



PERCEPTIONS OF THE IFRS FOUNDATION

REPUTATION RESEARCH FINDINGS

July 2017

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INTRODUCTION

This is a report of findings from a reputation research study conducted by Ebiquity on behalf of the IFRS Foundation between February and May 2017.

The objectives of the research were to measure:

- perceived performance of the Foundation on reputation attributes such as transparency and independence
- perceptions of engagement and consultation and areas for improvement
- how well or poorly the organisation meets its public interest mission and delivers on its objectives.

This report outlines the key research findings together with Ebiquity's evidence-based recommendations for the IFRS Foundation.



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01. FOREWORD FROM THE IFRS FOUNDATION



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FOREWORD FROM THE CHAIR OF THE IFRS FOUNDATION TRUSTEES



An important part of our role as Trustees of the IFRS Foundation is to make sure that the organisation serves the public interest. We spend a great deal of time talking with key stakeholders to better understand whether and how the organisation is measuring up against this public interest objective, and what further enhancements can be made. We also hold formal consultations on the strategy, structure and effectiveness of the IFRS Foundation—with the latest consultation completed last year.

This feedback is extremely useful to us. To complement it and provide a different type of input, the Trustees commissioned Ebiquity, a highly respected independent research firm, to conduct detailed telephone interviews with 50 very senior stakeholders of our work from around the world. They were asked to provide their unvarnished feedback about what the organisation does well, and where there is room for improvement. Ebiquity then supplemented this information with an online survey of our key advisory bodies and our own leadership team—thus providing useful information about how we are seen externally versus the perceptions of our Board and staff. Everyone was encouraged to talk openly, and Ebiquity provided all feedback to us on an anonymous basis.

We are greatly assured by the findings, which are generally consistent with other feedback we have received through formal and anecdotal channels. According to Ebiquity, the organisation is seen as a role model for transparency, enjoying a high regard for professionalism and good levels of advocacy among our key stakeholders. On the whole, people believe that we listen and take account of the various viewpoints of our stakeholders, while staying resilient to political pressure.

The findings are particularly encouraging, given the relatively small size of the organisation compared to our global remit.

The research has also identified some areas that require further attention. In some of those areas we are already doing some work. For example, the Board has streamlined its research programme to focus on fewer projects at any one time, something which will improve the timeliness of projects. We have also developed a strategy focused on enhancing our ties with national standard-setters around the world. The Trustees will continue to work with the Board and staff in the coming months to ensure we take action where needed to make further incremental enhancements to our stakeholder programmes. The recommendations from Ebiquity to the IFRS Foundation can be found on page 7 in this report.

We are grateful for the many insights and thoughtful contributions provided by our stakeholders from around the world, and I thank them for their time in helping to produce this important assessment of our work.

MICHEL PRADA
CHAIR
IFRS FOUNDATION TRUSTEES

02. EXECUTIVE SUMMARY & RECOMMENDATIONS



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EXECUTIVE SUMMARY

Ebiquity conducted research with 127 external and internal stakeholders to evaluate the reputation of the IFRS Foundation. This report details how the Foundation is perceived and what it could do better to reach its public interest mission and objectives.

DRIVERS OF REPUTATION

Overall, the key takeaway for the IFRS Foundation's reputation is that it is perceived as successfully harmonising global accounting standards. It is highly rated for its transparency, independence, and people and is seen as a role model for standard-setters around the world.

The main reputational weakness for the Foundation is the perception that it is not timely and does not respond quickly enough to a changing world.

The Foundation sees excellent levels of advocacy across all stakeholder groups, with few outright critics. Nearly three in five External Stakeholders say they would definitely speak highly of the Foundation.

CONSULTATIONS

The Foundation's consultations are perceived as professional, open, and effective with good quality documentation. Again, the main cited weakness is that it is too slow.

Opinion is divided on whether the Foundation manages an appropriate stakeholder balance. While a majority are confident that it does, almost a third of External Stakeholders do not think the balance is right, especially those in Asia Oceania and Africa. Emerging markets and Users are identified as the main groups that are under-represented.

Almost half of interviewees do not believe that the Foundation has the balance right between quantity of due process and speed. Detractors raise what they see as a tendency to be too technical or conceptual, though many also cite the difficulty in balancing transparency with a fast pace.

Suggestions to address this balance range from improving processes to focusing its efforts on simple, practical, and workable standards.

ENGAGEMENT

Most say that the Foundation is effective in its relationship management. The consensus is that the Foundation listens and takes various viewpoints into account through regular outreach and being available to stakeholders.

There is a clear appetite for more opportunities to engage outside the consultation process through informal dialogue, training, and events. This is particularly true for Preparers who feel more disengaged from the IFRS Foundation and would like to see more active engagement.

PUBLIC INTEREST MISSION & IMPACT

The majority agree that the Foundation meets its public interest mission – those disagreeing (just 7%) say that it is undermined by the complexity of the standards and lack of timeliness.

More practical/less complex standards, broader consultation, and emerging economy representation are seen as key to achieving the public interest mission. Stakeholders feel that both smaller companies and developing markets are at risk of being sidelined, and call for greater consideration of difficulties they may experience implementing standards.

The Foundation's not-for-profit, privately organised status is not seen to have a detrimental effect on the public interest mission overall, and several interviewees cite it as a strength. A small proportion question the independence and sustainability of the funding model.

The majority of stakeholders agree that the IFRS Foundation meets its objective of delivering consistent global standards, underlining the extent of the adoption of those standards. Still, 15% of External Stakeholders disagree. Complexity is a factor in that disagreement, as stakeholders perceive that it creates a problem in reaching full participation from emerging economies.

RECOMMENDATIONS

Ebiquity makes the following recommendations based on the findings of the research.

Continue the good work

Ebiquity's findings clearly show that the Foundation has strong support from its stakeholders in its quest to harmonise accounting standards around the world. Stakeholders praise the Foundation's independence, due process, consultations and relationship management.

Indeed, the most visible call is for the IFRS Foundation to continue, and do more of, what it already does well.

Improve outreach and consult more widely

Reaching out to a broader range of stakeholders is a recurring theme and is highly recommended. In particular, the Foundation should engage with the groups that are considered to be most under-represented:

- stakeholders in emerging markets
- users, investors and analysts
- smaller businesses and industry groups.

Working through trade or professional bodies to reach these groups would be a good starting point for the Foundation, given its limited resources.

The Foundation could also look toward greater use of digital technologies in its communications as interviewees believe that this would help reach more diverse audiences.

Develop events, training and education

There is a strong call from stakeholders for more informal dialogue with the Foundation and for events, training and educational initiatives. This is to be recommended as positive action in this area will facilitate networking and better implementation of the standards.

For Preparers, training on specific topics or standards and networking opportunities would be welcomed along with a focus on first time adopters such as those in emerging markets. Training sessions specifically for investors are also suggested.

Improve timeliness

To address timeliness, the Foundation needs to find ways of making its processes more efficient without sacrificing the quality of its due process.

Suggestions include:

- a review of the project management processes
- fast tracking simple/urgent matters
- shortening comment periods
- more consultation at earlier stages.

The Foundation has already made a good start in streamlining its processes by separating the research phase from the standard-setting phase in recent projects.

Respond to the need for simple, practical, and workable standards

The standards are too often perceived as complex, academic or technical, in a rapidly changing world. The Foundation should respond to the need for simple, practical, and workable standards with real-world application.

Looking at how the standards can and will be used, including for smaller companies and developing economies, may focus the goal setting.

Harness advocates to act as ambassadors

The excellent advocacy levels show that there are many stakeholders who are powerful ambassadors for the Foundation.

With its limited resources, the Foundation should consider ways of better utilising its extensive network of Advisory Group Members to act on the organisation's behalf. They are geographically diverse, providing the opportunity for more local outreach. They have a wide range of experience and focus, suggesting potential for targeted outreach by stakeholder group and industry sector.

03. METHODOLOGY



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METHODOLOGY

The research study consisted of interviews with 127 stakeholders across three groups: Senior Stakeholders, Advisory Group Members and the IFRS Management Team.

Senior Stakeholders are defined as the Foundation’s most senior level stakeholders and included Chairs, CEOs, CFOs and Chief Accountants in accountancy, preparer and user organisations as well as standard-setting and regulatory bodies. Interviews were conducted by telephone between the 27 February and 2 May 2017 and lasted an average of 37 minutes. There was a high level of engagement and willingness to take part.

Advisory Group Members are defined as members of the Foundation’s network of committees and advisory groups:

- IFRS Advisory Council
- IFRS Interpretations Committee (IFRIC)
- Accounting Standards Advisory Forum (ASAF)
- Capital Markets Advisory Committee (CMAC)
- Emerging Economies Group (EEG)
- Global Preparers Forum (GPF).

Advisory Group Members and the **IFRS Management Team** participated in an online survey between 28 March and 24 April 2017. The survey took around 20 minutes to complete for the majority of respondents.

