

Date	<b>April 2022</b>	<b>Agenda paper 1</b>
Title	<b>Update on Trustees' activities</b>	

## **Introduction**

1. Since the last update to the Council in November 2021, the Trustees held a virtual meeting on 25 January 2022 and held a hybrid meeting in Frankfurt from 1 - 3 March 2022.
2. The public summaries of the January and March meetings follow.
3. The Due Process Oversight Committee also met in Frankfurt on 1 March 2022 and held a virtual meeting on 21 March 2022. The public summaries of these meetings also follow.

# IFRS® Foundation Trustees

## Summary of January 2022 meeting

Contact Henry Rees (hrees@ifrs.org)

---

*This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). 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.*

---

### Introduction

1. The IFRS Foundation Trustees met by video conference on 25 January 2022.
2. The Chair of the Trustees, Erkki Liikanen, welcomed Jorge Familiar and Keiko Tashiro to their first Trustees meeting following their appointments on 1 January 2022.

### ISSB nominations

3. The Trustees received a report from the Chair of the Nominating Committee about the recently completed current search for Vice-Chair(s) for the International Sustainability Standards Board (ISSB) and an update about the recently launched [search for ISSB members](#).
4. The Trustees were also informed by the Chair of the ISSB about appointment(s) he planned to make for the role of Special Advisor to the ISSB Chair.
5. The Trustee Chair updated the Trustees about related engagement with the IFRS Foundation Monitoring Board the previous day.
6. Subsequent to the meeting, a [press release](#) was issued announcing appointments related to the ISSB.

# IFRS<sup>®</sup> Foundation Trustees

## Summary of March 2022 meeting

Contact Henry Rees (hrees@ifrs.org)

---

*This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). 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.*

---

### Introduction

1. The IFRS Foundation Trustees met in Frankfurt on 2–3 March 2022. This was the first in-person meeting since February 2020, although some Trustees participated by video.
2. The Chair of the Trustees, Erkki Liikanen, welcomed [Jorge Familiar](#) (Mexico) and [Keiko Tashiro](#) (Japan) to their first Trustees meeting following their appointments as Trustees on 1 January 2022.
3. Some of the Trustees' discussions were observed by Pietro Bertazzi, the CDP's Global Director, Policy Engagement and Public External Affairs.

### Reports of the Chair of the Trustees and the Executive Director

4. The Trustees received reports from:
  - the Chair of the Trustees on his recent meetings with key stakeholders; and
  - the Executive Director, Lee White, on current priorities and recent activities.

### Report of the Chair of the IASB

5. The Chair of the International Accounting Standards Board (IASB), Andreas Barckow reported on the IASB's work since the October 2021 Trustees meeting. He noted in particular:
  - the ongoing work in the IASB's Third Agenda Consultation, which is being undertaken to determine the IASB's priorities from 2022 to 2026. He explained the feedback the IASB had received in response to its March 2021 Request for Information and how this had informed the IASB's recent decision to leave its current strategic direction and balance largely unchanged, with some small tweaks. He updated the Trustees about the IASB's discussion about the implications of connectivity between the IASB and the ISSB in relation to the Agenda Consultation. He also explained some of the financial reporting topics that stakeholders had suggested the IASB could work on. He noted that in March and April 2022 the IASB will consider all the potential topics in more detail and conclude on which ones to add to the IASB's work plan.

- the Goodwill and Impairment project, highlighting the outreach and research currently been undertaken on disclosures about business combinations and the feasibility of estimating a useful life of goodwill in advance of the IASB making decisions later in 2022.
6. The IASB Chair also shared some of his observations about the organisation since he had taken office in July 2021, including updating the Trustees on how the IASB is operating whilst it has less than its full complement of members and the steps taken to minimise any resulting effects.

## Introduction to the ISSB leadership

7. The Chair of the International Sustainability Standards Board (ISSB), Emmanuel Faber, the Vice-Chair, Sue Lloyd, and the Special Adviser to the ISSB Chair, Janine Guillot, provided the Trustees with an update on the ISSB. This included updates on:
- progress towards establishing a quorate board;
  - the recently completed consolidation of the CDSB into the Foundation and progress towards completing the consolidation of the VRF;
  - building the ISSB's global multi-location operating model;
  - progress towards publishing the ISSB's initial two Exposure Drafts (which are being developed from the [Technical Readiness Working Group's](#) General Requirements and Climate Prototypes) and an overview of their content and plans for their exposure, including facilitating stakeholder engagement with the Exposure Drafts;
  - plans for protecting the legacy of the SASB's standards and maximising the use of them from the IFRS Foundation's perspective. It was noted that an update about the future of the SASB's standards will be provided to stakeholders in due course;
  - the ISSB's market outreach strategy.

