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**Trustees Meeting Summary**

June 2021

**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.

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## 1. Introduction

The IFRS Foundation (Foundation) Trustees met by video conference on 15 to 17 June 2021. The Trustees' meetings have been virtual since March 2020 because of the continuing covid-19 pandemic.

## 2. Report of the Trustees Executive meeting

### 2.1 Report of the Chair of the Trustees

The Trustees received a report from the Chair of the Trustees Erkki Liikanen. This updated the Trustees on recent meetings with key stakeholders both on the current work of the Foundation and the development of the Foundation's strategy on sustainability reporting.

### 2.2 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:

- the Trustees' self-evaluation;
- development in engagement and participation by emerging economies in the IFRS Advisory Council with; and

- development of the Operations Team Plan for 2020/21, aligned with the key priorities of the Trustees and the individual Trustee committees' work programmes.

### **2.3 Update on sustainability reporting**

The Trustees discussed progress on sustainability reporting and development of the proposed International Sustainability Standards Board (ISSB). They focused on the development of a business plan and target operating model for the ISSB, and on funding, specifically seed capital for the creation of the ISSB and for the first five years, including publication of the ISSB's first tranche of standards.

The Trustees agreed that they would welcome offers of seed capital from organisations that demand and support global initiatives to address climate change and other sustainability challenges, and from jurisdictions that will use the ISSB standards. They noted that the location of the new board is yet to be determined but that the global nature of the IFRS Foundation could be enhanced through widening its global footprint. In reaching decisions regarding seed capital funding, the Trustees will apply their principles of transparency and fairness in assessing any proposals that are received.

### **2.4 IASB's Third Agenda Consultation**

The Trustees received a presentation on the IASB's Agenda Consultation, a strategic exercise undertaken every five years to determine the IASB's priorities for the next five-year period: in this case, 2022 to 2026.

### **2.5 Report from the Chair of the IASB**

The Trustees received a report from Hans Hoogervorst, Chair of the IASB, on the Board's activities in March to -May 2021. The Trustees also took the opportunity to recognise Mr Hoogervorst's impending retirement from the Board after ten years of service as Chair.

### **2.6 Reports from Committees**

- The Business Processes and Technology Committee received updates on three key issues. First, the Foundation's Digital Reporting Strategy, where they noted that the IASB's Agenda Consultation and the proposed ISSB provided an opportunity to develop a synergistic strategy for digital reporting. Second, the continuing work on the Foundation's Business Processes and Technology Project, where they noted continuing good progress and agreed to hold an additional meeting in July. Third, the potential technology needs of the proposed ISSB.
- The Audit, Finance and Risk Committee received a report on the Foundation's financial results for the three months to 31 March 2021. The Committee noted that the Foundation's income was below budget due primarily to delays in receipt of contributions from funding providers, and that expenditure was slightly below budget due to staff turnover. The Committee was updated on progress in introducing the Foundation's revised investment strategy and identifying a new investment manager. They reviewed the risk register and

received a short oral update on the Foundation's approach to cyber risk. This was discussed and it was agreed that there should be a further deep dive review at the Committee's next meeting.

Finally, the Committee discussed funding issues for the proposed ISSB, and noted the importance of securing both immediate seed capital and a diverse range of funding sources for the longer term.

- The Human Capital Committee discussed human resource issues in the light of the covid-19 pandemic; planning options for reshaping future work options; and the human capital needs of the ISSB.
- The Nominating Committee discussed appointments in progress for the IASB, Advisory Council, Trustees and IFRS Interpretations Committee, as well as the process of recruiting the first Chair and Vice-Chair of the ISSB.
- 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. Other meetings**

Following completion of the Plenary meeting, the Trustees held their annual meeting with the IFRS Foundation Monitoring Board to discuss the Foundation's operations and strategy.

## Report of the IFRS Foundation® Due Process Oversight Committee Meeting

16 June 2021

This meeting of the DPOC was held by video conference with live streaming for the public. 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 Board and the IFRS Interpretations Committee for the period March to May 2021. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.

The DPOC was informed that three major due process documents had been published during the period (the Request for Information *Third Agenda Consultation*; the Exposure Draft *Disclosure Requirements in IFRS Standards—A Pilot Approach* (Proposed amendments to IFRS 13 and IAS 19); and the Exposure Draft *Management Commentary*). The Committee noted that the Trustees Plenary would be updated on the Agenda Consultation at its meeting on 17 June. The DPOC was also informed that the Board had completed its work to extend the availability of the practical relief for covid-19-related rent concessions by issuing an amendment to IFRS 16 *Leases* as planned at the end of March 2021, and that despite the short comment period there had been good feedback on the Exposure Draft and strong support for the Board's proposal. The DPOC was updated on the Goodwill and Impairment project. It noted that the Board had considered the feedback from the 2020 Discussion Paper and would soon start its redeliberations. Before that, the Board would be discussing the topic with the FASB at the joint educational meeting the two boards are holding in July.

### 2. Initial application of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*—shortened comment letter period

The DPOC was informed that at the June 2021 Board meeting, the Board would consider a staff recommendation to publish an exposure draft proposing a narrow-scope amendment to IFRS 17 *Insurance Contracts*. The amendment would relate to information presented in the comparative period on initial application of IFRS 17 and IFRS 9 *Financial Instruments* by insurers. The DPOC agreed that the potential ED would meet the criteria in the *Due Process Handbook* (the *Handbook*) for a comment period of less than 120 days (i.e. the matter is narrow in scope and urgent). The DPOC was informed that that the staff would recommend the Board set a comment period of 60 days. While the staff are recommending a comment period of 60 days, they confirmed to the DPOC that in their view a comment period as short as 30 days would be adequate. The DPOC approved a comment period of no less than 30 days to allow flexibility should the Board decide that a shorter comment period would be appropriate.

### **3. Consultative Groups—Update**

The DPOC received an update on improvements being made to the process for assessing the effectiveness of consultative groups, in particular how the staff was planning to obtain feedback from Board and staff members on the usefulness of the input obtained from discussions with the groups. The DPOC noted that this feedback would need to feed into a more holistic assessment of the consultative groups as part of the review required by the *Handbook*. The DPOC was also updated about the process for updating the membership of the consultative groups for Rate Regulation and Management Commentary.

### **4. Correspondence**

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