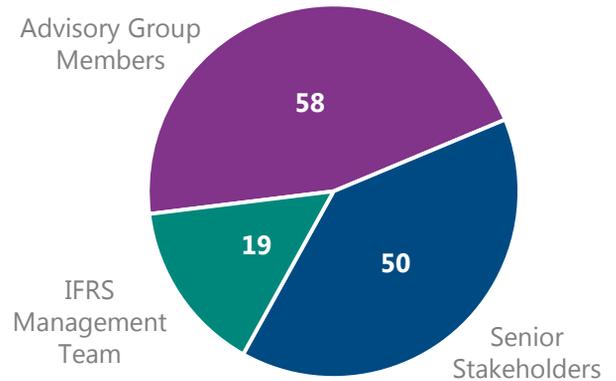
Of the 108 Advisory Group Members who were invited to participate, 58 completed a survey (54% response rate).

Of the 20 members of the IFRS Management Team, 19 took part (95% response rate).

The IFRS Foundation developed lists of all potential interviewees and invited them to participate. The research was designed to ensure representation by stakeholder type and region.

All research was conducted under the MRS Code of Conduct which gives respondents the right to remain anonymous.

Number of participants by group



Number of External Stakeholders

By type	Senior Stakeholders	Advisory Group Members	All External
Auditors/ accountants	13	9	22
Preparers	14	17	31
Users	7	11	18
Regulators	13	5	18
Standard Setters	3	16	19

By region	Senior Stakeholders	Advisory Group Members	All External
Europe	15	19	34
Americas	13	10	23
Asia Oceania	13	15	28
Africa	2	3	5
Global	7	11	18

All External	50	58	108
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04. FAMILIARITY, PERCEPTIONS AND ADVOCACY



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PERCEPTIONS OF THE IFRS FOUNDATION

Most interviewees know the Foundation well. Standard-setting and the consultative process are cited as strengths

When asked about their familiarity with the IFRS Foundation, nearly half of all stakeholders say they know the Foundation 'very well'. Auditors and standard setters and stakeholders in Europe are most familiar with the organisation. Close working relationships drive this familiarity.

"I always meet the representatives of the IFRS and the Chairman when they are in Japan." (Senior Stakeholder, Preparer, Asia Oceania)

"IFRS and [my organisation] are mutually important stakeholders and we are in frequent, close contact." (Senior Stakeholder, Auditor/Accountant, Europe)

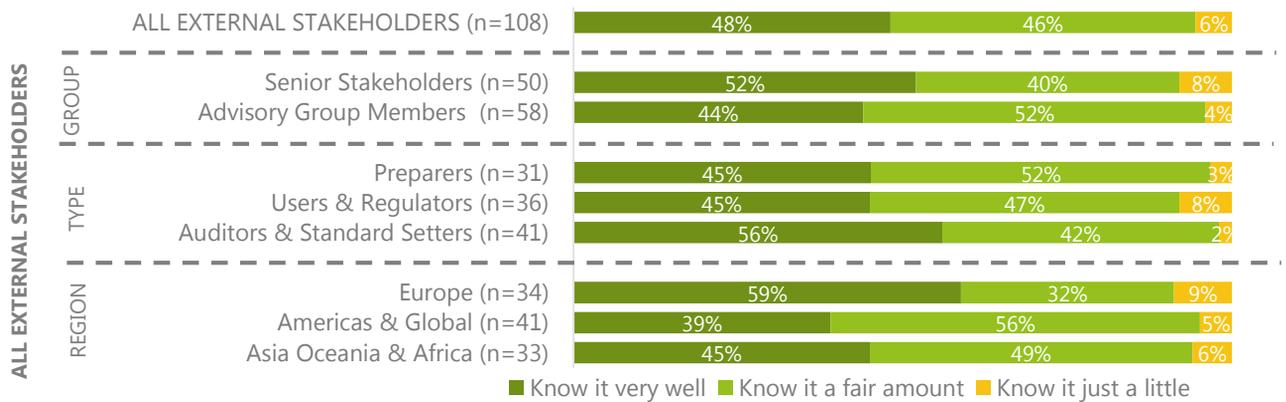
"I am the first point of call for any change to standards coming from the IFRS." (Senior Stakeholder, Preparer, Europe)

"I personally sign 20–30 letters to the IFRS on a variety of subjects each year." (Senior Stakeholder, Regulator, Europe)

"Those who know the Foundation less well tend to describe the relationship as more 'passive'." (Senior Stakeholder, Regulator, Global)

"We follow the IFRS Standards but I don't really interact much with the IFRS Foundation." (Senior Stakeholder, Preparer, Americas)

Familiarity with the IFRS Foundation



Spontaneous perceptions of the IFRS Foundation

STRENGTHS:
What does the Foundation do particularly well?

Senior Stakeholders spontaneously cite the Foundation's standard setting as its key strength:

"Developing standards is the thing it does best." (Senior Stakeholder, Regulator, Global)

The Foundation's consultative process, due process and independence are also praised:

"Consultations are extensive and they try to reach out to most stakeholders." (Senior Stakeholder, User, Americas)

"Makes every effort to be completely open." (Senior Stakeholder, Auditor/Accountant, Europe)

"Resilience to political pressure." (Senior Stakeholder, Standard Setter, Europe)

OPPORTUNITIES:
What could the Foundation do better?

Areas where the Foundation could do better include engaging with a broader range of stakeholders, continuing to converge standards, reducing complexity and improving speed – themes that were reiterated by interviewees throughout the study.

"Need to listen more to the needs of end users..." (Senior Stakeholder, User, Americas)

"Work harder to converge the accounting standards from around the world." (Senior Stakeholder, Preparer, Americas)

"Too academic based." (Senior Stakeholder, Preparer, Europe)

"Anything that will speed up the standard-setting process." (Senior Stakeholder, Auditor, Global)

PERCEPTIONS OF THE IFRS FOUNDATION

Transparency, independence and management are key reputational strengths with timeliness the main weakness

Interviewees were asked to rate the performance of the IFRS Foundation on a number of attributes that drive its reputation.

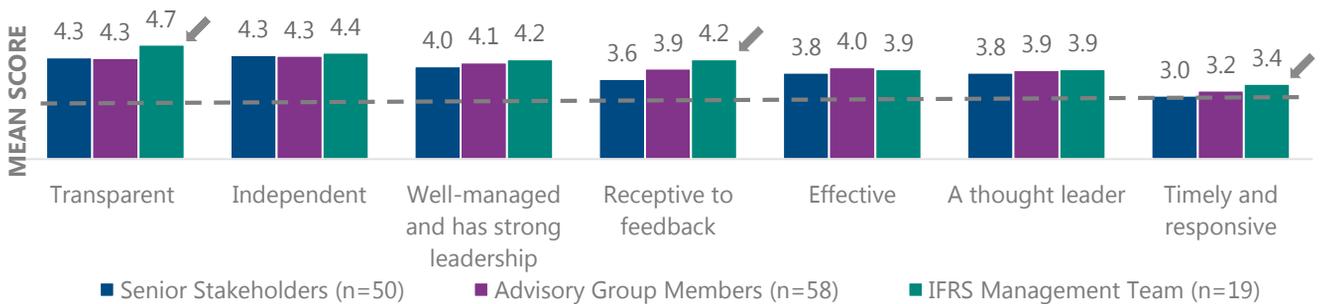
The Foundation achieved excellent scores from all audience groups for its transparency, independence and quality of management.

The organisation’s timeliness and responsiveness received the lowest rating of all the attributes: *“It takes an excessive amount of time to respond to the needs of stakeholders.”* (Advisory Group Member, Standard Setter, Europe)

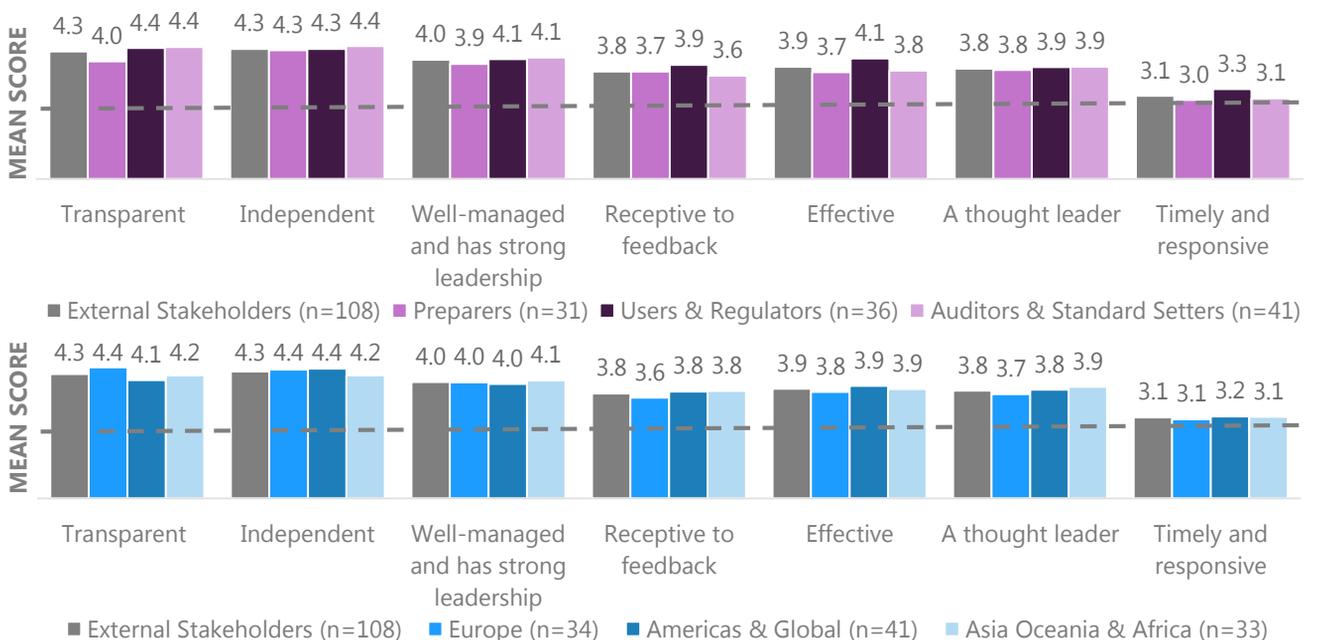
Comments acknowledged that the *“incredibly wide remit makes timeliness difficult”*. (Senior Stakeholder, Standard Setter, Asia Oceania)

Members of the IFRS Management Team are more likely to rate the Foundation’s transparency, receptiveness and responsiveness more highly than external stakeholders. This ‘perception gap’ indicates that performance on these reputational attributes is not quite as good as the Management Team thinks it is.

