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## Trustees and DPOC Meeting Summary

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This paper reports on a meeting of the Trustees of the IFRS® Foundation, the oversight body of the International Accounting Standards Board (Board). The Trustees are responsible for governance of the IFRS Foundation and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*. Consequently, this paper does not reflect the views of the Board or any individual Board member. Board technical decisions are made in public and reported in the IASB *Update*. Comments on the application of IFRS Standards do not purport to set out acceptable or unacceptable application of IFRS Standards.

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### 1. Introduction

The IFRS Foundation (Foundation) Trustees met in Munich on 25-26 June 2019. The meeting was followed by the Trustees' annual joint meeting with the IFRS Foundation Monitoring Board.

### 2. Report of the Trustees' executive session

#### 2.1 Report of the Executive Director

The Trustees received a report from the Executive Director Lee White on activities since the last meeting. This updated Trustees on

- A staff proposal for a Stakeholder Engagement Register to provide better information about International Accounting Standards Board (Board) members' engagement with key stakeholders outside formal meetings. Trustees noted that the intention was for information about meetings to be published three months in arrears and agreed that this should begin in Q4 2019.
- Analysis of the monthly dashboard of key performance indicators
- Work that has been undertaken to continue improvements to engagement and communications between the Foundation and Trustees; and
- An update on funding and licensing

Trustees also received an update on the risk to the Foundation of the UK's planned exit from the European Union.

#### 2.2 Strategy review

The Trustees continued the discussion of strategic issues that started at their meeting in January 2019. Trustees provided feedback on their discussions with domestic stakeholders on key challenges for the Foundation and received

presentations on topics around supporting consistent application of IFRS Standards, improving timeliness of standard-setting and sustainability reporting.

### **2.3 Governance issues**

The Trustees received a presentation from Joanna Perry, the Chair of the IFRS Foundation Advisory Council, and discussed the evolving role of the Council in providing strategic advice to the Trustees as well as the Board. They agreed that this focus for the Council would continue to be reflected in the appointment of new members and the new Chair of the Council.

### **2.4 Operations Analysis**

The Trustees received a presentation on the way the Foundation manages its brand.

### **2.5 Future meetings**

The Trustees confirmed that their meetings in 2020 would be in Brussels in February, Seoul in June and New Delhi in October.

### **2.6 Committee reports**

The Trustees received reports from Committees.

- The Business Process and Technology Committee met for the first time and was chaired by Werner Brandt. The Committee discussed and agreed its Terms of Reference and received a first report on progress on the Foundation's Business Process and Technology Project. The Committee will provide Trustee oversight of the project initially for the period to June 2022.
- The Audit and Finance Committee was chaired for the first time by Larry Leva. It reviewed the May 2019 year to date results which showed a positive result against budget largely as a result of timing differences and foreign exchange gains. The Committee was updated on the finalisation of the external audit and on the Foundation's approach to managing risk. The Committee also reviewed and updated its Terms of Reference.
- The Human Capital Committee discussed human resource issues mainly around staff engagement and development.
- The Nominating Committee discussed appointments that are in progress.
- The Due Process Oversight Committee met in public and a summary of the meeting is attached. A recording of the meeting is available on the Foundation's website.

### 3. Report of the IASB Chair

Hans Hoogervorst, the chair of the Board reported on its recent technical activities.

#### 3.1 Technical work overview

- The Board issued in late June an Exposure Draft of proposed amendments to the new insurance contracts Standard, IFRS 17, to assist companies implementing the new requirements. The proposed changes reflect concerns and challenges raised through the Transition Resource Group and other stakeholder engagement. The Board has proposed 12 targeted amendments in eight areas including a one-year deferral of the effective date of IFRS 17 to January 2022. The Board set a shortened comment period of 90 days, with approval from the Due Process Oversight committee (DPOC). It aims to finalise any amendments to IFRS 17 in the first half of 2020 so that companies can apply the amended standard from 1 January 2022.
- The Board in May issued an Exposure Draft proposing amendments to IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* in the light of the reform of interest rate benchmarks such as interbank offered rate (IBOR). The Board set a shortened comment period of 45 days, with approval from the Due Process Oversight Committee, and aims to issue any final amendments later in 2019. The Board is considering the accounting implications of IBOR reform in two stages. The proposals in the Exposure Draft relate to the effects of uncertainty in the period leading up to the introduction of alternative interest rate benchmarks. The Board will shortly consider accounting matters that might arise when existing interest rate benchmarks are replaced.
- The Board is continuing its objective of simplifying the accounting for goodwill, including consideration of the reintroduction of amortisation, and improved disclosures. At its June meeting the Board discussed preliminary views on a Discussion Paper on these issues and plans to publish the Discussion Paper around the end of 2019.
- The Board has continued work on its project to revise IFRS Practice Statement 1 *Management Commentary*. The Board intends to remain focussed on the needs of primary users of financial reports, requiring companies to report on what is strategically important to them.

