

**DUE PROCESS OVERSIGHT COMMITTEE'S ASSESSMENT
OF THE TRUSTEES' EFFECTIVENESS IN THEIR OVERSIGHT RESPONSIBILITIES
DURING 2007 -2008**

The Trustees now have a commitment to report on their oversight activities as part of this framework in the Annual Report.

The following table represents the Due Process Oversight Committee's assessment of the Trustees' effectiveness in their oversight responsibilities during 2007 and into 2008, in accordance with the framework approved in October 2006.

The first four columns are those approved by the Trustees. The right-hand column describes progress or further action steps needed.

Part A: Constitutional requirements				
CONSTITUTIONAL REQUIREMENT	CONSTITUTION SECTION	KEYS TO SUCCESS	DELIVERABLES REQUIRED IN A GIVEN YEAR	2007 PROGRESS, CURRENT STATUS, AND PRIORITIES
Assume responsibility for establishing and maintaining appropriate financing arrangements	13(a)	Having an assured and sustainable source of funding that preserves the IASB's independence and provides necessary resources for the organisation	<ul style="list-style-type: none"> • Provide the Trustees with a package of materials that enables them to engage in fundraising efforts. • Ensure that this material is regularly updated as required. • Ensure prospects/donors contacted to provide funding • Agree to and maintain a funding system for 2008 and beyond 	<p>2007:</p> <ul style="list-style-type: none"> • Fundraising efforts aimed at diversifying and ensuring the sustainability of resources. • Commitment to securing a broad funding base around the world, thereby bringing the sources of funding to several thousand. • Country-specific efforts under way and already complete in a number of areas. • Enhance communications on funding arrangements on the IASC Foundation's Website and in the annual report. <p>2008:</p> <ul style="list-style-type: none"> • Trustees to continue to examine potential solutions to secure long-term funding for the organisation. Examples are the possibility of an EU-wide fee-based system for 2010 and beyond and the possibility of introducing a levy system in the US as it considers a possible move towards adoption of IFRSs.
Establish or amend operating procedures for the Trustees	13(b)	Regular review of the Constitution and by-laws to conform to organisational needs	<ul style="list-style-type: none"> • Tabulate comments from constituents on procedures and constitution on an ongoing basis. 	<p>2007:</p> <ul style="list-style-type: none"> • Identified key interested parties and organisations and formalised system of engagement to enhance the

			<ul style="list-style-type: none"> • Every five years, initiate a review of the Constitution 	<p>organisation's governance arrangements and reinforce its public accountability.</p> <ul style="list-style-type: none"> • Trustees launched strategy review in anticipation of the Constitution Review to strengthen public accountability. • The Trustees' Due Process Oversight Committee (formerly the Procedures Committee) reviewed the first feedback statements and impact statements before publication. • The Due Process Oversight Committee met the IASB and will meet it twice a year. <p>2008:</p> <ul style="list-style-type: none"> • Initiate a full constitutional review by carrying out necessary consultation to ensure that the Trustees remain publicly accountable, transparent and comply with agreed due process. To be carried out in two tranches: the first to be fast tracked will consider governance and will include proposals: <ul style="list-style-type: none"> • to create a Monitoring Group to oversee the appointments and due process of the Trustees, and • to increase the size of the IASB to 16 members, composed of 4 representatives each from Europe, US/Americas, Asia-Oceania and 4 from any
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				<p>other area or region of the world.</p> <ul style="list-style-type: none"> The remainder of the constitutional review will continue into 2009.
Determine the legal entity	13(c)	N/A	Review as necessary, depending upon changing regulatory requirements and strategic needs of the organisation	No action necessary
Location of IASC Foundation	13(d)	Review and sign leases where appropriate	N/A	<p>2007</p> <ul style="list-style-type: none"> Occupied offices in the west wing of the ground floor at 30 Cannon Street, following acquisition of an assignment of an operating lease in December 2006 on favourable terms.
Charitable status	13(e)	N/A	Prepare filings	<p>2007</p> <ul style="list-style-type: none"> Filings completed as required
Public meetings	13(f)	Preparation of topics and supporting papers of sufficiently high quality well in advance to ensure Trustees are able to make sound decisions and demonstrate that they are acting in the public interest	<ul style="list-style-type: none"> Have a reporting mechanism to ensure information is provided to the Trustees in an efficient manner to make assessment regarding Trustees' effectiveness Develop agendas for Trustee meetings in an appropriate manner, determining whether items are discussed in public or private 	
Publish an annual report	13(g)	Communicating key messages, including an evaluation of how successful the IASB has been in achieving its stated goals, the	Preparation of report, including a specific section in the annual report discussing the achievements of the IASB, Trustees' oversight and how	<p>Priority issue:</p> <ul style="list-style-type: none"> The annual report to include a separate section detailing the work of the Due Process Oversight Committee and its commitment to

