IFRS® Foundation

Annual Report

BETTER INFORMATION FOR BETTER DECISIONS

2022

Better information for better decisions

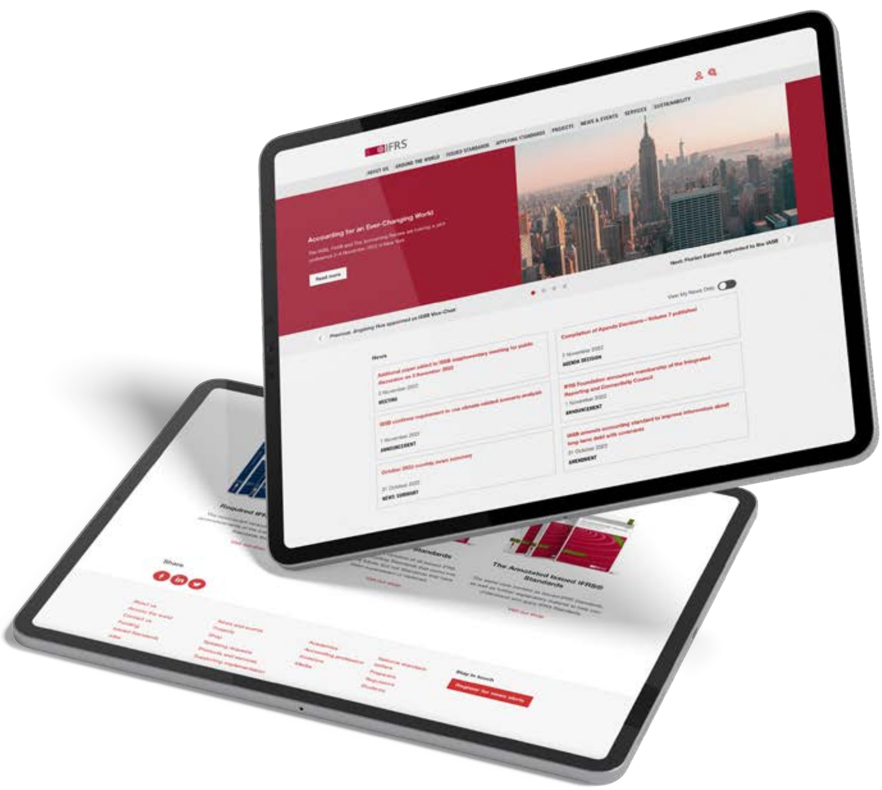
The IFRS Foundation was created in the belief that better information supports better economic and investment decisions. We work to achieve this vision through the development of high-quality global standards that result in decision-useful information.

IFRS® Accounting Standards and IFRS® Sustainability Disclosure Standards are developed following a rigorous, inclusive and transparent due process—and with consideration for the connectivity between accounting and sustainability disclosures.

As a public-interest organisation, we fulfil society's needs by empowering people with better information to support better decision-making.

About this report

This report covers the financial year ended 31 December 2022 and was authorised for issue in March 2023. If you have questions or feedback on the report, please email **communications@ifrs.org**. Detailed information about the IFRS Foundation can be found on **www.ifrs.org**.



Contents

Key accomplishments in 2022

The IFRS Foundation now has two boards—International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB)—supported by technical teams and operations staff to deliver the organisation's goals.

We consolidated the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) into the IFRS Foundation in February and August 2022 respectively.

Advanced to standard-setting two significant IASB projects: Dynamic Risk Management and Business Combinations—Disclosures, Goodwill and Impairment

Completed the Third Agenda Consultation to shape the priorities and work plan for the IASB through 2026

Published an Exposure Draft of the Third edition of the IASB's *IFRS for SMEs*® Accounting Standard

Set up the ISSB and appointed a full and diverse complement of 14 members

Opened ISSB offices in Frankfurt and Montreal, and signed agreement to open Beijing office

Published the ISSB's first two exposure drafts and deliberated feedback from more than 1,400 comment letters in preparation for the issuance of the first IFRS Sustainability Disclosure Standards

Delivering on our promises

Report from the Chair of the IFRS Foundation Trustees

Erkki Liikanen

During 2022 the IFRS Foundation transformed from an organisation with a single standard-setting board to an organisation with two boards—the International Accounting Standards Board (IASB) and the new International Sustainability Standards Board (ISSB). The two boards are separate but complementary.

The creation of the ISSB was encouraged by the G20, the G7, the International Organization of Securities Commissions (IOSCO), the Financial Stability Board and others.

In November 2021 at COP26 in Glasgow I made three strategic announcements: first, the formation of the ISSB; second, the consolidation of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) into the IFRS Foundation; and third, the publication of two prototypes as a basis for the ISSB's first two sustainability disclosure Standards.

A year later, I can report that we have delivered on these pledges.

- The ISSB is up and running, with 14 globally and professionally diverse members and with operations on three continents—including in Frankfurt, Montreal, San Francisco and London. We have also committed to open an office in Beijing and to continue to develop our Tokyo office.
- We have consolidated the CDSB and the VRF and are benefiting from the intellectual capital each organisation has brought, as well as the value added by our new colleagues and their expertise and networks.
- In March 2022 we published for public consultation two proposed Standards, building on the prototypes published at COP26. The ISSB expects to issue the first two IFRS Sustainability Disclosure Standards in 2023.

IASB work plan

Against this new activity, I am pleased by the IASB's progress on its important work plan. In particular, the IASB has concluded on its Third Agenda Consultation, shaping the IASB's priorities through 2026. In addition, the IASB has been especially active this year in undertaking post-implementation reviews (PIRs)—a vital aspect of effective standard-setting—and in communicating with stakeholders about the objectives and possible outcomes of these post-implementation reviews.

New appointments

The Foundation has completed the appointments of new IASB members and inaugural ISSB members, as well as members of existing and new advisory bodies. These appointments ensure that we continue to ground our work in the technical expertise of capital market leaders and other key stakeholders.

One Foundation programme

To build a cohesive organisation, we have established a One Foundation programme at the organisational level (see page 39). We continue to grow as an organisation to meet our expanded mission, with new office agreements and recruitment efforts to help us deliver on our strategy.

In addition to our ongoing focus on setting the strategy and overseeing the governance of the IFRS Foundation, the Trustees have taken a keen interest in two aspects that we see as vital to our ongoing progress: the culture of the organisation and our own sustainability.

Work culture

On culture, we recognise that the key to any successful consolidation is getting to know the working styles and values of the legacy organisations to identify the elements we want to have in common and the strengths we want to build on to support our future success.

The IFRS Foundation has started several initiatives to help us establish an effective and responsive organisational culture, informed by expert advice. These initiatives include surveys, workshops and the creation of a culture champions network of people from across the organisation. The Trustees' Human Capital Committee is supporting and monitoring this work closely.

Delivering on our promises *(continued)*

Sustainability

On our own sustainability, we recognise the importance of acting responsibly. We have established a Trustee-level task force that will work closely with IFRS Foundation staff to review our internal sustainability strategy, policies, management systems and reporting. We are putting governance processes in place to deliver this important work.

Together, these initiatives demonstrate the Trustees' recognition of the importance of human and natural resources and social relationships to the ongoing success of the organisation.

Looking ahead

2022 was a significant year for the IFRS Foundation, with important milestones for the IASB and the inaugural meetings of the ISSB.

We look ahead to building on these milestones in 2023 as we embed our One Foundation culture, and continue to grow our new offices and develop IFRS Accounting Standards and IFRS Sustainability Disclosure Standards.

I would like to thank my fellow Trustees, members of our two boards, staff and our many stakeholders around the world for their work and continued support.

Setting the course for the next five years

Report from the Chair of the International Accounting Standards Board

Andreas Barckow

2022 has been a productive year for the IASB—with valuable in-person engagement with both colleagues and stakeholders—thanks to the hard work and dedication of our technical staff, my fellow IASB members and stakeholders around the world.

We have made great progress on our many projects and taken important technical decisions following open and frank discussions around the board table. I would particularly like to highlight a few projects.

- Business Combinations—Disclosures, Goodwill and Impairment, which we have moved to the standard-setting phase. We are now working towards an exposure draft, following key decisions by the IASB that included retaining the impairment-only model and requiring additional disclosures on the subsequent performance of an acquisition.
- Primary Financial Statements, which aims to enhance transparency and improve comparability of performance reporting globally. We expect to conclude our discussions on this project in 2023.
- The Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard, where we concluded our deliberations and consulted on Exposure Draft *Third Edition of the* IFRS for SMEs A*ccounting Standard.*

We also concluded post-implementation reviews (PIRs) of IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities,* as well as the review of IFRS 9 in regard to classification and measurement. These reviews involved extensive engagement with stakeholders to determine what is working well and whether improvements are needed.

Strategic work plan

Stakeholder feedback has always been essential in shaping the IASB's work and the Accounting Standards we develop. This year it was even more vital as our stakeholders helped us determine our key priorities for the next five years.

We published the final outcomes of our Third Agenda Consultation in July 2022. The review of feedback showed that stakeholders think our balance of activities is right but asked us to invest slightly more resources into the development of digital financial reporting and the understandability and accessibility of IFRS Accounting Standards. They also told us very clearly that we should progress what we have on our work plan before we begin any new projects.

So, advancing projects under way will be our immediate priority. We have also decided to add three new projects to our future work plan, following stakeholder feedback:

- a comprehensive review of IAS 38, our Accounting Standard on intangible assets;
- a review of requirements for the statement of cash flows and related matters; and
- a project on accounting for climate-related risks in the financial statements.

In spring 2023, we expect to start working on the project on climate-related risks *in* the financial statements, which is of course related but separate to the ISSB's work on climate-related disclosures *outside* the financial statements.

Setting the course for the next five years
(continued)

Stakeholders also told us in their feedback to the IASB's Third Agenda Consultation that they want to see the IASB and the ISSB working closely together in general. They specifically drew reference to the Management Commentary project as an example of where this will be important to them, because the requirements from both boards must be connected to meet investors' needs. It is important that we work together to ensure that opportunities for cooperation are maximised.

Other key priorities for 2023 include seeking input for our PIR of the impairment requirements in our financial instruments Accounting Standard, IFRS 9, and for the PIR of IFRS 15, our revenue Accounting Standard.

New members

Finally, I am pleased that the IASB will be back to its full complement by April 2023. Patrina Buchanan, Linda Mezon-Hutter and Robert Uhl joined as IASB members during autumn 2022, and Florian Esterer and Hagit Keren will start their terms in spring 2023. I am truly delighted that the Trustees have appointed Linda Mezon-Hutter as Vice-Chair. She started her new role on 1 January 2023 and will be of great help in guiding the organisation through our agenda.

Thank you

I thank my colleagues and our stakeholders for all their support and engagement in the past year and look forward to continuing working together to deliver our mission.

Building global standards

Report from the Chair of the International Sustainability Standards Board

Emmanuel Faber

The ISSB finished its first year on a high. Board members and technical and operations staff worked together effectively and made strong progress against our objectives. We were pleased to see private and public sector organisations as well as jurisdictions mobilising in support of high-quality global sustainability standards that meet the information needs of investors in a manner that is cost-effective for companies. This has placed us on very firm footing for 2023 and beyond.

At the start of 2022, we had the advantage of building on the established work and technical expertise of the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF), both of which were consolidated into the IFRS Foundation in 2022. These two organisations shared the ambition to meet the needs of market participants with standards and frameworks built on a rigorous and transparent approach. We could not have asked for a better platform to work from.

Draft Standards

Our first task was to publish the draft Standards S1 (General Requirements) and, in response to the clear demand for a focus on climate, S2 (Climate). We embedded the reporting framework drawn up by the Task Force on Climate-related Financial Disclosures (TCFD) at the core of our standard-setting work.

To build global standards we need global perspectives. After publishing the first two draft Standards with a four-month comment period, we engaged in extensive outreach and received more than 1,400 comment letters from a broad range of stakeholders, representative of all parts of the world. This feedback has guided us in making significant decisions throughout the year that bring us within touching distance of finalising our first two Standards.

To name just a few of these decisions: we have established a clear approach to Scope 1, 2 and 3 greenhouse gas disclosures as well as financed emissions disclosures. We have clarified fundamental concepts in our Standards, articulating the link between a company's ability to deliver value for investors and the stakeholders it works with and serves, the society it operates in, and the natural resources it draws on.

Interoperability

Global interoperability between standards is a crucial part of our work. Through our Jurisdictional Working Group (JWG), we meet monthly with five jurisdictions active in standard-setting in the field of sustainability disclosures. We have established a collaborative effort with the European Union to ensure that their and our standards can be applied effectively together. We have other specific initiatives in place to help us converse with jurisdictions around the world, with a specific focus on ensuring our Standards can be applied by companies in the Global South.

Preparing to issue Standards

We have a clear set of priorities to maintain our momentum in 2023. First, we are bringing the work that has been done in the past 12 months to fruition. We took our final critical decisions on S1 and S2 in February 2023, and we are now prepared to finalise and issue our first two Standards, ready for adoption.

Building global standards *(continued)*

Capacity building

We understand adopting a truly global baseline of sustainability standards means companies, investors and regulators must learn a new language. Our responsibility started with setting pragmatic proportionality and scalability mechanisms in our Standards to be truly inclusive for large and small organisations, and we continue to proactively support education, training and capacity building in relation to our Standards. To that effect, we announced at COP27 in November 2022 the creation of our Partnership Framework for capacity building, which we have committed to launch at COP28.

We have also established a stream of other work to enable the successful application of our first two Standards, S1 and S2. This other work includes:

- a digital taxonomy to facilitate digital reporting;
- projects to expand connectivity with the IASB's work;
- improvements to the international applicability of the SASB Standards referenced through S1; and
- continued engagement with the Global Reporting Initiative (GRI) to support interoperability, consistent with the strategic cooperation agreement we made with them in 2022.

Having heard strong feedback on the connection between climate and nature, including biodiversity, deforestation and water, this work also includes considering incremental enhancements complementary to disclosures required by S2, relating to natural ecosystems and the human capital aspects of the climate resilience transition. We have already started research on this nexus.

Consultations

Finally, thanks to insights provided to us in the feedback on our draft Standards, we will consult on a number of priority projects in Q2 of 2023, including biodiversity, human capital and human rights. We will also consult on whether we should undertake a project to further integrate reporting including whether this work should be undertaken with the IASB.

Thank you

In December we had our first board meeting with all 14 members. This means we started 2023 at full strength, with the great breadth of diverse expertise and background that will be the cornerstone of our work. We have achieved much in the past 12 months, and I am immensely grateful to my colleagues across the Foundation who have produced work to the highest standard consistently throughout the year.

A sound foundation for the future

Report from the Chair of the IFRS Foundation Monitoring Board

Jean-Paul Servais

It would be impossible to try to capture all the important developments within the IFRS Foundation in 2022 in my report. The remainder of this annual report casts light on the wide array of its activities in this truly revolutionary year for global corporate reporting. I would, however, want to highlight the importance of the groundbreaking work of the Trustees and the leadership and staff of both boards to tackle some of the most challenging issues for investors, markets and society around the globe.

The Monitoring Board is proud to have worked closely with the Trustees to ensure the considerations of public interest and due process are an integral part of their key activities, such as:

- successfully establishing a quorate International Sustainability Standards Board (ISSB);
- identifying the priorities of the International Accounting Standards Board (IASB) over the next five years; and
- (re)appointing an array of truly impressive individuals from diverse backgrounds to various roles within the IFRS Foundation ecosystem, guaranteeing the diversity of thought, backgrounds and workable global solutions for the challenges ahead.

The mission of the Monitoring Board is to:

- promote the continued development of IFRS Standards as a high-quality set of global accounting standards and a global framework of sustainability-related disclosure standards;
- monitor and reinforce the public interest oversight function of the Foundation; and
- support the Trustees in their responsibilities to preserve the independence of the IASB and the ISSB.

After more than two years in which we have collectively navigated these issues in a largely virtual environment, it was a pleasure to be able to resume in-person meetings in 2022.

Two boards under one roof

The approach of the Monitoring Board always includes an appropriate balance of speed, quality and due process when it comes to matters within the Foundation’s remit. This applies to the impressive work on sustainability-related matters, while recognising the importance of the topic and the associated time sensitivities, both for the organisation and the investor and corporate ecosystem.

In that light, I am immensely proud of the work of the Monitoring Board in 2022. Our members oversaw a successful completion of the ISSB membership—including the appointments of the Chair, two Vice-Chairs and board members—and a suite of appointments of special advisers and newly formed consultative bodies. At the same time we continued to evaluate the performance of the IASB and approved IASB board members, including its Vice-Chair, members of the IFRS Interpretations Committee and other advisers. The rigour, ambition and quality of all appointees is encouraging. They will, I am certain, contribute substantially to the ambition of achieving a global framework of high-quality sustainability disclosure standards and of continuing to improve the quality of accounting standards that aim to enhance transparency and comparability in global capital markets and to meet investor needs.

A sound foundation for the future *(continued)*

Our focus is on ensuring global inclusiveness of future standards that are built through an inclusive, extensive and transparent consultation process, and effective global outreach and stakeholder engagement. In addition to the engagement of geographically and professionally diverse groups of senior experts, substantial structural changes in the form of consolidation, and collaborations with sustainability reporting organisations, the Monitoring Board commended the design of the consultation outreach and the efforts of staff through all phases of the consultation process, including the analysis of a large volume of responses.

Lastly, the Monitoring Board met with the Trustees in Frankfurt, Montreal, Seoul and virtually throughout the year. We spent substantial time on ensuring maximised returns to the multi-location approach of the ISSB, especially the effect this could have on the considerations of strong public interest in its work.

The Monitoring Board will continue to work on ensuring responsiveness to the public interest and promoting that ISSB sustainability-related standards are subject to the same robust governance, rigorous due process and oversight as are IFRS Accounting Standards. As a formal link between the Trustees and public authorities overseeing corporate reporting standard-setting, the Monitoring Board will closely watch the work of the International Organization of Securities Commissions (IOSCO) on the potential endorsement of the final ISSB Standards, and will closely monitor the ISSB's work on capacity-building activities and implementation guidance for jurisdictions.

2022 saw important activities from the IASB and its crucial publication of the Third Agenda Consultation Feedback Statement, setting out its priorities for the next five years.

I would like to congratulate the IASB on such an important strategic document while navigating the uncertainties of the past couple of years. The Monitoring Board is thankful to have had the opportunity to discuss and engage on this and other topics throughout 2022, and looks forward to contributing further in the implementation phase of these priorities, including the efforts on complementary work between the IASB and the ISSB, which aims for a connected financial reporting framework that is decision-useful for investors.

Remodelling our mandate

Following the updates to the Foundation's *Constitution* in 2021 to address the establishment of the ISSB, in 2022 the Monitoring Board redeliberated its mandate and updated its Charter and the Memorandum of Understanding with the Foundation to incorporate the monitoring of the Trustees' oversight of:

- the ISSB as well as the IASB;
- their standard-setting processes; and
- the interactions and interdependencies of their respective agendas.

On behalf of my colleagues at the Monitoring Board, I want to express my warmest gratitude to the leadership and staff of the Foundation for a truly eventful and rewarding collaboration in the past five years.

Thank you

As a final word, I would like to offer my sincere gratitude to my Monitoring Board colleagues, past and present, Deputies and the Secretariat for their commitment and support in 2022 and over the years. Working with the Foundation on achieving globally accepted, high-quality corporate reporting standards is a special journey, the importance of which we should not take for granted.

Members of the Monitoring Board are listed on page 95.

Support from partners

'We look forward to the finalisation of standards by the International Sustainability Standards Board in support of globally consistent, comparable and reliable climate-related financial disclosures, and its work beyond climate, and we welcome the efforts to achieve interoperability across disclosure frameworks.'

G20 Bali Leaders' Declaration
November 2022

'We […] support the work of the ISSB to introduce a global baseline of sustainability disclosures to meet the needs of capital markets, which will enhance transparency, accountability, efficiency and comparability across market[s].

Early adoption by African jurisdictions and companies has the potential to attract more investment and to boost private sector development in Africa. We urge the ISSB to work closely with African stakeholders and to provide strong advisory and capacity building support to achieve early adoption of the ISSB standards in Africa.'

International Cooperation Forum and Meeting of African Ministers of Finance, Economy and Environment Communiqué
September 2022

'Support for the global baseline has the potential to improve information and thus mobilise finance for the needed investments, particularly in emerging and developing economies, and we ask the ISSB to work closely with regional standard-setters and any relevant local stakeholders and to provide advisory and capacity support.'

G7 Finance Ministers and Central Bank Governors' Statement on Climate Issues
October 2022

'Establishing a global baseline for corporate sustainability disclosures is a key ambition of IOSCO's Workplan for Sustainable Finance, which aims to increase transparency and mitigate greenwashing in financial markets.

The review of the ISSB's finalised standards for potential IOSCO endorsement will be a crucial step towards increased comparability in sustainability reporting under either voluntary or mandatory reporting regimes.'

IOSCO Statement
July 2022

About us

The IFRS Foundation is a not-for-profit organisation established to develop—in the public interest—high-quality, understandable, enforceable and globally accepted accounting and sustainability disclosure standards for general purpose financial reporting, and to promote and facilitate their adoption.

The Standards—IFRS® Accounting Standards and IFRS® Sustainability Disclosure Standards—are set by the Foundation's standard-setting bodies, the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB).

The IFRS Foundation Trustees oversee the two boards and are accountable to a Monitoring Board of public authorities.

Mission statement

Our mission is to develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world. Our work serves the public interest by fostering trust, growth and long-term financial stability in the global economy.

TRANSPARENCY

ACCOUNTABILITY

EFFICIENCY

Objectives

The IFRS Foundation's objectives, set out in the *Constitution*,[1] are:

- to develop—in the public interest—high-quality, understandable, enforceable and globally accepted standards for general purpose financial reporting based on clearly articulated principles;
- to promote the use and rigorous application of those standards;
- to take account of the needs of varied sizes and types of entities in diverse economic settings when developing and promoting use of those standards; and
- to promote and facilitate adoption of those standards.

How we create value

INPUTS

- intellectual property (IFRS Standards and Frameworks)
- brand and relationships
- people (staff, governance)
- stakeholders (including advisory and consultative groups)
- financial capital
- infrastructure (IT and offices)

ACTIVITIES

- develop and maintain Standards and other reporting tools
- deliver guidance and services that support adoption
- consult and engage stakeholders
- support high-quality and consistent application of our Standards

OUTPUTS

- high-quality Standards and other materials
- resilient and high-performing staff
- engaged stakeholders and worldwide organisational support

OUTCOMES

- widespread use of our Standards around the world
- increased transparency, accountability and efficiency in the world's financial markets
- improved trust, growth and long-term stability in the global economy

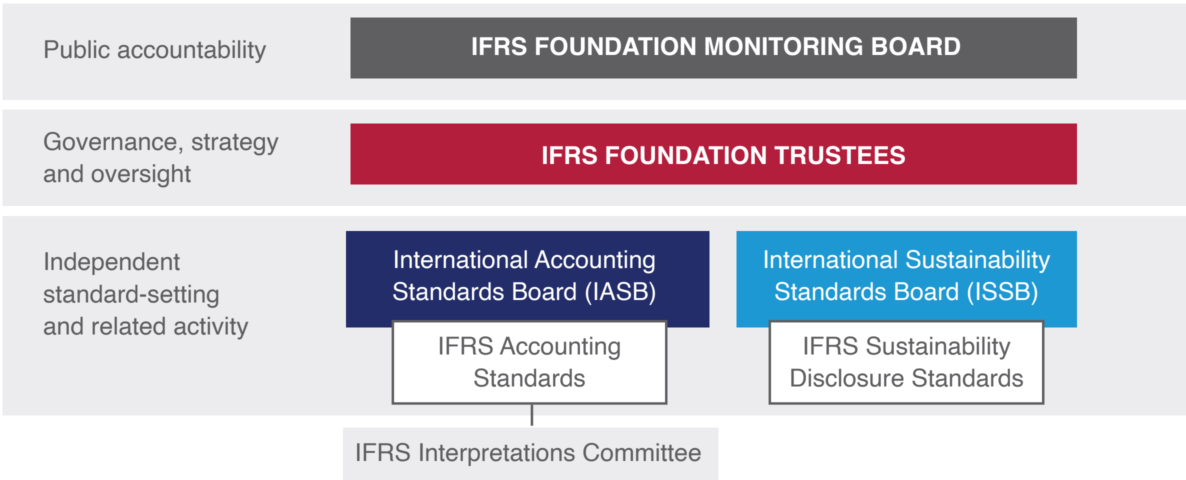
BETTER INFORMATION
FOR BETTER DECISIONS

1 See **www.ifrs.org/content/dam/ifrs/about-us/legal-and-governance/constitution-docs/ifrs-foundation-constitution-2021.pdf**.