Extent of agreement with IFRS Foundation attributes – all audiences



Extent of agreement with IFRS Foundation attributes – External Stakeholders only by type and region



PERCEPTIONS OF THE IFRS FOUNDATION

Public access to documents drives positive perception of transparency

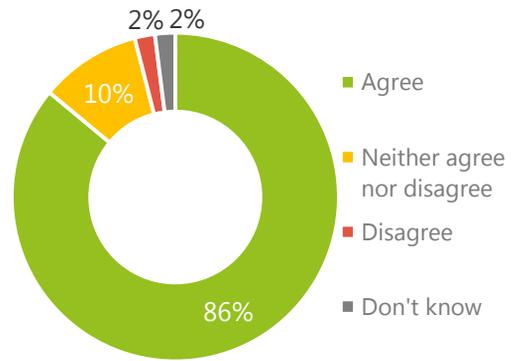
Extent of agreement: The IFRS Foundation is transparent

The Foundation is seen as a role model for its transparency. Its outstanding level of due process and public access to documents drives this positive view.

"Since the organisation meets in public and uploads all documents and podcasts on their website for public access, what else does one want?" (Advisory Group Member, Standard Setter, Europe)

"Transparency with website, web blogs, webcast and accessibility." (Senior Stakeholder, Preparer, Europe)

"They have a lot of feedback statements, you can listen to the board meetings on the internet, and it is very transparent." (Senior Stakeholder, Regulator, Europe)



"It is trying very hard to involve stakeholders in every step of its standard setting. Don't know any international organization that is more transparent." (Advisory Group Member, User, Global)

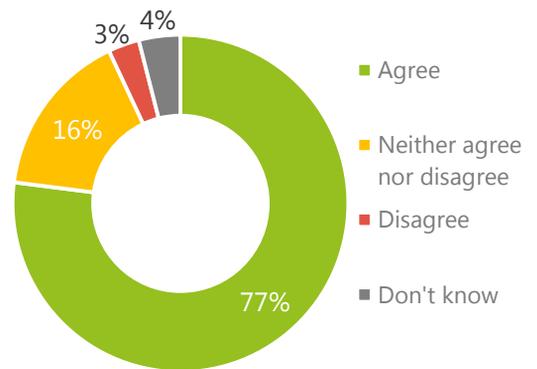
Extent of agreement: The IFRS Foundation is well managed and has strong leadership

Overall, 77% of interviewees agree that the IFRS Foundation is well managed. The calibre of the leadership team, organisational structure and strategic focus contribute to this positive perception.

"The members work together to create a strong team and the leadership is good so there is a decisiveness to meet the plan." (Senior Stakeholder, Preparer, Asia Oceania)

"Staff and Board/Advisory members all high quality. Have clear strategy and good focus on achieving it." (Senior Stakeholder, Auditor/Accountant, Europe)

"It has a well-formed strategy against which it gauges success with goals that are measurable as far as possible; it has attracted high calibre people to its various bodies; it responds to changing circumstances." (Advisory Group Member, Standard Setter, Africa)



"Trustees and Board members exhibit leadership through their interactions with public, issuers, auditors, regulators." (Advisory Group Member, User, America)

"The IFRS Foundation is well structured with monitoring groups and checks and balances. Proven to work well." (Senior Stakeholder, Auditor/Accountant, Asia Oceania)

Base: All audiences (n=127)

PERCEPTIONS OF THE IFRS FOUNDATION

Effectiveness and thought leadership is demonstrated by the Foundation’s role as a standard setter

Extent of agreement: The IFRS Foundation is effective

Its leading role in harmonising and implementing standards is an important driver of the perception that the IFRS Foundation is an effective body.

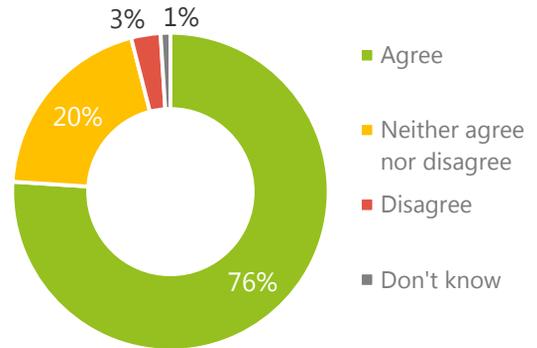
“The IFRS standards are of the highest quality and they are being adopted increasingly throughout the world.” (Senior Stakeholder, Regulator, Asia Oceania)

“...effective in bringing many countries together and having representation from those countries and gaining perspective.” (Senior Stakeholder, Preparer, Americas)

“Its standards are implemented very rigorously.” (Advisory Group Member, Standard Setter, Asia Oceania)

“...good at getting through projects that are difficult to negotiate and getting appropriate outcomes that are in the public interest.” (Senior Stakeholder, Regulator, Asia Oceania)

A note of caution is sounded by a few stakeholders: *“Effective, but they must be careful as they grow bigger and bigger and more complicated and sophisticated.”* (Senior Stakeholder, User, Asia Oceania)



“It seems to be one of the very few instances where a substantial degree of cooperation and coordination in a global way has been achieved.” (Senior Stakeholder, User, Americas)

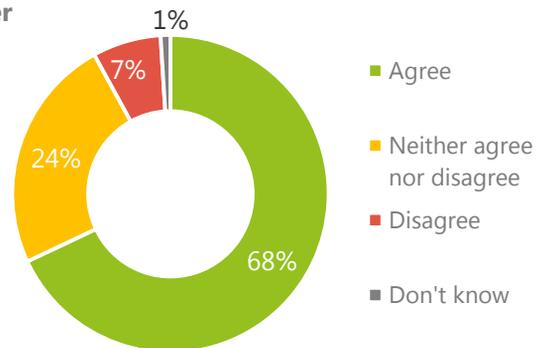
Extent of agreement: The IFRS Foundation is a thought leader

Thought leadership is another factor that is closely interwoven with its role as a standards setter:

“The standards are examples of them being thought leaders and the way they reach out to emerging economies.” (Senior Stakeholder, Auditor/Accountant, Asia Oceania)

“Everything the organisation does is provoked by its aim to define the rules of tomorrow – to remain a thought leader.” (Advisory Group Member, Preparer, Asia Oceania)

However, a minority (7%) disagree that the Foundation is a thought leader.



“The Foundation should not be a thought leader. Their role is to create the environment for IASB to be the thought leader.” (Advisory Group Member, User, Americas)

Base: All audiences (n=127)

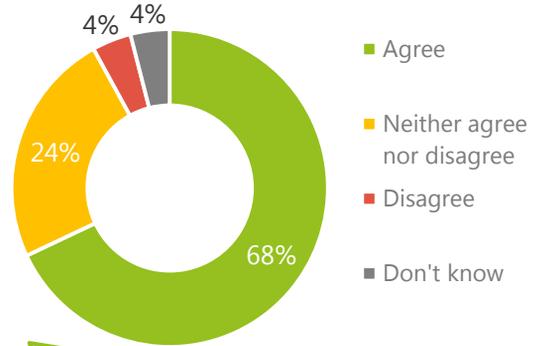
PERCEPTIONS OF THE IFRS FOUNDATION

Almost a quarter of stakeholders disagree that the Foundation is timely and responsive

Extent of agreement: The IFRS Foundation is receptive to feedback

Some 68% of stakeholders believe that the IFRS Foundation is receptive to feedback, saying it is *"...receptive to submissions on all matters including accounting standards and IFRS strategy"*. (Senior Stakeholder, Regulator, Asia Oceania)

"[The IFRS Foundation] endeavour to reply to every single question and comment." (Advisory Group Member, Standard Setter, Asia Oceania)



"Standards are developed with an ear to suggestions while maintaining public interest as its driving principle." (Advisory Group Member, Auditor/Accountant, Global)

Extent of agreement: The IFRS Foundation is timely and responsive

Opinion on whether the IFRS Foundation is 'timely and responsive' is split. Those agreeing point to a speedy response rather than timeliness as in *"very quick to respond to requests"*. (Senior Stakeholder, Auditor/Accountant, Americas)

Many note mitigating factors:

