
IFRS Foundation Trustees – Due Process Oversight Committee

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Topic **Composition of the IFRS Taxonomy Consultative Group**

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This document is prepared for discussion at a public meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

Introduction

1. This paper is intended to facilitate the DPOC's review of the proposed composition of the IFRS Taxonomy Consultative Group (ITCG) as a result of new appointments and reappointments to the group approved by the IASB and ISSB.
2. In accordance with paragraph 12 of the [ITCG Terms of reference and operating procedures](#) (terms of reference), the IASB and ISSB consider nominations and select members for the ITCG, following a call for members. Furthermore, paragraph 12 of the terms of reference and paragraph 3.62 of the [Due Process Handbook](#) stipulate that the DPOC reviews the proposed composition of the ITCG to ensure an appropriate balance of perspectives, including geographical balance.

Background

3. As reported at the DPOC meeting in May, earlier this year the IASB and ISSB agreed to extend the remit of the ITCG to advise both boards on their respective taxonomy related activities—including reviews of taxonomy publications and files as part of due process. The expanded remit of the group is effective from 1 August 2023.
4. The ITCG currently comprises 18 members, eleven of whom have terms expiring 1 August 2023. The maximum membership of the ITCG is 20 members. Therefore, from the 1 August 2023 there will be 13 seats available.

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5. On 24 April 2023, a call for members to join the ITCG from 1 August 2023 was made. Applications closed 26 May 2026, providing an application period of five weeks. The ten ITCG members with terms ending 1 August 2023 that are eligible to be considered for reappointment were asked to express their interest in reappointment.
 6. Given the current composition of the ITCG and its expanded remit, applications were encouraged from qualified candidates:
 - (a) with experience in the preparation, consumption, or regulation of digital financial reports;
 - (b) with experience in digitalised sustainability disclosures; or
 - (c) from emerging economies.
 7. Board members and staff reached out to potential candidates in their networks with the desired expertise, backgrounds, and geographical representation, including SASB Taxonomy Review Committee (SASB TRC)¹ members, to encourage them or a suitable representative from their organisation to apply.²
 8. Several high-quality applications were received, particularly from regulators, tagging agents, data aggregators, and professional service firms. However, no applications were received from preparers responsible for tagging their own financial reports or investors.

¹ The Value Reporting Foundation created the SASB Taxonomy Review Committee (SASB TRC) comprising experts from leading software providers, data aggregators, audit professionals, and/or other interested parties. These individuals review, provide guidance, and help to govern the ongoing maintenance of the SASB Taxonomy.

² SASB TRC members with a representative from their organisation on the ITCG were asked to liaise with their ITCG representative to discuss future involvement/representation on the ITCG going forward.

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9. At their respective June 2023 administrative sessions, the IASB and ISSB considered and approved nine new appointments and four reappointments. The paper considered by the boards at their respective June 2023 administrative sessions has been shared with the DPOC as a private paper. The appointments and reappointments seek to ensure the composition of the ITCG provides a balance of functional backgrounds and geographical representation.
 10. Reflective of the lack of applications received from preparers responsible for tagging their own financial reports and investors, a lack of representation from these stakeholder groups has been observed. This is mitigated by:
 - (a) data aggregator representatives with investor backgrounds;
 - (b) regulator and data aggregator representatives' engagement with investors; and
 - (c) tagging agent and professional service firm representatives' engagement with preparers.
 11. The staff and board members will continue to actively identify suitable preparers and investors and encourage them to apply for future calls for members. The next call for members is expected to be made at the end of 2023 or early 2024.

Proposed composition of the ITCG

12. The proposed composition of the group is summarised by functional background and geography in the tables below. Furthermore, 55% of members have known experience with digitalised sustainability disclosures.

Functional background	Number of members	Percentage
Data aggregator	5	25%
Preparer/Tagging agent	3	15%
Professional services firm or body	3	15%
Regulator	5	25%
Technology expert ³	4	20%
Total	20	100%

Geographical region	Number of members	Percentage
Africa	2	10%
Americas	3	15%
Asia-Oceania	5	25%
Europe	4	20%
Global	6	30%
Total	20	100%

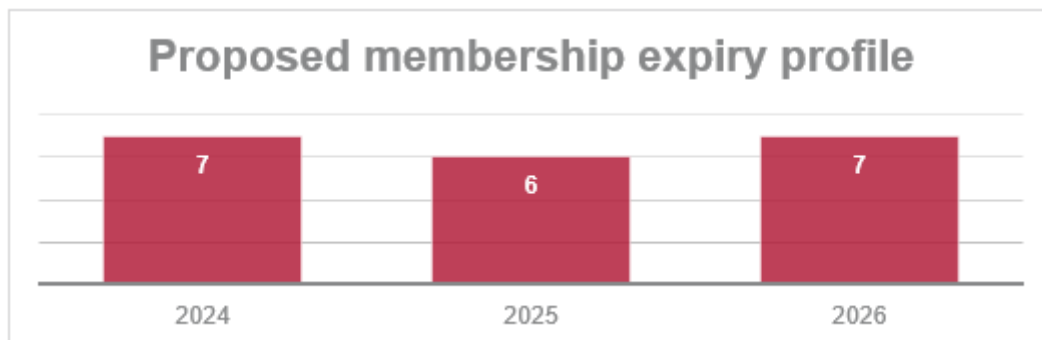
Question for the DPOC

- Does the DPOC have any comments or questions about the proposed composition of the ITCG?

³ Technology experts are appointed based on their extensive experience with XBRL specifications or other digital reporting technologies/formats.

Membership periods

13. Per the ITCG terms of reference, members can be appointed for a period of one, two or three years. Members are eligible to be considered for reappointment, but the period a member can serve on the ITCG usually would not exceed six years. Organisations may be reappointed for a period longer than six years when represented by a new individual. A member who has served on the ITCG for six years would be eligible to serve again after a break of not less than three years.
14. Membership periods for ITCG members have been staggered to reduce the number of members rolling off at a given time. The proposed membership expiry profile is shown in the graph below.



15. Of the seven members with terms expiring in 2024, four will be eligible to be considered for reappointment.

Next steps

16. Subsequent to the DPOC's review of the proposed composition of the ITCG, the staff will finalise the appointments and reappointments. All applicants will be notified if they were successful or unsuccessful. Appointments and reappointments will be publicly announced at the end of July.

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17. Membership terms for new appointments and reappointments will commence from the 1 August 2023—aligning with the effective date for the expanded remit of the ITCG. From this date the interim process involving the review of IFRS Sustainability Disclosure Taxonomy due process publications by both the ITCG and SASB TRC will conclude.⁴ SASB TRC members will be thanked for their input into the development of the IFRS Sustainability Disclosure Taxonomy.

⁴ The interim process was approved by the DPOC at its March 2023 meeting as a temporary process until a consultative group was formally in place to advise the ISSB on its taxonomy related activities. For more information about the interim process see [AP1G: Interim approach to ISSB taxonomy consultative group](#) from the March 2023 DPOC meeting.