Our structure

The IFRS Foundation has a three-tier governance structure. The IFRS Foundation Trustees oversee the two independent standard-setting boards of experts (the IASB and the ISSB) and are accountable to the IFRS Foundation Monitoring Board.

The IFRS Foundation's governance structure is designed to keep standard-setting independent of special interests and to maintain a high level of accountability to stakeholders.



IFRS Foundation Monitoring Board

The Monitoring Board is a group of capital market authorities responsible for setting out the form and content of financial reporting in their jurisdictions. It reinforces the public oversight of the Foundation and the Trustees. The Monitoring Board approves all Trustee appointments. See page 95.

Chair: Jean-Paul Servais

IFRS Foundation Trustees

The 22 Trustees from varied national and professional backgrounds are responsible for the governance and strategic direction of the organisation; for maintaining the Foundation's *Constitution* and the *Due Process Handbook*; for appointing members to the IASB, the ISSB, the IFRS Interpretations Committee and various advisory bodies; and for ensuring funding arrangements are in place. See page 42.

Chair: Erkki Liikanen

International Accounting Standards Board (IASB)

The IASB is the independent accounting standard-setting body of the IFRS Foundation. Its members are appointed from varied national and professional backgrounds, including academia, accountancy, investment, preparation of financial statements, regulation and standard-setting.

The IASB issues IFRS Accounting Standards, the *IFRS for SMEs* Accounting Standard and the IFRS Accounting Taxonomy, which enables digital reporting. See page 23.

Chair: Andreas Barckow

International Sustainability Standards Board (ISSB)

The ISSB is the independent sustainability disclosure standard-setting body of the IFRS Foundation. Its members are appointed from varied national and professional backgrounds, including investment, accounting, sustainability, reporting companies, academia, and market or financial regulation. The ISSB will issue IFRS Sustainability Disclosure Standards and an IFRS Sustainability Taxonomy to enable digital reporting. See page 24.

Chair: Emmanuel Faber

IFRS Interpretations Committee

The Interpretations Committee comprises 14 external members and a non-voting chair. The Committee works with the IASB by responding to questions about applying IFRS Accounting Standards. The Interpretations Committee proposes that the IASB makes narrow-scope amendments to the Standards, develops IFRIC® Interpretations of the Standards and publishes agenda decisions. See page 96.

Chair: Bruce Mackenzie

How we work—due process

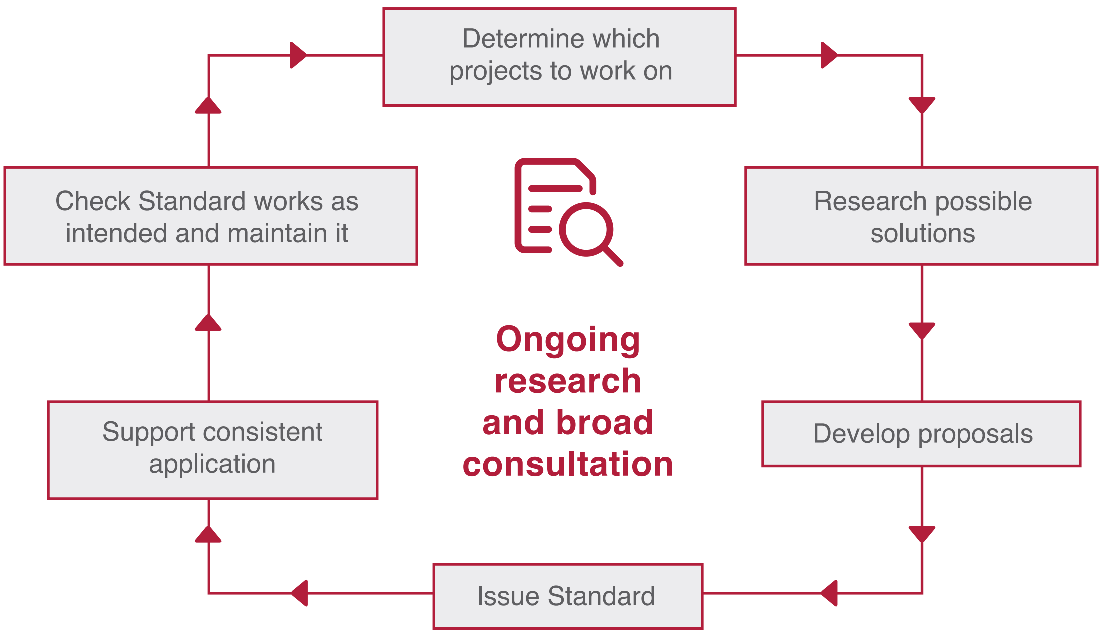
The IFRS Foundation has a highly regarded, inclusive and transparent due process for developing IFRS Standards. This due process is outlined in our *Constitution* and in more detail in the *Due Process Handbook*.

The due process enables our diverse group of stakeholders to inform and scrutinise the standard-setting, helping us ensure that the requirements reflect the best thinking worldwide.

Transparency, full and fair consultation, and accountability are the essential principles of due process. These principles help give stakeholders confidence that all relevant views have been considered when the Standards are developed. Due process builds trust, legitimacy and global acceptance of the Standards.

The Trustees, who are responsible for the governance of the IFRS Foundation, are also responsible for ensuring that the IASB, the ISSB and the IFRS Interpretations Committee follow due process. The Trustees carry out this responsibility via their Due Process Oversight Committee. See page 45.

Our standard-setting process



Our brand

The IFRS Foundation has been undergoing an exciting evolution, now with two boards, the IASB and the ISSB, united in the belief that better information supports better economic and investment decisions.

To reflect our evolving organisation, we have introduced an updated brand system for the IFRS Foundation, with a new look for all our materials, including the website and publications.

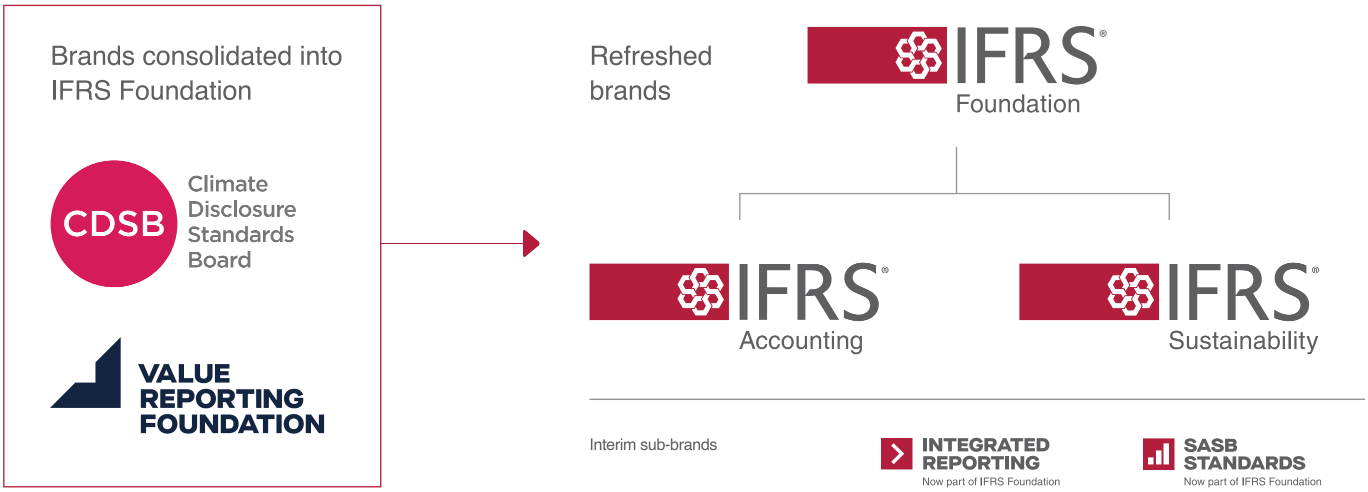
The IFRS Foundation brand system represents the organisation, our people and our Standards. It comprises three core brand areas:

- IFRS Foundation (primary brand), represented by our traditional deep red colour;
- IFRS Accounting (sub-brand), represented by dark blue and used with materials of the IASB and the IFRS Accounting Standards; and
- IFRS Sustainability (sub-brand), represented by light blue and used with materials of the ISSB and the IFRS Sustainability Disclosure Standards.

Two interim sub-brands, Integrated Reporting and SASB Standards, are also part of the new brand system. These became intellectual property of the IFRS Foundation following the consolidation of the VRF.

The evolved brand clearly represents our new two-board structure and our unified work to develop high-quality, global standards that result in decision-useful information.

Brand architecture



The Value Reporting Foundation housed the Integrated Reporting Framework and SASB Standards.

Publications

Publications from the IASB will be dark blue and carry the IFRS Accounting logo, while publications from the ISSB will be light blue and carry the IFRS Sustainability logo.

Our people

AS AT 31 DECEMBER 2022

2022 brought substantial change to our teams. To fulfil the Foundation's expanded remit to develop sustainability disclosure standards while also continuing to enhance our accounting standards, we nearly doubled in size—from 160 people at the end of 2021 to 298 at the end of 2022. Half the increase in staff numbers resulted from welcoming the CDSB and the VRF to the IFRS Foundation—the CDSB in February and the VRF in August.

The rest of the increase comes from hiring new staff—including hiring ISSB members and technical staff in new Frankfurt and Montreal offices—to provide the ISSB the resources it needs to achieve its objectives. In the new offices, and in our long-standing London and Tokyo locations, we have also increased our operation teams' capacity to manage the larger organisation. As a result, a third of our staff have served the Foundation for less than a year.

We have also gained an office in San Francisco from the VRF consolidation, meaning we now work across time zones stretching from East Asia to the West Coast of the United States. These developments also mean that, using our own and external expertise, we now manage multi-jurisdictional issues, including disparate tax, social security and employment laws; separate immigration and payroll requirements; and varied requirements for healthcare and other benefits.

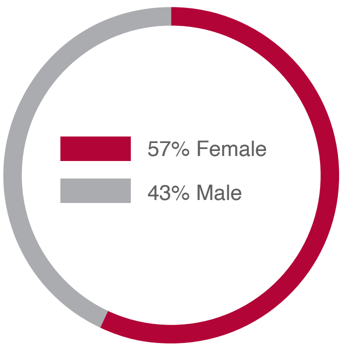
Creating workplaces on three continents reflects the ISSB's need to build relationships with stakeholders globally, while jurisdictions around the world create their own sustainability disclosure infrastructure and build capacity to adopt and apply ISSB Standards among regulators and companies.

Mindful that culture is an important key to success in any consolidation, we are involving all staff in identifying the cultural strengths of the legacy organisations and planning how to develop the most effective cultural framework for fulfilling our mission.

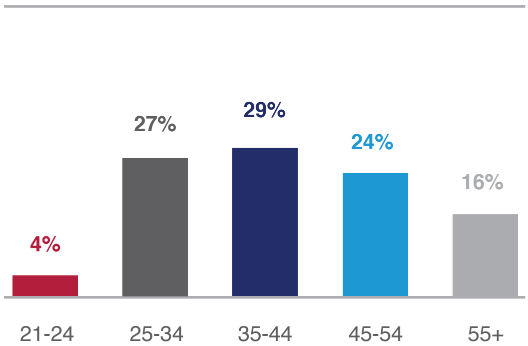
298 staff

43 nationalities

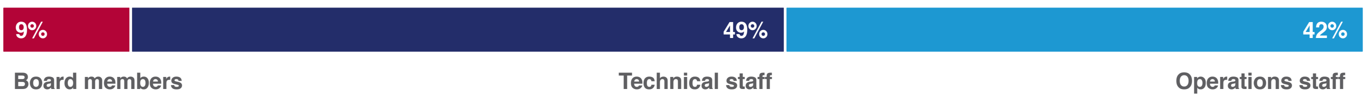
Gender split



Staff by age



Staff by function



Staff by length of service

Our people *(continued)*

Staff engagement

Every two years, we conduct a staff engagement survey to help us measure, understand and improve staff engagement.

In December 2022 an independent research agency conducted our first staff engagement survey since the consolidation of the CDSB and the VRF into the Foundation, and the formation of the ISSB. Some 72% of staff participated.

Headline results

90%

I would like to be working for the IFRS Foundation in 12 months' time

95%

I am proud to tell people I work for the IFRS Foundation

+7*

I would recommend the IFRS Foundation as a great place to work

*Employee net promoter score is measured on a scale from -100 to +100.

Meet some of our colleagues

Megumi Iijima
IASB Technical Staff
Joined: July 2021
From: Japan
Location: Tokyo

Megumi Iijima is an IASB Technical Fellow and a Japanese Certified Public Accountant. She works on two of IASB's project teams—Provisions and Management Commentary.

She focuses on researching practices and liaising with stakeholders in the Asia-Oceania region, including translating materials to provide easily accessible information to stakeholders in Japan. Her daily work also includes preparing staff papers and speaking with stakeholders. Megumi enjoys working with people from different backgrounds.

Danielle Pham
HR Manager
Joined: February 2009
From: United Kingdom
Location: London

Danielle Pham holds a Bachelor of Arts degree in English and Modern History. Before joining the IFRS Foundation, she had operational roles for different London-based companies—an international technology public relations agency, an independent magazine publisher and a small TV production company.

As an HR Manager, one of her main responsibilities is to recruit technical staff. Danielle delights in speaking to bright, talented and interesting candidates from across the world who want to join the IASB and ISSB technical teams.

Amanda Martin
Director of Communications—Americas
Joined: November 2012
From: United States
Location: Montreal

Amanda Martin has a background in environmental studies and began her career in sustainability reporting at a public relations firm. There she witnessed the challenges of greenwashing firsthand. Working at the SASB cemented her belief in the power of standards as an antidote.

Amanda supports the communications needs of the ISSB in Canada and the US. She also plans engagements in the Americas region, for example participation in the COP15 biodiversity conference, which took place in Montreal in December 2022, and the IFRS Sustainability Symposium, which took place in Montreal in February 2023. Amanda helped to establish the Montreal office and looks forward to building awareness of and engagement with the ISSB.

Meet some of our colleagues *(continued)*

Jing Zhang
Head of Climate Research
Joined: August 2022
From: China/United States
Location: San Francisco

Jing Zhang has a PhD in Statistics and spent two decades in financial risk management, including modelling the financial impacts of climate change, before joining the IFRS Foundation as Head of Climate Research.

Jing's work involves aspects of research, standard-setting and market engagement. In 2022, he worked on the exposure draft and redeliberation of climate-related disclosures, in particular scenarios analysis and GHG emissions.

Caroline Clark-Maxwell
ISSB Technical Staff
Joined: November 2021
From: Norway
Location: Frankfurt

Caroline Clark-Maxwell has a background in business, economics and environmental sciences. She previously worked at the Impact Management Project, which was a time-bound forum for building global consensus on how to measure, assess and report impacts on people and the natural environment.

Caroline leads the ISSB's Climate-related Disclosure project team, which is developing one of the first two IFRS Sustainability Disclosure Standards. She routinely works with the technical team on analysing comment letters and developing staff recommendations to the ISSB, speaking with stakeholders through outreach and liaising with ISSB members on technical topics.

Carlo Pereras
IASB Technical Staff
Joined: December 2017
From: Philippines
Location: London

Carlo Pereras is a member of the IASB technical team. He leads the project on subsidiaries without public accountability within the Disclosure Initiative.

A key part of his role is to evaluate stakeholder feedback and provide the IASB with recommendations. In 2022, Carlo helped deliberate feedback on the exposure draft of a new standard that would permit certain subsidiaries to apply IFRS Accounting Standards with reduced disclosures.

Carlo enjoys exploring different, occasionally conflicting, ideas and working to achieve agreement on recommendations to the IASB with his team. He finds the teamwork and intellectual challenge interesting and rewarding.

International Accounting Standards Board

AS AT 31 DECEMBER 2022

Andreas Barckow
Chair
From: Germany
Region: At large
First term ends
30 June 2026

Nick Anderson
From: United Kingdom
Region: Europe
Second term ends
31 August 2025

Patrina Buchanan
From: Ireland
Region: Europe
First term ends
30 November 2027

Tadeu Cendon
From: Brazil
Region: Americas
First term ends
30 June 2024

Zach Gast
From: United States
Region: Americas
First term ends
31 July 2025

Jianqiao Lu
From: China
Region: Asia-Oceania
Second term ends
31 August 2025

Bruce Mackenzie
From: South Africa
Region: Africa
First term ends
30 September 2025

Linda Mezon-Hutter[1]
From: Canada
Region: Americas
First term ends
31 August 2027

Bertrand Perrin
From: France
Region: Europe
First term ends
30 June 2026

Rika Suzuki
From: Japan
Region: Asia-Oceania
First term ends
30 June 2024

Ann Tarca
From: Australia
Region: Asia-Oceania
Second term ends
30 June 2025

Robert Uhl
From: United States
Region: Americas
First term ends
31 August 2027

Tom Scott completed his first term on 31 March 2022.
Mary Tokar completed her second term on 31 August 2022.
Sue Lloyd stepped down as IASB Vice-Chair on 1 March 2022 when she took up her position as ISSB Vice-Chair.
The IFRS Foundation Trustees appointed **Florian Esterer** and **Hagit Keren** as new IASB members to start in 2023, bringing the Board to a full complement of 14 members.

1 The IFRS Foundation Trustees appointed Linda Mezon-Hutter as Vice-Chair of the IASB and she started her new position on 1 January 2023.

International Sustainability Standards Board

AS AT 31 DECEMBER 2022

Emmanuel Faber
Chair
From: France
Region: At large
First term ends
31 December 2024

Jingdong Hua
Vice-Chair
From: China
Region: At large
First term ends
30 September 2026

Sue Lloyd
Vice-Chair
From: New Zealand
Region: At large
First term ends
28 February 2026

Richard Barker
From: United Kingdom
Region: Europe
First term ends
30 September 2026

Jenny Bofinger-Schuster
From: Germany
Region: Europe
First term ends
30 November 2027

Verity Chegar
From: United States
Region: Americas
First term ends
30 June 2027

Jeffrey Hales
From: United States
Region: At large
First term ends
30 June 2027

Michael Jantzi
From: Canada
Region: Americas
First term ends
30 September 2025

Hiroshi Komori
From: Japan
Region: Asia-Oceania
First term ends
30 September 2025

Bing Leng
From: China
Region: Asia-Oceania
First term ends
30 September 2026

Ndidi Nnoli-Edozien
From: Nigeria
Region: Africa
First term ends
30 September 2026

Tae-Young Paik
From: South Korea
Region: Asia-Oceania
First term ends
30 September 2025

Veronika Pountcheva
From: Bulgaria
Region: Europe
First term ends
30 September 2027

Elizabeth Seeger
From: United States
Region: Americas
First term ends
30 September 2025

Our locations

London office

Tokyo office

Frankfurt office

Montreal office

San Francisco office

London and Tokyo

The IFRS Foundation's London office provides space for 200 staff. All IASB members are predominantly based in the London office, together with the IASB technical staff and most of the operations teams. Since the creation of the ISSB, some ISSB technical staff are also located in London.

The Tokyo office has historically supported the IFRS Foundation and the IASB's work. It is also supporting the ISSB's work since its creation. The office is now the base for some ISSB members and serves as a dedicated regional point of contact for stakeholders and a platform for deeper cooperation with stakeholders in the Asia-Oceania region.

Frankfurt, Montreal and Beijing

Frankfurt is the seat of the ISSB, housing the office of the Chair and serving as the hub for the Europe, Middle East and Africa regions.

The Montreal office houses standard-setting responsibilities and market engagement functions, serving as the hub for the Americas region.

Established in 2022 these two offices serve as the base for ISSB members, and support key functions of the ISSB and deeper cooperation with regional stakeholders.

In December 2022 the IFRS Foundation signed a Memorandum of Understanding with the Ministry of Finance of the People's Republic of China to establish an ISSB office in Beijing. The office will work in collaboration and cooperation with other IFRS Foundation offices around the globe. It will house ISSB members as well as staff focused on supporting stakeholders in emerging and developing economies and smaller businesses.

San Francisco

The ISSB also has a strong presence in the United States, with an ISSB member and technical staff based in San Francisco, following the consolidation of the VRF into the IFRS Foundation.

Our stakeholders and how we engage

Effective stakeholder engagement is a prerequisite for the IFRS Foundation to achieve its objectives. The Foundation publishes formal consultation documents and engages with a wide range of stakeholder groups, tailoring that engagement to their needs.

STAKEHOLDERS	THEIR NEEDS	HOW WE RESPOND
ACADEMIA	Contribute to standard-setting through research. Access to materials and resources about the Standards, meetings, conferences and events to inform research	Annual academic research forum, tailored engagement, literature reviews as part of the standard-setting work by the boards
ACCOUNTING PROFESSION AND AUDITORS	Access to materials and resources about the Standards, input to the standard-setting process, conferences and events—and having IFRS Foundation speakers participate at their events to educate professionals	Joint conferences and events, regular meetings, cooperation with the International Federation of Accountants
CIVIL SOCIETY	Have a keen interest in the transparency of financial reporting and sustainability matters	Consultations, events and news (website and social media)
CUSTOMERS	Superior products and services	Products, services, licensing material and intellectual property
COMPANIES	Recognised standards that can be applied globally and are trusted by investors around the world	Meetings with the Global Preparers Forum (see page 28), regular educational events, conferences, guidance and explanatory materials
FUNDING PROVIDERS	Reputable standard-setting projects that will benefit their jurisdictions and clienteles	Regular updates and engagements
INVESTORS	Consistent, comparable and reliable financial and sustainability disclosures that enable them to make informed decisions	Meetings with the Capital Markets Advisory Committee (see page 28) and the ISSB Investor Advisory Group (see page 29), the Investors in Financial Reporting programme, dedicated investor relations team and regular meetings
MEDIA	New information that engages their audiences, thought leadership	Press office, regular communications and briefings
POLICY MAKERS AND REGULATORS	Well-regulated capital markets where information flows seamlessly, and investments thrive; globally recognised standards that are applicable to and suitable for their jurisdictions, which they can adopt, endorse, fund and enforce	Events, cooperation and regular meetings with bodies including the Basel Committee on Banking Supervision, IOSCO and jurisdictional regulators and authorities
STANDARD-SETTERS	Involvement in the development of globally accepted standards, represent their stakeholders to the IFRS Foundation and in international debate, share information and ideas with other standard-setters	Annual conference for standard-setters, as well as meetings with the Accounting Standards Advisory Forum, the Emerging Economies Group and the International Forum of Accounting Standard-setters, regular engagement with individual standard-setters

Consultative groups

Developing accounting and sustainability-related disclosure standards for the global economy is a collaborative exercise founded on transparency, full and fair consultation and accountability.

Our *Due Process Handbook*—the blueprint for the standard-setting process, which ensures that IFRS Standards are developed free from undue influence—requires that the boards consider the perspectives of those affected by IFRS Standards globally. See page 17.

To help us gather those perspectives, we work closely with a wide network of advisory committees and other bodies representing the many stakeholder groups that have an interest in and are affected by financial reporting.

These groups and bodies enable us to efficiently consult with interested parties from a range of backgrounds and geographical regions. Their input is essential for standard-setting.