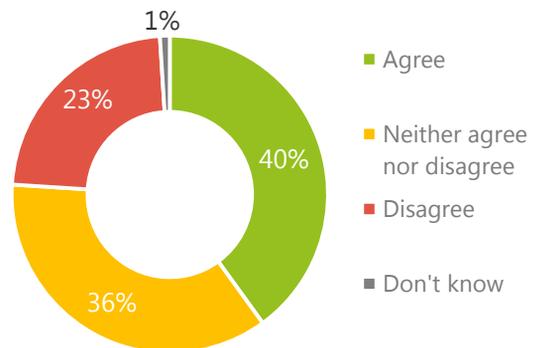
"Stuff gets done, not instantly, that would be impossible, but...within a very reasonable timeframe." (Senior Stakeholder, User, Americas)

"It is very difficult to be timely, but they do their best." (Senior Stakeholder, Auditor/Accountant, Asia Oceania)

"One of the reasons it takes time is because they are responsive." (Senior Stakeholder, User, Americas)

Some 23% of interviewees disagree, going as far as to say it seems the Foundation is *"kicking difficult issues into the long grass"*. (Senior Stakeholder, Auditor/Accountant, Global)

"There are times when things need to move fast but don't get onto the agenda quick enough." (Senior Stakeholder, Regulator, Europe)



"It is frustrating to see the number of items that are not taken on to the agenda because they don't think they could complete them in time." (Advisory Group Member, Preparer, Americas)

"I think that the length of time taken [...] and the way they haven't adapted to the changing world is a tough one." (Senior Stakeholder, Auditor/Accountant, Global)

Base: All audiences (n=127)

PERCEPTIONS OF THE IFRS FOUNDATION

The IFRS Foundation and IASB Board are equally highly rated for their independence

Both the IFRS Foundation and the Board receive consistently high scores for independence across all stakeholder groups.

Stakeholders feel the **IFRS Foundation's** overall structure, governance and determination to be non-partisan gives it a unique independence.

"...[structure] is one of an independent oversight body and an independent standard setter." (Advisory Group Member, Standard Setter, Americas)

"Uniquely independent in the voting and development process." (Senior Stakeholder, Preparer, Africa)

"The Governance structure feels independent...if we compare IFRS [Foundation] with the IAASB we can see the IFRS [Foundation] is much more independent." (Senior Stakeholder, Regulator, Europe)

"It is serving a global community and is trying very hard not be dominated by any one group." (Advisory Group Member, User, Global)

The **Board's** independence is also enhanced by its governance and transparency.

"They seem to stay outside politics, especially in Europe..." (Senior Stakeholder, Preparer, Americas)

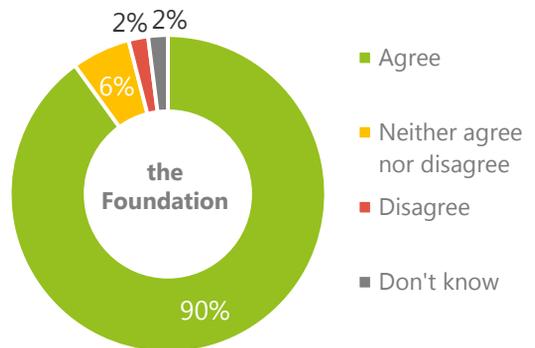
"...[by] betraying no bias and displaying no favour to any party." (Advisory Group Member, User, Europe)

"The board debates and argues about key issues in the public domain." (Advisory Group Member, User, Europe)

Members of the Board are *"extremely carefully chosen to ensure professional excellence and independence"*. (Advisory Group Member, Preparer, Asia Oceania)

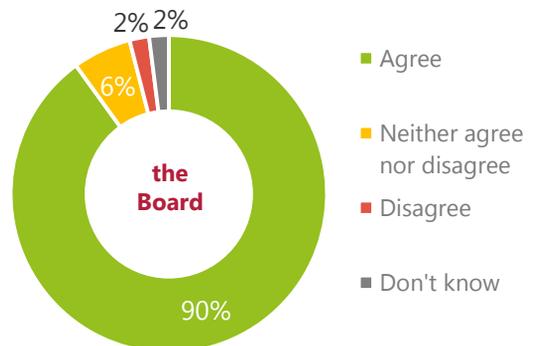
One Senior Stakeholder (Auditor/Accountant, Europe) notes that it is an *"ongoing challenge for the Board"* to *"maintain independence"* but does not disagree with the statement that it is independent.

Extent of agreement: The IFRS Foundation is independent



Extent of agreement: The IASB Board is independent

Q. And specifically thinking about the International Accounting Standards Board in isolation from the wider organisation, to what extent do you agree or disagree that it is independent?



Base: All audiences (n=127)

PERCEPTIONS OF THE IFRS FOUNDATION

The Foundation enjoys excellent levels of advocacy

Some 83% of External Stakeholders and all the IFRS Management Team would speak highly of the IFRS Foundation.

Levels of advocacy are consistently strong by subgroup and region and outperform the average recorded by Ebiquity for corporate and not-for-profit clients.

Advocates cite the success and progress made since the Foundation’s inception.

“Progress is exceptional over the last 10 years or so – has exceeded most people’s expectations.” (Senior Stakeholder, Auditor/Accountant, Europe)

“Have had tremendous success in harmonising financial reporting in quite a short space of time.” (Senior Stakeholder, Regulator, Europe)

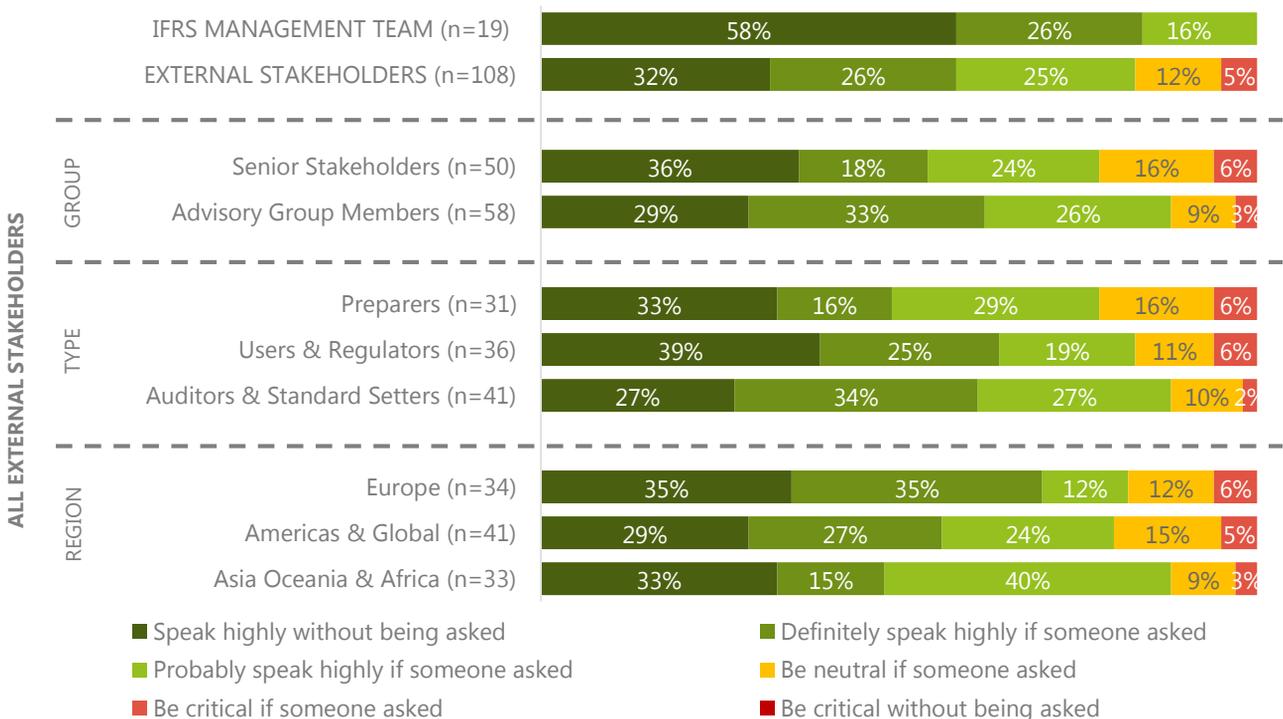
“This is an institution which is a role model for accounting bodies, defining and monitoring accounting rules and regulations in all countries.” (Advisory Group Member, Preparer, Asia Oceania)

Critics represent just 5% of all External Stakeholders with criticism centring around complexity and timeliness.

“Too much complexity, not enough airtime given for India and the funding model which gives the private sector too much influence.” (Senior Stakeholder, Standard Setter, Asia Oceania)

“Because the IFRS [Foundation] is failing to deliver practical, workable standards in a reasonable time frame. Do you want absolute technical and intellectual perfection in a standard that can be fully understood by only ten people in the entire world, or a standard that is 80% perfect but usable and practical?” (Senior Stakeholder, Preparer, Europe)

Advocacy levels for the IFRS Foundation



05. CONSULTATIONS & ENGAGEMENT



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CONSULTATIONS & ENGAGEMENT

Most interviewees have personally participated in a consultation exercise

Almost 8 in 10 of the IFRS Foundation’s External Stakeholders have participated in at least one of the Foundation’s consultations. Senior Stakeholders (86%) are more likely to have joined a consultation than Advisory Group Members (73%), but all groups are represented.

