

Memorandum of Understanding

This Memorandum of Understanding is made on 31 March 2022.

BETWEEN

THE IFRS FOUNDATION AND THE UNDERSIGNED

NATIONAL STANDARD-SETTERS AND REGIONAL BODIES

1. PREAMBLE

The G20 has consistently emphasised the importance of working towards a single set of high-quality global accounting standards, and called accounting standards-setters to continue their efforts to achieve this goal.¹ The IFRS Foundation (Foundation) has set as its objectives:

- to develop in the public interest, high-quality, understandable, enforceable and globally accepted standards (IFRS Standards) for general purpose financial reporting based on clearly articulated principles;
- to promote the use and rigorous application of IFRS Standards; and
- to promote and facilitate the adoption of IFRS Standards through the convergence of national and regional standards and IFRS Standards.

The International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB) are the two standard-setting bodies of the IFRS Foundation.

The IASB is responsible for developing a set of accounting standards (IFRS Accounting Standards) and the ISSB is responsible for developing a set of sustainability disclosure standards (IFRS Sustainability Disclosure Standards). These complementary sets of IFRS Standards are intended to result in the provision of high-quality, transparent and comparable information in financial statements and in sustainability disclosures that is useful to investors and other participants in the world's capital markets in making economic decisions.

The Accounting Standards Advisory Forum (ASAF) is established to support the IFRS Foundation in achieving its objectives.

¹ **2008 (Washington)**: The key global accounting standards bodies should work intensively toward the objective of creating a single high-quality global standard. Source: <http://www.g20.utoronto.ca/summits/2008washington.html>
Action Plan: <http://www.g20ys.org/docs/Washington%202.pdf>.

2009 (Pittsburgh): We call on our international accounting bodies to redouble their efforts to achieve a single set of high-quality, global accounting standards within the context of their independent standard setting process, and complete their convergence project by June 2011. Source: <http://www.g20.org/images/stories/docs/eng/pittsburgh.pdf>.

2009 (London): Accounting standard setters should take action by the end of 2009 to make significant progress towards a single set of high-quality global accounting standards. Source: <http://www.g20.utoronto.ca/2009/2009ifi.pdf>.

2010 (Toronto): We re-emphasized the importance of achieving a single set of high-quality improved global accounting standards. Source: <http://www.g20.utoronto.ca/2010/to-communicate.html>.

2011 (Cannes): We reaffirm our objective to achieve a single set of high-quality global accounting standards. Source: <http://www.g20.utoronto.ca/summits/2011cannes.html>.

2012 (Los Cabos): We support continuing work to achieve convergence to a single set of high-quality accounting standards. Source: <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html>.

ASAF is a group of nominated members from both National Standard-Setters (NSS) and regional bodies involved with accounting standard-setting (regional bodies).

The Foundation recognises that NSS and regional bodies have expertise in standard-setting and valuable local jurisdictional experience and knowledge, which should be taken into account by the IASB in setting accounting standards. The ASAF will provide the opportunity for greater valuable discourse, complement the existing IASB's outreach activities and enhance the quality of the final standards.

The objective of the ASAF is to provide an advisory forum where members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards. More particularly ASAF is established:

- to support the Foundation in its objectives, and contribute towards the development, in the public interest, of a single set of high-quality, understandable, enforceable and globally accepted accounting standards to serve investors and other market participants in making informed resource allocations and other economic decisions;
- to formalise and streamline the IASB's collective engagement with the global community of NSS and regional bodies in its standard-setting to ensure that a broad range of national and regional input on major technical issues related to the IASB's standard-setting are discussed and considered; and
- to facilitate effective technical discussions on standard-setting issues, primarily on the IASB's work plan, but which may include other issues that have major implications for the IASB's work, in sufficient depth, with representatives at a high level of professional capability and with a good knowledge of their jurisdictions/regions.

The parties of this Memorandum of Understanding respect each other's role and the establishment of ASAF does not in any way undermine their respective formal mandates: The Foundation recognises the independent roles that NSS and regional bodies have within their own national and regional context, and the members of ASAF recognise that the IASB operates within the framework of the Foundation's constitution which sets the principle of the IASB's independence in developing IFRS Accounting Standards.

The parties of this Memorandum of Understanding may maintain open relationships with other stakeholders, and the establishment of ASAF does not preclude the IASB or the members of ASAF from having individual relationships with stakeholders and there should be no restriction on the ability of the parties to develop and maintain their own relationships.

2. COMMITMENTS OF ASAF MEMBERS

The ASAF members formally commit to:

- 2.1 Supporting and contributing to the Foundation in its mission to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted accounting standards;

- 2.2 Encouraging input from constituents within their jurisdiction or region on the standard-setting of the IASB;
- 2.3 Providing the technical resources including the appointment of representatives with standard-setting experience and expertise, allocating technical resources in preparation for ASAF meetings and participating actively in substantive technical discussions;
- 2.4 Providing the necessary resources to act as an active member of ASAF, including time and travel costs;
- 2.5 Respecting the IASB's independence, by ensuring that ASAF's discourse does not compromise or challenge the independence and integrity of the IASB and its duty to be the final arbiter of IFRS Accounting Standards.

3. COMMITMENTS OF THE FOUNDATION

The Foundation formally commits to:

- 3.1 Actively engaging with the ASAF and ensuring that its views and feedback are faithfully and fully presented to the IASB as a substantive part of stakeholder outreach.
- 3.2 Providing technical resources to contribute to ASAF's effective work and discussions, including the participation of IASB representatives (the Chair and other IASB members), and experienced staff with technical expertise.
- 3.3 Providing the necessary liaison, communication and support between the ASAF and the IASB.
- 3.4 Preparing the agenda and ensuring the timely circulation of the agenda and supporting papers (prepared by IASB staff or ASAF members), in order to ensure that ASAF members have the opportunity to be fully prepared and capable of actively and constructively participating in all ASAF discussions and work.
- 3.5 Providing the necessary resources and secretariat to host the ASAF meetings.
- 3.6 Ensuring full transparency of ASAF discussions, including that all meeting agendas, supporting papers and meeting summaries are placed in the public domain, meetings are webcast, and preparing and publishing appropriate press releases and communication following ASAF meetings for the benefit of stakeholders and observers around the globe.
- 3.7 Respecting the independence of ASAF members and recognising that ASAF's members operate under their own specific national mandates, and undertakes not to undermine or compromise the existing legal rights and obligations of the ASAF members within their respective jurisdictions.

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