Groups advising the Trustees, the IASB and the ISSB

IFRS Advisory Council

The Advisory Council is the formal strategic advisory body to the Trustees and the two boards, consisting of representatives from a wide range of groups affected by and interested in the Foundation's work. It is chaired by Bill Coen.

www.ifrs.org/groups/ifrs-advisory-council

Integrated Reporting and Connectivity Council (IRCC)

The IRCC is an advisory body to the IFRS Foundation Trustees, the IASB and the ISSB. The Council provides guidance on integrating the reporting required by the IASB and the ISSB, and applying the principles and concepts from the Integrated Reporting Framework to IASB and ISSB projects. It is chaired by Charles Tilley.

www.ifrs.org/groups/integrated-reporting-and-connectivity-council

Advisory and consultative groups for the IASB

The IASB meets publicly with its advisory bodies, standing consultative groups and transition resource groups. Papers and webcasts from these meetings are available on our website. In addition to project-specific consultative groups, the standing consultative groups are:

Accounting Standards Advisory Forum (ASAF)

ASAF was established to formalise and streamline our engagement with the global community of national standard-setters and regional bodies to ensure a broad range of national and regional input on major technical issues.

www.ifrs.org/groups/accounting-standards-advisory-forum

Capital Markets Advisory Committee (CMAC)

CMAC was created to provide the IASB with regular views from investors around the world. Investors are important stakeholders because they use financial reports prepared using IFRS Accounting Standards. They provide important information and feedback for standard-setting.

www.ifrs.org/groups/capital-markets-advisory-committee

Global Preparers Forum (GPF)

GPF was set up to provide the IASB with regular views from companies that use IFRS Accounting Standards to prepare their financial statements. These preparers provide valuable comments on our consultations and feedback on the practical application of the Standards.

www.ifrs.org/groups/global-preparers-forum

Islamic Finance Consultative Group (IFCG)

The IFCG was established to focus on potential challenges in applying IFRS Standards to sharia-compliant instruments and transactions, highlighting matters that might warrant consideration by the IASB and/or the IFRS Interpretations Committee.

www.ifrs.org/groups/islamic-finance-consultative-group

Emerging Economies Group (EEG)

The EEG aims to enhance the participation of emerging economies in the development of IFRS Accounting Standards. The EEG also considers whether, and how, the IASB could provide educational guidance at the right level for interested parties in emerging economies and what the best delivery system for this would be.

The secretariat for the EEG is provided by the Chinese Ministry of Finance.

www.ifrs.org/groups/emerging-economies-group

IFRS Taxonomy Consultative Group (ITCG)

The ITCG was established to help provide a technical advisory and review forum where members can contribute to the development of the IFRS Taxonomy by contributing in-depth reviews, technical advice and strategic implementation guidance.

www.ifrs.org/groups/ifrs-taxonomy-consultative-group

SME Implementation Group (SMEIG)

The SMEIG considers questions about applying the *IFRS for SMEs* Accounting Standard and determines which questions can be addressed with published educational materials (Q&As) and which questions point to a need to amend the Standard.

www.ifrs.org/groups/sme-implementation-group

The IASB also currently has project-specific consultative groups for two of its technical projects, Management Commentary and Rate-regulated Activities.

Advisory and consultative groups for the ISSB

The ISSB also draws on external expertise through advisory bodies and consultative groups. Several groups were created for the ISSB during 2022. These groups include:

Sustainability Standards Advisory Forum (SSAF)

The SSAF provides a mechanism for formal engagement between the ISSB and jurisdictional representatives. It contributes technical advice to the ISSB on the development of the IFRS Sustainability Disclosure Standards.

www.ifrs.org/groups/ifrs-sustainability-standards-advisory-forum

ISSB Technical Reference Group (ITRG)

The ITRG is a group of subject matter experts from the former Climate Disclosure Standards Board and Value Reporting Foundation and external working groups who provide technical support to ISSB members and technical staff.

www.ifrs.org/groups/issb-technical-reference-group

ISSB Investor Advisory Group (IIAG)

The IIAG is a group of asset owners and asset managers in various markets who are committed to improving the quality and comparability of sustainability-related financial disclosures. The IIAG provides strategic guidance on the development of IFRS Sustainability Disclosure Standards and helps to ensure that the investor perspective is clearly articulated and considered in the standard-setting.

www.ifrs.org/groups/issb-investor-advisory-group

Sustainability Consultative Committee (SCC)

The SCC provides advice to the ISSB on priority sustainability matters and related technical protocols. Members include the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations, the World Bank and additional experts drawn from public, private and non-governmental organisations.

www.ifrs.org/groups/sustainability-consultative-committee

ISSB's engagement with jurisdictions

In 2022 the ISSB began working with major jurisdictions to ensure the interoperability of its initial Standards. To facilitate this work, the Jurisdictional Working Group (JWG) was established in April 2022 to involve jurisdictions in the development of IFRS Sustainability Disclosure Standards and to consider interoperability with requirements being developed at the regional and jurisdictional level. Members of the JWG are China, the EU, Japan, the UK and the US.

The JWG met six times in 2022 and has acted as an anchor for collective and multilateral discussions with participants. Engagement with the JWG has also led to detailed discussions between the European Commission, the European Financial Reporting Advisory Group (EFRAG) and the ISSB on improving the interoperability of their respective draft standards. Following the analysis of comment letters received on the ISSB's initial exposure drafts, the JWG has provided input to continue to inform the redeliberations of the ISSB's first two Standards.

The ISSB also held discussions with jurisdictions from the Global South to inform the development of its adoption strategy. In December 2022 the ISSB convened a roundtable for an update on standard-setting work, notably on the transitional reliefs being provided in S2 for companies calculating their GHG emissions. This Global South Roundtable was also used to gather feedback from jurisdictions on the challenges in adopting and implementing the ISSB's Standards in the Global South.

The SSAF, created in December 2022, provides another platform for regular input from jurisdictions to the ISSB's standard-setting.

Coordination with GRI

In March 2022 the IFRS Foundation and Global Reporting Initiative (GRI) agreed to seek to coordinate the work programmes and standard-setting activities of their respective standard-setting boards: the ISSB and the Global Sustainability Standards Board (GSSB). The IFRS Foundation and GRI also agreed to join each other's consultative bodies related to sustainability reporting activities. Since then, GRI has joined the Sustainability Consultative Committee (SCC) as a member and the Sustainability Standards Advisory Forum (SSAF) as an invited observer.

‘The collaboration between GRI and the IFRS Foundation sends a strong signal to capital markets and society that a comprehensive reporting system, which combines financial and impact materiality for sustainability reporting on behalf of a multi-stakeholder audience, including investors, is possible and needed on a global scale. GRI is looking forward to further strengthening our ties and cooperation with the ISSB with the objective of accomplishing commonality and interoperability between the ISSB and GRI standards.'—Eelco van der Enden, CEO of GRI

2022 review—IASB

Third Agenda Consultation

In 2022 the IASB concluded its strategic planning for the five-year period from 2022 to 2026. The IASB reviewed its strategic direction and the balance of activities and financial reporting issues on its work plan. Hundreds of stakeholders from around the world shared their views about the IASB's priorities for the next five years through over 70 outreach events, more than 150 comment letters and online survey responses.

The IASB's Feedback Statement on its Third Agenda Consultation provides details of the feedback received and the conclusions of the IASB's deliberations. These conclusions focus on:

- continuing to improve the IFRS Accounting Standards;
- continuing to improve the consistent application of IFRS Accounting Standards; and
- responding to developments.

See page 34 for how the IASB plans to tackle these priorities from 2023.

Other key milestones in 2022

- Publishing the Exposure Draft of the third edition of the *IFRS for SMEs* Accounting Standard.
- Concluding the majority of decisions on two projects: Primary Financial Statements and Disclosure Initiative—Targeted Standards-level Review of Disclosures.
- Moving the Business Combinations—Disclosures, Goodwill and Impairment (see page 32) and Dynamic Risk Management projects from research to standard-setting, signifying that—after much research, stakeholder engagement and analysis—the IASB believes it has feasible solutions that are ready for exposure drafts.
- Advancing PIRs (see page 32) by:
  - completing the PIR on IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities;*
  - completing the PIR on the classification and measurement requirements in IFRS 9 *Financial Instruments;*
  - starting the PIR on IFRS 15 *Revenue from Contracts with Customers;* and
  - starting the PIR on the impairment requirements in IFRS 9.
- Responding to feedback to the PIR on the classification and measurement requirements in IFRS 9 by prioritising a narrow-scope standard-setting project to address specified classification and measurement requirements, including those that could affect the accounting for ESG-linked financial assets.
- Responding quickly to developments in international tax reform by adding an accelerated project to propose narrow-scope amendments to IAS 12 *Income Taxes.*
- Giving negative clearance to nine agenda decisions[1] by the IFRS Interpretations Committee and publishing two narrow-scope amendments to IAS 1 *Presentation of Financial Statements* and IFRS 16 *Leases* as part of ongoing work to support stakeholders to consistently apply IFRS Accounting Standards.
- Reconnecting with our stakeholders in person through outreach on consultation documents and meetings with our consultative groups.

1 **www.ifrs.org/supporting-implementation/how-we-help-support-consistent-application/#agenda-decisions**

2022 review—IASB *(continued)*

Post-implementation reviews

The IASB conducts PIRs on new requirements when they have been in use for at least two years. The objective of a PIR is to assess whether the effects of applying the new requirements on users of financial statements, preparers, auditors and regulators are as intended when the IASB developed those requirements.

A PIR involves consultation with stakeholders and a review of evidence, including academic research. The process concludes with a determination of whether new requirements are working as intended, and whether there are specific questions about their application.

A PIR is not a standard-setting project and does not automatically lead to standard-setting. If specific application questions are identified in the PIR, the IASB considers how to address them as part of its regular assessment of priorities.

Business Combinations—Disclosures, Goodwill and Impairment

The IASB finished 2022 with a milestone decision to move this project from research to standard-setting. Although more work remains, the decision signifies that the IASB has identified feasible solutions to meet the project objective of providing users of financial statements with more useful information about mergers and acquisitions (business combinations) at a reasonable cost.

The decision comes after much research, stakeholder engagement, analysis and deliberation on two priority aspects of this project—disclosures about business combinations and subsequent accounting for goodwill.

The IASB decided to propose that companies disclose at the time of an acquisition:

- management's objectives for the business combination;
- expected synergies from the business combination; and
- metrics and targets that management will use to monitor whether the objectives are being achieved.

These disclosures would be followed in subsequent reporting periods by disclosures about progress in achieving management's objectives. Aspects of these disclosures would apply to a subset of business combinations and be subject to specified exemptions.

Regarding the subsequent accounting for goodwill, the IASB decided to retain an impairment-only model. Based on analysis of the extensive evidence and feedback, the IASB did not see a compelling case for change to justify exploring the reintroduction of amortisation of goodwill. Some IASB members observed the diversity of views and said this diversity would never be reconciled, noting that neither model is perfect. Other IASB members said that the problem is that the nature of goodwill varies by transaction and goodwill can comprise both wasting and indefinite life elements. Opinions also differed about whether companies could reliably estimate the useful life of goodwill and the pattern by which it diminishes—something an amortisation-based model relies on.

In 2023 the IASB will continue to discuss its proposals for improvements to the disclosures about business combinations and consider whether the impairment model can be simplified or made more effective. The IASB will then formally consult on its proposals by publishing an exposure draft.

2022 review—IASB *(continued)*

Second Comprehensive Review of the *IFRS for SMEs* Accounting Standard

IFRS for SMEs was originally issued in 2009, and the IASB maintains the Standard through periodic reviews. The first comprehensive review was completed in 2015, resulting in the second edition of the Standard.

In 2019 the IASB started its second comprehensive review, publishing a Request for Information in January 2020. After reviewing feedback on the Request for Information and the advice of the SMEIG, the IASB published an Exposure Draft of the Third Edition of the *IFRS for SMEs* Accounting Standard in September 2022. The comment letter period closed on 7 March 2023.

In 2023 the IASB will consider feedback on the Exposure Draft and begin redeliberations. It expects to issue the final Accounting Standard in the second half of 2024.

2023 priorities—IASB

Improving IFRS Accounting Standards

Stakeholders confirmed they want the IASB to prioritise progress on the approximately 20 existing projects on its work plan. The IASB's immediate plans include:

- publishing a Project Summary to complete the Disclosure Initiative—Targeted Standards-level Review of Disclosures project;
- publishing an exposure draft in the Financial Instruments with Characteristics of Equity project;
- completing deliberations on the remaining aspects of the Primary Financial Statements project and continuing deliberations on projects such as Subsidiaries without Public Accountability, Rate-regulated Activities, Business Combinations—Disclosures, Goodwill and Impairment, Dynamic Risk Management and Business Combinations under Common Control; and
- beginning deliberations on feedback on Exposure Draft *Third edition of the* IFRS for SMEs *Accounting Standard.*

The IASB also plans to advance the PIRs on its work plan by publishing requests for information to consult with stakeholders as part of the PIR on IFRS 15 *Revenue from Contracts with Customers* and the PIR on the impairment requirements in IFRS 9 *Financial Instruments.* In the second half of 2023, the IASB will consider whether to start the PIRs on IFRS 16 *Leases* and on the hedge accounting requirements in IFRS 9.

Supporting consistent application of IFRS Accounting Standards

As well as supporting the consistent application of IFRS Accounting Standards through the IFRS Interpretations Committee, in 2023 the IASB expects to finalise narrow-scope amendments on:

- international tax reform;
- supplier finance arrangements; and
- lack of exchangeability.

The IASB also plans to consult on narrow-scope amendments to IFRS 9 on the classification and measurement of financial instruments, including ESG-linked financial assets.

As part of its Third Agenda Consultation, the IASB decided to increase its focus on the understandability and accessibility of IFRS Accounting Standards, in particular for users of financial reports. This work may include development of educational materials, improvements to drafting and easier accessibility, for example through the use of technology.

Responding to developments and trends

In the Third Agenda Consultation, stakeholders recommended prioritising activities that respond to developments, including:

- the growing importance of sustainability reporting;
- the shift towards digital consumption of general purpose financial reports; and
- the economic impact of emerging global risks and opportunities.

Creating the ISSB was an organisation-changing response to the importance of sustainability, and the IASB has set aside capacity to work together with the ISSB to better meet stakeholder needs. See page 38.

The shift to digital consumption has motivated the IASB to increase its focus on digital financial reporting to improve the usefulness, quality, comparability and accessibility of reports for users. The IASB will focus on developing IFRS Accounting Standards for a digital world, improving the IFRS Accounting Taxonomy and engaging with stakeholders on this matter.

The IASB has judiciously added some new projects to its pipeline. In 2023 it expects to start a narrow-scope project to determine what additional actions may be needed to improve the accounting for climate-related risks in the financial statements.

Other additions are a project on intangible assets and a project on the statement of cash flows that will bring older standards up to date with developments in the economy. The timing of these two projects is yet to be determined.

2022 review—ISSB

Exposure drafts of first two proposed Standards

On 31 March 2022 the ISSB launched a 120-day consultation on its first two proposed Standards: draft S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and draft S2 *Climate-related Disclosures*.

The exposure drafts were accompanied by illustrative guidance, Bases for Conclusion and a Snapshot setting out an overview of the proposals. Respondents could either submit a written response or fill out an online survey. The exposure drafts were also translated into French, Chinese, Japanese, Korean and Spanish.

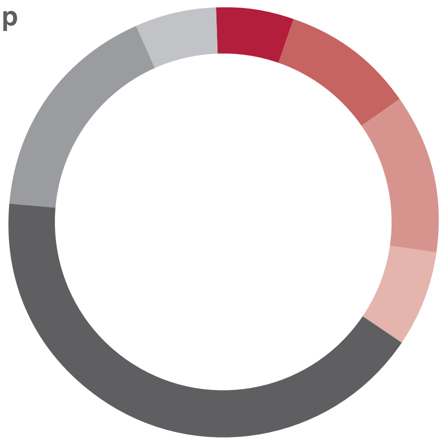
High volume of feedback—more than 1,400 responses

The outreach programme during the consultation period targeted a broad range of stakeholders and focused on raising awareness of the ISSB, introducing the exposure drafts in detail and collecting initial reactions through dialogue, with the aim of soliciting high-quality input from diverse perspectives. Engagement events included webinars, conference presentations and bilateral dialogues, and typically included technical staff presenters from the teams working on the exposure drafts.

During the comment period ISSB representatives participated in more than 400 outreach events, engaging with thousands of stakeholders globally. The ISSB **received** 720 responses to the Exposure Draft of S1, which sets out general requirements for sustainability-related disclosures, and 690 responses to the Exposure Draft of S2, which specifies climate-related disclosures.

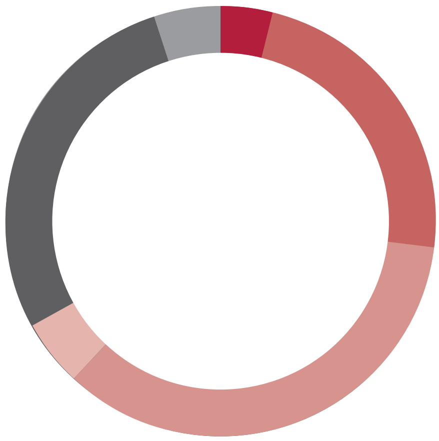
Comment letter respondents by stakeholder group and geographies

Stakeholder group



6%	Academia
10%	Accounting/auditors
12%	Investors
7%	Policy makers and regulators
42%	Companies
17%	Public interest organisations
6%	Standard-setters

Geographies



4%	Africa
23%	Asia-Oceania
35%	Europe
5%	Global
28%	North America
5%	South/Latin America

2022 review—ISSB *(continued)*

Redeliberation of proposed Standards

Following the publication of the exposure drafts, the ISSB considered the feedback received in the comment letters and redeliberated the proposals in its board meetings that are held in public. A summary of these decisions, made by the ISSB in its redeliberations, can be found on our **website**.

S1 and S2 will establish the core content requirements for a complete set of sustainability-related financial disclosures to meet the needs of capital markets. Both Standards build on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by requiring that information be provided about governance, strategy, risk management, and metrics and targets. S1 will require companies to disclose material information about the sustainability-related risks and opportunities to which they are exposed. This information should enable users of general purpose financial reports to understand:

- the governance processes, controls and procedures used to monitor and manage sustainability-related risks and opportunities;
- the effect of these risks and opportunities on the company, including its business model and value chain, and its strategy for addressing these risks and opportunities;
- the risk management processes used to identify, assess and manage these risks; and
- how the company measures, monitors and manages these risks and opportunities using metrics and targets.

S1 will require companies to disclose sustainability-related financial information as a part of their general purpose financial reports, and therefore at the same time as the financial statements. This requirement is designed to ensure that the financial statements and sustainability-related financial disclosures can be considered together, highlighting relationships and connections between the information provided in the financial statements and the sustainability-related financial disclosures.

Alongside the core content requirements, S1 will include general requirements that support the preparation of sustainability-related financial information. The general requirements in S1 will be familiar to companies that prepare general purpose financial statements, because these requirements were adapted from the IFRS Accounting Standards IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. This approach was taken to help ensure that all the information in general purpose financial reporting is prepared on a consistent basis, and to promote connectivity between sustainability-related financial information and information in the financial statements.

S2 is designed to be used together with S1, and focuses specifically on the disclosure of information about climate-related risks and opportunities. Using the same approach as S1, S2 will require companies to centre their disclosures on the governance, strategy and risk management and the metrics and targets used to measure, monitor and manage climate-related risks and opportunities. S2 will require companies to disclose information about climate-related physical and transition risks and climate-related opportunities; their resilience to these risks and opportunities; Scope 1, 2 and 3 greenhouse gas emissions data; and their transition plans.

Using the CDSB Framework, SASB Standards and Integrated Reporting Framework

In addition to TCFD, S1 and S2 build on and use the CDSB Framework, the SASB Standards and the Integrated Reporting Framework. S1 requires companies to provide material information about their sustainability-related risks and opportunities. In the absence of a specific ISSB Standard, companies are directed to use the CDSB Framework and SASB Standards to identify sustainability-related topics to report on and appropriate metrics and targets to meet investors' information needs.

S2 requires companies to provide industry-specific information about their climate-related risks and opportunities. S2 includes examples of industry-specific disclosures that are based on the SASB Standards.

S1 describes how the value that a company creates, preserves or erodes for itself and for its investors and creditors is inextricably linked to the value it creates for other stakeholders, society and the natural environment. This description builds on concepts from the Integrated Reporting Framework.

2023 priorities—ISSB

- Publishing the first IFRS Sustainability Disclosure Standards as soon as possible in 2023.
- Building a base that ensures the successful application and implementation of these first two Standards. The base will include:
  - tools to support application of the Standards, including application guidance;
  - development of the IFRS Sustainability Disclosure Taxonomy so that ISSB Standards are supported by digital reporting from day one;
  - steps to ensure the international applicability of the SASB Standards referenced through S1;
  - connectivity with the IASB (see page 38);
  - interoperability with standards from other organisations such as GRI and EFRAG; and
  - research on potential incremental enhancements to supplement the climate-related disclosures in S2, including relating to natural ecosystems and the human capital aspects of the climate resilience transition (just transition).
- Consulting stakeholders in the first half of 2023 to determine what technical projects should be prioritised once S1 and S2 have been issued.

Connectivity between the IASB and the ISSB

The creation of the ISSB under the umbrella of the IFRS Foundation received strong support from stakeholders in recognition of our reputation for:

- robust due process;
- standard-setting expertise on a global scale; and
- the opportunity for connectivity between the IASB and the ISSB.

Connectivity between the IASB and the ISSB enables the development of IFRS Standards for general purpose financial reports that tell the primary users of those reports a holistic, comprehensive and coherent story to facilitate their investment decisions. Connectivity is important because the audience for the IASB and ISSB's work is similar—users of general purpose financial reports who make investment decisions in the capital markets and the preparers who apply IFRS Standards in preparing those reports.

In 2022 the IASB and the ISSB established the infrastructure and process to facilitate connectivity between them, including information sharing, consultation with each other, consistent drafting and coordinated stakeholder engagement. With this structure, as each board undertakes its work plan, they will seek to maintain compatibility with the other board's Standards—that is, to develop standards that avoid inconsistencies, conflicts, gaps and unintended overlaps.

In continued support of connectivity, in May 2022 the Chairs of the IASB and the ISSB actively encouraged the continued adoption of the Integrated Reporting Framework, which provides a structure that companies can use to tell their story in an integrated and connected way. The Chairs committed to a long-term role for a corporate reporting framework, incorporating principles and concepts from the current Integrated Reporting Framework.

The Chairs also recognised similarities and differences between the Integrated Reporting Framework and the IASB's Exposure Draft *Management Commentary* and committed to considering opportunities to address this. In feedback to the IASB's Exposure Draft, stakeholders expressed support for the Management Commentary project but asked the IASB to work together with the ISSB to progress the project. In 2023 the ISSB will consult its stakeholders about its future standard-setting priorities.

2022 review—operations

The IASB and the ISSB are supported by common operational functions, including commercial, external affairs, facilities, finance, human resources, information technology, legal and marketing teams.

Consolidation and establishment of ISSB

In January 2022 a formal programme was initiated to support the creation of the ISSB, including the consolidation of the CDSB and the VRF.

Dubbed One Foundation, the programme is split into phases. The first phase took place from January to late summer 2022 as the Foundation:

- supported the appointment process for the inaugural members of the ISSB;
- developed the infrastructure and secured the resources required to establish the ISSB and make it operational, enabling the ISSB to publish its exposure drafts, analyse an unprecedented amount of feedback, establish advisory bodies for the ISSB and convene the inaugural meeting of the ISSB in 2022;
- completed the legal aspects of the consolidation of the CDSB (1 February 2022) and the VRF (1 August 2022) into the IFRS Foundation;
- made critical technology changes to support operations from day one of the consolidation, including training for legacy staff on IT and collaboration tools;
- signed agreements for additional locations for the ISSB in Frankfurt, Montreal and Beijing;
- refreshed our brand architecture (see page 18);
- helped ISSB members settle into their new roles and established processes for running effective ISSB meetings through the year, drawing heavily on IASB good practice;
- secured external sources of seed funding for the ISSB's development and operating costs; and
- integrated the VRF and IFRS Foundation financial systems and practices to optimise operational efficiency and to meet applicable compliance requirements (including relevant audits, payroll changes, and banking and insurance arrangements).

