

# IFRS<sup>®</sup> Foundation Trustees

## Summary of December 2021 meeting

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*This document reports on a meeting of the Trustees of the IFRS Foundation, the oversight body of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). 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.*

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### Introduction

1. The IFRS Foundation Trustees met by video conference on 13 December 2021.

### ISSB leadership nominations

2. The Trustees discussed appointments to the leadership of the International Sustainability Standards Board, having received a report from the Nominating Committee and views from the Monitoring Board.
3. The Trustees expect to issue a related press release on 16 December 2021 and to complete the leadership appointments in January 2022.
4. Attached to this summary are the broad strategic considerations that the Trustees are providing to the leadership of the ISSB.

### Asia-Oceania office

5. The Trustees were updated on the IFRS Foundation Asia-Oceania office in Tokyo and informed that they would shortly be requested to approve by written procedures the retention of this office for at least the next five years. (Subsequent to the meeting, the Trustees approved the retention.)

### Departing Trustees

6. The Chair of the Trustees thanked Guillermo Babatz and Kazuyuki Masu for their services as Trustees of the Foundation. Messrs Babatz's and Masu's terms of office expire at the end of 2021.

On 3 November 2021, the IFRS Foundation announced it had reached commitments with the Climate Disclosure Standards Board (CDSB) and the Value Reporting Foundation (VRF) for their consolidation into the IFRS Foundation. The following strategic considerations were drafted by the Foundation as part of the on-going collaboration with the VRF to consolidate, approved by the Trustees on 20 September 2021.

## STRATEGIC CONSIDERATIONS

Recognising that the International Sustainability Standards Board (ISSB) has full discretion over its technical agenda, the IFRS Foundation Trustees are providing the following broad strategic considerations for the ISSB as it begins its work. The considerations provided in this extract build on previous statements made by the Trustees, are subject to due diligence, and are based on:

- Strategic direction<sup>1</sup> previously provided by the Trustees, based on feedback<sup>2</sup> received on key requirements for success in the Trustees' 2020 consultation on sustainability reporting, including that the ISSB would:
  - focus on information that is material to the decisions of investors and other participants in the world's capital markets;
  - initially focus its efforts on climate-related reporting, while also working towards meeting the information needs of investors on other ESG (environmental, social and governance) matters; and
  - build upon the well-established work of the leading integrated and sustainability disclosure initiatives focused on meeting investor needs;
- Additional feedback that was consistently expressed by a broad range of respondents to the Trustees' consultation, such as the need to build on the work of the leading integrated and sustainability disclosure initiatives focused on enterprise value<sup>3</sup>;
- Statements published subsequently by IOSCO, including their report on sustainability-related issuer disclosures which observes that many investors value the range of sustainability topics covered by SASB standards, as well as their industry specificity<sup>4</sup>; and
- Technical proposals provided by a working group of the leading investor-focused integrated and sustainability disclosure initiatives, which the Trustees have convened to enable the ISSB to have a running start.

The Trustees provide the following strategic considerations in accordance with the IFRS Foundation Constitution (alia paragraph 15 d and f) and recognise that the development of *standards* will be at the sole discretion of the ISSB, who has complete responsibility for all ISSB technical matters, and are subject to due process:

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<sup>1</sup> The strategic directions are laid out on pages 3-4 in the *Feedback Statement on the Consultation Paper on Sustainability Reporting*

<sup>2</sup> [IFRS Foundation Trustees' Feedback Statement on the Consultation Paper on Sustainability Reporting](#) published in April 2021

<sup>3</sup> Page 16-17 of the *Feedback Statement on the Consultation Paper on Sustainability Reporting*

<sup>4</sup> Page 17 of IOSCO's report on sustainability-related issuer disclosure (June 2021)

- Prioritisation of a General Requirements Standard<sup>5</sup> issued by the ISSB which would set out the overall requirements for sustainability-related financial disclosure to support preparers to provide more consistent disclosure of *sustainability*-related information that is material for investors. This would support the strategic direction to work towards meeting the information needs of investors on other sustainability (ESG) matters driving enterprise value<sup>6</sup>, whilst initially focusing on climate-related reporting. To support preparers to fulfil the requirements of a General Requirements Standard, the SASB standards could be provided by the ISSB as implementation guidance<sup>7</sup>, which would also provide the starting point for the ISSB to develop definitive industry-standards, as supported by feedback to the 2020 consultation and IOSCO's statement.
- Without pre-empting a discussion on the division of responsibilities between the IASB and the ISSB, the ISSB should consider the needs for connectivity between it and the IASB to minimise the risk of siloed reporting standards and to build effective synergies with financial reporting<sup>8</sup>. The ISSB should specifically consider the need for:
  - a coherent relationship between the two boards to enable connectivity in reporting including incorporating the fundamental concepts and guiding principles of integrated reporting; as well as
  - structural connectivity at ISSB level to ensure coherence and complementarity.

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<sup>5</sup> Inspired by IAS 1 *Presentation of Financial Statements*, which sets out the overall requirements for financial statements, a general requirements standard issued by the ISSB would set out the overall requirements for sustainability-related financial disclosure. This would include how sustainability-related disclosures should be structured and the requirements for their content; thereby guiding preparers on how to disclose, inter alia, all information on sustainability matters that is material for investors and other participants in the world's capital markets in respect of a reporting entity.

<sup>6</sup> In March 2021, the Trustees published views on the strategic direction for the new board relating to, inter alia, investor focus for enterprise value: the new board would focus on information that is material to the decisions of investors and other participants in the world's capital markets

<sup>7</sup> Initially the Board will prioritise the development of a climate-related financial disclosure standard. Since a presentation standard would include a general requirement to disclose all material sustainability matters relevant to investors and other participants in the world's capital markets, SASB's content could be provided as non-mandatory implementation guidance for preparers to use in the interim for sustainability matters and industries that the ISSB does not yet have a standard for. IAS 8 includes a precedent for such a provision as it provides a hierarchy of non-IFRS requirements that can be applied in such situations when a particular event, transaction or other condition is not specifically addressed by IFRS Standards.

<sup>8</sup> As per the feedback received to the key requirement for success presented in the 2020 consultation on sustainability reporting