## Update on key organisational risks

8. Larry Leva, Chair of the Audit, Finance and Risk Committee and Mirjam Buyteweg, the Foundation's Head of Legal and Compliance, updated the Trustees about the management and oversight of risk at the Foundation, including the role of the Executive Risk Committee and the oversight provided by the Audit, Finance and Risk Committee. The Trustees also reviewed those risks that the Executive Risk Committee has assessed as 'high' after taking consideration of mitigating actions by the Foundation.

## **Sustainability Consultative Committee and Sustainability Standards Advisory Forum**

9. Trustee Suresh Kana reported on progress relating to the Sustainability Consultative Committee. This Consultative Committee is intended to identify, inform and advise the ISSB on priority sustainability matters and related technical protocols, as well as significant interdependencies between sustainability matters. The Consultative Committee will comprise a Chair (the ISSB Chair or Vice-Chair), four permanent members (the multilaterals: the IMF, the OECD, the UN and the World Bank) and up to nine additional expert members, appointed by the Consultative Committee Chair and the permanent members. The permanent members confirmed their participation at COP26 and have been engaged in short-listing candidates for the additional expert members. The Trustees noted the aim of completing the approval process of these additional members by the end of March 2022.
10. The Trustees were also updated about the ongoing work towards establishing a Sustainability Standards Advisory Forum. This Advisory Forum is intended to inform the ISSB on the interoperability of IFRS Sustainability Disclosure Standards with jurisdictional and other sustainability-related reporting requirements. The plans for the Advisory Forum have been informed by a working group of key jurisdictions who contributed to the Trustees' preparatory work leading to the creation of the ISSB. It was noted that although the considerations for establishing the Advisory Forum have been informed by the IASB's Accounting Standards Advisory Forum, the planned interoperability of the ISSB's standards means that the ISSB and IASB Advisory Forums will be different.
11. The Trustees noted that in the interim before the Advisory Forum becomes operational, there may be a need for an advisory group for the ISSB comprising a small number of jurisdictions that are well advanced with developing their own sustainability-related reporting requirements.

## **Creating connectivity between the ISSB and the academic community**

12. Trustee Lucrezia Reichlin led an initial discussion about how the ISSB could build a relationship with the academic community at the global level as part of its overall engagement with stakeholders. The Trustees agreed that a group of Trustees should develop the strategy under Ms Reichlin's leadership for future discussion.

## Reports from Trustee Committee meetings held on 1–2 March

### Audit, Finance and Risk Committee

13. The Chair of the Committee reported that the Committee had:
- reviewed the financial results for the year ended 31 December 2021 and the budget for 2022;
  - received an update on the progress of the ongoing audit;
  - reviewed the changes made to the Foundation’s risk register since the Committee’s last review, focusing on the high risks remaining after mitigating actions, and considered a detailed report on the risks associated with the establishment of the ISSB and the development of sustainability-related disclosure standards; and
  - received an update on the funding of the ISSB, considering a five-year funding forecast and budget for the ISSB.

### Business Processes and Technology (BPT) Committee

14. The Chair of the Committee reported that the Committee had held its final meeting having approved the BPT Programme Closure Report. He reported on the outcomes of the project against its original objectives, noting the significant benefits the Foundation has and will realise from the transformational changes in technologies and systems over the last three years.
15. Following the closure of the BPT Programme, the role of the Committee will evolve to overseeing on behalf of the Trustees the delivery of the Foundation’s digital and technology strategy.

### Human Capital Committee

16. The Chair of the Committee reported that the Committee had:
- approved the parameters for the annual review of staff salaries from April 2022;
  - considered various other human capital issues.

### Nominating Committee

17. The Chair of the Committee reported on the various nominations processes underway and to be launched in 2022, including for the inaugural members of the ISSB.