Integration and expansion: two boards, One Foundation

The second phase of the One Foundation programme began in September 2022. This phase is designed to facilitate the continued evolution of the ISSB alongside the IASB, and to expand the Foundation’s operations to support a unified, multi-location organisational structure. It also includes greater refinement of roles and responsibilities.

Conferences

In addition to a range of outreach events and webinars, we delivered two major annual events during 2022 to engage with our stakeholders, enabling participants to take part in person or online. Both conferences included presentations and discussions about both the IASB and ISSB’s work. The IFRS Foundation Conference in June had more than 400 participants from nearly 60 jurisdictions, and the World Standard-setters Conference in September had nearly 100 participants from more than 60 organisations.

2023 priorities—operations

People and organisation

Continue to develop the IFRS Foundation as a great place to work where people accomplish meaningful goals as part of an operationally effective, unified team.

Product and market

Provide the operational infrastructure to deliver the 2023 priorities agreed on by the IASB, the ISSB and operations—broadly, advancing IASB and ISSB standard-setting, maintaining the IASB and ISSB Standards, and promoting regulatory adoption and market use of the Standards globally.

Funding

Work expeditiously towards a sustainable, fair, diversified and broad-based funding model, including maintaining an appropriate balance of earned revenue and contributed revenue.

Andreas Barckow and Emmanuel Faber at the World Standard-setters Conference, September 2022

Trustees of the IFRS Foundation

AS AT 31 DECEMBER 2022

The Trustees held three regular in-person (or hybrid) meetings, and three virtual meetings that were scheduled at short notice as need arose.

Erkki Liikanen (Europe)
Chair
Former Governor of the Bank of Finland

Second term ends 31 December 2024

Attendance 2022: in-person 3/3; virtual 3/3

Teresa Ko (Asia-Oceania)
Vice-Chair
Chair of Freshfields Bruckhaus Deringer China

Second term ends 31 December 2023

Attendance 2022: in-person 3/3; virtual 2/3

Larry Leva (Americas)
Vice-Chair
Former Global Vice Chairman—Quality, Risk and Regulatory for KPMG International

Second term ends 31 December 2023

Attendance 2022: in-person 3/3; virtual 2/3

Sarah J. Al Suhaimi (at large)
Chair of Tadawul (the Saudi Stock Exchange), member of the Board of Directors of the Saudi Cultural Development Fund and the Board of Directors of Saudia airline

Second term ends 31 December 2024

Attendance 2022: in-person 3/3; virtual 3/3

Else Bos (Europe)
Member of the Executive Board, Executive Director and Chair for Prudential Supervision at the Dutch Central Bank

Second term ended 31 December 2022

Attendance 2022: in-person 3/3; virtual 2/3

Colette Bowe (Europe)
Member of the Bank of England's Financial Policy Committee and former Chair of the UK Banking Standards Board

Second term ends 31 December 2023

Attendance 2022: in-person 3/3; virtual 2/3

Alexsandro Broedel (Americas)
Group Chief Financial Officer at Itau Unibanco

First term ended 31 December 2022

Attendance 2022: in-person 1/3; virtual 1/3

Jorge Familiar (Americas)
Vice-President and Treasurer of the World Bank

First term ends 31 December 2024

Attendance 2022: in-person 3/3; virtual 2/3

Suresh P. Kana (Africa)
Former Chair of the Financial Reporting Standards Council of South Africa

Second term ends 31 December 2024

Attendance 2022: in-person 3/3; virtual 3/3

Masamichi Kono (at large)
Former Deputy Secretary General of the Organisation for Economic Co-operation and Development

First term ends 31 December 2023

Attendance 2022: in-person 3/3; virtual 3/3

Su-Keun Kwak (Asia-Oceania)
Professor of Accounting at Seoul National University

Second term ended 31 December 2022

Attendance 2022: in-person 3/3; virtual 3/3

Michel Madelain (at large)
Former Vice-Chair and President of Moody's Investors Service

Second term ends 31 December 2023

Attendance 2022: in-person 3/3; virtual 2/3

Trustees of the IFRS Foundation *(continued)*

Ross McInnes (Europe)
Chair of Safran
Second term ends 31 December 2023
Attendance 2022: in-person 2/3; virtual 1/3

Joanna Perry (Asia-Oceania)
Non-executive director for several listed, public sector and private organisations in New Zealand and former Chair of the IFRS Advisory Council
First term ended 31 December 2022
Attendance 2022: in-person 3/3; virtual 1/3

Robert Pozen (Americas)
Senior lecturer at MIT Sloan School of Management
First term ends 31 December 2023
Attendance 2022: in-person 3/3; virtual 2/3

Vinod Rai (Asia-Oceania)
Former Comptroller and Auditor General of India
Second term ends 31 December 2023
Attendance 2022: in-person 3/3; virtual 2/3

Lucrezia Reichlin (Europe)
Professor of Economics at the London Business School
Second term ends 31 December 2023
Attendance 2022: in-person 3/3; virtual 0/3

Kenneth Robinson (Americas)
Board member of Paylocity, Abercrombie & Fitch and Morgan Stanley US Banks
First term ends 31 December 2023
Attendance 2022: in-person 3/3; virtual 3/3

Erhard Schipporeit (Europe)
Independent management consultant and supervisory board member of various German companies
First term ends 31 December 2023
Attendance 2022: in-person 2/3; virtual 2/3

Keiko Tashiro (Asia-Oceania)
Deputy President at Daiwa Securities
First term ends 31 December 2024
Attendance 2022: in-person 3/3; virtual 3/3

Maria Theofilaktidis (Americas)[1]
Executive Vice-President, Finance at the Bank of Nova Scotia
First term ended 31 December 2022
Attendance 2022: in-person 3/3; virtual 2/3

Guangyao Zhu (Asia-Oceania)
Former Vice Finance Minister of the People's Republic of China
Second term ended 31 December 2022
Attendance 2022: in-person 1/3; virtual 3/3

Gender split

New Trustees serving from 1 January 2023

Five new IFRS Foundation Trustees were appointed and will serve from 1 January 2023—Koushik Chatterjee, Sukjoon Lee, Steven Maijoor, Isabel Saint Malo and Wencai Zhang. The newly appointed Trustees bring wide-ranging skills and expertise from Asia, Europe and South America, including valuable sustainability skills.
For more information on Trustees see **www.ifrs.org/groups/trustees-of-the-ifrs-foundation/#members**

1 IFRS Foundation Trustees reappointed Maria Theofilaktidis for a second term beginning 1 January 2023.

Trustee committees

AS AT 31 DECEMBER 2022

The Trustees meet several times in a year and operate through several committees. These committees met in 2022:

Audit, Finance and Risk Committee

Chair: Larry Leva

Members: Colette Bowe, Alexsandro Broedel, Jorge Familiar, Erhard Schipporeit, Maria Theofilaktidis, Guangyao Zhu

Meetings in 2022: Six

Activities and decisions:

- reviewed and approved the Foundation's annual budget, accounts, three-year plan and related forecasts
- regularly monitored progress of income and expenses compared to budget
- reviewed the Foundation's fundraising and financing efforts, and discussed strategies to increase the resilience of the medium to long-term funding base for the Foundation
- regularly reviewed the Foundation's risk reports and monitored the integrity, adequacy and effectiveness of the Foundation's system of risk management and internal controls
- ensured an appropriate framework for reporting and accountability
- discussed and approved management's strategy for the Foundation's investment portfolio, including new investment class portfolio
- received regular compliance reports with respect to the Foundation's policies, internal controls and code of conduct
- discussed legal, tax and employment structures in relation to the establishment of the ISSB and the operations of ISSB offices in Canada and Germany
- advised the Trustees on whether the financial statements are fair, balanced and understandable
- advised the Trustees on the appointment of the Foundation's external auditors
- reviewed and approved the external auditors' audit plan
- reviewed and discussed the external auditors' audit findings
- discussed with the external auditors matters relating to the provision of non-audit services, and information about policies and processes for maintaining independence
- met separately with the external auditors without the presence of Foundation management
- the Chair of the Committee also met with the external auditors on several occasions during the year
- reviewed the Committee's terms of reference to ensure fit for purpose

Members of senior management and representatives of the Foundation's external auditors attended the meetings by invitation. The meetings in 2022 were held in person or virtually and included several special meetings to consider implications to the Foundation of the consolidation of the VRF and the operations of ISSB offices in Canada and Germany.

Trustee committees *(continued)*

AS AT 31 DECEMBER 2022

The Trustees meet several times in a year and operate through several committees. These committees met in 2022:

Digital and Technology Oversight Committee

Chair: Suresh Kana

Members: Su-Keun Kwak, Vinod Rai, Lucrezia Reichlin, Ken Robinson, Erhard Schipporeit

Meetings in 2022: Four

Activities and decisions:

- approved the newly formed Committee's Terms of Reference, following the completion of the Business Processes and Technology Programme
- received an update on residual activities of the Business Processes and Technology Programme, following the programme's closure on 1 March 2022
- received regular updates on the ongoing investment and implementation of digital and technology strategies
- discussed the technology arrangements required to support day one of the IFRS Foundation's consolidation of the VRF and received progress updates following the consolidation
- discussed and approved ongoing work to consolidate core IT systems for the merged organisation
- discussed the IFRS Foundation process for conducting business analysis and how this can be used as the basis of a consolidated future digital platform
- considered how data science can be leveraged to support the IFRS Foundation's mission
- discussed progress of the IASB and the ISSB's digital reporting strategy, including the request for feedback on the staff draft of the IFRS Sustainability Disclosure Taxonomy, exposed for comment in May

Due Process Oversight Committee

Chair: Teresa Ko

Members: Alexsandro Broedel, Masamichi Kono, Larry Leva, Michel Madelain, Ross McInnes, Joanna Perry, Robert Pozen, Vinod Rai

Meetings in 2022: Six

Activities and decisions:

- received regular updates on the activities of the IASB, the ISSB and the IFRS Interpretations Committee
- considered the process for the IASB's Third Agenda Consultation before the IASB published its Feedback Statement
- considered a clarification to the objective, process and possible outcomes of a PIR
- reviewed the due process undertaken by the IASB in its PIRs on IFRS 9—Classification and Measurement, and IFRS 10, IFRS 11 and IFRS 12
- approved a request for a shortened comment period for an exposure draft proposing a narrow-scope amendment to IAS 12 *Income Taxes*
- approved the due process to be applied by the ISSB before the *Due Process Handbook* is updated to include it
- approved the due process for maintaining and enhancing the SASB Standards
- oversaw the decision by the ISSB Chair and the Vice-Chair to publish the exposure drafts S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and S2 *Climate-related Disclosures* before the ISSB was quorate
- considered the staff's annual reviews of (a) the IFRS Foundation's consultative groups, (b) due process for the educational materials published by the Foundation to support the consistent application of IFRS Accounting Standards and (c) various matters relating to comment letters, board papers and dialogue with regulators

Trustee committees *(continued)*

Executive Committee

Chair: Erkki Liikanen

Members: Else Bos, Colette Bowe, Suresh Kana, Teresa Ko, Larry Leva, Michel Madelain, Lucrezia Reichlin

Meetings in 2022: Seven

Activities and decisions:

- provided oversight and strategic direction for the consolidation of the IFRS Foundation with the CDSB and the VRF
- provided oversight and strategic direction to the One Foundation programme
- discussed strategies to increase the resilience of the medium- to long-term funding base for the IFRS Foundation
- considered proposals to evaluate the operating procedures of the IASB and the ISSB
- approved locations for the Trustee meetings in 2023

Nominating Committee

Chair: Michel Madelain

Members: Else Bos, Colette Bowe, Suresh Kana, Masamichi Kono, Teresa Ko, Ken Robinson

Meetings in 2022: Six

Activities and decisions:

- recommended the appointment or reappointment of six Trustees
- recommended the appointment or reappointment of eight IASB members
- recommended the appointment or reappointment of six IFRS Interpretations Committee members
- recommended the appointment of Linda Mezon-Hutter as Vice-Chair of the IASB
- completed the appointment process for the inaugural members of the ISSB, including recommending the appointment of Sue Lloyd and Jingdong Hua as Vice-Chairs
- recommended the appointment or reappointment of 26 members of the IFRS Advisory Council

Human Capital Committee

Chair: Colette Bowe

Members: Sarah Al Suhaimi, Jorge Familiar, Joanna Perry, Robert Pozen, Keiko Tashiro

Meetings in 2022: Nine

Activities and decisions:

- made decisions on the annual review of remuneration
- approved an updated code of conduct for members of the boards and the leadership team
- approved principles for determining the ISSB member remuneration package across the multiple locations
- discussed the IASB and ISSB processes for evaluation (self-assessment of their effectiveness carried out every year)
- agreed recommendations for revising the Trustees body evaluation (self-assessment of their effectiveness carried out every two years)
- discussed and provided advice on people, culture and change management implications arising from the establishment of the ISSB and the multi-location model
- approved the appointment of a third-party supplier to support the IFRS Foundation in its work to develop and embed an appropriate culture across the consolidated organisation and all its locations

Ethics Committee

Chair: Else Bos

Members: Larry Leva, Vinod Rai, Maria Theofilaktidis

Meetings in 2022: Two

Activities and decisions:

The committee met on an ad hoc basis to review and provide confidential advice to the Trustees on ethical questions as and when they arose.

Key organisational risks

The IFRS Foundation's Executive Risk Committee has the day-to-day responsibility for identifying, managing and mitigating risks faced by the IFRS Foundation that may influence the achievement of our operational and strategic objectives. The Committee has a robust process in place to assess the impact of risks on the IFRS Foundation and to set the appropriate risk appetite in the activities the IFRS Foundation undertakes.

The Committee comprises five to seven senior executives representing all parts of the IFRS Foundation. The Committee meets every two months to identify, assess and monitor key risks to the IFRS Foundation and consider appropriate mitigating actions. Identification and assessment of individual risks is embedded in management and operational processes throughout the organisation.

The Trustees' Audit, Finance and Risk Committee provides oversight of the IFRS Foundation's risk management processes and systems and reports to the full board of the IFRS Foundation's Trustees, who bear the ultimate responsibility for monitoring risk.

2022 was characterised by rapid and far-reaching change, including the creation of the ISSB and the opening of new offices, the consolidation of the CDSB and the VRF into the IFRS Foundation, the publication of the ISSB's first two exposure drafts and progress on several large IASB projects. These changes have heightened the risks set out below.

People

Our people are the IFRS Foundation's greatest asset. Failure to attract and retain high-calibre people at all levels and in all locations would have an adverse impact on achieving our objectives.

Considering that the significant changes in 2022 followed two years of disruption from the covid-19 pandemic, we have placed particular focus on staff wellbeing.

Technological infrastructure

The IFRS Foundation's IT infrastructure underpins all our functions. Failure to protect our IT infrastructure and stored data from cyber hacks, phishing campaigns, system failure and/or human error would result in damage to our operations.

Brand

The IFRS Foundation's reputation as a professional global standard-setter in accounting and sustainability disclosure is critical to achieving acceptance for our work. Failure to protect this reputation would endanger the achievement of the IFRS Foundation's objectives. The IFRS Foundation requires a sufficient level of global support from public authorities and relevant stakeholder groups.

Long-term financial stability

External shocks and trends affecting our income, cash flow or reserves would put the IFRS Foundation's financial stability at risk. The financial risk management section of this annual report (see page 85) provides an overview of the mitigating actions undertaken in this area to protect the IFRS Foundation's financial stability.

Product

The IFRS Foundation's mission depends on ensuring that the Foundation's products—IFRS Accounting Standards, future IFRS Sustainability Disclosure Standards, the IFRS Accounting Taxonomy and the future IFRS Sustainability Disclosure Taxonomy—are of the highest quality and meet stakeholders' needs, connect to each other and are interoperable with other organisations' sustainability disclosure requirements. Failure, or perceived failure, to deliver and maintain our products poses a risk to the organisation.

Similarly, failure to achieve consistent application of IFRS Accounting Standards, IFRS Sustainability Disclosure Standards and the corresponding taxonomies would undermine the benefits of global financial reporting. There is also a risk that jurisdictions would not require the use of IFRS Sustainability Disclosure Standards and the IFRS Sustainability Disclosure Taxonomy.

Participants at the IFRS Foundation Conference, June 2022

Introduction to the financial statements

SUMMARY OF FINANCIAL RESULTS 2022

During 2022 the IFRS Foundation consolidated with the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) and established new ISSB subsidiaries in Canada and Germany. The consolidated financial statements include the IFRS Foundation and its subsidiaries (the Foundation) as at 31 December 2022 and for the period from 1 August 2022.

The Foundation is reporting income before tax of £8.5 million for 2022 (2021: £354,000 loss). The year-on-year increase of £8.9 million is mainly attributable to the gain on consolidation of the VRF of £7.8 million (Note 2).

Income from contributions and earned revenue at £48.7 million (2021: £28.8 million) increased by 69% year on year and includes funding of £20.1 million for establishing the ISSB and supporting the ISSB offices in Frankfurt, Montreal and San Francisco. Income comprised:

- contributed revenue: £32.5 million (2021: £17.3 million ▲ 87.9%);
- earned revenue: £16.0 million (2021: £11.1 million ▲ 44.1%); and
- other income: £213,000 (2021: £370,000 ▼ 42.4%).

Total operating expenses increased from £28.8 million to £48.0 million year on year. The overall increase of 66.7% was due to costs for the new ISSB members and staff, additional operating costs arising from the consolidation of the VRF and new offices, as well as legal and professional fees related to the establishment of the ISSB. In 2022 we again held in person meetings which is reflected in travel and meeting costs. Inflation also contributed to an increase in operating costs. Expenses comprised:

- board members and staff costs: £30.7 million (2021: £20.2 million ▲ 52.0%);
- other technical and operating costs: £10.5 million (2021: £3.7 million ▲ 183.8%);
- earned revenue activities: £2.8 million (2021: £2.1 million ▲ 33.3%);
- Trustee oversight and advisory bodies: £1.4 million (2021: £702,000 ▲ 99.4%); and
- premises, occupancy and related expenses: £2.6 million (2021: £2.2 million ▲ 18.2%).

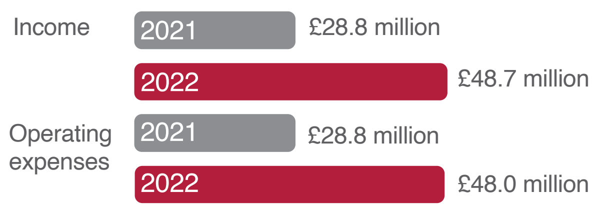
Net income from financing costs including exchange gains and losses was £104,000 (2021: net loss £319,000). Net exchange gains of £652,000 (2021: £205,000) were mainly due to foreign exchange revaluations of US dollar and euro cash balances at year end.

Fair value losses on investments (net of interest income) of £420,000 (2021: £382,000) reflect the fall in value of government bond prices due to rising interest rates.

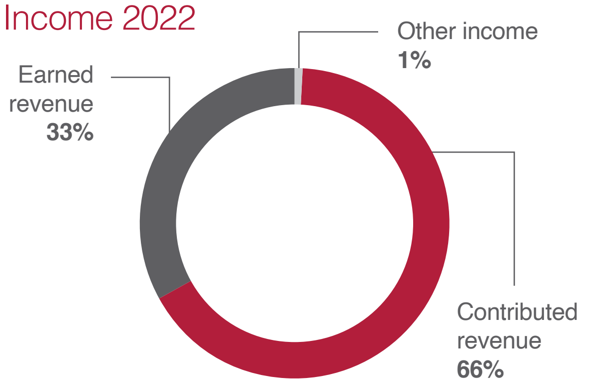
After accounting for tax charges and the release of the deferred tax assets, and exchange differences on translating foreign operations of £163,000 (2021: £nil) the Foundation is reporting comprehensive income for 2022 of £8.3 million (2021: comprehensive loss £806,000).

Net assets have increased year on year from £40.7 million to £49.0 million, largely due to the cash received as part of the consolidation with the VRF.

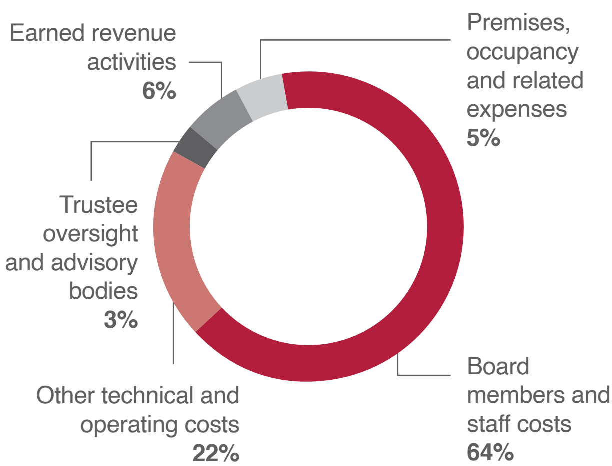
Income and expenditure highlights



Income 2022



Operating expenses 2022



2022 review

Establishment of the ISSB and multiple locations

In November 2021 the Trustees of the IFRS Foundation published a revised *Constitution* to enable the creation of the ISSB within the Foundation's governance structure. The key steps completed in 2022 for establishing the global presence of the ISSB were:

- the consolidation of the Climate Disclosure Standards Board (CDSB) with the IFRS Foundation;
- the consolidation of the Value Reporting Foundation (VRF) with the IFRS Foundation;
- the establishment of new offices in multiple locations, including in Europe and the Americas, to support the ISSB and its engagement with regional stakeholders; and
- the appointment of the ISSB members and recruitment of technical and operations staff.

Over £15.0 million of new ISSB grants and contributions were secured in 2022, including seed funding from consortiums of public and private entities in the hosting countries of ISSB offices—Canada and Germany—as well as contributions from China, Japan, Korea, New Zealand and the United Kingdom.

In creating the ISSB, the Foundation has expanded and now operates from offices in London, Tokyo, Frankfurt, Montreal and San Francisco. The Foundation plans to open a new office in Beijing in 2023.

The creation of the ISSB and related consolidations of the CDSB and VRF have increased the number of Foundation employees. During 2022 headcount increased from 160 to 298.

The ISSB members and technical staff are mostly based in the new offices. The IASB members and technical staff remain mostly based in the London office, with a small number based in Tokyo.

Income

The Foundation aims to create a reliable revenue base to build financial stability and sustainability for the Foundation's long-term operations. That revenue base should provide:

- diversified, multi-year, flexible funding for changing circumstances;
- unrestricted funds that allow the Foundation to fully fund operating costs and prevent cash-flow issues; and
- a balanced combination of contributed revenue and earned revenue.

In 2022 the Foundation received 66% of income from contributed revenue sources and 34% from earned revenue and other sources. Contributed revenue includes contributions from jurisdictions, seed funding from the Canadian and German consortiums, philanthropic grants and contributions from companies including accounting firms. Earned revenue was generated from publications and subscription services, licensing of intellectual property, membership fees for the ISSB Sustainability Alliance, education programmes and conference events.

Income for the year at £48.7 million was a £19.9 million increase year on year. The significant change was primarily due to ISSB funding which includes £15.4 million of ISSB seed funding and £4.7 million from the earned revenue programmes novated to the Foundation as part of the consolidation of the VRF.

IASB contributions in 2022 have remained broadly comparable with the prior year, with an overall decrease of £270,000. The decrease is mainly because European Commission grant funding reduced by 15% and no direct funding was received from Norway or Russia. This was offset to some extent by other funders increasing their annual contribution by 5%, as well as positive foreign exchange differences for contributions received in US dollar and euro.

Earned revenue from the licensing of IASB intellectual property was comparable with prior year, with 75% of licensing fees being from international accounting firms. Earned revenue from the sale of IASB publications and subscriptions saw a marginal increase, which was mainly related to sales of digital subscriptions.

Following two years of virtual-only events, the conference events in 2022 reverted to being in person (with an additional online element), and income generated from conference events increased by 60%. The Foundation expects that with new events planned for the year ahead, such as the IFRS Sustainability Symposium, income from conference events will increase by a similar amount in 2023.