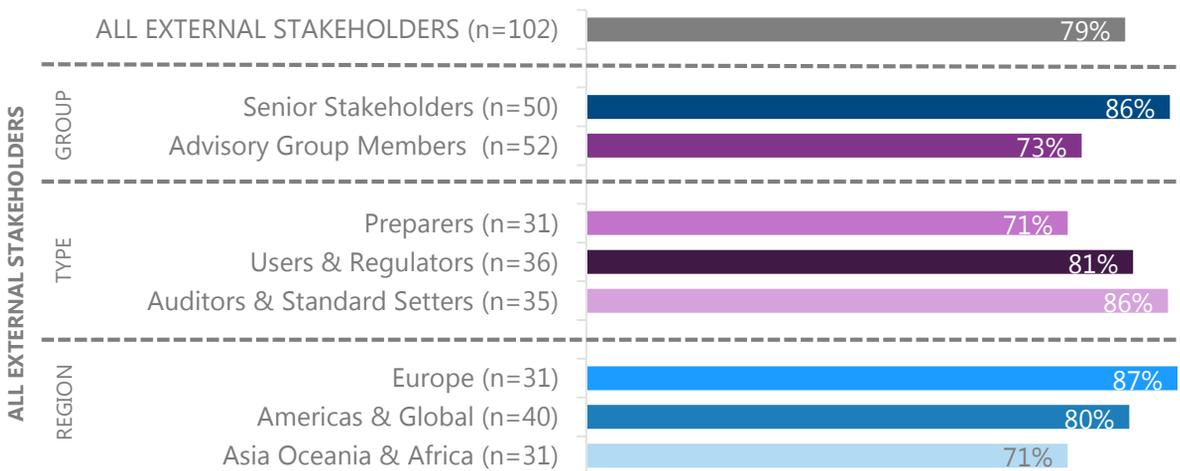
There are variations in regional participation. Europe leads with 87% of all External Stakeholders having participated in a consultation exercise. Participation is lowest among those based in Asia Oceania & Africa, particularly for Advisory Group Members where around half have taken part in a consultation.

The most frequent form of participation is writing a comment letter, and in discussing experiences of this consultation, stakeholders assert that the Foundation *“are generally receptive to comment letters”*. (Senior Stakeholder, Standard Setter, Asia Oceania)

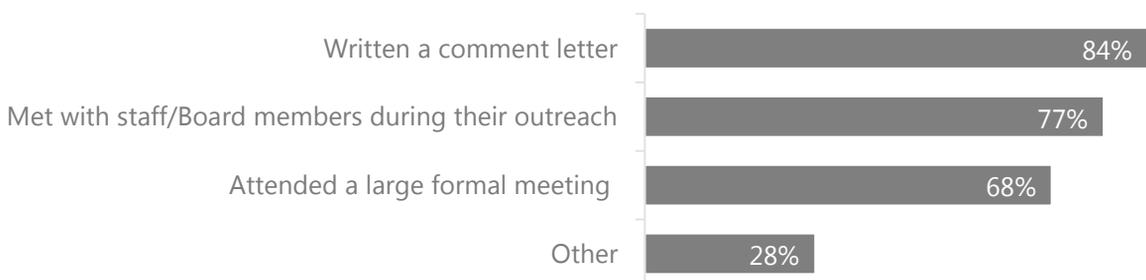
A majority had met with staff or Board members (77%) or attended a large formal meeting (68%).

The Foundation *“ensures constituents understand what is going on and what the impact will be. Informal communication outside of the outreach programme is also very good”*. (Senior Stakeholder, Auditor/Accountant, Europe)

Personal participation in an IFRS Foundation consultation exercise



Ways in which participated in a Foundation consultation: External Stakeholders



Base: All External Stakeholders who have participated in an IFRS Foundation consultation (n=81)

CONSULTATIONS & ENGAGEMENT

Consultations seen as professional and open, but slow

The key positive takeaway for interviewees on the IFRS Foundation’s consultation process is the perception that it is professional, open and willing to genuinely take on board input provided.

Several stakeholders highlight that the Foundation has improved in these respects over time.

“I’ve found that the organisation has done a good job of being very open to consultation. That’s not always been the case; prior to five years ago, it wasn’t as open and available to hear views.” (Senior Stakeholder, Regulator, Americas)

Its openness is underlined by the general feeling of a broad mandate for outreach. Respondents feel that the Foundation is prepared to reach out to different stakeholders. But this is tempered by a sense from some that the Foundation doesn’t necessarily take the input it receives on board.

Many hold the opinion that the IFRS Foundation is professional.

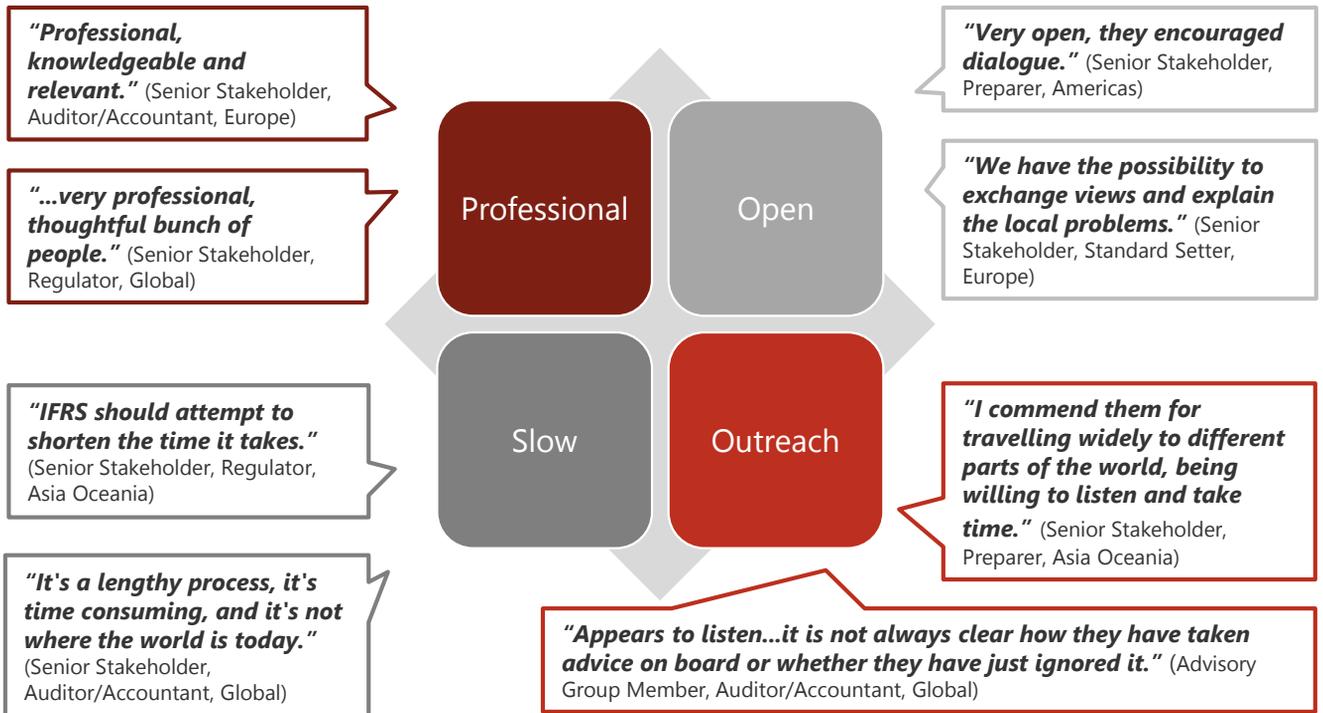
“Very talented and knowledgeable people are working with the IFRS (international staff), a very professional manner in which they present the standards and try to explain the difficult standards and the complex issues.” (Senior Stakeholder, Regulator, Europe)

Even stakeholders who emphasise the professionalism of the consultation process express concerns about the speed with which it operates.

“The speed with which [it] produces outcomes is very slow.” (Senior Stakeholder, User, Americas)

“They do need to watch the speed of standard setting though – there are delays.” (Senior Stakeholder, Preparer, Asia Oceania)

Experiences of the IFRS Foundation’s consultation process



Base: External Stakeholders who have participated in a consultation exercise (n=81)

CONSULTATIONS & ENGAGEMENT

The quality of the consultation documents is highly rated

When asked to rate specific aspects of the consultation process, interviewees were consistently favourable.

There is a strong consensus that the consultation documents are well researched and well written although some members of the IFRS Management Team note that there is room for improvement.

