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**IFRS Foundation Trustees meeting – Due Process Oversight Committee**

Date **October 2022**  
Topic **IASB Consultative Groups – Annual Review**  
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This document is prepared for discussion at a public meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

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**Introduction**

1. This paper provides the DPOC with the technical staff's annual review of the IFRS Foundation's consultative groups supporting the IASB for the period October 2021 to September 2022.
2. No formal action is required to be taken by the DPOC.

**Background**

3. Paragraphs 3.59–3.66 of the Due Process Handbook (*Handbook*) set out the provisions relating to consultative groups. The *Handbook* notes that the IFRS Foundation usually establishes a consultative group, such as a specialist or expert advisory group, for each of the IASB's major projects in order to give the IASB access to additional practical experience and advice.
4. The *Handbook* goes on to state:
  - 3.66 All consultative groups are reviewed by the IFRS Foundation staff each year to assess whether each group is continuing to serve the function for which it was established and whether the membership should remain the same. The outcome of the review is presented to the [IASB] and the DPOC.
5. Paragraph 2.8(c) sets out the DPOC's responsibilities with respect to consultative groups:
  - 2.8 The DPOC is responsible for:
    - (c) reviewing the composition of consultative groups to ensure an appropriate balance of perspectives and overseeing the monitoring by the [IASB] and the technical staff of the effectiveness of those groups
6. The staff discusses the composition of consultative groups with the DPOC or Trustees on a real-time basis (eg when projects reach a milestone in the case of project specific groups, or when membership rotates in the case of, for example, ASAF and SMEIG). This paper, therefore, covers the effectiveness of the consultative groups.
7. The IASB currently has seven standing groups and three project consultative groups.

**Review**

8. The staff, in conjunction with the IASB members responsible for each consultative group, has reviewed the consultative groups in line with paragraph 3.66 of the *Handbook*. The staff has also reported the main themes from this review to all IASB members.
9. The table in the Appendix provides an overview of the groups and their activities during the period, including the number of meetings held, the attendance at the meetings and the nature of the topics discussed.

10. This review also considers survey data from:
- (a) consultative group members<sup>1</sup> (external surveys) from Accounting Standards Advisory Forum (ASAF), Capital Markets Advisory Committee (CMAC), Emerging Economies Group (EEG), Global Preparers Forum (GPF), the IFRS Taxonomy Consultative Group, and SME Implementation Group (SMEIG). These surveys gather views after a meeting about the relevance of the topics discussed, the quality of meeting materials and our engagement in the meeting. Respondents are asked to provide ratings ranging from 1-poor to 5-excellent, and to provide any additional feedback in written comments.
  - (b) staff and IASB members (internal surveys) attending the ASAF, EEG, CMAC, GPF and SMEIG meetings. These surveys gather views after a meeting about the usefulness of the input obtained and effectiveness of the individual meeting sessions. Respondents are asked to provide ratings ranging from 1-poor to 5-excellent, and to provide any additional feedback in written comments.
11. The internal and external surveys have provided data to continue to build on the effectiveness of the consultative groups. We initiated a pilot programme of surveys in Q4 2020. We extended these surveys in 2022 to all standing consultative groups to build a time series of data to better facilitate our future assessments of consultative group effectiveness. One common theme emerging from the surveys this period has been the high level of interest from members of the various consultative groups in following developments to establish the ISSB, and the implications for connectivity between the future work of the two Boards. Survey data shows that the majority of groups are functioning at or above the 4-level, and some above at or above the 3-level.

*Staff conclusion*

12. Based on the information in the Appendix and a review of the internal and external surveys with IASB members responsible for each group, we consider all currently active consultative groups to be serving the function for which they were established. The IASB has received useful input from all the consultative groups that have met in the period.