Gain on consolidation of Value Reporting Foundation

In the context of the consolidation of the VRF, the assets and liabilities of the VRF were transferred to the IFRS Foundation for nil consideration. The fair value of the assets received was higher than the fair value of the liabilities assumed and a gain on consolidation of £7.8 million has been recognised in 2022.

2022 review *(continued)*

Operating expenses

Annual expenditure in 2022 is significantly higher than in 2021, with the most sizeable increase being for the establishment of the multiple location ISSB. ISSB related costs are mainly staff costs and legal and professional fees for establishing the new office locations—all of which was funded by ISSB seed funding.

Annual expenditure breaks down into the three key expense categories of staff costs, office costs and travel and engagement costs.

Staff costs overall are the most significant cost for the Foundation and at £32.3 million (2021: £21.3 million) are 67% of the Foundation's cost base. The annual increase of £11.0 million includes annual pay rises but is mainly attributable to the new ISSB members and technical staff who include staff that previously worked for the CDSB and VRF. Staff costs in 2022 include retention bonus amounts payable to employees of £600,000 (2021: £nil).

Other technical and operating costs increased overall by £6.8 million, which is mostly due to:

- costs of £2.7 million for legal and tax advice related to the setup of the multi-location model, and recruitment and vetting fees for the new ISSB members and staff;
- an increase in office costs of £1.7 million related to the additional costs arising from the consolidation of the VRF, as well as costs for the new offices in Canada and Germany. Inflation also contributed to increased costs for facilities, energy, insurance and rates; and
- an increase in travel and meeting costs of £1.7 million. Travel in the prior year was very limited by the pandemic, but in 2022 we again had in-person meetings. Travel costs were higher also because of the establishment of the ISSB.

Expenses related to earned revenue activities increased by £740,000 year on year due to inflation-related increases for publication costs and overheads, as well as the additional costs of £533,000 related to the new ISSB earned revenue programmes.

Investments

The Foundation invests the majority of its surplus funds in fixed-interest, highly liquid investments, all of which are short duration (two to five years) and high credit quality. In June 2022 the Foundation invested £2.5 million into the Barclays Medium-Low Risk Multi Asset Class Sustainable Portfolio. The portfolio expands the asset class range that the Foundation invests in by introducing new assets such as equities, commodities and real estate.

Fair value losses on investments (net of interest income) of £420,000 (2021: £382,000) reflect the fall in value of government bond prices due to rising interest rates.

Reserves policy

The objective of the Foundation's reserves policy is to hold an appropriate level of accessible funds while ensuring the Foundation is making timely and strategic use of its operating funds. The Foundation holds reserves to provide cover for unexpected changes in income and expenditure, allowing the Foundation to continue activities in the event of any unforeseen costs or shortfall in income (particularly from the voluntary elements of its funding). The reserve fund may also be used for one-time, nonrecurring expenses to build long-term capacity, such as staff development, research and development, or investment in infrastructure. The reserve fund may also be used for opportunities that further the mission of the organisation. Reserve funds are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

Net assets have increased year on year from £40.7 million to £49.0 million, largely due to the cash received as part of the consolidation with the VRF.

2022 review *(continued)*

2023 outlook

The Foundation appreciates the continuing support from funding providers listed on pages 90 to 94. The Foundation is committed to ensuring its operating expenditure is managed prudently and effectively and it will pursue further initiatives to enhance the organisation's operational stability and efficiency.

The Foundation's 2023 budget, as approved by the Trustees, estimates that in 2023 ISSB funding will increase to around £40.0 million, and IASB funding will remain broadly comparable with 2022. Operating expenses in 2023 are also expected to increase because they will reflect a full year of costs for the ISSB, including operating costs for the ISSB offices in Frankfurt, Montreal and Beijing, which will be funded by seed funding from the host countries (Note 3). The Foundation has assumed a level of travel and engagement in 2023 appropriate to achieve operational effectiveness and control, particularly with the establishment of the new ISSB operations. We expect the cost/benefit considerations for travel to evolve from 2024 as the ISSB becomes better established and the post-pandemic return to work stabilises.

The Foundation has established a Trustee-level task force that, in the year ahead, will work closely with Foundation staff to review our internal sustainability strategy, policies, management systems and reporting. We are putting governance processes in place to deliver this important work.

Going concern

The Foundation has reviewed its financial performance and the general reserves position for 2022. The Foundation's planning process has taken into consideration the current and forecasted economic climate and its potential impact on the Foundation's various sources of income and planned expenditure.

In 2023 the IFRS Foundation Trustee Funding Committee was established, which has responsibility for the ongoing funding activities of the Foundation. The committee met for the first time in March 2023 and it will focus on building the medium to long-term funding strategy for both contributed and earned revenue.

There continues to be strong global support for the Foundation and the work of both the IASB and the ISSB. To support the ISSB and its new offices, the Foundation has five-year seed-funding commitments from Canada, Germany and Japan as well as other multi-year funding commitments from Korea, New Zealand and the United Kingdom. A Memorandum of Understanding with China to provide support was signed in December 2022.

The Foundation has reviewed the financial cash flow projections for the 18 months after the end of the reporting period and has performed stress testing on these cash flows. The Foundation has a reasonable expectation that it will be able to continue to operate and meet its liabilities as they fall due for the 18 months after the end of the reporting period.

Having regard to all relevant circumstances and the substantial reserve funds held by the Foundation, the Trustees consider it appropriate to prepare the financial statements on a going concern basis.

Trustee approval

These financial statements cover the year ended 31 December 2022. They have been prepared in compliance with the IFRS Accounting Standards that were effective on 31 December 2022.

The financial statements were approved and authorised for issue by the Trustees of the Foundation on 31 March 2023. At that date, there had been no events since 31 December 2022 that required an adjustment to the financial statements.

Erkki Liikanen

Erkki Liikanen
Chair of the IFRS Foundation Trustees

Trustees' responsibilities statement

The Trustees are responsible for preparing the annual financial statements in accordance with applicable law and regulations.

The Trustees have elected to prepare financial statements that give a true and fair view of the state of affairs and profit or loss of the group for that period in accordance with IFRS Accounting Standards. In preparing these financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- followed IFRS Accounting Standards with no material departures disclosed; and
- prepared the financial statements on the going concern basis.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with applicable laws and regulations. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Foundation's website. Legislation in jurisdictions governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Trustees of IFRS Foundation

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of IFRS Foundation ('Foundation') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the consolidated statement of comprehensive income, consolidated statement of changes in retained surplus, consolidated statement of financial position, consolidated statement of cash flows and notes to the group financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion:

- The financial statements give a true and fair view of the financial position of the group's affairs as at 31 December 2022 and of its income for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the group financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the group financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group to cease to continue as a going concern.

In our evaluation of the Trustees' conclusions, we considered the inherent risks associated with the group's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, increasing inflation, increasing interest rates and other macro-economic circumstances relevant to the group, we assessed and challenged the reasonableness of estimates made by the Trustees and the related disclosures and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The responsibilities of the Trustees with respect to going concern are described in the 'Responsibilities of Trustees for the financial statements' section of this report.

Independent auditor's report to the Trustees of IFRS Foundation *(continued)*

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £1m, which represents 2% of the group's total income.

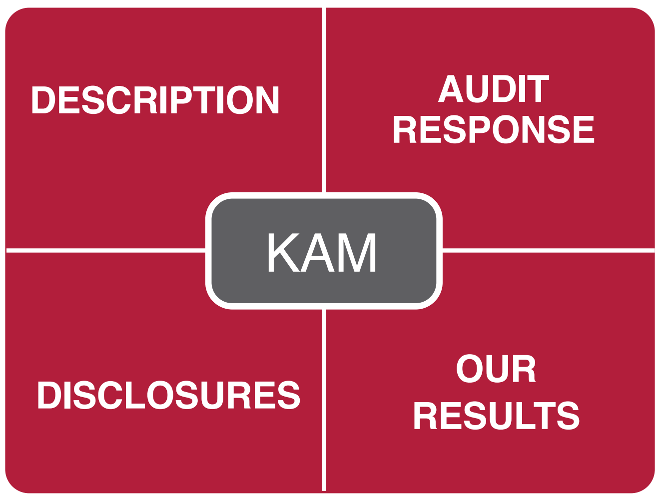
Key audit matters were identified as:

- Fair value of assets and liabilities acquired upon merger with the Value Reporting Foundation (a new key audit matter)
- Unpaid contributions (a new key audit matter)
- Our auditor's report for the year ended 31 December 2021 included one key audit matter that has not been reported as a key audit matter in our current year's report. This relates to Subscriptions income. Following our work in the prior year and based on our understanding of the entity, we do not believe there to be a significant risk of fraud or error in this area.

Key changes in the scope of the audit from prior year include utilising component auditors to audit the assets and liabilities acquired as part of the opening balances in the merger with the Value Reporting Foundation. The group engagement team reviewed all work performed by the component auditors.

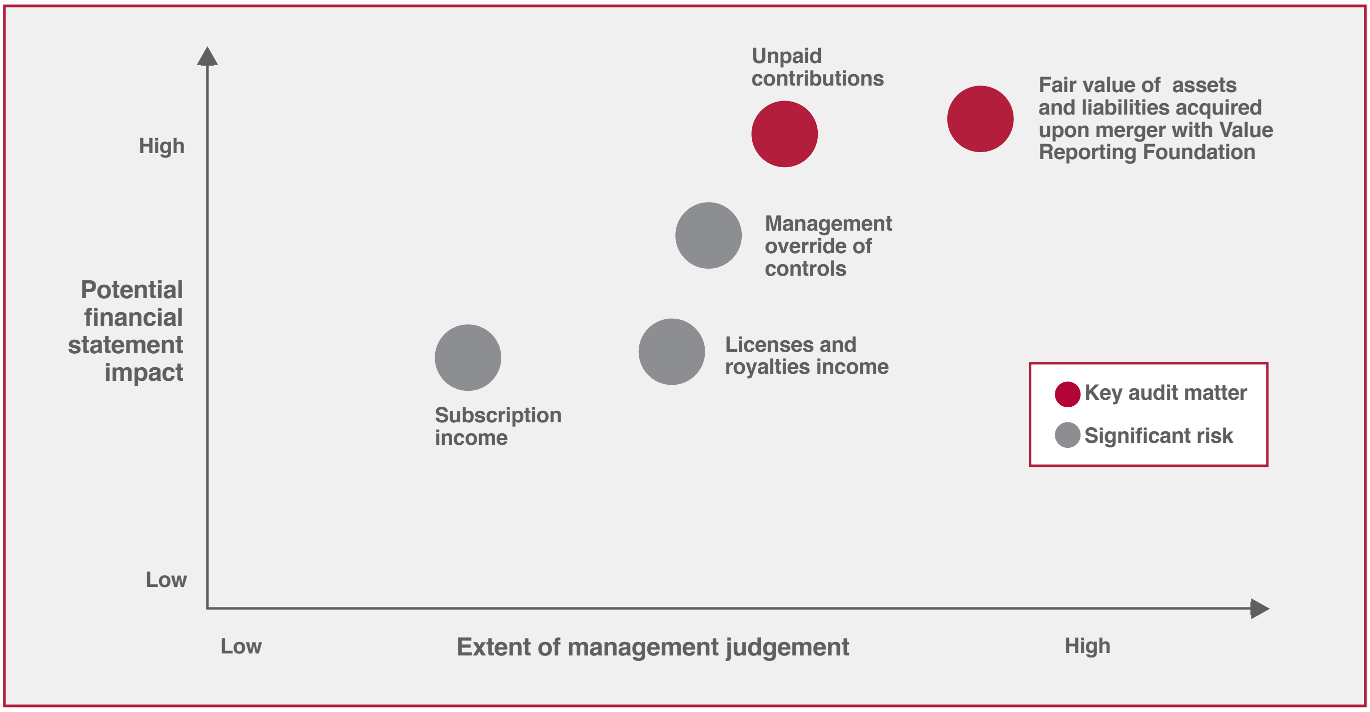
Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the Trustees of IFRS Foundation *(continued)*

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key audit matter	How our scope addressed the matter
Fair value of assets and liabilities acquired upon merger with Value Reporting Foundation We identified the fair value of the assets and liabilities acquired upon merger with the Value Reporting Foundation as one of the most significant assessed risks of material misstatement due to fraud and error. The IFRS Foundation entered into a business combination during the year with the Value Reporting Foundation. This was considered a key audit matter due to the magnitude of the transaction and because it ultimately changed the structure of the IFRS Foundation. Additionally, this merger is considered a key audit matter due to the significant management judgements and estimates that are required in accounting for business combinations including estimating the fair value of any assets acquired and completeness of liabilities and their considerations of any recognised intangible assets.	In responding to the key audit matter, we performed the following audit procedures: • Reading management's assessment as to why the merger with Value Reporting Foundation was required to be accounted for using the acquisition method; • Challenging management's assessment on why there were no separately identifiable intangible assets as required under IFRS3 and utilised our internal experts to assist in this review; • Upon challenging management's key assumptions in the purchase price allocation, recalculated any gain upon acquisition and considered its implications; • Challenging management on the valuation of fair market value of any assets acquired and the completeness of any liabilities acquired during the acquisition of Value Reporting Foundation; • For assets acquired as part of the merger, agreeing the valuation and existence of assets to relevant supporting documentation; • Performing procedures to address the completeness of any liabilities acquired at the acquisition date by inspecting payments post merger to conclude on whether expenditures related to the period as at 31 July 2022; and • Agreeing these significant opening balances to sufficient, appropriate audit evidence including sales invoices, contracts, purchase invoices and bank statements.

Independent auditor's report to the Trustees of IFRS Foundation *(continued)*

Key audit matter	How our scope addressed the matter
Relevant disclosures in the Annual Report and Accounts 2022 The group's accounting policies on the measurement of any assets and liabilities acquired as part of the merger with Value Reporting Foundation are shown in note 2 to the financial statements and related disclosures are included within this note.	**Our results** Our work did not identify any material misstatements in respect of the accounting treatment of the business combination. We are satisfied that the accounting policies are appropriate, consistent with similar policies already adhered to by the group and in line with IFRS.
Unpaid contributions We identified the occurrence of unpaid contributions as a significant risk, which was one of the most significant assessed risks of material misstatement due to fraud or error. A significant proportion of income relates to voluntary contributions, with the largest contribution relating to the European Union (EU) grant. They are recognised as income on a receipts basis, exceptions being those received post year-end which have been designated by the contributor as relating to the previous year. Unpaid contributions were considered a significant risk due to the significant management judgements involved in determining the recoverability and the entitlement of this income by the group.	In responding to the key audit matter, we performed the following audit procedures: • Inspecting expenses incurred to ensure the claims are in line with allowable expenses and in accordance with the EU grant agreement; • Inspecting invoices to verify that the contributions related to the correct period, before agreeing funds received to post year end bank statements to confirm the receipt of cash; • Inspecting correspondence with the donor to determine if they had provided a firm commitment to the group to pay the funds due and that the contribution related to the correct financial year; • Performing a non-substantive analytical review of contributions income year on year by contributor and jurisdiction to identify any unusual movements in balances; and • Checking post year end bank statements to determine if any amounts received related to contributions for the year ended 31 December 2022 that had not been recognised and traced these to the contributions schedule to ensure that they had been correctly accounted for.
Relevant disclosures in the Annual Report and Accounts 2022 The group's accounting policy on revenue is shown in note 3 (Contributed revenue) to the financial statements and related disclosures are included within this note.	**Our results** Our work did not identify any material misstatements concerning unpaid revenue from contributions. We are satisfied that the accounting policies are appropriate, consistently applied from previous years and in line with IFRS.

Independent auditor's report to the Trustees of IFRS Foundation *(continued)*

Our application of materiality

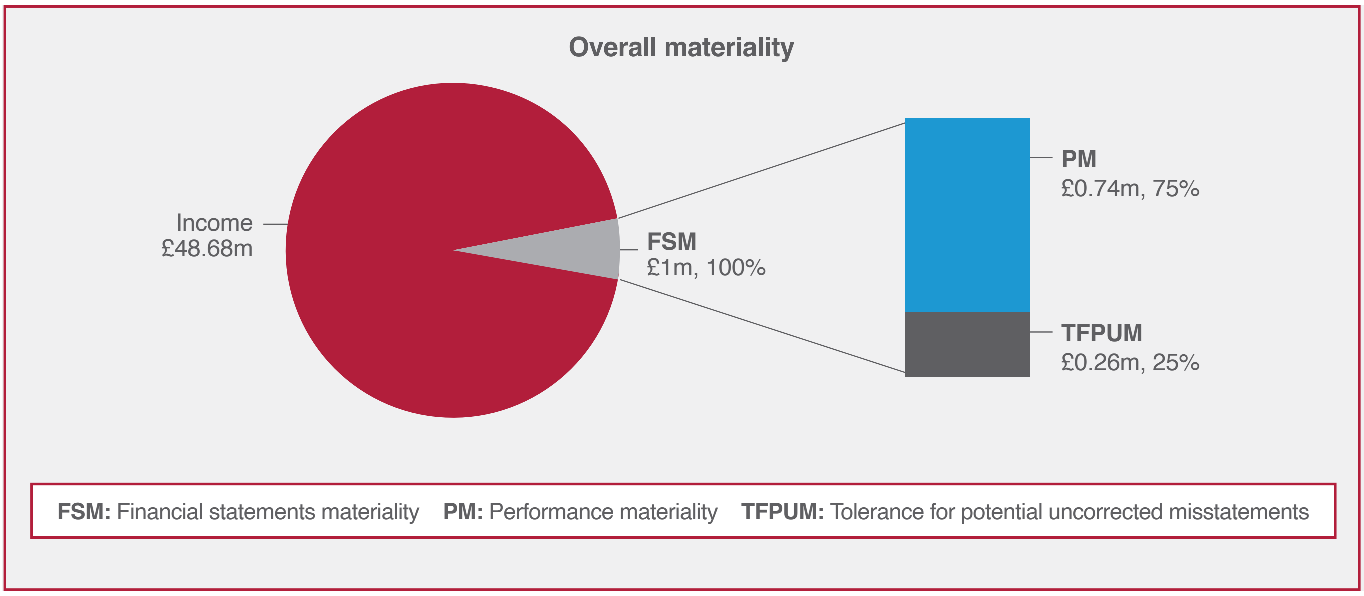
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£1m which is 2% of income.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgement, that 2% of income is considered the most appropriate benchmark because the group is not a profit-oriented entity Materiality for the current year is higher than the level that we determined for the year ended 31 December 2021 due to the additional income that resulted from the merger with Value Reporting Foundation on 31 July 2022.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£0.74m which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining materiality, we made the following significant judgements that the IFRS Foundation has stable business activities and a stable control environment, that limited adjustments were identified during previous years' audit engagements and that there were limited control findings identified in previous audit engagements.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£0.05m and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent auditor's report to the Trustees of IFRS Foundation *(continued)*

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- the engagement team obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level; and
- gained an understanding of the financial reporting and accounts production process.

Identifying significant components

- the Foundation, was subject to audit under an audit of the financial information of the component using component materiality approach in the UK;
- having assessed the significance of the group's components by reference to total income for the year (excluding the acquisition gain, referred to in the accounts as VRF business combination, upon the merger with the Value Reporting Foundation), no other components were assessed as being individually significant to the group; and
- the Value Reporting Foundation UK and Value Reporting Charity UK (which were considered subsidiaries of the IFRS Foundation at year end since the IFRS Foundation became the sole member organisation of the three Value Reporting Foundation affiliated entities as at 31 July 2022) were considered as being not significant but material and under our instruction and specified audit procedures on these components were performed by the component auditor.

Audit approach	No. of components	% coverage revenue	% coverage total assets
Full-scope audit	1	99%	99%
Specific-scope audit	2	1%	1%

Communications with component auditors

- We communicated with our component auditors via group instructions and phone calls during the planning, fieldwork and completion stages of the audit.

Independent auditor's report to the Trustees of IFRS Foundation *(continued)*

Changes in approach from previous period

- This was the first year that the IFRS entered into a business combination. The engagement team performed a full-scope audit of the IFRS Foundation, however, we engaged component auditors to perform specific-scope audit procedures in order to address procedures required within our full-scope audit. This was different to the prior year. No component auditors were engaged during the prior year to assist with audit procedures since the group did not have any subsidiaries in the prior year.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual financial statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair value, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- The group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the group financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation, tax legislation, anti-bribery legislation and employment law;
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Trustees, and from inspection of the group's Board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustees;

Independent auditor's report to the Trustees of IFRS Foundation *(continued)*

- Based on the results of our risk assessment we designed further audit procedures to identify non-compliance with such laws and regulations identified above. These procedures were performed at all components within the scope of our audit. Our procedures also involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of legal counsel and management; and consideration of the volume and nature of complaints received by whistleblowing during the year;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the entity/regulated entity including:
    - the provisions of the applicable legislation;
    - the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and
    - the applicable statutory provisions
- Communicated with component auditors to request identification of any instances of non-compliance with laws and regulations that give rise to a material misstatement of the group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Trustees as a body, in accordance with our letter of engagement dated 16th December 2022. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Foundation and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

31 March 2023

Consolidated statement of comprehensive income

YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Income			
Contributed revenue	3	32,499	17,325
Earned revenue	4	15,972	11,091
Other income	4	213	370
		48,684	**28,786**
Gain on consolidation of Value Reporting Foundation	2	**7,752**	**-**
Operating expenses			
Technical and operational activities			
• Board members and staff costs	5	(30,679)	(20,173)
• Other technical and operating costs	5	(10,486)	(3,672)
• IFRS Advisory Council, IFRS Interpretations Committee and other advisory bodies	5	(281)	(42)
Earned revenue activities	4	(2,827)	(2,087)
Trustee oversight	6	(1,128)	(660)
Premises, occupancy and related expenses	7	(2,606)	(2,187)
		(48,007)	**(28,821)**
Net operating income / (loss)		**8,429**	**(35)**
Finance income	12	1,843	527
Finance costs	12	(1,739)	(846)
		104	**(319)**
Income / (loss) before tax		**8,533**	**(354)**
Income tax charge	9	(406)	(452)
Income / (loss) for the year after tax		8,127	**(806)**
Other comprehensive income—items that may be reclassified subsequently to the income statement			
Exchange differences on translating foreign operations		163	-
Total comprehensive income / (loss) for the year		8,290	(806)

Consolidated statement of changes in retained surplus

YEAR ENDED 31 DECEMBER 2022

	2022	2021
Retained surplus at beginning of year	40,734	41,540
Comprehensive income / (loss) for the year	8,290	(806)
Retained surplus at end of year	**49,024**	**40,734**

The notes on pages 65 to 89 form part of these financial statements.

Consolidated statement of financial position

AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Assets			
Current assets			
Cash and cash equivalents		35,958	15,275
Contributions receivable	3	4,218	3,517
Trade and other receivables	4	3,772	802
Prepaid expenses		1,316	1,085
Inventories		320	167
Bonds at fair value, including accrued interest	11	6,920	5,932
Forward currency contracts at fair value	10	-	34
		52,504	**26,812**
Non-current assets			
Bonds at fair value, including accrued interest	11	7,721	15,239
Investment portfolio	11	2,524	-
Leasehold improvements, furniture and equipment	7	1,850	2,263
Right-of-use assets	8	4,488	4,105
Intangible assets	5	1,000	1,714
Deferred tax asset	9	-	117
		17,583	**23,438**
Total assets		**70,087**	**50,250**
Liabilities			
Current liabilities			
Trade and other payables		2,000	637
Payroll taxes payable		1,383	681
Accrued expenses		4,336	1,223
Contributions received in advance	3	2,515	615
Lease liability	8	398	933
Revenue received in advance	4	5,239	1,193
Tax liability	9	149	-
		16,020	**5,282**
Non-current liabilities			
Lease liability	8	4,349	3,683
Reinstatement provision	7	539	551
Deferred tax liability	9	155	-
		5,043	**4,234**
Total liabilities		**21,063**	**9,516**
Net assets / retained surplus		**49,024**	**40,734**

Erkki Liikanen

Erkki Liikanen
Chair of the IFRS Foundation Trustees

The notes on pages 65 to 89 form part of these financial statements.

