
Trustees and DPOC Meeting Summary

March 2020

Trustees of the IFRS[®] Foundation

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This paper reports on a meeting of the Trustees of the IFRS[®] Foundation, the oversight body of the International Accounting Standards Board (Board). The Trustees are responsible for governance of the IFRS Foundation and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*. Consequently, this paper does not reflect the views of the Board or any individual Board member. Board technical decisions are made in public and reported in the IASB *Update*. Comments on the application of IFRS Standards do not purport to set out acceptable or unacceptable application of IFRS Standards.

1. Introduction

The IFRS Foundation (Foundation) Trustees met in Brussels on 19-20 February 2020. This was the first meeting for three new Trustees (Alexsandro Broedel from Brazil, Joanna Perry from New Zealand and Maria Theofilaktidis from Canada) and the Trustees agreed the appointment of Alan Beller as one of the two Vice-Chairs of the Trustees.

2. Report of the Trustees' executive session

2.1 Report of the Executive Director

The Trustees received a report from the Executive Director Lee White on activities since the last meeting. This updated Trustees on:

- Analysis of the monthly dashboard of key performance indicators
- The ongoing improvements to engagement and communications between the Foundation and Trustees. This involved improving engagement with the Monitoring Board; improving on-boarding of Trustees to the Foundation; and involving the Trustees in more of the key priorities for the Foundation.
- The Operations Team Plan for 2020/21, together with a balanced scorecard of how the Operations Team have performed to its 2019 goals; and
- Steps being taken to address the potential risk of coronavirus for the Foundation's work.

2.2 Strategy review

The Trustees continued their discussion of strategic issues, in preparation for the review of the Foundation's strategy and effectiveness, that the IFRS Constitution stipulates should be undertaken every five years.

They focused on non-financial reporting including sustainability reporting and in particular climate change and noted the increased calls for development of global

standards on these issues. They agreed that the implications of these developments for the IFRS Foundation should be explored further and that there should be consideration of potential next steps at the Trustees' meeting in June.

2.3 Governance issues

The Trustees approved a change to the IFRS Foundation Constitution to reflect that the IFRS Advisory Council's role is to advise the Trustees and the International Accounting Standards Board on strategic issues. These changes had been proposed in April 2019 as part of the Invitation to Comment on proposed amendments to the Due Process Handbook and had been supported by respondents. The Trustees also approved amendments to the IFRS Foundation's Bylaws to remove unnecessary overlaps with the IFRS Foundation Constitution.

The Trustees approved the locations for meetings in 2021: March in Shanghai, June in London and October in Toronto.

2.4 Operations Analysis

The Trustees received a presentation on the analysis of jurisdictional compliance with IFRS Standards that is published on the Foundation's website. They agreed that this was a good indicator of the breadth of support for IFRS Standards around the world, but that it was important not to provide misleading information about the quality of local adoption.

2.5 Committee reports

The Trustees received reports from Committees.

- The Business Process and Technology Committee received an update on progress on the Foundation's Business Process and Technology (BP&T) Project.
- The Audit, Finance and Risk Committee reviewed the 2019 annual results which showed a positive result against budget largely as a result of foreign exchange gains. They also reviewed the three-year plan, which included the projected costs of the BP&T project. They discussed the Foundation's policy on hedging and investment and asked the staff to develop a simpler model for consideration at the next meeting. Finally, they agreed a more streamlined approach for regular reviews of the Foundation's risk register.
- The Human Capital Committee discussed human resource issues and preparation for the annual pay review.
- The Nominating Committee discussed appointments that are in progress, including progress on the recruitment of a new chair for the IASB following the end of Hans Hoogervorst's term in 2021.
- The Due Process Oversight Committee met in public and a summary of the meeting is attached. A recording of the meeting is available on the Foundation's website.

3. Report of the IASB Chair

Hans Hoogervorst, the chair of the Board reported on its recent technical activities. He noted in particular

- The Board has made good progress in considering the feedback on the Exposure Draft of proposed amendments to IFRS 17 *Insurance Contracts* that was issued in June 2019. The Board will consider the remaining topics at its February meeting before considering the feedback on its proposal to defer the effective date of IFRS 17 to 2022 in March. Whilst some respondents think a one-year deferral is appropriate, others think more time is needed. Some respondents commented on the importance of companies in different jurisdictions around the world first applying IFRS 17 at the same time. As previously reported, the Board's objective is to issue any resulting amendments to IFRS 17 in mid-2020.
- Work has continued on the project to revise IFRS Practice Statement 1 *Management Commentary*. Over the coming months the Board will continue discussing what guidance to provide in the revised Practice Statement to help address gaps in the current management commentary reporting practice. The Board plans to issue an exposure draft in the second half of 2020.

