

AGENDA PAPER

IFRS® Foundation Trustees—Due Process Oversight Committee

CIRCULATED
BY EMAIL January 2021

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This paper has been prepared for consideration by the Due Process Oversight Committee. The views expressed in this paper do not represent the views of the International Accounting Standards Board (the Board) or any individual member of the Board. Comments on the application of IFRS Standards do not purport to set out acceptable or unacceptable application of IFRS Standards. Technical decisions are made in public and reported in IASB® *Update*.

IFRS Taxonomy Consultative Group (ITCG)

Introduction and purpose of this paper

1. The purpose of this paper is to:
 - a) seek your approval of proposed changes to the ITCG charter; and
 - b) inform you of our proposal to renew the membership of seven members of the IFRS Taxonomy Consultative Group (ITCG).

Questions for the DPOC

1. Does the DPOC agree with the proposed changes to the ITCG charter to:
 - a) amend the ITCG charter to clarify that the Board considers nominations and selects members, while the DPOC reviews the proposed composition to ensure an appropriate balance of perspectives?
 - b) discontinue the role of the Vice-Chair of the ITCG?
 - c) make the IASB Chair responsible for the appointment of the ITCG Chair?
2. If the DPOC *disagrees* with the proposal to make the IASB Chair responsible for the appointment of the ITCG Chair, does the DPOC agree with the proposal to renew Ann Tarca's term as ITCG Chair?

2. The ITCG is a consultative group that provides guidance to the Board on the development of the IFRS Taxonomy. It is part of the formal due process for the IFRS Taxonomy, as

described in the Annex to the Due Process Handbook.

Proposed changes to the ITCG charter

3. The ITCG charter sets out the terms of reference and operating procedures of the ITCG. Changes to the ITCG charter require the approval of the DPOC.
4. We are proposing three changes to the ITCG charter to:
 - a) clarify the process for selecting members of the ITCG;
 - b) discontinue the role of the Vice-Chair of the ITCG; and
 - c) make the IASB Chair responsible for the appointment of the ITCG Chair.
5. Appendix A shows proposed changes to the ITCG charter in tracked changes mode.

Clarification of process for selecting members of the ITCG

6. Paragraph 12 of the ITCG charter states that the Board and Trustees of the IFRS Foundation consider nominations and select members, following a call for candidates. However, the revisions to the Due Process Handbook that were published in August 2020 have clarified (in paragraph A14) that the ITCG operates under the general principles set out for consultative groups in the Due Process Handbook. These principles in paragraph 3.62 state that the Due Process Oversight Committee (DPOC) reviews the proposed composition of each group to ensure an appropriate balance of perspectives, including geographical balance, but does not formally select the members of the group.
7. Consequently, to align the ITCG charter with the Due Process Handbook, the staff proposes to amend paragraph 12 of the ITCG charter to state that the Board consider nominations and selects members, while the DPOC reviews the proposed composition to ensure an appropriate balance of perspectives, including geographical balance.

Discontinuing the role of the vice-chair

8. The ITCG charter requires the appointment of both a Chair and Vice-Chair for the group.
9. Ann Tarca is currently Chair of the ITCG but the position of Vice-Chair has been vacant since April 2020. The DPOC agreed at its January 2020 meeting to defer the appointment of a new Vice-Chair until after the appointment of a large number of new members whose terms started in April 2020.
10. Paragraph 18 of the ITCG charter lists the joint responsibilities of the Chair and Vice-Chair. The chair's role mainly relates to the effective running of ITCG meetings and ITCG

taxonomy reviews and working with staff and members in setting meeting agendas. The Vice-Chair's role is to support the Chair in their role. We consider the role of the Vice-Chair to be redundant as the technical staff can provide all necessary support to the Chair. We are therefore proposing that the role of the Vice-Chair be discontinued. This change would bring the ITCG in line with many of the Board's other consultative groups.

11. This proposal was presented to the Board at its October 2020 administrative session. The Board did not raise any concerns about this proposal.

Appointment of the ITCG Chair

12. Paragraph 17 of the ITCG charter states that the ITCG Chair is appointed by the DPOC. To align the ITCG with the Board's other consultative groups, we are proposing that the IASB Chair be made responsible for the appointment of the ITCG Chair.
13. If the DOPC *disagrees* with the proposal in paragraph 12, we would like to seek approval for a renewal of Ann Tarca's term as the ITCG Chair.
14. Ann was approved as ITCG Chair by the DPOC at their June 2019 meeting. The agreed term expires in April 2021. She has expressed an interest in continuing the role.
15. We are not proposing an expiry date for Ann's term as Chair of the ITCG. This is because paragraph 17 of the ITCG charter does not require an expiry date to be set for a Chair who is a Board Member. This is consistent with other consultative groups, for example the Emerging Economies Group. We note that Ann's term would be limited by her term as a Board member.

Renewing the membership

16. As of December 2020, the ITCG consists of 20 members and four appointed observers. In 2021, the terms of 7 members will expire and are eligible for renewal.
17. The staff proposes to offer renewal of membership to all seven members and stagger the expiry terms as follows:
 - a) 3-year renewal for three members who have made a significant contribution to the ITCG; and
 - b) 1-year renewal for four recently appointed members.
18. The Board considered and agreed with the proposed renewals at its October 2020 administrative session. Appendix B sets out the composition of the ITCG, including the proposed renewals.