Consolidated statement of cash flows

YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Operating activities			
Cash received			
Contributions		33,784	17,143
Earned revenue		14,961	11,090
Funding for Asia-Oceania Tokyo office	4	221	280
Cash inflow from VRF business combination	2	13,411	-
Interest		317	507
Foreign exchange settlements		-	269
Other receipts		2	6
Cash paid			
Salaries, wages and benefits		(30,283)	(20,329)
Earned revenue related activities expenses		(2,349)	(2,060)
Trustees' fees		(662)	(654)
Other operating expenses		(11,445)	(4,248)
Net cash from operating activities		**17,957**	**2,004**
Investing activities			
Matured bonds receipts		5,805	5,507
Purchase of investments	11	(2,500)	(5,512)
Purchase of leasehold improvements, furniture and equipment	7(b)	(130)	(348)
Purchase of intangible assets	5(c)	(39)	(528)
Net cash from / (used) in investing activities		**3,136**	**(881)**
Financing activities			
Payments of principal on lease liabilities	8	(1,091)	(931)
Payments of interest on lease liabilities	8	(128)	(142)
Net cash used in financing activities		**(1,219)**	**(1,073)**
Effects of exchange rate changes on cash and cash equivalents		809	(74)
Net increase / (decrease) in cash and cash equivalents		**20,683**	**(24)**
Cash and cash equivalents at the beginning of the year		15,275	15,299
Cash and cash equivalents at the end of the year		**35,958**	**15,275**

The notes on pages 65 to 89 form part of these financial statements.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

Significant accounting policies

General information

The Foundation is a not-for-profit corporation under the General Corporation Law of the State of Delaware, US and operates in England and Wales as an overseas company (Company number: FC023235) with its principal office at Columbus Building, 7 Westferry Circus, Canary Wharf, London, E14 4HD.

The Foundation was incorporated on 6 February 2001. The objectives and governance arrangements of the Foundation and its independent standard-setting bodies, the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), are set out in the IFRS Foundation's *Constitution*.

The Climate Disclosure Standards Board (CDSB) was consolidated with the IFRS Foundation with effect from 1 February 2022. As part of the consolidation, CDSB staff were transferred to the Foundation, with intellectual property and technical assets to support the ISSB.

The Value Reporting Foundation (VRF), including its Integrated Reporting Framework and SASB Standards, was consolidated with the IFRS Foundation and the separate existence of the VRF ceased with effect from 1 August 2022. The VRF (incorporated under the California Non-profit Public Benefit Corporation Law) was a global not-for-profit organisation whose mission was to establish and improve industry-specific disclosure standards across financially material environmental, social and governance topics. The VRF included three affiliated entities incorporated in England and Wales—Value Reporting Foundation UK, Value Reporting Foundation Charity and International Integrated Reporting Council (the 'VRF UK Structure'). As part of the consolidation, the VRF's ownership of the VRF UK Structure was transferred to the IFRS Foundation.

The consolidation of the IFRS Foundation and VRF from a legal perspective was structured as a merger with the IFRS Foundation being the successor and sole surviving corporation. The effect of the merger is that, from and after 1 August 2022, the IFRS Foundation succeeded to all the assets, rights, privileges, powers and franchises and all of the liabilities, restrictions, disabilities and duties of the VRF and the IFRS Foundation. After completion of the merger the IFRS Foundation, as the parent company, prepares only one consolidated set of financial statements.

Basis of preparation

The consolidated financial statements are presented in British pound sterling, which is the functional currency of the parent company. Items in the statement of financial position are translated into the presentation currency, British pound sterling, according to the exchange rates prevailing on the statement date; profit or loss items are translated according to exchange rates on the transaction date. Changes in net assets resulting from exchange rate movements are recognised in other comprehensive income.

The Foundation has prepared the consolidated financial statements for 2022 in accordance with IFRS Accounting Standards, as issued by the IASB. The consolidated financial statements are based on the historical cost principle, with the exception of financial assets and financial liabilities measured at fair value.

Assets acquired and liabilities assumed are measured at their acquisition fair values.

As disclosed in Note 13, there have been no events since 31 December 2022 that required an adjustment to the financial statements.

Notes to the consolidated financial statements *(continued)*

Going concern

The Trustees are responsible for overseeing the Foundation's financial reporting and for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The ability of the Foundation to continue to operate as a going concern depends on its ability to generate sufficient cash flows from its contributions and publications and related activities to meet its liabilities. The Foundation produces annual budgets and forecasts that take into account the Foundation's activities, operations and known cash requirements.

The Foundation has reviewed its financial performance and the general reserves position for 2022. The Foundation's planning process has taken into consideration the current and forecasted economic climate and its potential impact on the Foundation's various sources of income and planned expenditure. The Foundation has reviewed the financial cash flow projections for the 18 months after the end of the reporting period and has performed stress testing on these cash flows. The Foundation has a reasonable expectation that it will be able to continue in operation and meet its liabilities as they fall due for the 18 months after the end of the reporting period.

There continues to be strong global support for the Foundation and the work of the IASB and the ISSB. To support the ISSB and its new offices, the Foundation has five-year seed funding commitments from Canada, Germany and Japan as well as other multi-year funding commitments from Korea, New Zealand and the United Kingdom. A Memorandum of Understanding with China to provide support was signed in December 2022.

Having regard to all relevant circumstances and the substantial reserve funds held by the Foundation, the Trustees consider it appropriate to prepare the financial statements on a going concern basis.

Current period and future changes to the accounting policies

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The Foundation adopted the amendments *Interest Rate Benchmark Reform—Phase 2* with effect from 1 January 2021. The Foundation is not exposed to hedging or directly affected by interest rate benchmark reform. No contractual cash flows of financial assets or financial liabilities measured at amortised costs changed as a result of interest rate benchmark reform.

The Foundation has concluded that there are no IFRS Accounting Standards or IFRIC Interpretations in issue that are not yet applied that will have a material effect on the financial statements.

Cash flow statements

The cash flow statement shows cash flows grouped according to source and use. The cash flows are presented as operating expenses, investment activities or funding activities. Cash and cash equivalents are defined as cash and deposits with central banks. The cash flow statement has been prepared in accordance with the direct method.

Inventories

Inventories consist of the Foundation's publications, which are carried at the lower of the cost of printing, on a first-in, first-out basis or their net realisable value.

Intangible assets

Intellectual property

The Foundation's most important intangible asset is the intellectual property embodied in IFRS Standards and related content. The Foundation does not recognise its intellectual property as an intangible asset because the cost of the asset cannot be measured reliably. Expenditure related to the development of IFRS Standards and related content is recognised as an expense in the year in which it is incurred.

Through the consolidation of VRF, the IFRS Foundation obtained brand names, customer lists and intellectual property (including the Integrated Reporting Framework and SASB Standards) which had an immaterial fair value (Note 2).

Software development

Other intangible assets include software development expenditure (Note 5).

Notes to the consolidated financial statements *(continued)*

Judgements and estimates

When preparing the consolidated financial statements, management makes estimates, judgements and assumptions about the recognition and measurement of assets, liabilities, revenues and expenses.

The key judgements made by management in applying the accounting policies of the organisation that have the most material effect on these financial statements relate to:

i. the capitalisation of intangible assets (software development)—to distinguish the research and development phases, including configuration or customisation of software development and to determine whether the recognition requirements for the capitalisation of software development costs meet the criteria of IAS 38 and SIC 32. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

ii. the consolidation of VRF (Note 2)—to determine the appropriate accounting for the transaction and to reach the conclusion that:

   a. no goodwill arises on the transaction;

   b. no intangible assets were acquired of material value;

   c. the gain on consolidation does not meet the definition of a gain on bargain purchase; and

   d. the gain on consolidation should be accounted for as income.

There are no other significant judgements or estimates that require separate disclosures.

Explanatory information

The explanatory notes have been organised into sections that provide a cohesive presentation of the financial reporting implications of the Foundation's core activity (the development of IFRS Accounting Standards and IFRS Sustainability Disclosure Standards), how it funds that activity and how it manages its financial risk. Each section presents the financial information and any significant accounting policies that are relevant to understanding the activities of the Foundation.

Notes to the consolidated financial statements *(continued)*

1. Consolidation

The consolidated financial statements for the Foundation include the IFRS Foundation and its subsidiaries. The accounting principles are applied consistently for the IFRS Foundation and its subsidiaries and are based on the same accounting periods.

Subsidiaries are defined as entities over which the IFRS Foundation, directly or indirectly, has control. Control over an entity is evidenced by the Foundation's ability to exercise its power in order to affect any variable returns that the Foundation is exposed to through its involvement with the entity.

When preparing the consolidated financial statements, intra-group transactions and balances, along with gains and losses on transactions between group entities, are eliminated.

Composition of the group

The VRF was consolidated with the IFRS Foundation and the separate existence of the VRF ceased with effect from 1 August 2022. The VRF included three affiliated entities incorporated in England and Wales—Value Reporting Foundation UK, Value Reporting Charity UK and International Integrated Reporting Council (the 'VRF UK Structure'). As part of the consolidation, the VRF's ownership of the VRF UK Structure was transferred to the IFRS Foundation.

On 13 July 2022 the IFRS Foundation (ISSB) Montreal was incorporated in Quebec, Canada.

On 15 November 2022 the IFRS Foundation (ISSB) Frankfurt was incorporated in Frankfurt, Germany.

The International Integrated Reporting Council was dissolved on 20 September 2022.

All subsidiaries are held directly by the Foundation:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	DATE OF INCORPORATION	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP HELD BY THE FOUNDATION AT 31 DECEMBER 2022
Value Reporting Foundation UK	UK	2011	Integrated Reporting	100%
Value Reporting Charity UK	UK	2015	Integrated Reporting	100%
IFRS Foundation (ISSB) Frankfurt	Germany	2022	Standard-setting	100%
IFRS Foundation (ISSB) Montreal	Canada	2022	Standard-setting	100%

The annual reporting date of each of the subsidiaries is 31 December.

The Canadian and German entities were not trading as at 31 December 2022.

2. Business combinations

The consolidation of the CDSB and the IFRS Foundation was completed in February 2022. No material assets or liabilities were received as part of this business combination. Costs related to the transaction of £165,000 have been recognised as an expense in the consolidated statement of comprehensive income.

The consolidation of the VRF and the IFRS Foundation was completed in July 2022. The acquisition method was applied in accounting for the business combination. The assets and liabilities of the VRF were transferred into the control of the IFRS Foundation for no consideration. Costs related to the transaction of £181,000 have been recognised as an expense in other technical and operating costs in the consolidated statement of comprehensive income.

Right-of-use assets and lease liabilities have been measured applying IFRS 16 and employee benefit liabilities have been measured applying IAS 19 on acquisition date and measured subsequently applying the Foundation's accounting policies. All other identifiable assets and liabilities assumed in the VRF business combination have been measured at their fair values on acquisition date and measured subsequently applying the Foundation's accounting policies. The value of the assets received at acquisition date exceeded the value of the liabilities assumed at acquisition date:

	1 August 2022
	£'000
Identifiable net assets	
Right-of-use assets	179
Total non-current assets	**179**
Trade and other receivables	1,165
Cash and cash equivalents	13,411
Total current assets	**14,576**
Revenue received in advance	3,454
Lease liability	179
Other liabilities	3,269
Trade and other payables	86
Tax liability	15
Total current liabilities	**7,003**
Total identifiable net assets	**7,752**

The gross contractual amount of the trade and other receivables transferred as part of the business combination approximate to their fair value.

The VRF assets and liabilities with a net fair value of £7.8 million were transferred into the control of the IFRS Foundation for no consideration, resulting in a gain of £7.8 million.

As part of the consolidation of the VRF, the IFRS Foundation obtained brand names, customer lists and intellectual property that qualify for separate recognition as intangible assets at their fair values. As permitted applying IAS 38, these assets are considered a complementary group and have been treated as a single asset (collectively the 'VRF IP') for the purposes of determining fair value. In the absence of comparative market data or market for the VRF IP, it was determined that no intangible assets were acquired of material value.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. As required for business combinations achieved with nil consideration, when calculating whether there is any goodwill the fair value of the Foundation's interest in the VRF has been compared to the net fair value of the VRF assets and liabilities received. The two values are substantially similar and therefore no goodwill has been recognised as a result of the business combination.

Similarly, when assessing whether there is any bargain purchase gain the fair value of the Foundation's interest in the VRF has been compared to the net fair value of the VRF assets and liabilities received. As the two values are substantially similar, the gain on consolidation does not meet the definition of a bargain purchase because it does not result from there being a difference between the fair values of the Foundation's interest in the acquired business and the fair value of the net assets received.

2. Business combinations *(continued)*

In the context of the consolidation of the VRF, the VRF assets and liabilities have been transferred to the IFRS Foundation for nil consideration to support the creation of a combined organisation to allow more rapid progress towards improving global consistency and comparability of sustainability-related financial reporting. The gain of £7.8 million is viewed in substance as a donation and has therefore been treated as income in 2022.

VRF's contribution to the Foundation results

The results of the legacy VRF activities have been included in the Foundation results from the date of acquisition. The legacy VRF activities incurred a loss of £165,000. Income for the same period was £5.5 million.

If the VRF had been consolidated on 1 January 2022, income of the Foundation would have increased by £15.9 million and the surplus for the year would have decreased by £1.8 million.

3. Contributed revenue

Contributions to the Foundation are voluntary and are recognised as income in the year designated by the funding provider. Contributions that have been received but are designated for use after the reporting date, are deferred and recognised as contributions received in advance. As at year end £2.5 million (2021: £615,000) of contributions received are deferred. Contributions received after the reporting date but designated for use in the reporting period are recognised as income and as contributions receivable. As at year end £4.2 million (2021: £3.5 million) is included within contributions receivable.

When the Trustees considered creating a new board focused on sustainability disclosure standards, they set out several carefully defined success factors. Among them were achieving the level of separate funding required to establish the ISSB and the capacity to obtain financial support. During 2022, the Foundation signed Memoranda of Understanding (MoU) with partners in Germany, Canada and China.

The MoU with the German public and private sector institutions formalises the partnerships and seed funding to support the establishment and presence of the ISSB in Frankfurt for five years. Funding from the German public institutions is supported by a £1.8 million enforceable grant (€2.0 million).

The MoU with the Canadian and Quebec governments and the private sector formalises the partnerships and seed funding arrangements to support the establishment and presence of the ISSB in Montreal for five years.

The MoU with the Chinese Ministry of Finance formalises the partnerships to support the establishment and presence of the ISSB in Beijing for three years.

The Foundation receives annual contributions from the European Commission and the Australian Financial Reporting Council (AFRC) for the work of the IASB. These contributions are supported by enforceable grants, subject to various conditions that the Foundation is expected to meet. The European Commission grant of £3.3 million / €3.85 million (2021: £3.8 million / €4.5 million) is payable by instalments, and contributions receivable includes the final grant instalment expected for 2022 of £0.9 million (2021: £1.9 million). The AFRC grant of £530,000 was received in full in 2022 (2021: £561,000).

The Foundation secured new multi-year grants for ISSB-related activities from the European Climate Foundation, London Stock Exchange, Heising-Simons Foundation and IKEA. A total of £580,000 has been recognised as contributed revenue in 2022.

A full list of funding providers can be found on page 90.

3. Contributed revenue *(continued)*

The Foundation receives contributions from the different jurisdictions in a range of currencies.

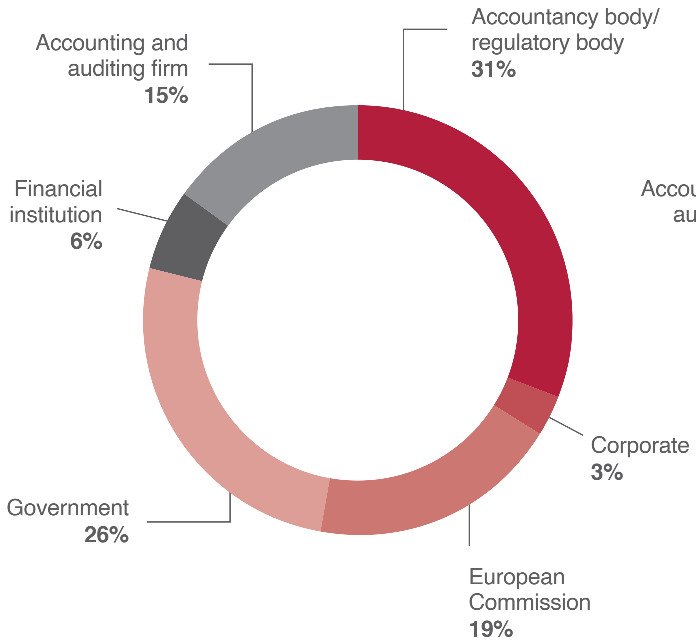
Contributions by Board	2022	2021
	£'000	£'000
IASB related activities	17,055	17,325
ISSB related activities	15,444	-
	32,499	**17,325**

Contributions by currency	2022	2021
	£'000	£'000
British pound sterling	4,467	2,678
Canadian dollars	6,465	525
Euro	9,243	6,266
US dollars	7,695	4,774
Other	4,629	3,082
	32,499	**17,325**

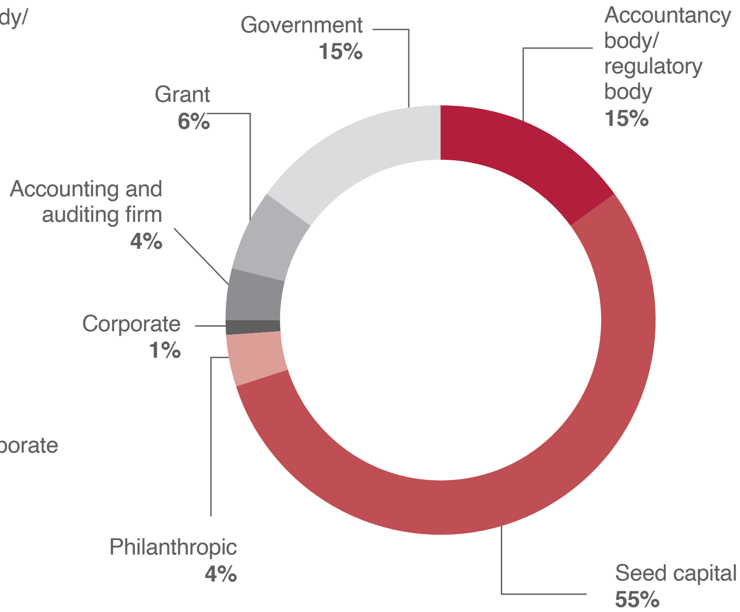
For more information on how the Foundation manages its currency risk refer to Note 10.

Contributions by region	2022	2021
	£'000	£'000
Americas	8,625	1,796
Asia-Oceania	8,976	5,580
Europe	10,362	7,683
UK	4,300	2,165
Other	236	101
	32,499	**17,325**

Contributions by funding providers 2022 - IASB



Contributions by funding providers 2022 - ISSB



4. Earned revenue and other income

a) Earned revenue

Earned revenue was generated from publications and subscriptions services, licensing of intellectual property, membership fees for the ISSB Sustainability Alliance, education programmes and conferences.

Included in the total earned revenue for 2022 are licensing fees of £3.1 million, membership fees of £1.3 million and education sales of £328,000 from the earned revenue programmes that were transferred to the Foundation as part of the VRF business combination.

The table presents the components of the net income generated by all earned revenue activities:

	2022 £'000	2021 £'000
Revenues from contracts with customers		
Licensing	11,356	8,164
Publications	1,296	1,350
Subscription services	1,554	1,482
Membership services	1,285	-
Education services	328	-
Conferences and speaking engagements	153	95
	15,972	**11,091**

	2022 £'000	2021 £'000
Expenses		
Staff salaries and related costs	1,399	855
Cost of goods sold	733	333
Depreciation	167	159
Occupancy	197	163
Communication technology	212	198
Other costs	119	379
	2,827	**2,087**
Net income from earned revenue activities	**13,145**	**9,004**

The Foundation enters into non-exclusive licensing contracts granting intellectual property rights to customers who wish to use it in their commercial offerings or commercial practices. The arrangements are governed by contracts that establish the fees and term. Consideration for these contracts is in the form of fixed fees. Revenues for fixed-fee contracts are recognised on a time-apportioned basis over the term of the licence because the contracts provide ongoing access to updated versions of IFRS Standards and other related content. Revenues for variable-fee contracts are recognised as the customers' sales occur. Revenue is measured based on the consideration specified in the contracts.

Revenue from printed publications is recognised when control of the publication is transferred to the customer, which occurs upon shipment. Publications are paid for in advance of shipment. Customers are entitled to refunds or returns in accordance with statutory requirements, but such occurrences based on experience are expected to be infrequent and immaterial.

Revenue from subscription and membership services is recognised over the subscription or membership period on a time-apportioned basis. Subscriptions and memberships are generally paid for in advance.

Revenue from education services is recognised when the relevant exam is taken by the customer.

Trade and other receivables of £3.8 million (2021: £802,000) include £2.7 million (2021: £232,000) for licensing contracts, £484,000 for subscriptions and membership services (2021: £nil), £116,000 for conferences and speaking engagements (2021: £18,000), and £40,000 for education services (2021: £nil).

Revenue received in advance arises from revenue received (for licensing, subscription, membership and education services) in advance of the period in which the Foundation provides the services. The revenue in advance amount of £1.2 million recognised at the beginning of the year has been recognised as revenue during the year, and the amount of £5.2 million recognised at the end of the year is expected to be recognised as revenue in 2023.

4. Earned revenue and other income *(continued)*

b) Other income

The Financial Accounting Standards Foundation (FASF) of Japan has provided financial support to the Foundation since its inception in 2001. That support was enhanced in 2012 to enable the formation of the Asia-Oceania office in Tokyo which has supported the IASB in its technical work and market engagement (Note 13). During 2022 the Foundation received separate funding from FASF towards the operations of the Asia-Oceania office. The Foundation recognised £213,000 / ¥34 million of funding in 2022 (2021: £370,000 / ¥55 million). The amount has been fully recognised in other income.

5. Technical and operational activities

a) Board members and staff costs

The main costs associated with developing IFRS Accounting Standards and IFRS Sustainability Disclosure Standards are the salaries of the IASB and ISSB members and staff. As a result of creating the ISSB and consolidations with the CDSB and the VRF, the number of staff employed by the Foundation has increased from 160 to 298 during 2022. Of these, 145 are technical staff, 127 are operations staff, and the remainder are Board members. The ISSB members were appointed through 2022.

The Trustees' Human Capital Committee reviews, benchmarks and recommends salary and benefit levels, which are reviewed and approved annually by the Trustees.

The Foundation offers its US employees the opportunity to participate in a salary reduction retirement plan (the 'Plan'), qualified under Internal Revenue Code Section 401(k). The Plan provides employees with the opportunity to defer a portion of their salary subject to statutory limitations. Employees must meet certain age and work requirements in order to be eligible to participate in the Plan. The plan provides for discretionary employer contributions which are subject to a vesting schedule in accordance with the IRS regulations.

For UK staff, the Foundation pays monthly contributions, at rates between 8% and 10% of gross salary, into a defined-contribution group personal pension scheme on behalf of staff. Under defined-contribution pension schemes, the Foundation does not commit itself to paying specified future pension benefits but makes monthly or annual contributions to the employees' pension savings. After paying contributions, the Foundation has no further commitments linked to employees' work performance. The expenses for the defined-contribution pension schemes are recognised as Board members and staff costs in operating expenses.