### 4. Meetings in Munich

The Trustees held a very successful stakeholder event which was co-hosted by the German accounting standard setter (the DRSC), entitled *Relevance of financial reporting in today's global environment*. This included a keynote speech by Dr Nicolas Peter, the Chief Financial Officer of BMW AG.

## **Report of the IFRS Foundation® Due Process Oversight Committee Meeting**

*24 June 2019*

This meeting of the DPOC was open to the public, and the recording is available on the IFRS Foundation website. The key issues in the public session were as follows.

### **1. Update on technical activities**

The DPOC received an update on the activities of the Board and the IFRS Interpretations Committee for the period January to May 2019. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.

The DPOC noted that the Board expected to issue an Exposure Draft of targeted amendment to IFRS 17 *Insurance Contracts* before the end of June with a comment period of 90 days, as approved by the DPOC. They also noted that in May the Board had published an Exposure Draft *Interest Rate Benchmark Reform* with a comment period of 45 days as approved by the DPOC.

The DPOC was updated on the Board's work on primary financial statements and noted that the Board has concluded in May that it would issue an exposure draft rather than a discussion paper. This was consistent with the Due Process Handbook which states that a discussion paper is not a mandatory due process step but that the Board must be satisfied that it has sufficient information and understands the problem and potential solutions well enough to proceed without one.

The DPOC was updated on the Board's discussions of Goodwill and Impairment and noted that the Board would vote on a proposed Discussion Paper in July.

### **2. Due Process issues around anonymous Comment Letters**

The DPOC considered how anonymous comment letters should be treated in light of some recent anonymous letters received on IFRS Interpretations Committee Tentative Agenda Decisions and the IFRS Taxonomy.

The DPOC noted that a completely anonymous comment letter could hamper the expectations in the Due Process Handbook that analyses of the type of respondent and their geographical origin should be provided for the Board and Committee. There was a danger that comments would not be given appropriate weight and analysis if this information was not available. Staff noted that the Due Process Handbook acknowledges that comments could be posted anonymously to the website on the grounds of commercial sensitivity, but details of the commenter would still be available to the Board or Committee.

The DPOC agreed that the Foundation's legitimacy as a standard setter depends to a large extent on its robust and transparent due process. However, it also noted that there is no requirement for stakeholders to be committed to transparency and there is increased recognition that it can be important for whistle-blowers to remain anonymous.

The DPOC discussed the pros and cons of giving anonymous comment letters the same weight as other letters and agreed with the staff view that such letters should be considered on their merits. The DPOC agreed that the Foundation should encourage all commenters to make open and public comments and where commenters are not willing to do so staff should obtain as much information as they can. The DPOC also confirmed that anonymous letters should continue to be posted on the IFRS Foundation website, and that Staff should discuss with the Chair of the Board or Committee as appropriate how to evaluate letters that are entirely anonymous and report to the DPOC where necessary.

### **3. IFRS Taxonomy Consultative Group – appointment of Chair and Vice-Chair**

The DPOC agreed with the staff proposal to appoint Ann Tarca as Chair and John Dill as Vice-Chair of the of the IFRS Taxonomy Consultative Group.

### **4. Review of the Due Process Handbook**

The DPOC was updated on staff outreach on the Due Process Handbook review and noted that it would discuss the responses to the Invitation to Comment at its meeting in October.

### **5. Correspondence**

The DPOC noted that no correspondence had been received for its attention.