- 19.** We note that, because we are proposing to renew the terms of current members, the proposals do not change the composition of the ITCG.

Appendix A: Proposed changes to the ITCG charter

The IFRS Taxonomy Consultative Group

Terms of reference and operating procedures

The IFRS Taxonomy Consultative Group is an expert consultative group established to assist the International Accounting Standards Board (IASB) in its IFRS Taxonomy and related activities. This document sets out its terms of reference and operating procedures.

Mission, objectives and scope of activities

1. Digital reporting using a single, high quality, easily enforceable and globally accepted taxonomy for International Financial Reporting Standards (IFRS) should help preparers and users of IFRS financial statements to more efficiently disseminate, access, process and connect disclosures and should facilitate the consistent application and implementation of regulatory electronic filing requirements.
2. The aim of the IFRS Taxonomy Consultative Group is to provide an advisory and review forum where members can contribute towards the goal of the IASB to maintain and develop the IFRS Taxonomy that meets the strategic vision as set out in paragraph 1. More particularly, the IFRS Taxonomy Consultative Group is established to:
 - (a) review in depth the IFRS Taxonomy and ensure that it meets expected market standards and best practices from both a data content and architectural perspective;
 - (b) provide technical advice and strategic implementation guidance on matters relating to the IFRS Taxonomy and IASB digital reporting activities; and
 - (c) provide guidance to IASB staff on matters relating to financial reporting ontology.
3. Main areas in which guidance is sought include, but are not limited to, data modelling of IFRS disclosures to facilitate easy preparation and consumption of electronic reports, impact of new XBRL specifications, interoperability with other taxonomies, documentation and supporting materials, internal and external education, operational business plans and the IFRS Taxonomy Due Process.
4. Members of the IFRS Taxonomy Consultative Group are expected to play an active role in the review of the taxonomy, and to answer questions such as:
 - (a) Have taxonomy elements attributes been applied correctly?
 - (b) Do the proposed taxonomy changes reflect adequately all disclosure requirements and the examples/illustrative guidance as set out in IFRS?
 - (c) Do the labels of elements accurately reflect the meaning of the taxonomy elements?
 - (d) Is the content of the taxonomy consistent with IFRS and technical specifications?
 - (e) Has correct and best use been made of the XBRL specifications?
 - (f) Has the IFRS disclosure been structured in such a way that it maximises the benefits to users consuming electronic data while at the same time taking into account the costs for preparers of tagging the data?
5. Members do not need to review all the proposed changes in each taxonomy release. The expectation is that members will focus on the areas matching their specific skill set or area of expertise. The Chair of the IFRS Taxonomy Consultative Group is responsible for involving and engaging those members that have specific expertise in the areas for which a review is sought by the IASB.
6. Strategic plans to promote consistent adoption and implementation of the IFRS Taxonomy fall within the scope of the activities of the IFRS Foundation. The IFRS Taxonomy Consultative Group focuses on providing technical advice with regard to the optimal technical architecture, appropriate documentation and supporting materials to facilitate and support market adoption.

Organisational structure

Membership

7. The IFRS Taxonomy Consultative Group comprises 16-20 members, ~~including the Chair and Vice-Chair.~~
8. Members should be capable of making a positive contribution by having expertise, skills or practical knowledge relating to one or more of the following areas:
 - (a) XBRL technical expertise—involvement in the setting and/or deployment of XBRL technical specifications or physical compilation of XBRL-based taxonomies;
 - (b) taxonomy content domain expertise—taxonomy design or database modelling of IFRS or IFRS financial statements using XBRL or other technical specifications, XBRL taxonomy-related expertise for other content areas that is relevant to the IFRS Taxonomy; and
 - (c) taxonomy interest groups—taking in XBRL filings for consumption, general use of tagged as reported data for investment, credit and economic analysis, preparation of XBRL filings, adoption of the IFRS Taxonomy for regulatory or voluntary filing programmes.
9. The composition of the membership provides for a broad geographical spread and a range of functional backgrounds.
10. In addition to members, appointed observer status is granted to organisations that have a particular interest in electronic filing of financial statements, such as securities regulators and XBRL International (as the main developer of XBRL).
11. The IASB and the ~~Chair/Vice-Chair~~ of the IFRS Taxonomy Consultative Group may at their discretion invite individual(s) or representative(s) of an organisation to attend and participate in a specific meeting in which their contribution is considered to be useful in formulating the group's or the IASB's view on topics for which guidance is sought. In this capacity, they participate in the group discussions on the same basis as members.
12. The IASB ~~and Trustees of the IFRS Foundation~~ consider nominations and select members, following a call for candidates. The Trustees' Due Process Oversight Committee (DPOC) review the proposed composition of ITCG to ensure an appropriate balance of perspectives, including geographical balance.
13. 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.
14. Members are appointed in an individual or representative capacity, and at meetings or conference calls members are expected to express their individual views unless it is explicitly stated that they are the opinions of the organisations they represent.
15. Members are expected to make reasonable efforts to attend meetings and review taxonomy releases on a regular basis. The ~~Chair/Vice-Chair~~ of the IFRS Taxonomy Consultative Group and the IASB reserve the right to ask members to resign where it is considered that a member does not contribute actively to the objectives of the IFRS Taxonomy Consultative Group.
16. Given that the ITCG is established to assist the IASB, members agree that they will not, directly, indirectly, or on behalf of a third party, engage or solicit the employment of any IFRS Foundation (including IASB) Technical Staff during the term of their appointment as an ITCG Member or for a period of 12 months following termination of their membership, without the prior written consent of the IFRS Foundation.