Board members and staff costs are analysed as follows:

	2022	2021
	£'000	£'000
Technical and operational activities	30,679	20,173
Earned revenue activities (Note 4)	1,399	855
Other technical and operating costs—Business Process and Technology Programme (Note 5b)	191	326
	32,269	**21,354**

	2022	2021
	£'000	£'000
IASB member salaries and related costs	6,373	7,363
ISSB member salaries and related costs	3,510	-
Staff salaries and related costs	22,386	13,991
	32,269	**21,354**

5. Technical and operational activities *(continued)*

a) Board members and staff costs (continued)

Staff salaries and related costs by region were as follows:

	2022 £'000 UK and other	2022 £'000 Asia-Oceania	2022 £'000 Europe	2022 £'000 Americas	2022 £'000 Total
Board	6,373	752	1,835	924	**9,884**
Technical and operational	17,957	153	482	3,793	**22,385**
Total	**24,330**	**905**	**2,317**	**4,717**	**32,269**

	2021 £'000 UK and other	2021 £'000 Asia-Oceania	2021 £'000 Europe	2021 £'000 Americas	2021 £'000 Total
Board	7,363	-	-	-	**7,363**
Technical and operational	13,683	159	-	149	**13,991**
Total	**21,046**	**159**	**-**	**149**	**21,354**

The IASB had 12 of its full complement of 14 members at the end of the year (2021: 12 members). During the year three members left and three members joined.

Remuneration for Board members is either:

- an annual allowance where members can choose how this balance is received in salary, pension contributions and other benefits; or
- gross salary plus pension contributions and other benefits.

ISSB member salaries are paid in a range of currencies and where appropriate are translated according to exchange rates on the transaction date.

Gross remuneration covering all compensation and benefits for the IASB Chair, ISSB Chair and Vice-Chairs is shown under key management personnel in the table below.

The annual gross salary (based on a full year) covering all compensation and benefits for other IASB and ISSB members ranges between £485,000 and £542,000.

5. Technical and operational activities *(continued)*

a) Board members and staff costs (continued)

Key management personnel

Key management personnel include the IASB Chair, ISSB Chair and Vice-Chairs of both the IASB and ISSB, and the Executive Director. The total annual allowance including all compensation, pension contributions and benefits of key personnel are as follows:

	2022 £'000 Short-term employee benefits	2022 £'000 Post-employment benefits	2022 £'000 Total benefits	2021 £'000 Total benefits
Salary received as annual allowance				
Andreas Barckow IASB Chair *(joined the Foundation April 2021, IASB Chair from July 2021)*	707	4	**711**	**518**
Emmanuel Faber ISSB Chair *(from January 2022)*	711	-	**711**	**-**
Sue Lloyd IASB Vice-Chair *(until February 2022)* ISSB Vice-Chair *(from March 2022)*	594	22	**616**	**592**
Linda Mezon-Hutter IASB Vice-Chair *(joined the IASB September 2022, Vice-Chair from January 2023)*	179	3	**182**	**-**
Salary received as gross salary plus pension and other benefits				
Jingdong Hua ISSB Vice-Chair *(from October 2022)*	119	-	**119**	**-**
Lee White Executive Director	359	36	**395**	**352**

5. Technical and operational activities *(continued)*

b) Other technical and operating costs

Operating expenses are recognised upon utilisation of the service or as incurred.

	2022 £'000	2021 £'000
Fees payable to the external auditor—audit services	117	44
Fees payable to the external auditor—non-audit services	41	30
Fees payable for the audit of subsidiary accounts	19	-
Legal and taxation advice	116	71
Communication and technology	1,478	960
Business Process and Technology Programme—staff costs (Note 5a)	191	326
Business Process and Technology Programme—amortisation (Note 5c)	748	269
Technology programmes (see Note 5c)	568	552
External relations	249	35
Human resource and recruitment activities	1,892	567
Technical research library	128	171
Meeting video conferencing	184	142
Travel and meetings	1,712	21
Other office-related costs	349	230
Establishment of ISSB	2,694	254
	10,486	**3,672**

- Communication and technology include the additional costs resulting from the consolidation of VRF and expanded operations.
- Technology programme includes expenditure for the development of new IT infrastructure and the purchase of computer software licenses (Note 5c). The Business Process and Technology Programme concluded in March 2022.
- Human resource and recruitment activities include the recruitment and vetting fees for the new ISSB members and staff.
- Establishment of ISSB is mainly legal fees related to the consolidation with VRF, and the setup of the new offices and includes fees for tax, compliance and employment-related advice.

c) Intangible assets

The Foundation's technology programmes include expenditure for the development of new IT infrastructure. Expenditure on computer software licenses, research activities and project management costs are recognised as expenses in the period in which they are incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Development expenditure is not amortised until such time as the asset is available for use. Otherwise, amortisation is charged on a straight-line basis over the estimated life of the asset, which is typically five years or less. The asset lives are reviewed on an annual basis considering the degree of evolution of the asset and what plans, if any, are being made for its replacement.

Expenditure that is directly attributable to the development of new software is recognised as intangible assets provided that:

- the development costs can be measured reliably;
- the technical, financial and other resources to complete the development are available;
- it is probable that the software development will generate future economic benefits; and
- the Foundation has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Development costs of £568,000 (2021: £552,000) not meeting these criteria for capitalisation are recognised as an expense as they are incurred.

5. Technical and operational activities *(continued)*

c) Intangible assets (continued)

In April 2021 the IFRS Interpretations Committee published its final agenda decision on accounting for configuration and customisation costs in a Software as a Solution (SaaS) arrangement. Based on this decision the Foundation has determined that expenditure for the development of new software related to the CRM and finance systems does not meet the recognition criteria for an intangible asset and has derecognised these intangible assets in 2022. The amortisation charge of £748,000 has been expensed in 2022 and is included in other technical and operating costs (Note 5b).

	2022 £'000 CRM system	2022 £'000 Modern web platform	2022 £'000 Finance system	2022 £'000 Other	2022 £'000 Total
Cost					
1 January	334	1,202	164	290	1,990
Additions	-	-	-	34	34
Derecognition of CRM/ finance systems	(334)	-	(164)	-	(498)
31 December	**-**	**1,202**	**-**	**324**	**1,526**
Accumulated amortisation					
1 January	49	180	-	47	276
Charge for the year	285	240	164	59	748
Derecognition of CRM/ finance systems	(334)	-	(164)	-	(498)
31 December	**-**	**420**	**-**	**106**	**526**
Carrying amount	**-**	**782**	**-**	**218**	**1,000**

	2021 £'000 CRM system	2021 £'000 Modern web platform	2021 £'000 Finance system	2021 £'000 Other	2021 £'000 Total
Cost					
1 January	259	955	82	165	1,461
Additions	75	247	82	125	529
Disposals	-	-	-	-	-
31 December	**334**	**1,202**	**164**	**290**	**1,990**
Accumulated amortisation					
1 January	-	-	-	7	7
Charge for the year	49	180	-	40	269
Disposals	-	-	-	-	-
31 December	**49**	**180**	**-**	**47**	**276**
Carrying amount	**285**	**1,022**	**164**	**243**	**1,714**

5. Technical and operational activities *(continued)*

d) The IFRS Advisory Council, IFRS Interpretations Committee and other advisory bodies

The annual remuneration for the Chair of the IFRS Advisory Council was £48,000 in 2022 (2021: £42,000). Additionally, the Foundation reimburses the Chair's travel and accommodation costs. Other members of the IFRS Advisory Council do not receive remuneration and meet their own costs for attending meetings. Members of the IFRS Interpretations Committee and members of the Capital Markets Advisory Committee are not remunerated, but they are reimbursed for their travel and accommodation costs for attending meetings. Members of the IASB and ISSB's other advisory bodies meet their own costs for attending meetings and are not remunerated by the Foundation. After two years of virtual-only meetings, the Foundation returned to in-person meetings in 2022. This is reflected in the increased travel and meeting costs in 2022.

Costs associated with these committee and advisory bodies are:

	2022	2021
	£'000	£'000
Remuneration costs	48	42
Travel and meeting costs	233	-
	281	**42**

6. Trustee oversight

The Foundation's management and governance is overseen by the Trustees of the Foundation. There were 22 Trustees throughout the year (2021: 21 Trustees until 30 June 2021; thereafter 22 Trustees). The Trustees met six times during the year. The Chair of the Trustees receives £200,000 per year and other Trustees receive an annual fee of £20,000. There are seven active Trustee committees; committee chairs receive an additional £7,000 per year. All Trustees are reimbursed for their travel relating to Foundation business. In 2021 all Trustee meetings were held virtually. In 2022 the Trustees met in person three times. This is reflected in the increased travel and meeting costs in 2022.

Costs associated with Trustee activities are:

	2022	2021
	£'000	£'000
Remuneration costs	673	642
Travel and meeting costs	455	18
	1,128	**660**

7. Premises, occupancy and related expenses

a) Components of premises, occupancy and related expenses

The components of premises, occupancy and related expenses are as follows:

	2022	2021
	£'000	£'000
Rates, insurance and energy	979	721
Rent—short-term leases (Note 8)	187	-
Service charges	382	368
Depreciation—fixed assets (Note 7b)	551	571
Depreciation—right-of use asset (Note 8)	841	739
Other costs	30	110
	2,970	**2,509**
Less amounts allocated to expenses for earned revenue activities (Note 4)	(364)	(322)
	2,606	**2,187**

7. Premises, occupancy and related expenses *(continued)*

a) Components of premises, occupancy and related expenses (continued)

Lease reinstatement provision of £539,000 (2021: £551,000) is the estimated costs of returning leasehold property to its original state at the end of the lease in accordance with the lease terms. The provision is released on termination of the lease (Note 8).

b) Leasehold improvements, furniture and equipment

Leasehold improvements, furniture and equipment and other fixed assets are initially measured at cost, and then depreciated on a straight-line basis from the date on which the asset is available for use. Leasehold improvements are depreciated over the remaining periods of the related leases or their useful lives, whichever is shorter. Furniture and equipment are depreciated over three or five years.

In the case of right-of-use assets, expected useful lives are determined by reference to the lease term.

	2022 £'000 Leasehold improvements	2022 £'000 Furniture and equipment	2022 £'000 Total
Cost			
1 January	3,090	1,544	**4,634**
Additions	23	114	**137**
Net exchange differences	7	-	**7**
Disposals	-	(174)	**(174)**
31 December	3,120	1,484	**4,604**
Accumulated depreciation / amortisation			
1 January	1,261	1,110	**2,371**
Net exchange differences	6	-	**6**
Charge for the year	332	219	**551**
Disposals	-	(174)	**(174)**
31 December	1,599	1,155	**2,754**
Carrying amount	**1,521**	**329**	**1,850**

	2021 £'000 Leasehold improvements	2021 £'000 Furniture and equipment	2021 £'000 Total
Cost			
1 January	2,924	1,271	**4,195**
Additions	166	273	**439**
Disposals	-	-	**-**
31 December	3,090	1,544	**4,634**
Accumulated depreciation / amortisation			
1 January	861	939	**1,800**
Charge for the year	400	171	**571**
Disposals	-	-	**-**
31 December	1,261	1,110	**2,371**
Carrying amount	**1,829**	**434**	**2,263**

8. Leases

The Foundation makes use of leasing arrangements principally for the provision of office space. The Foundation also has leases for some IT and office equipment. With the exception of short-term leases and leases of low value, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability.

Right of-of-use assets are recognised at cost and comprise the amount of the initial measurement of the lease liability less accumulated depreciation. The Foundation depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Lease liabilities are recognised at the present value of lease payments not yet paid discounted using the Foundation's incremental borrowing rate at the date of the lease inception—the interest rate implicit in each lease cannot be readily determined because the fair value of the underlying asset is not known. The incremental borrowing rate used ranges from 3% to 5.5%. Interest expense on the lease liability is included in finance costs (see Note 12).

The Foundation has elected not to recognise a right-of-use asset or lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments for such leases are expensed on a straight-line basis over the lease term.

a) Short-term leases and leases of low-value assets

The Foundation has short-term leases for office premises in Frankfurt and Montreal, and leases of low value for some IT and office equipment. The expense relating to payments not included in the measurement of the lease liability is as follows:

	2022	**2021**
	£'000	**£'000**
Short-term premises leases	187	-
Office equipment	11	6
Total	**198**	**6**

b) Long-term leases (expected term of more than 12 months)

The Foundation has long-term leases for the office premises in London, San Francisco and Tokyo.

The ten-year London office-premises lease commenced in January 2018. The lease includes a five-year break clause and incentives in the form of rent-free periods both initially and in year six. In 2022, the Foundation made the decision not to exercise the break clause and will benefit from a one year rent-free period in 2023. There has been no modification or change in the lease term.

The ten-year Tokyo office-premises lease, which commenced in October 2012, ended in September 2022. A new five-year lease commenced on 1 October 2022.

As part of the consolidation of the VRF, the Foundation obtained a lease for office premises in San Francisco which was scheduled to expire on 31 May 2023. In November 2022 the lease was extended for 26 months to 31 July 2025.

8. Leases *(continued)*

b) Long-term leases (expected term of more than 12 months) (continued)

Right-of-use assets recognised for leases are as follows:

	2022	2021
	£'000	£'000
Right-of-use assets at 1 January	4,105	4,844
Received through the consolidation of the VRF	179	-
Additions	1,043	-
Depreciation charge for the year	(841)	(739)
Net exchange differences	2	-
Carrying amount of right-of-use assets at 31 December	**4,488**	**4,105**

Future undiscounted lease commitments under the premises leases are:

	2022	2021
	£'000	£'000
Within one year	313	1,053
In two to five years	4,829	3,008
More than five years	-	1,003
	5,142	**5,064**
Effect of discounting	(395)	(448)
Lease liability at 31 December	**4,747**	**4,616**
Current	398	933
Non-current	4,349	3,683
	4,747	**4,616**

Total cash outflows related to leases during the year were £1.2 million (2021: £1.1 million); the increase in the lease liability of £131,000 (2021: £931,000 decrease) represents additions of £1.2 million for new premises leases (San Francisco and Tokyo) and cash flows of £1.1 million for the repayment of principal (see statement of cash flows).

9. Taxation

The IFRS Foundation was incorporated in February 2001 and is registered in the US as a not-for-profit corporation known as a Section 501(c) (03) tax-exempt organisation. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that the IFRS Foundation continues to satisfy all federal and state statues to continue to qualify for continued tax exemption status. Corporations in the US are registered in the individual states; the Foundation is registered in the State of Delaware. The Foundation is required to register in any state where charitable funds have been raised.

In the US, the IFRS Foundation is required to file information tax returns with the federal and state authorities. The federal tax return, known as Form 990, provides extensive financial, governance and compliance information. The state returns are brief in comparison, but all require that Form 990 is attached to the state filings. The actual business trading activities of the Foundation surrounding its UK and US earned revenue activities do not present any US tax filing requirements.

The Canadian and German subsidiaries were dormant for tax purposes in 2022.

In relation to UK operations, the IFRS Foundation registered in 2001 in the UK as an Overseas Company. Registration of an overseas company is required when there is some degree of physical presence in the UK such as a place of business or branch through which it carries on business. The IFRS Foundation, like most overseas companies, is required to send accounting and governance-related documents to Companies House.

The IFRS Foundation reached an agreement with the UK authorities in April 2006 (HMRC agreement) regarding its corporate tax position in the UK. It was agreed that, in relation to the IFRS Accounting Standards, UK earned revenue activities (Note 4) constitutes a ’business activity‘, whilst standard setting is a ’non-business activity‘. Earned revenue generated from IFRS Accounting Standards ('Publications') is therefore assessed for UK tax. It was also agreed that contributions received by the IFRS Foundation were not subject to UK tax. The UK tax treatment is broadly in line with UK charities which pay no tax on donations but are assessed for tax on their trading business.

The VRF UK reached an agreement with the UK authorities in 2013 regarding its corporate tax position in the UK and is only required to report interest received from banking and investments and any capital gains. The VRF UK earned revenue programmes established after 2013 constitute a 'business activity' and are also assessed for UK tax.

a) Current tax charge

In the HMRC agreement with the IFRS Foundation, there are a number of specific elements to the calculation which were stipulated by HMRC and with which the IFRS Foundation complies. The major elements are as follows:

- all Publications revenues are taxable as trading profits;
- direct cost of sales and direct operating expenses for Publications are deductible from trading profits;
- a proportion of the general operating expenses of the Foundation, including remuneration, accommodation and other expenses, are deductible in calculating trading profits;
- a deduction is allowed for ‘notional royalties’ calculated at set proportions of UK Publications revenues—50% of revenues from electronic products and 20% of revenues from printed products. HMRC agreed to these ‘intellectual property’ deductions to account for the costs of creating the actual content of Publications; and
- a working capital deduction to fund direct and indirect expenses in advance of receipt of Publications income was agreed.

9. Taxation *(continued)*

a) Current tax charge (continued)

In 2022 this calculation, plus VRF UK taxable income of £26,000, produced a net taxable profit of £1,456,000 (2021: £2,192,000). After utilising carried forward tax losses the Foundation has a net taxable profit chargeable to tax of £707,000 (2021: £nil). The current year tax charge is £134,000 (2021: £nil). The current tax liability, including the tax liability of £15,000 assumed on consolidation of the VRF UK (Note 2) for the period is £149,000 (2021: £nil).

The tax charge comprises:	**2022**	**2021**
	£'000	**£'000**
Current tax charge	134	-
Deferred tax charge	272	452
Total tax charge	**406**	**452**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19%). The reason for the difference between the actual tax charge for the year and the standard corporation tax applied to profits for the year is:

		2022	**2021**
		£'000	**£'000**
Income / (loss) before tax		**8,533**	**(354)**
Applicable tax rate		19%	19%
Tax at the applicable tax rate		**1,621**	**(67)**
Effects of:			
-	expenses net of income not subject to UK tax	1,174	1,444
-	gain on consolidation of VRF not subject to UK tax	(1,473)	-
-	expenses not deductible for UK tax purposes	2	2
-	notional royalty and working capital deduction	(944)	(927)
-	deferred tax not recognised	(11)	-
-	remeasurement of deferred tax for changes in tax rate	37	
-	adjustment differences in prior years	-	1
Tax charge		**406**	**452**

'Expenses net of income not subject to UK tax' mainly represents voluntary contributions, US earned revenue and related expenses, and expenses that are not deductible for trading purposes.

9. Taxation *(continued)*

b) Deferred tax

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which to use the asset. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In 2022 the Foundation has fully utilised its carried-forward trade losses of £1,466,000, and at 31 December 2022 has recognised a deferred tax liability of £155,000 related to temporary differences (2021: deferred tax asset of £117,000 for carried-forward losses net of temporary differences).

In 2022 the Foundation did not fully utilise its carried forward non-trade losses and has £91,000 of non-trade losses carried forward (2021: £157,000). Deferred tax has not been recognised on non-trade losses carried forward because it is uncertain whether the Foundation will be able to utilise these losses to offset future taxable non-trade income.

Deferred taxes that have been recognised at the balance sheet date are measured at the tax rate of 25%—the rate for the financial year beginning 1 April 2023.

	2022	**2021**
	£'000	**£'000**
Deferred tax asset at 1 January	117	569
Deferred tax (charge) for the year	(272)	(452)
Deferred tax (liability) / asset at 31 December	**(155)**	**117**

Deferred taxes arising from temporary differences and unused tax losses are summarised as:

	Losses	**Temporary differences**	**Total**
	£'000	**£'000**	**£'000**
Deferred tax asset at 1 January	247	(130)	117
Deferred tax (charge) for the year	(247)	(25)	(272)
Deferred tax (liability) / asset at 31 December	-	**(155)**	**(155)**

10. Risk management

The Trustees have overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Foundation's risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Foundation has a conservative approach to financial risk, and the principal purpose of its treasury management policy is to maintain liquidity and to safeguard the Foundation's reserves. The Audit, Finance and Risk Committee oversees how management monitors compliance with financial risk management policies and procedures and reviews the adequacy of the risk management framework in relation to those risks. Risk management policies and systems are reviewed regularly.

As at 31 December 2022 the Foundation has not identified significant risks induced by climate changes that could negatively affect the consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation. The Foundation has no borrowings.

The contractual maturity analysis for lease liabilities is presented in Note 8. All other non-derivative financial liabilities comprising trade and other payables are due within six months.

The Foundation holds reserves in different currencies to provide cover for unexpected changes in income and expenditure, allowing the Foundation to continue activities in the event of any shortfall in revenue (particularly from the voluntary elements of its funding), as well as unforeseen costs.

Cash is held either as current or as short-term overnight deposits at floating rates of interest. Cash at bank is held in British pound sterling, Canadian dollar, euro, US dollar and yen accounts to meet expenditure obligations. Surplus funds are invested in short-duration investments, all of which are of high credit quality.

Credit risk

Credit risk is the risk of financial loss to the Foundation if a counterparty or customer to a financial instrument fails to meet its contractual obligations. The Foundation is exposed to credit risk in relation to its fixed-interest investments and its financial assets measured at amortised cost comprising cash and cash equivalents, contributions receivable and earned revenue receivables. The Foundation has assessed the credit risk of its financial assets measured at amortised cost and has determined that the loss allowance for expected credit losses of those assets is immaterial to the financial statements. The Foundation has a history of very low credit losses and this is not expected to change in the foreseeable future.

The Foundation is mainly exposed to credit risk from its contributions receivable and earned revenue receivables.

At 31 December 2022 the Foundation has a contribution receivable of £0.9 million (2021: £1.9 million) from a single funding provider, the European Commission. This contribution receivable reflects the final grant instalment for 2022. The European Commission has a high credit rating and stable outlook. The Foundation has determined this receivable to have low credit risk.

Exposure to credit risk arising from earned revenue activities is managed by requiring advance payments for some products and services and with the contractual control of the use of the Foundation's intellectual property. The Foundation retains a right to terminate contracts and cancel all rights and licences, although such occurrences are expected to be infrequent and immaterial.

The credit risk on fixed-interest investments is limited because the Foundation only invests in highly liquid investments, all of which are high credit quality, and are held to maturity.

Credit risk also arises from cash and cash equivalents and deposits held with banks and financial institutions. For banks and financial institutions, only independently rated parties with high credit ratings are accepted. Counterparty credit ratings are reviewed regularly.

The carrying amount of the Foundation's financial assets represents the maximum credit exposure.

10. Risk management *(continued)*

Market risk

Market risk is the risk that changes in market prices will affect the Foundation's income or the value of its holdings of financial instruments. The Foundation is exposed to risks from movements in interest rates, asset prices and foreign currency exchange rates that affect its assets and forecasted transactions.

Interest rate risk

Interest rate risk is the risk that the fixed-income bonds will lose value due to an increase in interest rates. To mitigate this risk, the Foundation's objective is to hold sufficient cash reserves to meet its liabilities as they fall due so that it can hold bonds to maturity. The Foundation only invests in short duration bonds, all of which are of high credit quality. The sensitivity analysis for bond prices is shown within Price risk below.

In August 2020 the International Accounting Standards Board issued *Interest Rate Benchmark Reform—Phase 2*. The Foundation is not exposed to hedging or directly affected by interest rate benchmark reform. No contractual cash flows of financial assets or financial liabilities measured at amortised costs changed as a result of interest rate benchmark reform.

Foreign currency management

The Foundation receives contributions and other inflows in a variety of currencies—mainly British pound sterling, Canadian dollar, euro and US dollar. Because foreign exchange rates fluctuate, the Foundation is exposed to some variability of its cash flows available in each currency to meet future staff costs, office costs and other services. To mitigate this risk the Foundation ensures that it holds sufficient cash in each currency to meet related future expenditure needs. Subsequent to 2019 the Foundation has not entered into foreign exchange contracts because the Foundation's current level of surplus reserves are deemed sufficient to absorb foreign exchange risk. The Trustees continue to monitor the Foundation's foreign exchange risk at least on an annual basis.

Exposure

As of 31 December the Foundation's net exposure to foreign exchange risk is disclosed below. The exposure on translating the financial statements of overseas operations into the presentation currency is excluded from this analysis. The amounts shown are translated into British pound sterling at the closing rate:

	2022	2022	2022	2022	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Canadian dollar	Euro	US dollar	Total	Euro	US dollar	Total
Financial assets	5,291	7,549	3,012	**15,852**	4,713	2,729	**7,442**
Financial liabilities	(301)	(373)	(84)	**(758)**	-	-	**-**
Total exposure	**4,990**	**7,176**	**2,928**	**15,094**	**4,713**	**2,729**	**7,442**

10. Risk management *(continued)*

Foreign currency management *(continued)*

Sensitivity

The effect of a fluctuation in exchange rates on the Foundation's financial assets and financial liabilities carried at the reporting date, all other variables held constant, is shown in the table below. The effect of a 10% strengthening of the Canadian dollar, euro and US dollar against British pound sterling would increase income after tax by £1.5 million (2021: £744,000). A 10% weakening in the exchange rates on the same basis would have decreased income after tax by the same amount.