		role of Trustees' oversight and how the Trustees are fulfilling their duties	the Trustees fulfil this responsibility.	ensure Trustees' oversight and public accountability.
Appoint the members of the IASB and establish their contracts of service and performance criteria	15(a)	<ul style="list-style-type: none"> • Maintain high standards of recruiting • Ensure an appropriate mix of backgrounds and perspectives. • Ensure that appropriate and regular review performances of Board members are made according to procedures 	<ul style="list-style-type: none"> • Regular evaluation of different mechanisms for recruitment (eg use of external agencies or other outreach) • Develop a list of possible Board candidates. • Undertake long-term planning on composition of Board • Review procedures for annual board performance assessments • Review and discuss as required performance evaluations/write-ups on all Board members, including the IASB Chairman. 	<p>ensure Trustees' oversight and public accountability.</p> <ul style="list-style-type: none"> • The annual report will include greater disclosure of financing. <p>2007 and priority issues:</p> <ul style="list-style-type: none"> • Agreed new performance assessments • Began to address longer-term succession planning. <p>2008</p> <ul style="list-style-type: none"> • Agree upon new performance assessments. • Consult outside parties to identify suitable candidates for the IASB with a view to identifying a successor for the Chairman in 2011.
Appoint the members of the IFRIC and the SAC	15(b)	<ul style="list-style-type: none"> • Maintain high standards of recruiting • Ensure an appropriate mix of backgrounds and perspectives. 	<ul style="list-style-type: none"> • Regular evaluation of different mechanisms for recruitment (eg use of external agencies) • Develop a list of possible candidates. • Review whether the composition of the IFRIC and SAC is such that they are benefiting from the 	<p>2007</p> <ul style="list-style-type: none"> • Vacancies filled in a timely manner. • Increased the size of the IFRIC from 12 to 14 members, and include the necessary amendments to the quorum and change in voting requirements to reflect that change in size, with the intention of obtaining greater diversity of practical experience.

			appropriate range of views, considering the purposes for which they are established.	2008 <ul style="list-style-type: none"> • Fill the vacancies arising on the IFRIC in February and in July as the vacancies arise during the year. • Refine the working methods, size, composition and terms of reference of the SAC before its term expires at the end of 2008.
Review annually the strategy of the IASC Foundation and the IASB and its effectiveness, including consideration, but not determination, of the IASB's agenda	15(c)	<ul style="list-style-type: none"> • Ensure the successful fulfilment of the strategy as laid out in the MOU with the FASB and other convergence initiatives. • Question whether proposed IASB projects are consistent with fulfilling the organisation's objectives • Consider and question if necessary, whether proposed IASB projects can be successfully concluded in the light of available and expected resources • Communicate with external parties the rationale behind IASB and IASC Foundation efforts and how they fit into the organisation's objectives 	<ul style="list-style-type: none"> • Regular review of the IASB's work programme • Review and discuss existing and potential convergence opportunities with the IASB • Open discussions with the IASB on proposed new agenda items and discussion with interested parties to learn their views • Establish a coherent communications strategy in conjunction with the IASB • Regular meeting with public and private officials in home jurisdictions to share common messages 	2007 <ul style="list-style-type: none"> • First meeting of the Due Process Oversight Committee (formerly the Procedures Committee) with the IASB in order to review strategy, effectiveness, due process and other matters of concern. • Effectiveness review of IASB carried out and reported to Trustees. • First successful year of new communications programme, under the leadership of a Director of Corporate Communications, emphasising responsiveness to key interested stakeholders and transparency. • Brunswick Group LLP carried out media audit showing the Foundation's good relationship with key journalists and publications. • Foundation awarded top global ranking for stakeholder participation, transparency and evaluation by One World Trust. • First use of a project summary,

