

<IR> Framework Panel: Meeting of 3 September 2019

Time	12.00 pm – 2.00 pm (GMT)
Members/TAs	Erik Breen (Chair), Nancy Kamp-Roelands, Yoichi Mori, Hugh Shields, Zubair Wadee
IIRC	Lisa French, Liz Prescott
Apologies	Jean-Luc Barlet, Sarah Bostwick Stromski, Lothar Rieth, Tom Roundell-Greene, Jason Voss
Minutes	Liz Prescott
Agenda	<ol style="list-style-type: none">1. Welcome and attendance2. Minutes of previous meeting and matters arising3. Progress update: Guidance - Outputs4. Discussion Paper: Possible Framework Revision5. Any other business6. 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 18 June 2019 meeting were distributed for comment on 11 July 2019. Silence was taken as agreement, and the minutes were accepted without change.

3. Progress update: Guidance – Outputs

3a. Practice Note: Statement of responsibility. Technical staff reminded Panel members of their June 2019 review of related draft material. The IIRC team has subsequently re-examined Paragraph 1.20 and contemplated a modified approach, as follows (based on informal consultation with Council members and limited market adherence to this requirement):

- Paragraph 1.20 would be retained as a bold letter requirement.
- Emphasis would shift from the *statement* itself to the underlying *process* aimed at ensuring report integrity and providing a holistic picture of the organization.

Panel members generally endorsed the above as an ‘elegant way’ to achieve the intent of Paragraph 1.20. Members also acknowledged limited market uptake of Paragraph 1.20, as currently written, and noted variation in regional governance models as potential barriers to fulfilling Paragraph 1.20. For example, under a two-tiered Board structure in The Netherlands, it may be unclear *which* of the Board or Supervisory Board should claim responsibility. Similarly, under the regulatory requirements of Japan’s *Financial Instruments and Exchange Act*, the CEO and CFO (as opposed to the board of directors) sign the responsibility statement for disclosures in the annual securities report.

Panel members suggested that, regardless of the direction Paragraph 1.20 takes, the IIRC consider:

- Reiterating the definition of *‘those charged with governance’*, as presented in the glossary, and reinforcing its intended universality
- Addressing, through a footnote or detailed explanation, variations in governance models, including two-tiered boards.

With the above in mind, Panel members agreed that work on a Practice Note should be discontinued and the matter pursued as part of a broader <IR> Framework update.

3b. Practice Note: Value Creation. Following Feb 2019 and Jun 2019 reviews of related draft material, Panel members suggested several improvements to the illustrative examples and explanatory text. Technical staff agreed to implement the changes and distribute, out of session, the next iteration of the Practice Note for fatal flaw review. A final version of the Practice Note will be included in the 5 Nov Framework Panel meeting papers for completeness.

3c. Getting Started Guide. Technical staff provided an update on the status of the Getting Started Guide. The Guide has been reviewed by other members of the IIRC Team, with further edits resulting. A final version incorporating further internal review will be included in the 5 Nov Framework Panel meeting papers for completeness.

4. Proposal document: <IR> Framework Revision

- At its Jun 2019 meeting, the Panel discussed the implications of an <IR> Framework update and agreed that a wholesale revision was unnecessary. The June session concluded with the recommendation that a related *Proposal Document* evolve through continued discussion with the IIRC's governance bodies.
- IIRC staff presented a revised Proposal Document, reflecting feedback from a 29 Jul Board meeting. The document outlined a scaled-back version of an <IR> Framework revision for Council consideration in November. The Proposal Document proposed two forms of amendment, namely: **corrections** (to address typographical issues and incongruences) and **clarifications** (to simplify concepts via plain language and enhanced guidance).
- IIRC staff responded to Panel concerns over a perceived intent to de-emphasize the <IR> Framework's three distinct time frames (i.e., short, medium and long term). Staff clarified that multiple time horizons could be reinforced in variety of ways, beyond simply repeating the term '*short, medium and long term*' (36 times) throughout the <IR> Framework. On occasion, the term '*over time*' could reduce wordiness, while still covering the complete time spectrum and avoiding the impression that organizations must report on three distinct time frames for each Content Element. A distinction between outcomes and impacts might also clarify time frames for business consideration.
- Panel members also offered the following:
 - The Proposal Document's timeline of key events should reference the formation of the Corporate Reporting Dialogue and launch of the Better Alignment Project.
 - For simplicity and brevity, the <IR> Framework should link to supporting IIRC documents for further guidance.
 - A clearer link between performance, outcomes, and broader and longer-term impacts would be a useful enhancement.
- In summary, panel members agreed on the scaled back revision of the Framework and found the presented structure of the types of revisions to be clear.
- IIRC staff will incorporate feedback received and recirculate a revised Proposal Document to the Board and Framework Panel prior to the Council's 7 Nov meeting.

5. Any other business

One Panel member sought an update on the recruitment of a permanent CEO. IIRC staff explained that the search was underway; the interim CEO, Charles Tilley, has a long history with the <IR> Framework and is committed to the role as recruitment efforts continue.

6. Conclusions and next steps

The Chair thanked Panel members for their contributions, and IIRC staff for their work. Before closing the session, he noted the next meeting will be in-person (dial-in available) in New York on **Tue 5 Nov 2019**. Panel members are encouraged to attend in person, if possible.