### Due Process Oversight Committee

18. The Chair of the Due Process Oversight Committee reported on the Committee’s meeting. A [summary of the meeting](#) can be found on the IFRS Foundation website.

## **Stakeholder engagements**

19. The Trustees also held a very successful stakeholder event. The event included speeches by leading dignitaries from Frankfurt and Germany, and a discussion between Emmanuel Faber, Chair of the ISSB, and Sue Lloyd, Vice Chair of the ISSB. The discussion was moderated by Erkki Liikanen, Chairman, IFRS Foundation Trustees.

## **Meeting with the Monitoring Board**

20. The Trustees met the IFRS Foundation Monitoring Board on 3 March.

# IFRS® Foundation Trustees

## Due Process Oversight Committee

### Summary of meeting held on 1 March 2022

Contact Henry Rees (hrees@ifrs.org)

---

*This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). 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.*

---

## Introduction

1. The IFRS Foundation Due Process Oversight Committee (DPOC) met on 1 March 2022 in Frankfurt and by video conference. The meeting was webcast live and a recording of the meeting is available on the IFRS Foundation website.
2. The main matters discussed were as follows.

## IASB-related matters

### Update on IASB technical activities

3. The DPOC considered a report providing an update on the activities of the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (Interpretations Committee) for the period October 2021 to February 2022. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.
4. The DPOC was updated on the due process documents that had been published in the period, including:
  - a narrow-scope amendment to IFRS 17 *Initial Application of IFRS 17 and IFRS 9—Comparative Information*, published as planned at the end of 2021 in time for the start of the comparative period for the initial application of IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments*. The DPOC was informed that the IASB continues to stand ready to deal with any application questions and noted that the Interpretations Committee would be considering its first application question relating to IFRS 17 at the Committee's March meeting.
  - IFRS Taxonomy 2021—Proposed Update 3 *Initial Application of IFRS 17 and IFRS 9—Comparative Information* published in December 2021. The DPOC noted the IASB had shortened the comment period for this Proposed Update to 30 days, as allowed by the *Due Process Handbook*, given the urgency in completing the project in time for the IASB's annual Taxonomy update and the narrow scope of the proposal.



5. The DPOC was also updated about various of the IASB's projects and activities, including:
- ongoing work in the Goodwill and Impairment project, particularly the additional outreach and research being undertaken relating to the proposed disclosures to improve the information about the subsequent performance of the business combination and practical questions that would arise if the IASB were to reintroduce amortisation of goodwill. The DPOC noted the ongoing dialogue with the FASB, who are also considering the subsequent accounting for goodwill.
  - The refinements to the Post-implementation Review process that the IASB had recently discussed to help it have a consistent process for assessing whether and when to take on projects to address matters arising from the reviews. The DPOC noted that this work was timely given the number of important post-implementation reviews to be undertaken in the next few years. The DPOC also noted the importance of the ongoing communications work to enhance the understanding of the objectives of post-implementation reviews.
  - the Post-implementation Review of IFRSs 10–12 (the consolidation package of Accounting Standards). The DPOC noted the IASB's conclusion that none of the matters arising in the review were of sufficiently high priority to require projects to be added to the IASB's work plan or research pipeline for 2022–2026. However, it also noted that the Interpretations Committee would be able to address application questions about these Accounting Standards. The DPOC will review this Post-implementation Review at a future meeting before the IASB publishes its feedback statement.
  - developments in the IASB's Agenda Consultation. The DPOC noted the IASB's recent decision to leave the balance of its activities largely unchanged, but with slight increases in the focus on digital financial reporting and the understandability and accessibility of IFRS Accounting Standards. The DPOC was informed that the IASB will soon consider which projects to add to its work plan in the light of the feedback to the consultation and outreach. Following that, the DPOC will review the entire Agenda Consultation process before its conclusion.

## **ISSB-related matters**

### **Initial due process for the ISSB**

6. The DPOC continued its discussions from its June and October 2021 meetings about the due process to be applied by the International Sustainability Standards Board (ISSB).
7. At those meetings the DPOC had acknowledged that the ISSB's due process will develop over time as the ISSB begins operating and its structures and processes are put in place and mature. The DPOC therefore previously agreed in principle that the *Due*

*Process Handbook* should be updated to reflect the establishment of the ISSB once the ISSB's structures and processes reach a degree of maturity.