				<p>feedback statement and impact assessment, which was combined to give one comprehensive document for endorsement purposes. This was well received by regulators.</p> <p>2008 and priority issues:</p> <ul style="list-style-type: none"> • Refine the annual review of the IASC Foundation and the IASB to emphasise the organisation's commitment to public accountability and due process. • Initiate the Constitution Review. • Conclude the Brand Refresh project and ensure appropriate marketing to inform all interested stakeholders of agreed changes. • To make greater use of technology and online communication tools, to assist in engagement, transparency and to support due process obligations. • Continue to focus enhanced communications with interested parties • Create a database of key stakeholders, a single slide deck for presentations, and information pack. • Ensure consistent communication by utilising the newly formed Communications Tool Kit. • To attempt to increase the diversity, age, gender and profession of Trustees.
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Approve budget annually	15(d)	Develop and approve annual budgets that provide sufficient resources within the framework of available funding to achieve the IASC Foundation's objectives within appropriate parameters for a not-for-profit organisation	Create a budget in a timely fashion, following a strategic review of priorities	<p>2007</p> <ul style="list-style-type: none"> Budget review, accounts and audit produced in consultation with auditors and printed in annual report. <p>2008</p> <ul style="list-style-type: none"> Updated budget document to ensure greater transparency and conformity to IFRSs. .
Review broad strategic issues affecting accounting standards, promote the IASC Foundation and its work and promote the objective of rigorous application of IFRSs, provided that the Trustees shall be excluded from involvement in technical matters relating to accounting standards	15(e)	<ul style="list-style-type: none"> Maintain a high degree of awareness on issues related to accounting matters Undertake steps to preserve the consistency and quality of the application of IFRSs Encourage and promote recognition of and convergence with IFRSs by national accounting standard-setters 	<ul style="list-style-type: none"> Identify opinion formers in international and national organisations and develop programme of contact. Regular meeting with public and private officials in home jurisdictions to share common messages Develop policies and programmes (such as the education initiative) that are consistent with the constitutional requirement 	See points two rows above.
Establish and amend operating procedures, consultative arrangements and due process for the IASB, IFRIC, and SAC	15(f)	<ul style="list-style-type: none"> Critically review the operating procedures of the IASB on a regular basis and provide an avenue for suggestions Ensure that dialogue with interested parties extends beyond formal due process Require the SAC and IFRIC to set out clear and 	<ul style="list-style-type: none"> Trustees to communicate as necessary comments from constituents on due process to the Procedures Committee on an ongoing basis Trustees Procedures Committee to review Due Process Handbook for amendment on annual 	<p>2007</p> <ul style="list-style-type: none"> Worked with the SAC to establish measurable objectives and understand role. Monitored the effectiveness of the IFRIC and IASB. See also points three rows above. <p>2008</p> <ul style="list-style-type: none"> Update Due Process Handbook to

