
Agenda paper 4

Advisory Council Feedback Report

IFRS Advisory Council
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October 2022

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Objective




Provide an update on how the Advisory Council's feedback has been incorporated

into the IFRS Foundation's (Foundation) strategic activities by linking the Foundation's strategic activities over the past six months with feedback provided over the last three or four years.

Why three- to four-year lookback?

Strategic advice can take time to implement and even longer for the effect of this advice to manifest itself.

Status of feedback implementation

-  Substantially implemented – will not be reported again
-  In process
-  Limited progress



Do you have any questions or comments on how your advice is being incorporated into the Foundation's strategic activities?

Overview

The Foundation's **strategic activities** over the past six months include the following:

Relevance

- Adoption of IFRS Standards
- IASB Agenda Consultation
- Digital financial reporting

Process

- Key performance indicators (KPIs)
- Stakeholder engagement

Talent Management

- Culture, including future of work (post-covid-19)



We confirm that all Advisory Council feedback from the last meeting has been communicated to Trustees, IASB members, ISSB members and staff.

Strategic activities – relevance (1/3)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Monitoring adoption

Monitoring adoption of IFRS Standards, with support from national standard-setters and accounting firms.

Next steps:

- Previous approach to improvements that staff was working on was identified to have shortcomings and staff are re-assessing it. As first step we need to update our data, part of which is now out of date and we will do that in stages, with partner organisations.
- Similar project to monitor and report on adoption is under consideration by the ISSB.
- Discuss further with Trustees.

May 2020

Sep 2019

- General agreement on need and objectives of monitoring consistent adoption and application of IFRS Standards. This should be a priority.
- Establish guidance, formal process and dedicated team.
- Partner with others to achieve objectives.

Next steps:

- Advisory Council to discuss in October 2022 how emerging and developing economies can be supported to implement the IFRS Sustainability Disclosure Standards. See agenda paper 8.

Strategic activities – relevance (2/3)

Foundation’s strategic activities in the past six months

Advisory Council feedback

Note – meeting links take you to Chair’s summary

IASB’s Third Agenda Consultation

The IASB concluded decision-making on its Third Agenda Consultation in April 2022.

On 29 July 2022, the IASB published:

- a [Snapshot](#) of its priorities for the next five years and
- a [Feedback Statement](#) which explains the reasons for the IASB’s decisions and shows how the IASB responded to the extensive feedback from its diverse stakeholders.

Jan 2022

May 2021

Sep 2019

- May 2021 - Advisory Council shared views on questions in Request for Information.
- Jan 2022 – Staff presented overview of feedback on the Request of Information and Advisory Council discussed staff’s recommendations in response to that feedback. Members:
 - largely agreed with staff analysis of the implications on the IASB’s priorities of connectivity between the IASB and ISSB, suggestions to partner further with national standard-setters and an approach to consistently prioritise matters arising from post-implementation reviews. In particular, some members noted:
 - implications of connectivity should not be under-estimated.
 - importance of retaining flexibility, with differing views on how to do so.
 - largely agreed with staff recommendation to leave the strategic direction and balance of the IASB’s activities largely unchanged, with tweaks to:
 - slightly decrease focus on development of new IFRS Accounting Standards and major amendments
 - slightly increase focus on digital financial reporting
 - slightly increase focus on understandability and accessibility of IFRS Accounting Standards, which will indirectly support their consistent application.
 - provided views on the priority of the most popular projects recommended by stakeholders.

Next step:

Further discussions with the Advisory Council will occur through the IASB Chair’s update at each meeting and discussions on specific topics (eg, digital financial reporting). Therefore, the status is now green and this topic will not be included in this report in the future.

Strategic activities – relevance (3/3)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Digital reporting

- IASB decided to slightly increase its focus on digital financial reporting as part of its Agenda Consultation for 2022 to 2026.
- Continued:
 - researching digital financial reporting landscape.
 - educating and raising awareness of benefits and challenges with digital financial reporting.
- Published staff draft of ISSB Taxonomy to facilitate the digital consumption of sustainability-related disclosures.

Next steps:

- Confirm strategic framework.
- Develop a more specific digital work plan for 2022 to 2026.

Jan 2022

May 2021

Sep 2019

Sep 2018

- IFRS Taxonomy will continue to be relevant, as an integral part of financial reporting standards.
- Own what Foundation can control (important for brand), but not Foundation's role to go whole journey with structured digital reporting.
- Foundation is an enabler, but consider creative means of influencing or collaborating with others about use of IFRS Taxonomy.
- Some members recommended IASB increase its level of focus on digital reporting and suggested possible activities to undertake, whereas one member recommended IASB maintain the current level of focus.

Next steps:

- Advisory Council to discuss digital financial reporting strategy in October 2022. See agenda paper 7.

Strategic activities – process (1/2)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Stakeholder engagement

The staff will continue to progress:

- Content framework and strategy
- Post-covid-19 learnings for stakeholder engagement
- Improved monitoring of engagement activities
- Implications of new ISSB

[Apr 2021](#)

[May 2020](#)

[Sep 2019](#)

[Mar 2019](#)

[Sep 2018](#)

[Feb 2018](#)

- Determine engagement objective and then whether conference is right tool.
- Be flexible and creative in obtaining feedback without compromising quality or extent.
- Content – tension between accessibility and commercial; consider resource implications.

Next steps:

Advice from the Advisory Council will be sought at appropriate points in these projects

Strategic activities – process (2/2)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Key performance indicators

- Continued use of online surveys to help monitor the effectiveness of stakeholder engagement activities conducted with consultative groups.
- Some further thinking on relevant KPIs to monitor.
- Further exploration of technological tools to calculate and monitor KPIs.

Next steps:

- Further develop thinking on KPIs to manage timeliness, effectiveness of stakeholder engagement and effectiveness of risk mitigation strategies.
- Discuss further with Trustees.

May 2020

- General agreement about the areas of technical work to assess with KPIs.
- Value of KPIs recognised – you manage what you measure, but caution about over-emphasising a KPI just because it can be measured.
- Ideas provided for KPIs, noting:
 - a. distinction between internal (management) and external KPIs (governance);
 - b. unit of account (project vs. organisation); and
 - c. internal vs. external data.

Strategic activities – talent management

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Organisational culture

- The post-covid 19 'future of work' programme has been subsumed into the culture workstream that is taking place under the One Foundation Programme.
- The workstream's objective is to define and develop a high-functioning One Foundation culture across the consolidated organisation and locations.
- A request for proposals was published to identify external advisors with the relevant experience and expertise to support the culture workstream.
- The Trustees' Human Capital Committee are meeting on a monthly basis to oversee this work. A detailed discussion on organisational culture also took place with the full Trustee body when they met in Montreal in June 2022.

Next steps:

- The One Foundation Programme Steering Group hope to select the preferred advisors in the first half of October 2022.

April 2022

Advisory Council made several observations including the importance of:

- defining existing and desired cultures.
- recognising strengths in the existing cultures, but also being prepared to challenge certain practices.
- a common goal and mission.
- identifying ways to collaborate across locations to achieve a common culture and mission.
- finding a balance between leadership taking ownership of culture, but also enabling all levels of the organisation to provide input and develop it.
- effective communication to support the change process.

Thank you