8. At this meeting the DPOC considered:
  - the due process to be applied by the ISSB, in addition to that specified in the IFRS Foundation *Constitution*, before the *Due Process Handbook* is updated;
  - its role in overseeing this process; and
  - the timing for updating the *Due Process Handbook* to reflect the establishment of the ISSB.
9. The DPOC noted that respondents to the *Trustees' 2020 Consultation Paper on Sustainability Reporting* had said that a key motivating factor behind them encouraging the IFRS Foundation to establish the ISSB was the transparent due process applied by the IASB. This was reiterated by the [Technical Readiness Working Group's](#) recommendations to the Trustees on the due process to be applied by the ISSB.
10. Informed by this feedback, the DPOC decided that before updating the *Due Process Handbook* to reflect formally the establishment of the ISSB:
  - the ISSB will apply the due process specified in the *Due Process Handbook* for the IASB for corresponding technical activities, in addition to the due process specified for the ISSB in the *Constitution*.
  - the DPOC will work proactively with the ISSB leadership to consider whether any adaptations are required to the IASB's due process for the ISSB, drawing on the input from the Technical Readiness Working Group's recommendations and the ISSB's developing experience. They will also consider the appropriate due process to support the connectivity between the IASB and the ISSB. The DPOC noted that adaptations might be required in advance of formally updating the *Due Process Handbook*—these would be discussed and approved by the DPOC and clearly communicated to stakeholders. In amending the *Due Process Handbook*, the DPOC will also consider whether any changes could or should be made to the IASB's due process based on anything learnt from the ISSB's experience.
11. Bearing in mind the need to allow the ISSB's structures and processes to mature, the DPOC agreed that a public consultation on the amendments to the *Due Process Handbook* to reflect the establishment of the ISSB should occur no later than in 2023.

### **Process in developing the TRWG recommendations**

12. In order to balance the need to advance the work of the ISSB on a timely basis while obtaining input from stakeholders, the IFRS Foundation *Constitution* provides the ISSB Chair and the Vice-Chair with the option to publish for public comment exposure drafts on General Requirements and Climate-related Disclosures in advance of the ISSB being quorate. The *Constitution* requires the DPOC to oversee any decision of the

Chair and the Vice-Chair to use this option. Currently, the Chair and the Vice-Chair are working on the basis that they will utilise the option to publish the two exposure drafts.

13. Accordingly the DPOC received a report to assist it in its oversight role. The report explained:
- the process undertaken in the development of the Technical Readiness Working Group's recommendations and the existing standards and frameworks from which the ISSB is building its initial work; and
  - the work that has followed the November 2021 publication of the Technical Readiness Working Group's prototype standards on General Requirements and Climate-related Disclosures to develop them into ISSB exposure drafts.
14. The ISSB Chair and Vice-Chair are shortly expected to make a final determination about whether they will utilise the option to publish the two exposure drafts. If the option is taken, the DPOC will meet to review the basis for the decision and to confirm that it does not object to the publication of the exposure drafts. The DPOC emphasised the importance of their oversight role relating to the potential decision of the Chair and the Vice-Chair to publish the initial ISSB exposure drafts.

## **Correspondence**

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

# IFRS® Foundation Trustees

## Due Process Oversight Committee

### Summary of meeting held on 21 March 2022

Contact Henry Rees (hrees@ifrs.org)

---

*This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). 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.*

---

## Introduction

1. The IFRS Foundation Due Process Oversight Committee (DPOC) met on 21 March 2022 by video conference. The meeting was webcast live and a recording of the meeting is available on the IFRS Foundation website.
2. The purpose of the meeting was for the DPOC to fulfil its role in overseeing the decision of the ISSB Chair and the Vice-Chair to publish exposure drafts on General Requirements for Disclosure of Sustainability-related Financial Information (General Requirements) and Climate-Related Disclosures before the ISSB is quorate. The Chair and Vice-Chair were exercising their right to do this under a special provision that the Trustees had provided following careful consideration as part of their changes to the IFRS Foundation *Constitution* in October 2021.
3. To support the discussion, the DPOC were provided with:
  - (a) a [paper](#) providing the context and background for its oversight role; and
  - (b) a [paper](#) setting out the ISSB Chair and Vice-Chair's rationale for their decisions to publish the two exposure drafts and set a comment period of 120 days for both in line with the minimum default period specified for an exposure draft in the *Due Process Handbook*. The DPOC had been briefed about the genesis and development of the exposure drafts at its [1 March meeting](#) in Frankfurt.

