

AGENDA PAPER

IFRS® Foundation Trustees meeting – Due Process Oversight Committee

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IFRS Taxonomy Consultative Group: reappointment of Chair and Vice-Chair and amendments to its charter

Purpose of this paper

1. The purpose of this paper is to seek your approval for the staff proposals to reappoint the existing Chair and Vice-Chair of the IFRS Taxonomy Consultative Group (ITCG) and to amend the ITCG's charter.

Relevant background

2. The ITCG is a consultative group to the Board set up in April 2014. The charter setting out the terms of reference and operating procedures was approved by the Due Process Oversight Committee (DPOC) in January 2014.¹
3. The charter gives the DPOC the responsibility to appoint the Chair and Vice-Chair.

Proposed reappointment of the Chair and Vice-Chair of the ITCG

4. Paragraph 16 of the ITCG charter stipulates that the Chair and Vice-Chair are appointed by the DPOC from applications submitted. The appointment is for three years, after which it can be renewed for a further period of three years. In April 2014, the DPOC approved the appointment

¹ The Charter is available at:
<http://www.ifrs.org/XBRL/Documents/IFRS%20Taxonomy%20Consultative%20Group%20-%20Terms%20of%20reference%20and%20operating%20procedures.pdf>

of John Dill (Chair) and Thomas Egan (Vice Chair).

5. The first three-year term of both John and Thomas expires in April 2017. The staff is recommending that the DPOC reappoint John Dill and Thomas Egan.

Question to the DPOC

Does the DPOC agree with the recommendation to reappoint the Chair and Vice-Chair of the IFRS Taxonomy Consultative Group?

Proposed amendments to the ITCG charter

Length of terms of members

6. At inception of the ITCG in April 2014, eight members were offered a two-year membership with the understanding by members and intent by staff that this could be renewed for another two two-year terms spanning a maximum period of six years.
7. However, it is unclear whether the terms of the charter would permit a member to serve three two-year terms. Paragraph 13 of the ITCG Charter states that members are generally appointed for a period of three years, which is renewable for a further period of three years.
8. We note that if it is not possible to renew the terms of some ITCG members for a third two-year term, we might find it difficult to find suitable candidates to replace those members. We therefore think it is best to amend the wording of the charter to avoid any potential problems with finding suitable candidates and to clear up any misunderstandings.
9. Paragraph 14 of the charter states that members are appointed in an individual or representative capacity. We note that this paragraph does not make it clear whether it is possible to reappoint an organisation for a period longer than six years when represented by a new individual. We think that this should be permitted, as it provides a level of continuity for the ITCG by ensuring that organisations with particular expertise in digital reporting are represented on the ITCG.
10. The staff, therefore, recommend that Paragraph 13 of the charter be amended to state:

Members are appointed for a one-, two- or three-year term. Terms can be renewed but the period a member can serve on the ITCG usually would not exceed six years. Organisations may be reappointed for a period longer than six years when represented by a new individual. Terms may be staggered to ensure the expiry dates of all members do not fall at the same time. A member who has served on the ITCG would be eligible to serve again after a break of not less than three years

Chair and Vice-Chair of the ITCG

11. Paragraph 3.62. of the *Due Process Handbook* states that meetings of a Board consultative group are normally chaired by a member of the Board or a member of the technical staff.
12. When the existing ITCG charter was approved in January 2014, the Board had no formal accountability for the IFRS Taxonomy. Consequently, the view at that time was that the Chair and the Vice-Chair should be members of the ITCG. This is reflected in paragraph 16 of the Charter (reproduced in paragraph 4 of this paper).
13. The revised IFRS Taxonomy due process published in June 2016 gives the Board and Board members a greater role in the approval and review of IFRS Taxonomy content. The staff therefore propose that the DPOC amend the ITCG charter to permit a member of the Board to be Chair or Vice-Chair. This does not, however, affect our recommendation to reappoint the current Chair and Vice-Chair.
14. We also propose amending the charter to align the appointment period with the proposed new appointment periods for of the ITCG members as set out in paragraph 8 of this paper.
15. The staff, therefore, recommend that Paragraph 16 of the charter be amended to state:

The Chair and Vice-Chair of the IFRS Taxonomy Consultative Group is appointed by the Trustees' Due Process Oversight Committee (DPOC) from members of the IFRS Taxonomy Consultative Group or from members of the Board. The appointment of a member of the IFRS Taxonomy Consultative Group as Chair or Vice-Chair is for a period of one, two or three years. The appointment can be renewed but the period a member of the ITCG can serve as Chair or Vice-Chair usually would not exceed six years.

Question to the DPOC

Does the DPOC agree with the recommendation to amend the charter of the IFRS Taxonomy Consultative Group as set out in paragraphs 10 and 15 of this paper?