The IFRS Management Team rate the 'openness to comments while remaining independent' extremely highly but there is a disconnect with the view held by External Stakeholders, especially Advisory Group Members who express some criticism. *"They listen to comments only insofar as it provides them a platform on which to explain their own position."* (Advisory Group Member, Standard Setter, Americas)

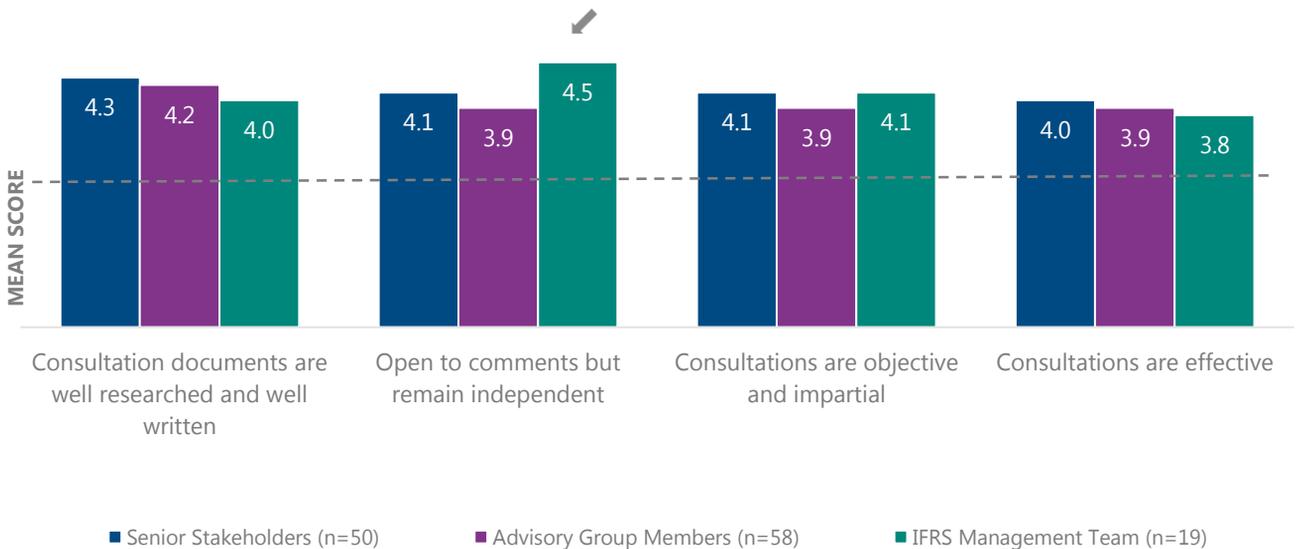
"They are not brave enough to make bigger steps." (Senior Stakeholder, Preparer, Europe)

Most agree that 'consultations are objective and impartial'. One critic questioned the objectivity of the Foundation when it *"tried to say that their way was right"*. (Senior Stakeholder, Regulator, Americas)

The effectiveness of consultations is rated slightly lower than other aspects although still positive overall. Respondents note that *"it is considerably difficult for a diverging opinion to eventually change the course of a project"*. (Advisory Group Member, Preparer, Americas)

"If they don't like our comments fine, but say so and give reasons why – don't just ignore opinions and carry on regardless." (Senior Stakeholder, Preparer, Europe)

Extent of agreement with statements about IFRS Foundation consultations



CONSULTATIONS & ENGAGEMENT

A third of stakeholders do not think the Foundation achieves an appropriate balance between stakeholder groups

While the majority of interviewees agree that the IFRS Foundation achieves an appropriate balance between stakeholder groups in its consultations, there is a notable proportion who disagree, especially Senior Stakeholders (40% disagree) and those External Stakeholders in Asia Oceania and Africa (45% disagree).

There is a view that the Foundation needs to *“reach out more widely and ensure it’s not just the loudest they listen to”*. (Senior Stakeholder, Preparer, Europe)

Emerging and less developed markets are the group most often identified as being under-represented. *“Not enough from the emerging markets.”* (Senior Stakeholder, User, Asia Oceania)

Users, investors and analysts are also seen as a less well-represented group with some saying that *“preparers get more air time than users”*. (Senior Stakeholder, User, Americas)

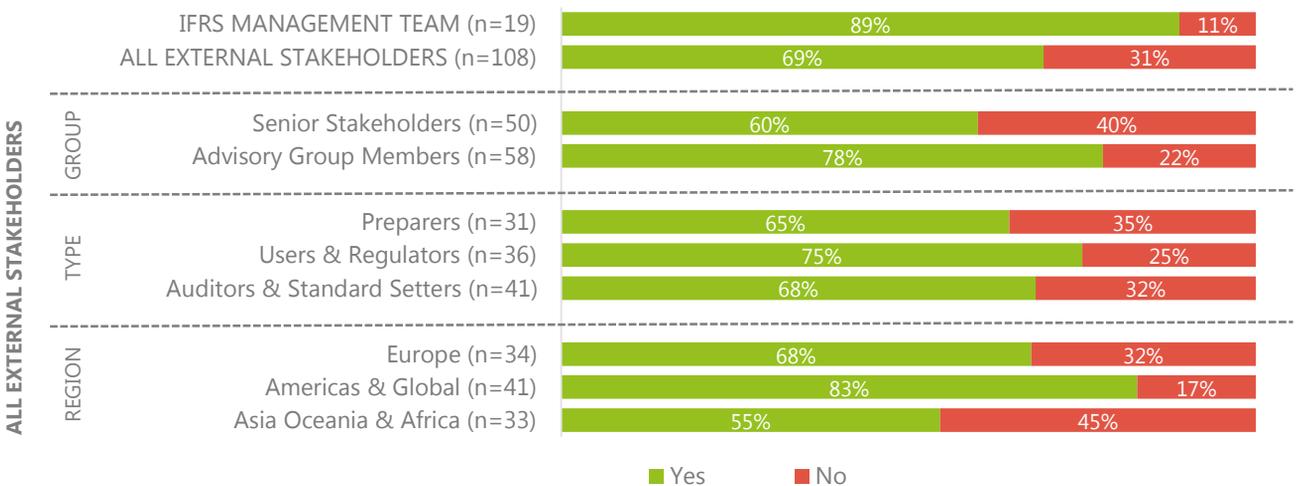
But it is acknowledged that reaching this group is a challenge. *“Seems there is a very small number from the analysts’ community who are highly interested in the accounting standards but many are not.”* (Senior Stakeholder, Preparer, Europe)

“Slight concern that investors are under-represented, but the Foundation is trying to reach them. A constant challenge. Investors are a little apathetic and not very well organised.” (Senior Stakeholder, Auditor, Global)

Other areas of under-representation include industry groups and smaller entities. Certain industries *“have got themselves together and actively engaged throughout the world, but I don’t think the same is true of other industry groups”*. (Senior Stakeholder, Preparer, Africa)

“SMEs who have little resource available to contribute effectively.” (Senior Stakeholder, Preparer, Europe)

Does the IFRS Foundation achieve a balance between stakeholder groups in its consultations?



Which groups are under-represented?



*“I have great concerns that **India and other Asian countries do not get a sufficient or fair hearing**, and that standards are too complex and technical for local users.”* (Senior Stakeholder, Preparer, Asia Oceania)

Base: All who say that the IFRS Foundation does NOT achieve an appropriate balance between stakeholder groups (n=35)

CONSULTATIONS & ENGAGEMENT

Half of stakeholders believe there is an imbalance between due process and speed

When asked whether the Foundation has the balance right between quantity of due process and speed of the standard-setting process, opinions were divided. A third of all interviewees say the balance is right, while 46% think that the Foundation has not got the balance right.

The speed of the standard-setting process is driving the imbalance.

"There are some issues with timeliness and I think they probably give too much attention to balancing all relevant views at the expense of speed." (Senior Stakeholder, Regulator, Asia Oceania)

Suggested improvements to rectify the balance centre on improving speed rather than cutting due process. *"I certainly would not be in favour of any extension to the amount of due process. I would be in favour of anything that streamlines the process. Some of the recent changes are helpful (e.g. dividing the agenda between the research phase and standard-setting phase)."* (Advisory Group Member, Standard Setter, Asia Oceania)

"A process of earlier stage, shorter consultations (or outreach)." (Advisory Group Member, User, Europe)

"Increased use of technology to speed up the process." (Senior Stakeholder, Auditor/Accountant, Europe)

"There should be a faster emergency process for urgent matters." (Advisory Group Member, Preparer, Europe)

"Broaden the consultation at the early stage to avoid setting off down the wrong path." (Senior Stakeholder, Auditor/Accountant, Global)

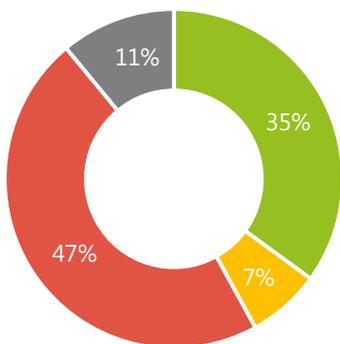
"Some comment periods could be shorter. Turnaround time between consultation and conclusion could be faster." (Advisory Group Member, Auditor/Accountant, Global)

Stakeholders believe that efficiency gains could be made by focusing on simple, practical standards and by not getting *"too deeply invested in technical topics"*. (Senior Stakeholder, Regulator, Global)

"Keep standards as simple as possible, don't regulate what is not really necessary." (Advisory Group Member, User, Global)

"Should be quicker to produce practical, usable guidance and deal with the minute detail later." (Senior Stakeholder, Auditor/Accountant, Asia Oceania)

Does the Foundation have the right balance between due process and speed?



■ Balanced well ■ Neither
■ Not the right balance ■ Don't know/no answer

Base: All audiences (n=127)

Suggested improvements

IMPROVE SPEED & EFFICIENCY OF PROCESSES	<ul style="list-style-type: none"> Fast track mechanism for simple/urgent issues Review project management processes Streamline review of related issues across different projects
IMPROVE CONSULTATION PROCESS	<ul style="list-style-type: none"> Shorter comment periods Broaden the consultation at an early stage Greater outreach before a due process document is published
FOCUS ON SIMPLE & PRACTICAL STANDARDS	<ul style="list-style-type: none"> Keep standards simple Focus on practical, real-world application Be quicker to produce practical, usable guidance

CONSULTATIONS & ENGAGEMENT

Most stakeholders agree that the Foundation has effective relationship management

The majority of stakeholders across all groups agree that the IFRS Foundation is effective in managing its relationship with them both inside and outside the consultation process.