4. External Engagement

At the end of the meeting the Trustees held their annual meeting with the IFRS Foundation Monitoring Board, as required by the IFRS Constitution.

The Trustees also held a very successful stakeholder event, which was co-hosted by the European Financial Reporting Advisory Group (EFRAG), entitled *Financial reporting: remaining relevant in a changing environment*. Saskia Slomp, the EFRAG CEO, welcomed guests to the event on behalf of Jean-Paul Gauzès the EFRAG Board President. The event included a keynote speech by Valdis Dombrovskis, (Executive Vice-President, An Economy that Works for the People, European Commission) and a panel discussion between Sirpa Pietikäinen and Sven Giegold, both Members of the European Parliament and the European Parliament Committee on Economic and Monetary Affairs. This was moderated by Erkki Liikanen, Chairman, IFRS Foundation Trustees.

Report of the IFRS Foundation® Due Process Oversight Committee Meeting

18 February 2020

This meeting of the DPOC was open to the public, and the recording is available on the IFRS Foundation website. The key issues discussed in the public session were as follows.

1. Update on technical activities

The DPOC received an update on the activities of the International Accounting Standards Board (Board) and the IFRS Interpretations Committee for the period October 2019 to January 2020. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.

The DPOC noted that the IASB was considering feedback on its Exposure Draft of proposed amendments to IFRS 17 *Insurance Contracts* that had been issued in June 2019 and would complete its planned redeliberations in March 2020. The Board remained on schedule to issue the amendments to IFRS 17 in mid-2020.

The DPOC noted other documents that had been issued in the period, and the changes to the Work Plan that were set out in Appendix A of the paper. They were informed that changes to expected dates set out in the report were largely as a result of reallocation of staff resources to more urgent projects.

2. Five-yearly consultation on the Board's work programme

The DPOC received a presentation on the approach being taken to develop a public Request for Information for the Board's 2020 Agenda Consultation. This was provided in accordance with the requirement of the Due Process Handbook (para 4.5) that the IASB "should keep the Trustees informed, through the DPOC, of its five-yearly consultation and how the IASB expects to respond to the input it has received". The DPOC noted in discussion that the approach was focussed on the Board's current remit and capacity and that this might be influenced by the Trustees' strategic decisions, including those arising from its review of strategy and effectiveness.

3. IBOR reform and its effects on financial reporting Phase 2

The DPOC reviewed a request for a shortened comment period for the forthcoming Exposure Draft *Interest Rate Benchmark Reform Phase 2*. This was in accordance with paragraph 6.7 of the Due Process Handbook which allows the Board to consider a comment period of no less than 30 days on a matter that is narrow in scope and urgent, after consulting and obtaining approval from the DPOC.

The DPOC noted that the proposed amendments were to the financial instruments Standards together with a corresponding amendment to IFRS 16 *Leases* and were intended to address urgent issues arising from IBOR reform. The DPOC was satisfied that the proposed shortened comment period met the criteria of being urgent and narrow in scope and noted that the staff were recommending a comment period of 45

days. The DPOC approved the staff's request for a comment period of no less than 30 days to allow flexibility should the Board opt for a comment period shorter than 45 days.

4. Membership of the IFRS Taxonomy Consultative Group (ITCG)

The DPOC approved changes to the ITCG that had been agreed by the Board and agreed the recommendation to defer appointment of the Vice-Chair of the ITCG until after the new members were in place and could be consulted.

5. Review of the Due Process handbook – update and next steps

The DPOC noted that their discussion of changes to the Handbook had been finalised on the DPOC public call on 16 December, and that the proposed consequential amendments to the IFRS Foundation Constitution would be put to the IFRS Foundation Trustees for approval at their meeting in February 2020.

The DPOC agreed the staff proposal that the final Handbook drafting would be discussed and approved by the DPOC in private via email or conference calls followed by a final public call to approve the text. The objective would be to complete the Handbook amendments by the end of March and then publish in Q2 2020. (As a subsequent development, it should be noted that recent developments and disruption resulting from the impact of COVID-19 may delay this timing.)

6. Correspondence

The DPOC noted that no correspondence had been received which required its attention.