	£'000 Canadian dollar	£'000 Euro	£'000 US dollar	£'000 Total
31 December 2022	499	718	293	**1,510**
31 December 2021	-	471	273	**744**

Price risk

The Foundation is exposed to other price risk in respect of its listed bond securities and investment portfolio which are held at fair value through profit or loss (Note 11). The investment portfolio includes equities, commodities and real estate. The strategy of the portfolio is low to medium risk and is globally diversified.

Sensitivity

For the listed bonds, an average volatility of 3% has been observed during 2022 (2021: 2%). This volatility figure is considered to be a suitable basis for estimating how income would have been affected by changes in market prices that were reasonably possible at the reporting date. If the quoted prices for these bonds increased or decreased by that amount income after tax would have changed by £439,000 (2021: £437,000).

For the investment portfolio, an average volatility of 8% has been observed in the period. If the quoted price for the securities within the portfolio increased or decreased by that amount, income after tax would have changed by £202,000.

11. Investments

The Foundation has historically invested in low-risk, short-duration AAA-rated bonds.

The bonds are recognised at fair value and subsequently measured at fair value through profit or loss.

Bond values are quoted on active markets, described as Level 1 in IFRS 13 *Fair Value Measurement.*

Fair values and face values of current and non-current bonds are presented in this table:

	2022 Fair value £'000	**2022 Face value £'000**	**2021 Fair value £'000**	**2021 Face value £'000**
Bond portfolio				
Current, including accrued interest	6,920	6,991	5,932	5,826
Non-current, including accrued interest	7,721	8,437	15,239	15,323
	14,641	**15,428**	**21,171**	**21,149**

In June 2022 the Foundation invested £2.5 million of its funds into the Barclays Medium-Low Risk Multi Asset Class Sustainable Portfolio ('investment portfolio'). The investment portfolio expands the asset class range that the Foundation has historically invested in by introducing assets such as equities, commodities and real estate. The strategy of the portfolio is globally diversified.

The investment portfolio is recognised at fair value and subsequently measured at fair value through profit or loss.

The investment portfolio valuation is quoted on active markets, described as Level 1 in IFRS 13 *Fair Value Measurement.*

The fair value and face value of the investment portfolio is presented in this table:

	2022 Fair value £'000	**2022 Face value £'000**
Investment portfolio		
Non-current, including interest	2,524	2,500
	2,524	**2,500**

All other financial instruments are initially measured at fair value and subsequently measured at amortised cost. Due to the short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value. Included in financial liabilities are lease obligations with a total carrying amount of £4.7 million (2021: £4.6 million). The fair value of these is £4.5 million (2021: £4.6 million).

12. Finance income and finance costs

Finance income	2022 £'000	2021 £'000
Interest income	285	191
Fair value gains on forward foreign exchange contracts	-	67
Fair value gains on investment portfolio	24	-
Exchange gains on cash and cash equivalents	1,534	269
	1,843	**527**

Finance costs		
Interest on lease liabilities	(128)	(142)
Fair value losses on forward foreign exchange contracts	(34)	(259)
Fair value losses on bonds	(695)	(381)
Exchange losses on cash and cash equivalents	(882)	(64)
	(1,739)	**(846)**

Fair value gains and losses from bonds do not include interest income.

13. Events after the reporting period

There have been no events since 31 December 2022 that required an adjustment to the financial statements.

On 1 March 2023, the Trustees of the Foundation signed a MoU with the Financial Accounting Standards Foundation of Japan (FASF). The MoU renews the FASF's commitment to the Foundation and extends the commitment to provide support for the work of the IASB and the ISSB for a further five years.

Funding providers

Amounts translated into British pound sterling on date received

Jurisdiction		Organisation	
Australia			
	£529,800	Financial Reporting Council (FRC)	
Brazil			
	£74,550		
	£50,000+	Itaú Unibanco	
	Less than £25,000	Instituto dos Auditores Independentes do Brasil (IBRACON)	
		Petróleo Brasileiro S.A. (Petrobras)	
Canada			
	£6,478,939		
	£500,000+	Chartered Professional Accountants of Canada	
	Less than £25,000	Office of the Superintendent of Financial Institutions	
		Through the Coalition of Canadian Champions (individual contributions disclosed)	
	£1,000,000+	Chartered Professional Accountants of Canada	
	£250,000+	BMO Financial Group	Royal Bank of Canada
		Desjardins Group	TD Bank Group
	£100,000+	Alberta Investment Management Corporation	Magna International Inc.
		BDO Canada LLP	OMERS
		Canada Life	Ontario Teachers' Pension Plan
		Deloitte	(The) Public Sector Pension Investment Board (PSP Investments)
		Ernst & Young LLP (EY)	PwC Canada
		First Nations Financial Management Board	TELUS
		Healthcare of Ontario Pension Plan	TMX Group
		iA Financial Group - iA Groupe Financier	
		On 3 March 2023 CDPQ (a founding member of the Canadian Coalition of Champions) signed a pledge agreement for an annual contribution of CAD200,000 over the five-year ISSB seed funding period	
		Through the Coalition of Canadian Champions (individual contributions not disclosed)	
		ATB Financial	KPMG LLP, Canada
		Bell Canada	National Bank of Canada
		CIBC	Sun Life
		Co-operators Group Limited	Suncor Energy
		CPP Investments	The Bank of Nova Scotia
		Intact Financial Corporation - Intact Corporation Financière	Other
Chinese Taipei			
	£65,100		
	Less than £25,000	Accounting Research and Development Foundation	Taiwan Futures Exchange
		Taipei Exchange	Taiwan Stock Exchange Corporation
		Taiwan Depository & Clearing Corporation	
EU			
	£3,440,429		
	£1,000,000+	European Commission	
	£100,000+	European Climate Foundation	
France		*Voluntary levy through the Ministry of the Economy, Finance and Industrial and Digital Sovereignty. The Foundation would like to thank the individual companies and accounting firms that contribute to the voluntary levy.*	
	£878,951	Ministry of the Economy, Finance and Industrial and Digital Sovereignty	

Funding providers *(continued)*

Jurisdiction		Organisation	
Germany			
	£4,010,705		
	£1,000,000+	Hessisches Ministerium für Wirtschaft, Energie, Verkehr und Wohnen	
		Voluntary contribution through the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)	
	£100,000+	Deloitte GmbH	KPMG AG
		Ernst & Young GmbH	PwC GmbH
	£25,000+	BDO AG	
	Less than £25,000	Baker Tilly GmbH & Co. KG	Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)
		Ebner Stolz GmbH & Co. KG	Mazars GmbH & Co. KG
		ETL AG	PKF Fasselt Partnerschaft mbB
		Genossenschaftsverband - Verband der Regionen e.V.	Rödl & Partner GmbH
		Grant Thornton AG	RSM GmbH
		Voluntary levy through the Accounting Standards Committee of Germany (DRSC)	
	£100,000+	German Investment Funds Association (BVI)	
	£50,000+	Allianz SE	Interessensgemeinschaft Frankfurter Kreditinstitute GmbH
		Deutsche Bank AG	
	£25,000+	BASF AG	Helaba Landesbank Hessen-Thüringen Girozentrale
		Bayer AG	Henkel AG & Co. KGaA
		BMW AG	Infineon Technologies AG
		Continental AG	Mercedes Benz Group (Daimler AG)
		Deutsche Bank AG	Merck KGaA
		Deutsche Börse	Münchener Rückversicherungs-Gesellschaft
		Deutsche Post AG	RWE AG
		Deutsche Telekom AG	SAP SE
		DZ Bank AG	Siemens AG
		Fresenius Medical Care AG & Co. KGaA	Siemens Healthineers AG
	Less than £25,000	Aareal Bank AG	Generali Deutschland AG
		Adesso SE	Gesamtverband der Deutschen Versicherungswirtschaft e.V.
		Adidas AG	Hannover RE
		AXA Konzern AG	Hannover Rück
		B. Metzler seel. Sohn & Co. AG	Hapag-Lloyd AG
		BayWa AG	Heidelberger Druckmaschinen AG
		Bilfinger SE	Hensoldt AG
		Ceconomy AG	Hornbach Holding AG & Co. KGaA
		Commerzbank AG	Instone Real Estate Group SE
		Covestro AG	KfW Bankengruppe
		DekaBank	Klöckner & Co. SE
		Dermapharm Holding SE	Knorr-Bremse AG
		Deutsche Bahn AG	Krones AG
		Deutsche Beteiligungs AG	Lanxess AG
		Deutsche Börse AG	Mercedes-Benz Group AG (vormals Daimler)
		Dürr AG	Metro AG
		EnBW Energie Baden-Württemberg AG	MTU Aero Engines AG
		Evonik Industries AG	Münchener RE
		Fielmann AG	ODDO BHF AG
		GEA Group AG	Patrizia SE

Funding providers *(continued)*

Jurisdiction		Organisation	
Germany *(continued)*			
	Less than £25,000	Robert Bosch GmbH	Thyssenkrupp AG
		Sartorius AG	TRATON SE
		Schaeffler AG	UBS Europe SE
		SGL Carbon SE	UniCredit Bank AG
		Siemens Energy AG	Uniper SE
		Siltronic AG	VARTA AG
		SIXT SE	Villeroy & Boch AG
		Softing AG	Vitesco Technologies Group AG
		Südzucker AG	Vonovia SE
		Symrise AG	Wacker Chemie AG
		Talanx	Wintershall Dea AG
		TeamViewer AG	Zürich Beteiligungs AG
Hong Kong SAR			
	£102,732		
	£50,000+	The Securities and Futures Commission of Hong Kong	
	Less than £25,000	Hong Kong Monetary Authority	
India			
	£36,000	The Tata Group	
Indonesia			
	£71,400		
	£25,000+	Financial Services Authority (OJK)	Indonesia Stock Exchange
International			
	£110,994		
	£50,000+	Global Accounting Alliance	
	Less than £25,000	Bank for International Settlements	
Ireland			
	£9,408	Central Bank of Ireland	
Israel			
	£17,000	Israel Securities Authority	
Italy			
	£652,153	Organismo Italiano di Contabilità	
Japan			
	£3,532,742		
	£1,000,000+	Financial Accounting Standards Foundation	
	£500,000+	Financial Services Agency of Japan	
Kazakhstan			
	£7,348	National Bank of Kazakhstan	
Malaysia			
	£68,250	Malaysian Accounting Standards Board	

Funding providers *(continued)*

Jurisdiction		Organisation	
Netherlands			
	£405,750		
	£250,000+	Ministry of Finance	
	Less than £25,000	De Nederlandsche Bank	
New Zealand			
	£82,187	External Reporting Board	
People's Republic of China		*Through system created by the Ministry of Finance*	
	£2,574,216		
	£1,000,000+	Ministry of Finance of the People's Republic of China	
	£250,000+	Chinese Institute of Certified Public Accountants	
	£100,000+	Shanghai Stock Exchange	Shenzhen Stock Exchange
	£50,000+	China Development Bank	China Investment Corporation
	£25,000+	China Communications Construction Company Ltd.	China Petroleum & Chemical Corporation
		China National Offshore Oil Corporation	PetroChina Company Limited
		China Pacific Insurance (Group) Co., Ltd.	
	Less than £25,000	Agricultural Bank of China	China Mobile Communication Co., Ltd.
		Bank of China	China Telecom Corp., Ltd.
		Bank of Communications Co., Ltd.	Huaneng Power International Inc
		China CITIC Bank Corporation Limited	Industrial and Commercial Bank of China Limited
		China Construction Bank Corporation	PICC Property and Casualty Company Limited
		China Merchants Bank	
Portugal			
	£21,294	Banco de Portugal	
Republic of Korea		*Contributions organised through Korea Accounting Standards Board*	
	£1,628,530		
	£1,000,000+	Korea Institute of Certified Public Accountants	
	£100,000+	Korea Accounting Standards Board	
	£25,000+	Financial Supervisory Service	Samsung Electronics Co., Ltd.
	Less than £25,000	Celltrion, Inc.	POSCO
		Deloitte Anjin LLC	NongHyup Financial Group Inc.
		Ernst & Young Han Young	Samil PricewaterhouseCoopers
		Hana Financial Group Inc.	Samsung C&T Corporation
		Hyosung Corporation	Samsung Card Co., Ltd.
		Hyundai Motor Company	Samsung Fire & Marine Insurance Co., Ltd
		Kakao Corp.	Samsung Life Insurance Co., Ltd.
		KB Financial Group Inc.	Samsung SDI Co., Ltd.
		KIA Corporation	Samsung Securities Co., Ltd.
		Korea Gas Corporation	Samsung SDS Co., Ltd.
		KPMG Samjong Accounting Corp.	Shinhan Financial Group Co., Ltd.
		LG Chem, Ltd	SK Hynix Inc.
		LG Corp.	SK Telecom Co., Ltd.
		LG Household & Health Care Ltd.	Woori Financial Group Inc.
		LG Uplus Corp.	

Funding providers *(continued)*

Jurisdiction		Organisation	
Saudi Arabia			
	£154,852	Saudi Organization for Certified Public Accountants (SOCPA)	
Singapore			
	£70,000	Ministry of Finance	
South Africa			
	£7,718	Johannesburg Stock Exchange	
Switzerland			
	£64,752	SwissHoldings	
Thailand			
	£85,314	Federation of Accounting Professions (TFAC)	
United Kingdom			
	£3,593,000		
	£1,000,000+	Department for Business, Energy & Industrial Strategy	
	£500,000+	*Levy system organised by Financial Reporting Council*	
	£250,000+	London Stock Exchange Group	
United States of America			
	£1,212,450		
	£500,000+	PricewaterhouseCooper LLP[1]	
	£100,000+	CFA Institute	Heising Simons Foundation
	£50,000+	AICPA	Salesforce
		Bank of America Corporation	
	Less than £25,000	Board of Governors of the US Federal Reserve System	Morgan Stanley
		Institute of Mathematics and its Applications	PepsiCo, Inc.
International accounting firms[1]			
	£2,512,440		
	(US$577,500 each)	Deloitte	KPMG
		EY	PwC
	£100,000+	BDO (Brussels Worldwide Services BVBA) (US$300,000)	Mazars (US$200,000)
		Grant Thornton (US$300,000)	

1 Deloitte, EY, KPMG and PwC have licensing agreements with the Foundation, for which annual fees are received in addition to their voluntary contributions. The firms contribute equally to the Foundation—differences in reported funding in any period is due to timing of receipt.

IFRS Foundation Monitoring Board

AS AT 31 DECEMBER 2022

PUBLIC AUTHORITY	MEMBER	POSITION
CHAIR		
International Organization of Securities Commissions (IOSCO)	Jean-Paul Servais	Chair of the Belgian Financial Services and Markets Authority and representative of the IOSCO Board (Chair)
MEMBERS		
Brazil Securities and Exchange Commission (Comissão de Valores Mobiliários)	João Pedro Barroso do Nascimento	Chair
European Commission	Mairead McGuinness	European Commission Commissioner, Financial Services, Financial Stability and Capital Markets Union
IOSCO Growth and Emerging Markets Committee	Yusuf Kaya	Board Member of the Capital Markets Board of Turkey
Japan Financial Services Agency	Takashi Nagaoka	Deputy Commissioner for International Affairs
People's Republic of China Ministry of Finance	Zhu Zhongming	Vice Minister
South Korea Financial Services Commission	Jeong Kag Kim	Standing Commissioner
United States Securities and Exchange Commission	Gary Gensler	Chair
OBSERVERS		
Basel Committee on Banking Supervision	Katherine Tilghman Hill	Accounting Experts Group (Chair); representative of the Basel Committee on Banking Supervision
IOSCO European Regional Committee	Luís Laginha de Sousa	Comissão do Mercado de Valores Mobiliários, Portugal (Chair); representative of the IOSCO European Regional Committee

More information about the Monitoring Board can be found at **www.iosco.org/about/?subsection=monitoring_board.**

IFRS Interpretations Committee

AS AT 31 DECEMBER 2022

NON-VOTING CHAIR
Bruce Mackenzie,[1] International Accounting Standards Board

NAME	POSITION	ORGANISATION	CURRENT TERM ENDS
Renata Bandeira	Controllership and Tax Director, Brazil	Azul Airlines	30 June 2023
Andre Besson	Head of Financial Reporting Guidelines	Nestlé SA	30 June 2024
Lisa Bomba	Head of Group Financials	Deutsche Bank	30 June 2025
Jens Freiberg	Head of Capital Markets	BDO	30 June 2025
Karsten Ganssauge	Partner, Global Corporate Reporting Services	PwC	30 June 2025
Karen Higgins	Audit and Assurance Partner	Deloitte	30 June 2024
Guy Jones	Partner, Professional Practice Group, Canada	EY	30 June 2024
Goro Kumagai	Senior Fellow, Industry-Government Academia Collaboration Office, Global Strategy Department	Mizuho Securities Company Limited	30 June 2024
M P Vijay Kumar	Executive Director and Group Chief Financial Officer	Sify Technologies Limited	30 June 2024
Yanli Liu	Executive Vice President and Chief Financial Officer	State Grid International Development Company Limited	30 June 2025
Sophie Massol	Head of Group Accounting Policies, France	AXA	30 June 2023
Jon Nelson	Senior Vice President, Head of Vehicle Economics and Synergy Implementation	Stellantis	30 June 2023
Brian O'Donovan	Partner	KPMG	30 June 2025
Donné Sephton	Head of Advisory Services	FirstRand Limited	30 June 2023

Observer organisations

- Basel Committee on Banking Supervision
- European Commission
- IOSCO

Yang Zheng (New China Life Insurance Company) completed his term on 30 June 2022.

More information about the IFRS Foundation Interpretations Committee, including member biographies, can be found at **www.ifrs.org/groups/ifrs-interpretations-committee.**

1 Bruce Mackenzie took over in March 2022 from Sue Lloyd, who moved to the ISSB as its inaugural Vice-Chair.

IFRS Advisory Council

AS AT 31 DECEMBER 2022

Chair: Bill Coen, former Secretary General of the Basel Committee on Banking Supervision

REPRESENTED BODY	REPRESENTED BY	POSITION
AIA Group	Garth Jones	Group Chief Financial Officer
Banco Bilbao Vizcaya Argentaria	María Ángeles Pelaez Moron	Head of Global Financial Accounting
Basel Committee on Banking Supervision		
Bayer	Martin Schloemer	Senior Vice President, Head of Global Accounting
BDO	Ehud (Udi) Greenberg	Professional Practice Partner at BDO Israel and at BDO Global IFRS Advisory Group
BusinessEurope	Kristian Koktvedgaard	Head of VAT, accounting and auditing for the Confederation of Danish Industry
Capital Markets Board of Turkey	Sibel Ulusoy Tokgöz	Deputy Head of the Accounting Standards Department
CFA Institute	Giuseppe Ballocchi	Member of CFA Institute's Future of Finance Content Council and partner at Alpha Governance Partners
Chinese Ministry of Finance	Xianzhong Li	Director General of the Accounting Regulatory Department
Corporate Reporting Users' Forum (CRUF)	Greig Paterson	Managing Director of UK Insurance Research at Keefe, Bruyette & Woods
Council of Institutional Investors	James Andrus	Investment Manager of Sustainable Investments at the California Public Employees' Retirement System
Deloitte	Trevor Derwin	Partner at Deloitte Africa
Eumedion	Martijn Bos	Policy Advisor on Reporting and Audit
European Accounting Association	Thorsten Sellhorn	EAA President; Professor of Accounting and Director of the Institute for Accounting, Auditing and Analysis at Ludwig-Maximilian University Munich's School of Management
European Central Bank	David Grünberger	Heads the Prudential Regulation and Accounting Section
European Federation of Financial Analysts Societies (EFFAS)	Javier de Frutos	Chair of the Commission on Financial Reporting of the European Federation of Financial Analysts Societies
European Financial Reporting Advisory Group (EFRAG)	Saskia Slomp	CEO
European Securities and Markets Authority (ESMA)	Isabelle Grauer-Gaynor	Head of Corporate Finance and Reporting Unit
External Reporting (XRB), New Zealand	Ken Warren	Chief Accounting Advisor for The New Zealand Treasury
EY	Michiel van der Lof	Partner, EMEIA IFRS Leader
Financial Executives International	Ron Edmonds	Controller and Vice President of Controllers and Tax for Dow
Grant Thornton	Fergus Condon	Partner – Financial Accounting Advisory Services
Institute of Certified Public Accountants of Kenya	Cliff Nyandoro Magara	Head of Standards and Technical Services
Individual (University of São Paulo—School of Accounting and Actuarial Science)	Eduardo Flores	Assistant Professor in the Accounting and Actuarial Science Department
Individual (Johannesburg Stock Exchange)	Tania Wimberley	Head of Financial Reporting Issuer Regulation Division

IFRS Advisory Council *(continued)*

REPRESENTED BODY	REPRESENTED BY	POSITION
Insurance Europe (European Insurance and Reinsurance Federation)	Anna Vidal Tuneu	Vice-Chair of the Financial Reporting Working Group (FRWG); Director of Group Accounting Policies and Regulation at CaixaBank Group
International Actuarial Association	Andrew Chamberlain	Chair of the Actuarial Standards Committee
International Association for Accounting Education and Research (IAAER)	Leslie Hodder	Professor of Accounting at Indiana University's Kelley School of Business
International Association of Insurance Supervisors (IAIS)	Romain Paserot	Deputy Secretary General
International Cooperative Alliance	Emmanuelle Revolon	CFO
International Corporate Governance Network	Ian Burger	Head of Responsible Investment
International Federation of Accountants	Kevin Dancey	CEO
International Monetary Fund	Ellen Gaston	Senior Financial Sector Expert in the Financial Supervision and Regulation Division of the Monetary and Capital Markets Department
International Organization of Securities Commissions (IOSCO)	Marie Seiller	Member of IOSCO Committee on Issuer Accounting, Audit and Disclosures; Chief Accountant at the French Autorité des Marchés Financiers (AMF)
Investment Association	Emma Millar	Director EMEA Accounting Policy Blackrock
Investment Company Institute	Alan Trotter	Chief Financial Officer: Europe, Middle East & Africa at Invesco
Japanese Institute of Certified Public Accountants (JICPA)	Aiko Sekine	Advisor
KPMG	Melissa Taylor	Partner
Lukoil	Sergey Epifanov	Head of the International Financial Reporting Department
Malaysian Accounting Standards Board (MASB)	Bee Leng Tan	Executive Director
Organismo Italiano di Contabilità OIC	Alberto Giussani	President
PwC	Henry Daubeney	Global Head of IFRS and ESG Reporting
S&P Global Ratings	Osman Sattar	Director and Accounting Specialist of the EMEA Financial Institutions Group
The Securities Analysts Association of Japan (SAAJ)	George Iguchi	Chief Corporate Governance Officer and Executive Director at Nissay Asset Management
South Asian Federation of Accountants (SAFA)	M P Vijay Kumar	Chair of Accounting Standards Board at the Institute of Chartered Accountants of India (ICAI)
World Bank	Barbara McGowan	Head of Accounting Policy
Xiamen University	Feng Liu	Chair Professor and Director at the Centre for Accounting Studies

Observer organisations

- European Commission
- Japan Financial Services Agency
- US Securities and Exchange Commission

Antonio Quesada at the IOSCO and Georg Lanfermann at the Accounting Standards Committee of Germany (DRSC) stepped down during 2022.

More information about the Advisory Council can be found at **www.ifrs.org/groups/ifrs-advisory-council.**

THANK YOU

The Trustees of the IFRS Foundation thank all staff, volunteers and partners around the world for contributing to the delivery of the Foundation's mission during 2022, especially:

- our funding providers;
- everyone who has contributed comments to our consultations;
- event partners, participants and hosts; and
- our customers.

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