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7. Any other business

Key points of information/discussion

N.A.

Decisions

N.A.

Actions

N.A.

8. Chairman's closing statement

The Chairman:

- Stated that today had been a historic day, referencing a comment made by the Lord Mayor of London at the previous evening's reception at the Mansion House to the effect that <IR> represented "a revolution".
- Reminded the Council that <IR> is a journey on which there is still a long way to go, but that the Framework represents a major milestone and a "product" to take forward.
- Expressed his gratitude to the Council and other institutions who had contributed to the Framework for their support.
- Wished Council members a restful year-end.
- Closed the meeting at 15:50 (GMT).

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Attendance

Present

Members/members designate

Mervyn King (Chairman)		
Warren Allen	IFAC	
Stephen Almond	Deloitte	
Keisuke Arai	Tokyo Stock Exchange	(for Atsushi Saito)
Larry Bradley	KPMG	(for Michael Andrew)
Helen Brand	ACCA	
Richard Chambers	IIA	
Koushik Chatterjee	Tata Sons	
Juan Costa Climent	Ernst & Young	(for Mark Weinberger)
John Colvin	AICD	
Aron Cramer	Business for Social Responsibility	
Jean-Charles De Lasteyrie	The French Interest	
Christoph Dolderer	EnBW	(for Thomas Kusterer)
Sandra Guerra	IBGC	
Rodney Irwin	WBCSD	(for Peter Bakker)
Michael Izza	Global Accounting Alliance	
Wayne Kolins	BDO	(for Martin van Roekel)
Huguette Labelle	Transparency International	
Ernst Ligteringen	GRI	
Alex Malley	CPA Australia	
Barry Melancon	AICPA	
Mark Moody-Stuart	Foundation for the Global Compact	
David Nussbaum	WWF	
Russell Picot	HSBC	
Richard Samans	CDSB	
Richard Sexton	PwC	(for Dennis Nally)
Christoph Stückelberger	Globethics.net	
Charles Tilley	CIMA	
Nigel Topping	CDP	(for Paul Dickinson)
Zinga Venner	World Bank	(for Charles McDonough)
Andrew Wright	A4S	(alternate J. Fries pending arrival)

Observers

Michael Coleman	FRC (Australia)	(with John Colvin)
Stacy Mantzaris	IIA	(with Richard Chambers)
Marc Siegel	FASB	(for Russell Golden)

IIRC Directors

Ian Ball	Jane Diplock	Paul Druckman (CEO)
Jessica Fries	Christy Wood	

**IIRC Council
Meeting of 5 December 2013**

Attendance

Apologies

Members/members designate

Mustafa Baltaci	FEAS	(proxy to the Chairman)
Erik Breen	Eumedion	(proxy to the Chairman)
Nelson Carvalho	Universidade de São Paulo	(proxy to the Chairman)
Marco Geovanne Tobias Da Silva	Previ	
Michelle Edkins	ICGN/BlackRock	
Robert Eccles	SASB	(proxy to the Chairman)
Wolfgang Engshuber	PRI	(proxy to the Chairman)
Peggy Foran	Prudential Financial	(proxy to the Chairman)
Robert Greenhill	World Economic Forum	(proxy to Rick Samans)
Hans Hoogervorst	IASB	(proxy to the Chairman)
Angelien Kemna	APG	
Mindy Lubber	Ceres	(proxy to Aron Cramer)
Wan Ling Martello	Nestlé	
Edward Nusbaum	Grant Thornton	(proxy to the Chairman)
Roberto Pedote	Natura	(proxy to the Chairman)
Ranjit Ajit Singh	IOSCO	
Yuki Yasui	UNEP Finance Initiative	(proxy to the Chairman)
Philippe Zaouati	Natixis Asset Management/ILG	(proxy to the Chairman)
Jochen Zeitz	B Team	(proxy to the Chairman)

Observers

Richard Thorpe	FSB	
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