## Publishing the exposure drafts

4. At the meeting the ISSB Chair and Vice-Chair highlighted the key considerations behind their decision to publish the exposure drafts before the ISSB is quorate. They emphasised that although they had been given the ability to do so under the *Constitution*, it was not a decision they had taken lightly, given the significance of the exposure drafts. In particular, they highlighted that the General Requirements exposure draft proposes to require entities to report material information on all significant sustainability risks and opportunities, thereby setting out the foundations for the ISSB's proposed global baseline of sustainability-related disclosures. However, they explained the significant benefits of publishing the exposure drafts now, including allowing

stakeholders to begin to see how the ISSB proposals would work with jurisdictional requirements. It was noted that some jurisdictions are expected to publish their related proposals in the near term. Hence publishing the ISSB exposure drafts now allows stakeholders to provide comments on the interaction between the ISSB proposals and those of jurisdictions, facilitating the establishment of a global baseline and interoperability with jurisdictional requirements.

5. The Chair and Vice-Chair noted that the exposure drafts are substantially aligned with the preparatory prototype standards published by the Technical Readiness Working Group (TRWG) in November 2021. These prototypes themselves build on a solid base of materials that are used quite extensively around the world (notably the TCFD recommendations and the SASB Standards), thereby reducing the risk that a quorate ISSB would propose a very different set of requirements. The Chair and Vice-Chair noted that the exposure drafts will include full explanation about the main areas of change to these prototypes as part of very rich accompanying bases for conclusions. The exposure drafts will also include extensive and open questions to assist in gathering a broad base of feedback to minimise the risk of having to re-expose the proposals. In addition to the formal exposure drafts, there will be an extensive array of other materials to help stakeholders engage with the proposals, including a snapshot and webcasts, together with documents providing a high-level comparison with TCFD recommendations, an explanation of the main areas of changes to the TRWG prototypes standards and mark-ups of existing SASB Standards included in the exposure drafts.

## **Comment period**

6. The ISSB Chair and the Vice-Chair explained that they had decided on a 120-day comment period, the default period specified in the *Due Process Handbook*. They noted that in effect some of the time saved by publishing the exposure drafts in advance of there being a quorate board has allowed for a full comment period. This should facilitate gathering feedback from stakeholders globally.
7. Overall the Chair and Vice-Chair noted that publishing the exposure drafts as expected by the end of March would maintain the ISSB's momentum. It balances the high-quality preparatory work done to date by the TRWG against the possibly relatively marginal improvements to the exposure drafts that might arise from a quorate ISSB deliberating them. It thereby facilitates more immediate dialogue with, and feedback from, stakeholders.

## **DPOC discussion**

8. DPOC members commended the ISSB leadership and staff of the ISSB and the Value Reporting Foundation for the high-quality work done to date to maintain momentum

since the ISSB was announced at last November's COP26. They expressed support for the position of the ISSB Chair and Vice-Chair. They noted the importance of the emphasis on ensuring quality and robust due process in the development of ISSB Standards given the emphasis placed on urgency by some stakeholders.

9. DPOC members noted that following publication of the exposure drafts, the usual due process in the *Due Process Handbook* would apply. They noted the importance of the ISSB members, once appointed, having the opportunity to express their own independent views, so that the final Standards would be supported by the ISSB. The ISSB Chair emphasised that in building the ISSB, the Nominating Committee and ISSB leadership were looking for members with diverse backgrounds and expertise.
10. The ISSB Chair and Vice-Chair also noted the expected launch of a small working group of jurisdictions as a precursor to establishing the Sustainability Standards Advisory Forum to provide a platform for engaging with jurisdictions on the exposure drafts. In response to a question it was noted that membership of this group is expected to include jurisdictions from a number of regions that are actively involved in standard-setting around the topics in which the ISSB will work.
11. The meeting closed with the DPOC formally confirming that it did not object to the Chair and Vice-Chair publishing the two exposure drafts. Publications is expected towards the end of March.