



Trustees of the IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

February 21, 2011

REQUEST FOR VIEWS – TRUSTEES’ STRATEGY REVIEW CONSULTATION PAPER

Dear Sirs,

In response to the paper for public consultation dated 5 November 2010, please find attached Syngenta’s views on the questions on which you have requested comment.

Public interest

1. The current Constitution states, “These standards [IFRSs] should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in the world’s capital markets and other users of financial information make economic decisions.” Should this objective be subject to revision?

In our opinion, the wording of the objective is appropriate and should not be changed. The question on which reflection is needed is not whether, but how IFRS should best support the economic decisions being made by participants in global capital markets. One approach would be to look at what information decision makers currently use in their decisions, their opinion of the quality of this information and what they believe should be additionally provided or changed in order to help them make better decisions. Another, more abstract and conceptual approach would be to define what information would likely lead to the best decisions if it were made available. Although both approaches can be used, we believe priority should be given to the first approach because it responds to an actual demand.

2. The financial crisis has raised questions among policymakers and other stakeholders regarding the interaction between financial reporting standards and other public policy concerns, particularly financial stability requirements. To what extent can and should the two perspectives be reconciled?

In our view, financial reporting and financial market regulation should each aim in their respective areas of action to ensure that current and potential future market participants and those whose wealth they manage can have confidence in how global financial markets operate. From this viewpoint there is no conflict of objectives to reconcile, although the areas of action are different. While extreme circumstances may arise which justify a temporary short-term suspension of normal reporting requirements to preserve stability, particularly in the area of mark-to-market when financial markets are not functioning, markets cannot operate confidently if key information which investors have an interest in knowing is withheld from them or is allowed to be “smoothed”.

Governance

3. The current governance of the IFRS Foundation is organised into three major tiers: the Monitoring Board, IFRS Foundation Trustees, and the IASB (and IFRS Foundation Secretariat). Does this three-tier structure remain appropriate?

In our opinion, this structure remains appropriate.

4. Some stakeholders have raised concerns about the lack of formal political endorsement of the Monitoring Board arrangement and about continued insufficient public accountability associated with a private-sector Trustee body being the primary governance body. Are further steps required to bolster the legitimacy of the governance arrangements (including in the areas of representation of and linkages to public authorities)?

We support the proposal in the report recently published by the Monitoring Board that its membership be further expanded in order to make it as globally representative as possible. Priority should be given to representatives of jurisdictions which either already allow, or are willing to commit publicly to full adoption of, IFRS as issued by the IASB.

Process

5. Is the standard-setting process currently in place structured in such a way to ensure the quality of the standards and appropriate priorities for the IASB work programme?

In our view, the formal structure of the process is appropriate, despite the resulting long duration of major standard setting projects. While specific circumstances may sometimes demand an urgent response to an individual issue, in general due process should not be abridged. Outreach to constituents should continue to be an essential part of the process. The IASB should take the necessary time to produce high quality proposals and should not compromise in order to meet predetermined deadlines.

6. Will the IASB need to pay greater attention to issues related to consistent application and implementation as the standards are adopted and implemented on a global basis?

In our opinion, while the IASB and the IFRS Interpretations Committee must stand ready to resolve any significant diversity of practice which may arise from a lack of clarity in IFRS, IFRS application and implementation are primarily the responsibility of financial market regulators, and not the IFRS Foundation or the IASB. Regulators may wish national accounting organisations to assist them on issues which are specific to a country; for example IFRS accounting for the effect of a particular law or regulation, as they do today. Consistency on issues which have a wider geographical footprint would be discussed by the appropriate international regulators' meetings, as it is today.

Financing

7. Is there a way, possibly as part of a governance reform, to ensure more automaticity of financing?

In our view, the current financing model of the IFRS Foundation is unsustainable long-term. The Foundation should be financed by a fair and transparent levy on all publicly listed IFRS preparers. IOSCO should actively encourage its members to add to their listing rules a provision for such a fee or levy where they do not already do this. The Trustees should agree the IFRS Foundation budget periodically with the Monitoring Board. IOSCO, which would participate in that process through its seat on the Monitoring Board, could then help to ensure its member exchanges set their fees at the level required to finance the agreed budget.

Convergence and adoption

8. Are there any other issues that the Trustees should consider?

The consultation paper mentions convergence and adoption as a critical challenge. On specific issues, IFRS might be enhanced by incorporating the best existing guidance from existing national accounting standards. Having the best quality IFRS is the main way to ensure as many countries as possible adopt IFRS and/or converge their national standards to IFRS on all significant issues. From the viewpoint of the Foundation and the IASB, convergence between IFRS and other accounting standards should be neither an end in itself nor a process of compromise used as a means to secure agreement for wider IFRS adoption and to bring about smoother IFRS transition for new adopters. It should be the result of striving for high quality standards.

Yours Faithfully,

James Halliwell
Group Financial Controller