		measurable operational objectives that are subject to review by the Trustees	<p>basis</p> <ul style="list-style-type: none"> Trustees should host at least one meeting annually between an IASB group and relevant parties within their home or another jurisdiction as required. Trustees Procedures Committee to review the SAC's and IFRIC's objectives annually and determine whether expectations are being met. Would require meetings with SAC and IFRIC and the Trustees 	<p>reflect changes agreed in 2007.</p> <ul style="list-style-type: none"> Focus on improving communication between IASB and Trustees.
Review compliance with the operating procedures, consultative arrangements and due process as described in (f);	15(g)	<ul style="list-style-type: none"> Develop a culture whereby effective consultation is viewed as extending beyond formal due process Establish, where necessary, formal procedures to review compliance with due process, both in the formulation of IASB project plans and in response to complaints 	<ul style="list-style-type: none"> Trustees to review and assist, where appropriate, in the implementation of the IASB's communications plan (including providing necessary resources) Procedures Committee to undertake review of complaints and respond in an appropriate manner 	See constitutional point 15(c).
Approve amendments to this Constitution after following a due process, including consultation with the Standards Advisory Council and publication of an	15(h)	<ul style="list-style-type: none"> Determine the necessity for constitutional amendments after consultation with the SAC and other stakeholders 	<ul style="list-style-type: none"> Review comments received from various consultations on a regular basis. 	<p>2007</p> <ul style="list-style-type: none"> Constitutional change to increase IFRIC membership to 14 and quorum to 10. <p>2008</p> <ul style="list-style-type: none"> See points four rows above at point

exposure draft for public comment				15(c).
Exercise all powers of the IASC Foundation except for those expressly reserved to the IASB, the International Financial Reporting Interpretations Committee and the Standards Advisory Council	15(i)	N/A	N/A	
Foster and review the development of educational programmes and materials that are consistent with the IASC Foundation's objectives	15(j)	<ul style="list-style-type: none"> • Ensure that the IASC Foundation maintains high standards of quality in its educational materials • Ensure that educational materials are subject to periodic review by the IASB or someone designated by the IASB to ensure that the material is current and reflects consistency with applicable standards and interpretations. 	<ul style="list-style-type: none"> • Review the education programme plan and ensure that it is consistent with the organisation's objectives and operates within its financial resources 	<p>2007</p> <ul style="list-style-type: none"> • Following consultation with the Trustees Education and Publication Committee, a new educational plan approved. The plan reinvests surpluses. <p>2008</p> <ul style="list-style-type: none"> • XBRL team to provide a high quality IFRS Taxonomy to the market, at the same standard as the IFRS bound volume.

Part B – Other operational responsibilities associated with Trustees’ duties			
RESPONSIBILITIES	KEYS TO SUCCESS	DELIVERABLES REQUIRED IN A GIVEN YEAR	2006 PROGRESS, CURRENT STATUS, AND PRIORITIES
Appointment of Trustees	Identify and recruit motivated and well-respected candidates for the Trustees	<ul style="list-style-type: none"> Evaluate different ways of recruiting (eg use of external agency) Advertise for vacant positions Contact relevant organisations and stakeholders Consult the Trustee Appointments Advisory Group 	<p>2007</p> <ul style="list-style-type: none"> Advertised for new Trustees to replace those retiring. Engage Spencer Stuart to find new Chairman. Gerrit Zalm appointed as new Chairman. Philip Laskawy appointed Vice-Chairman. <p>2008</p> <ul style="list-style-type: none"> To utilise a Monitoring Group, if constitutional proposal approved. To ensure greater diversity by age, gender, career and background when seeking to appoint new Trustees.
Assign Trustees to committees	Identify Trustee’s area of interest and expertise and assign Trustees accordingly	<ul style="list-style-type: none"> Document the specific skill sets/knowledge needed on each committee. Ensure committees have a full complement of members 	Trustees assigned to committees.
Orientation of new Trustees	Ensure Trustees have necessary information to perform duties as soon as possible following appointment	<ul style="list-style-type: none"> Meet new Trustees in a timely fashion Emphasise independence requirements and the separation of roles between the Trustees and the IASB Provide materials related to the organisation’s operating procedures and guidelines. 	<ul style="list-style-type: none"> T Seidenstein meets new Trustees and provides relevant materials. T Seidenstein raises issues raised in the oversight framework.
A clear understanding of committees’ roles and responsibilities	Charters or terms of reference for Trustee committees, if appropriate	Determine whether charters or terms of reference to be developed where these do not exist and/or updated for each standing Trustee committee, and approved by the Trustees	<ul style="list-style-type: none"> Committee charters approved and updated. Committee membership and roles are posted on the Website.