Positive responses cite the Foundation’s regular outreach, including visits by Board members, saying that it is receptive on all matters and that it regularly reaches out to get an opinion. The consensus is that the Foundation listens and takes various viewpoints into account.

“They have done a nice job in engaging with the communities, we meet with them fairly regularly, they are responsive to our request and discuss issues.” (Senior Stakeholder, Regulator, Americas)

“I’ve found the staff very helpful – willing to take the time to both listen to feedback and provide explanations of proposals and the underlying rationale.” (Advisory Group member, Standard Setter, Asia Oceania)

“Over the last 5–10 years the Board has been transformed in its willingness, and now eagerness, to hear investor views.” (Advisory Group Member, User, Europe)

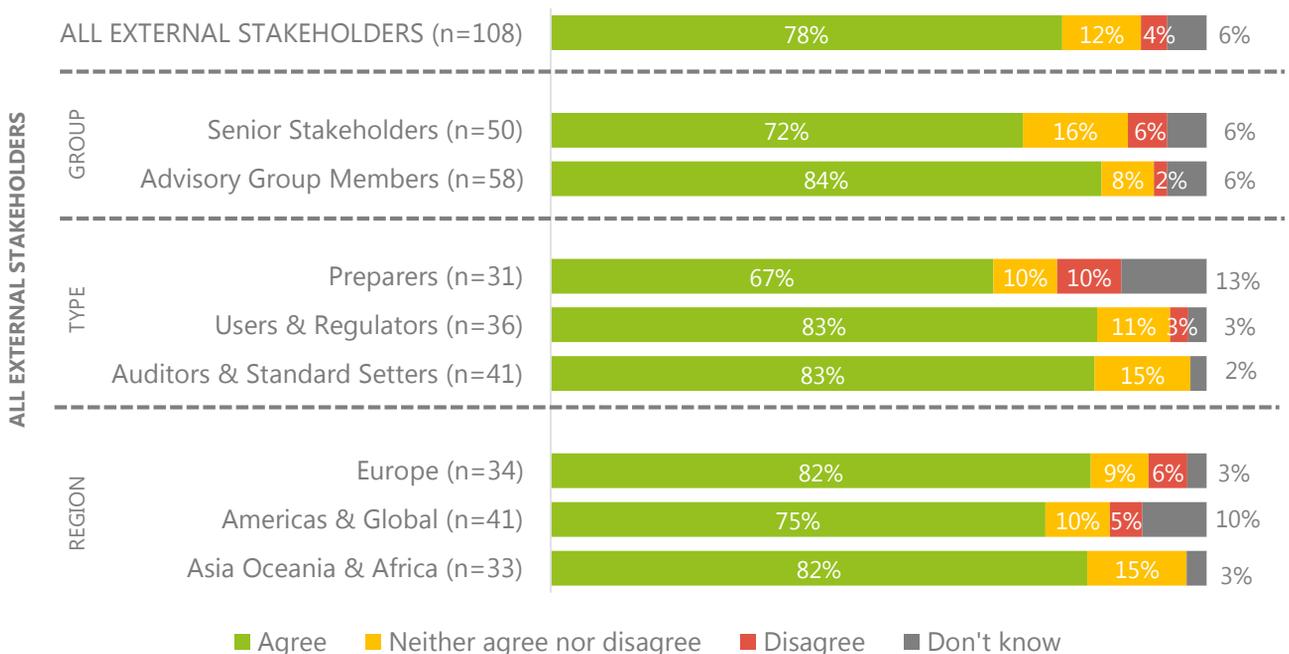
Just four stakeholders (three Preparers and one User) were critical of the relationship with the Foundation.

“I think they should have a better relationship with people like myself.” (Senior Stakeholder, Preparer, Americas)

“Yes there are the consultations and outreach but no proper contact and relationship.” (Senior Stakeholder, Preparer, Europe)

“It’s transparent but could be somewhat more responsive.” (Advisory Group Member, User, Global)

Extent of agreement that the Foundation is effective in its relationship management



CONSULTATIONS & ENGAGEMENT

Stakeholders suggest several ways in which the relationship could be improved



"Be more transparent on the items that are important to a lot of their stakeholders." (Advisory Group Member, Standard Setter, Americas)

"More communication of clear goals." (Advisory Group Member, Preparer, Europe)

"Even more feedback on how comments were considered." (Advisory Group Member, Preparer, Europe)

"More visibility required in specific areas or parts of their work, such as in the insurance setting." (Senior Stakeholder, Preparer, Europe)



"More streamlined and simpler consultation papers will be helpful." (Advisory Group Member, Regulator, Europe)

"Quicker preparation of discussion agenda for GPF." (Advisory Group Member, Preparer, Asia Oceania)

"I strongly suggest [the] fixing of agenda and circulation of Staff Papers for discussions [for GPR as well as TRG] be expedited." (Advisory Group Member, Preparer, Asia Oceania)

"Discussion papers (staff papers) reach us about ten days before the meeting...ten days may not be sufficient for preparation." (Advisory Group Member, Preparer, Asia Oceania)



"It should use the advisory board members' geographical and business spread to better effect, particularly in brand building but also sounding feedback and opening doors." (Advisory Group Member, Auditor/Accountant, Global)

"Directing more staff resources for informal consultation with emerging countries." (Advisory Group Member, Standard Setter, Asia Oceania)

"From the preparer's side we would like more face-to-face dialogue and discuss issues in an informal way." (Senior Stakeholder, Preparer, Europe)

"My company is in the top 10 biggest in Europe and yet as far I am aware no one from the IFRS [Foundation] has ever contacted our CFO. A relationship would be very welcome." (Senior Stakeholder, Preparer, Europe)



"There should be more opportunities for round tables and informal discussions etc. Actually hold conferences or events and invite people in similar roles to me to network and participate in discussions." (Senior Stakeholder, Preparer, Americas)

"I would like to receive training sessions on standards that I do not handle on a regular basis, if not at all." (Advisory Group Member, Preparer, Europe)

"More proactive engagement in giving guidance to first time adopters especially in the area of income taxes, consolidation, business combination, financial instruments, etc." (Advisory Group Member, Standard Setter, Asia Oceania)

"Have a program to discuss particular topics of the rules where they could teach investors..." (Advisory Group Member, User, Europe)

"More visibility generally would be very welcome." (Senior Stakeholder, Preparer, Europe)

06. PUBLIC INTEREST MISSION & IMPACT



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PUBLIC INTEREST MISSION & IMPACT

The majority agree that the IFRS Foundation meets its public interest mission

The IFRS Foundation’s mission is to serve the public interest by fostering trust, growth and long-term financial stability in the global economy. The majority of interviewees agree that the Foundation meets this mission.

“I can see in meetings and discussions that this is in the forefront of Board and Trustees’ minds.” (Advisory Group Member, Regulator, Global)

There were 16% of Preparers who disagreed saying that *“The IFRS [Foundation] undermines its public interest mission by taking too long to produce standards that are overcomplicated and difficult to implement”*. (Senior Stakeholder, Preparer, Europe)

The top suggestion as to how the Foundation could better achieve its public interest mission was for more focus on practical application.

“Focus even more on the usefulness and necessity of standards which are proposed.” (Advisory Group Member, User, Global)

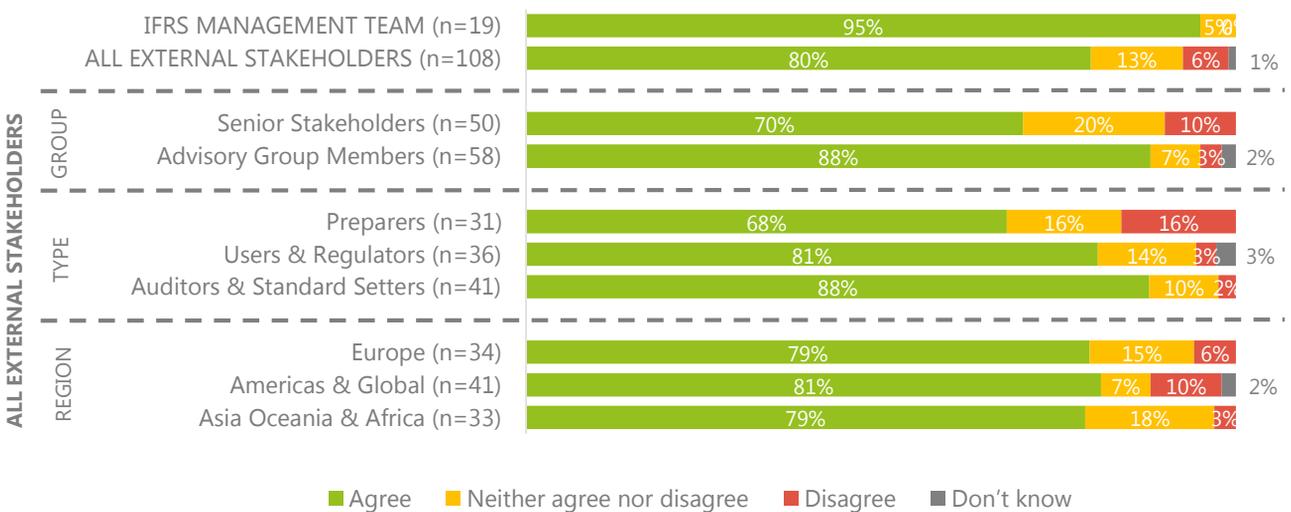
Other suggestions include broader audience consultation, and more representation from emerging economies.