Chairmanship

17. The ~~Chair and Vice-Chair~~ of the IFRS Taxonomy Consultative Group is appointed by the Chair of the IASB~~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.

18. The main role and responsibilities of the Chair ~~and/or Vice Chair~~ include but are not limited to the following:
- (a) leading the IFRS Taxonomy Consultative Group and conducting its meetings in such a way as to ensure that the IASB and IASB staff receives timely and effective input;
 - (b) introducing each agenda topic and summarising opinions after each discussion;
 - (c) overview and planning of the IFRS Taxonomy review process, including work distribution to members;
 - (d) together with the IASB staff and following consultation with members, setting the agenda and format of the meetings; and
 - (e) where appropriate, participating or contributing to meetings of the IFRS Advisory Council relating to the IFRS taxonomy or electronic reporting.

Subcommittees

19. The Chair ~~Vice Chair~~ or the IASB may call for the establishment of subcommittees of knowledgeable members or external participants to provide expert guidance on specific topics. These subcommittees shall report to the IFRS Taxonomy Consultative Group.
20. The Chair ~~Vice Chair~~ or the IASB may call for the establishment of an Agenda Planning Committee which he/she presides over. The role of this committee is to aid the Chair ~~Vice Chair~~ with setting the agenda and planning of meetings.

Meetings

21. The frequency, format and timing of meetings are driven by the number and timing of taxonomy releases and how critical the topics are on which guidance is sought. Members are expected to attend two one-day face-to-face meetings a year and to participate in four one-hour telephone discussions a year. Additional meetings may be scheduled, or meetings may be shortened or cancelled. An initial face-to-face meeting will be organised on the formation of the group.
22. Face-to-face meetings are usually held in London. Travel and accommodation costs of attending the meetings shall be borne by the members attending the meeting. Members are recommended to attend all meetings in person. If attendance in person is not possible members may attend using teleconferencing, videoconferencing or any other electronic means.
23. The Chair and the IASB staff are responsible for preparing the agenda for each meeting in consultation with members. Reasonable efforts should be made to ensure that the agenda is distributed at least seven days before each meeting.
24. Agenda papers or supporting materials are prepared by the IASB staff, members of the IFRS Taxonomy Consultative Group or invited individuals or organisations. Reasonable efforts should be made to ensure that they are circulated at least seven days before each meeting.
25. Administrative support for the meetings, as well as recording of the minutes, is the responsibility of designated members of the IASB staff.
26. The IFRS Taxonomy Consultative Group need not reach a consensus view. The value of the consultative group comes from the interchange of ideas among members and the ability of the IASB staff to participate in that interchange.

External communication

27. The meetings of the IFRS Taxonomy Consultative Group are open to the public and webcast, except for administrative items, which are dealt with in closed sessions. Any individuals or members of the public may register as observers in advance of the meeting.
28. The agenda and papers, except those related to administrative items, are available to the public and are posted on the IASB website. A recording of the meeting is also made available.

Review of the IFRS Taxonomy Consultative Group

29. The IFRS Taxonomy Consultative Group is reviewed as part of the annual review of consultative groups by the Due Process Oversight Committee.

Appendix B: Functional and geographical composition of the ITCG (including proposed renewals for 2021)

Function	Number of members	Percentage	Relevancy of function to the IFRS Taxonomy
Technology	2	10	Provision of XBRL and other technology related consultancy services and products
Regulator/Standard Setter	5	25	Sets electronic reporting regulations within a country or region. Involved in the design of extensions to the IFRS Taxonomy where applicable.
Consulting/ Preparer	3	15	Provision of XBRL advisory services to preparers directly relating to tagging of financial reports using the IFRS Taxonomy
Preparer	1	5	Individual preparer involved in tagging of its financial report using the IFRS Taxonomy
Accountancy firm or body	4	20	Provision of general consultancy services. Advisory services include auditing and/or tagging of electronic financial statements using the IFRS Taxonomy. Advisory services may also relate to taxonomy design and implementation.
Data aggregator/User	4	20	Provide data feeds and applications to investors and credit analysts. Use the tagged electronic financial statements. Reflect IFRS Standards into their own proprietary taxonomies.
Consulting	1	5	Provision of general taxonomy and XBRL consultancy services
Total	20	100%	

Geographical region	Number of members	Percentage
Europe	7	35
North America	5	25
Asia	5	25
South America	1	5
Africa	1	5
Oceania	1	5
Total	20	100%