Establish personnel and recruitment policies	Establish rules that help to attract and retain staff, comply with the latest regulations, and are consistent with the organisation's status as a charity	<ul style="list-style-type: none"> Review employee handbook and terms and conditions on a regular basis 	<ul style="list-style-type: none"> Management has reviewed policies with assistance of an HR professional
Review remuneration of management, IASB, and staff	Have a process for an annual review of remuneration following performance reviews and benchmarking	Decision by Trustees in March/April for IASB (now annually) and staff (annually)	<ul style="list-style-type: none"> Compensation Subcommittee met to review remuneration matters. The Trustees implemented agreed policies regarding annual reviews and per diems.
Appointment of external auditors	Reputable audit firm	<ul style="list-style-type: none"> Discussion with auditors about the quality of accounting policies and internal financial controls at least once a year Review and pre-approve type and nature of services to be provided by auditors Review auditors' independence Review quality of service provided by auditors. Audit opinion 	<ul style="list-style-type: none"> Audit Committee carries out all tasks in accordance with its charter and works closely with appointed auditor, BDO Stoy Hayward.
Management accounts	Timely and accurate financial information to manage the organisation	<ul style="list-style-type: none"> Preparation of monthly management accounts and quarterly accounts. Review critically the quarterly accounts together with the Audit Committee before presentation to Trustees 	<ul style="list-style-type: none"> Tasks accomplished and evidenced by signatures on accounts and Trustee minutes.
Establishment of a disaster recovery policy	A disaster recovery plan that would minimise the disruption to the organisation's work	Creation and updating of a disaster recovery plan	2007 <ul style="list-style-type: none"> Policy approved and reviewed Audit Committee.
Filing of statutory accounts and tax information	<ul style="list-style-type: none"> Compliance with US and UK requirements in order to maintain good standing Awareness that IASB's reputation and public profile means that IFRS accounts should display 	<ul style="list-style-type: none"> US 990 and relevant state tax forms UK Companies House filing UK HM Revenues and Customs taxes VAT requirements Appropriate and correct use of IFRSs 	<ul style="list-style-type: none"> All activities accomplished, evidenced by compliance checklist.

	'best in class' attributes in terms of application of IFRSs, as well as in presentation and disclosure.		
An active communications and public affairs programme	A communications programme that conveys key messages to the relevant parties, fosters support for and provides thought leadership of the IASC Foundation's objectives, and enables the IASB to hear the views of affected parties	<ul style="list-style-type: none"> • Identification and development of key messages • Identification of key parties and administration of programme that reaches these groups • Effective utilisation of Trustees and IASB members 	<p>2007 and 2008</p> <ul style="list-style-type: none"> • Communications programme consolidated and augmented. • Institute Constitutional Review in 2008 • see points at constitution point 15(c) above. • Established that Trustees must consider the appropriate amount of time that they as individuals are able to devote to communications activities. • Ensure consistent messaging and feedback provided to central HQ.

Part C – 2008 Trustee Schedule				
Duty	January	March/April	June/July	October/ November
Maintain adequate financing arrangements	X	X	X	X
Discuss and approve an annual report		X		
Commence the Constitutional Review	X	X	X	X (and into 2009)
Appoint the members of the IASB	X (or previous meeting)			X (or first meeting of next year)
Review of IASB's agenda and strategy	X	X	X	X
Approval of annual budget				X
Review progress related to the adoption, application, and interpretation of IFRSs – Reports of the Chairman of the IASB, IFRIC and/or SAC	X	X	X	X
Review of education and publications programmes	X	X	X	X
Appointment of Trustees				X
Trustee committee assignments	X			
Introduction for new Trustees	X			
Remuneration review		X		
Appointment of external auditors		X		
Review of accounts		X	X	X
Review of communications programme	X	X	X	X
Review of financial situation and quarterly financial information	X	X	X	X