“Develop stronger relationships with the national bodies that are responsible for ensuring compliance in the national jurisdictions.” (Senior Stakeholder, Regulator, Global)

“The developing countries recently adopting the IFRS standards, there are many accountants and they must get their views.” (Senior Stakeholder, Auditor/Accountant, Asia Oceania)

A few feel that a broadening of its agenda would help further its public interest mission. *“They are not necessarily responding in an agile enough fashion to reflect the evolution of corporate reporting needs.”* (Senior Stakeholder, Auditor/Accountant, Global)

Extent of agreement: ‘The Foundation meets its public interest mission’



What the Foundation could do to better to achieve its public interest mission	% mentioned
More focus on the practical application/impact rather than the theory	19%
Broader audience consultation	11%
Greater emerging economy representation	9%
Independence/transparency	9%
Greater communication/publicity	9%
Increased flexibility/agility	7%

PUBLIC INTEREST MISSION & IMPACT

Although the Foundation’s privately organised status is not seen as detrimental, concerns were raised regarding the funding model

All External Stakeholders know that the IFRS Foundation is a privately organised not-for-profit organisation. Overall the privately organised status is not seen to have a detrimental effect on the Foundation’s public interest mission. Those who think the effect is positive cited independence as key.

“I think it helps because it's not beholden to any group for this specific funding. That helps its independence.” (Senior Stakeholder, Preparer, Americas)

“This status better preserves the independence of its decisions, notably from a too strong political interference that could lead to a too short-term focused policy.” (Advisory Group Member, Preparer, Europe)

“It is good that it is a private organisation so that it is easier to keep political pressure away.” (Advisory Group Member, Standard Setter, Europe)

“It is good the funding is through government agencies or international organisations rather than the private sector to maintain the independence better.” (Senior Stakeholder, User, Asia Oceania)

Of those who see the privately organised status as detrimental to the public interest mission (8%), the independence and sustainability of the funding model is a key issue.

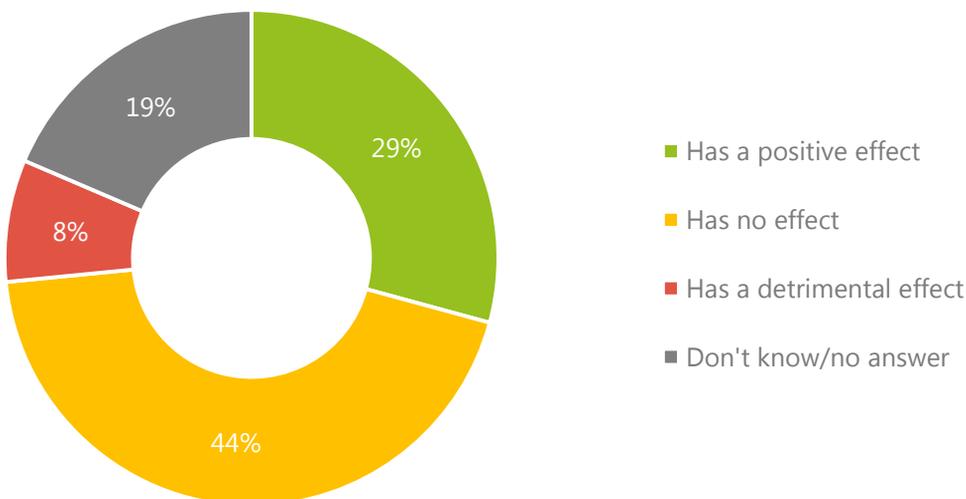
“It is a good structure, but I worry about the funding arrangements. It could be argued that much of the funding comes from what others see as interested parties.” (Senior Stakeholder, Auditor/Accountant, Global)

“Funding model is flawed by the imbalance of private funding compared to public sector funding. There should be NO private sector funding.” (Senior Stakeholder, Standard Setter, Asia Oceania)

“We believe that the current funding structure is not sustainable long term. It deserves and requires a stable funding platform, achieved through some type of market levy mechanism where capital markets’ participants contribute to the funding of the standard setting through a levy.” (Senior Stakeholder, Auditor/Accountant, Global)

Effect of privately organised status on ability to fulfil public interest mission

Q. Do you have any views on whether IFRS Foundation’s privately organised not-for-profit status overseen by global and national securities regulators responsible for investor protection has any effect on its ability to fulfil its public interest mission?



Base: External Stakeholders (n=108)

PUBLIC INTEREST MISSION & IMPACT

Majority of stakeholders agree that the IFRS Foundation delivers globally consistent standards

Almost three-quarters of External Stakeholders and 84% of the IFRS Management Team agree that the Foundation is meeting its objective.

"Facts speak for themselves, with adoption in 140 countries. One of the most successful international organisations of its type." (Senior Stakeholder, Auditor/Accountant, Global)

"The visible consistency of corporate reporting around the world is testament to the success of the IFRS project overall." (Advisory Group Member, User, Europe)

But even among those who agree, some say that although *"the Foundation has done very well, there is a long way to go"*. (Senior Stakeholder, User, Europe)

Overall, 15% of External Stakeholders disagree that the Foundation meets its objective, rising to 19% of Preparers and 21% of stakeholders in Asia Oceania & Africa.

Complexity, difficulties in achieving consistent application and implementation in emerging economies are factors that are felt to be preventing the Foundation from delivering globally consistent standards.

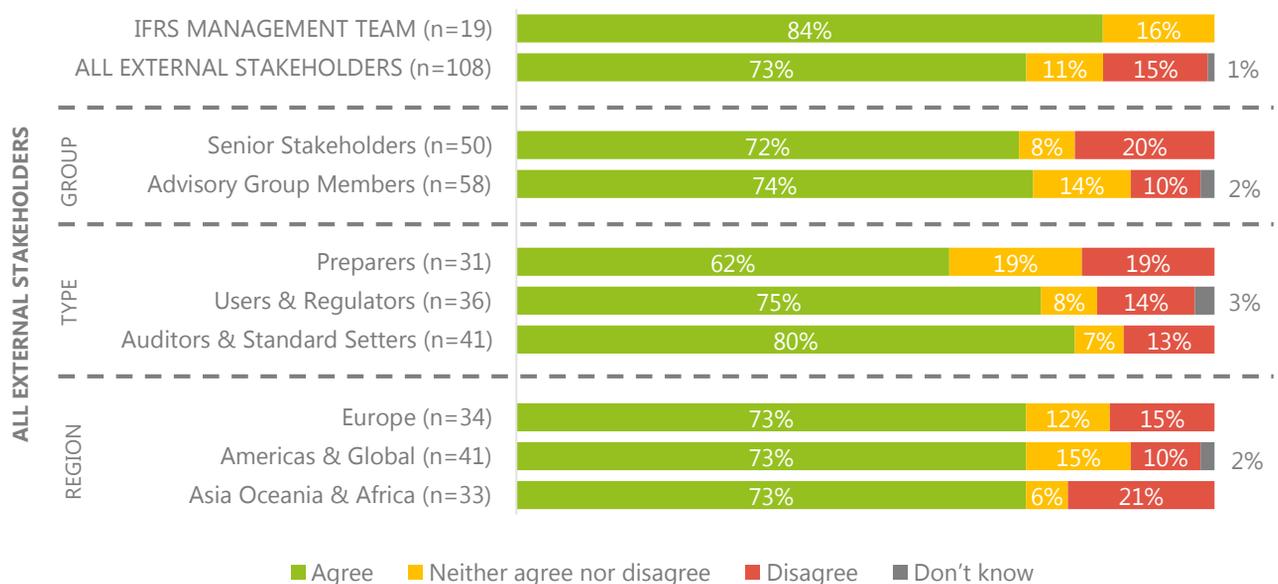
"If those applying the standards struggle to understand what is required by the standard and how it applies to their specific transactions, it can be difficult to achieve consistent application." (Advisory Group Member, Standard Setter, Asia Oceania)

"Standards are too complex for emerging nations, difficult to translate, too many subjective terms...not enough education on how to use principle-based standards." (Advisory Group Member, Standard Setter, Asia Oceania)

"We have a massive project underway that is going to cost us millions to implement the changes to the standard, so how on earth are the emerging economies going to manage and make it work?" (Senior Stakeholder, Preparer, Europe)

Extent of agreement: The Foundation meets its objective of delivering globally consistent standards

Q. The IFRS Foundation seeks to develop standards that are capable of being applied by developed and emerging economies on a globally consistent basis, allowing investors to compare companies on a like for like basis with their international peers. To what extent do you agree or disagree that the IFRS Foundation has met this objective?



NOTES

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For further information contact

CATHERINE GRIFFIN, HEAD OF REPUTATION

e. catherine.griffin@ebiquity.com

t. +44 (0)20 7877 9928

Ebiquity, CityPoint, 1 Ropemaker Street, London, EC2Y 9AW



ebiquity.com



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