## **Matters of interest arising from the review**

*Learnings of the effect of the covid-19 pandemic on meetings*

13. Due to the effects of covid-19, we started the review period by holding consultative group meetings by video conference with live streaming for our stakeholders (for the majority of meetings). In spring 2022, we began to host meetings on a hybrid basis, allowing group members to attend in-person or via video conference. We expect to continue hosting meetings on a hybrid basis for all meetings planned for the remainder of year.
14. During this period, feedback from some group members highlighted observations about the hybrid meeting environment:
- (a) ease, efficiency, and cost-effectiveness, given that travel was not possible for all members attending meetings hosted on a hybrid basis;
  - (b) positive feedback about the interaction for in-person meeting attendees, particularly for those new members who joined their respective groups during the pandemic.
15. In 2023 we will continue to offer consultative group meetings in a hybrid meeting format but strongly encourage in person attendance. Our planning of the meetings now fully reflect the in-person nature, with full days of discussion, based on the London time zone. We will maintain a dialogue with different

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<sup>1</sup> The term 'member' refers to members and, as applicable, observers.

consultative group members to assess their ability to attend in-person meetings, and their assessment of whether the hybrid format is effective. We will use the virtual meeting format for any ad hoc meetings for topics that require timely feedback between recurring meetings.

*Emerging Economies Group*

16. In 2023, the Terms of Reference for the Emerging Economies Group will be revised to make the meeting public and therefore more transparent.

*SME Implementation Group*

17. The Group met in January 2022 to discuss remaining topics in the scope of the second periodic comprehensive review of the *IFRS for SMEs* Accounting Standard that the IASB is undertaking. The recommendations of the SMEIG members have helped the IASB in considering the feedback on the Request for Information published in January 2020 and in developing the proposals for the Exposure Draft published in September 2022.
18. The Group currently has 24 members and three observers. Nine members of the Group ended their second three-year term on 30 June 2022 and were not eligible for reappointment. The Trustees have appointed four new members, from Africa and Asia, for a three-year term starting 1 July 2022. The appointment of new members from the Americas is still in progress.

*Islamic Finance Consultative Group*

19. The Islamic Finance Consultative Group met virtually in May 2022 and discussed developments on:
- (a) the IASB's Financial Instruments with characteristics of Equity project; and
  - (b) sustainability reporting.
20. An in-person meeting is planned for the Group in Kuala Lumpur, Malaysia in November 2022.
21. A member designated by an organisation represented in the Group who has since left that organisation has been replaced with another member designated by that organisation.

*IFRS Taxonomy Consultative Group*

22. The *Handbook* requires consultation with the IFRS Taxonomy Consultative Group during development of changes to the IFRS Accounting Taxonomy. The SASB, prior to the consolidation, created a Taxonomy Review Committee to provide feedback on the SASB's taxonomy. The staff are exploring options to meet the needs of both the IASB and the International Sustainability Standards Board (ISSB), leveraging the expertise in both of these groups. A single taxonomy consultative group for both boards is a possible option. The staff will discuss this matter with the DPOC at a future meeting.

*Management Commentary Consultative Group*

23. As previously reported at its March and April 2022 meetings the IASB discussed feedback on its proposals for a revised Practice Statement on management commentary, as set out in the Exposure Draft *Management Commentary*.
24. In July 2022 the IASB received an update on the project, noting the evolving landscape since the exposure draft was published, with stakeholder calls for the IASB to collaborate with the ISSB, and a commitment by the Chairs of the IASB and ISSB to consider the similarities and differences between the International Integrated Reporting Framework (<IR> Framework) and the proposals developed in the Management Commentary project.
25. Given the potential interaction of the Management Commentary project with the work undertaken by the ISSB, we will update the DPOC at a future date on how it is expected advice will be sought from this Group and potential changes the membership.

*Transition Resource Group for Insurance Contracts*

26. We are recommending that the Transition Resource Group (TRG) for Insurance Contracts is disbanded in early 2023. The TRG was formed in 2017 and last met in April 2019. The new insurance Standard, IFRS 17, is effective from 1 January 2023 and the IFRS Interpretations Committee has been addressing questions relating to IFRS 17 as they arise. In addressing these questions, we engage with insurance experts, some of whom may have previously served on the TRG, as needed.

Consultative group	Meetings per mandate	Meetings in review period	Date of last meeting	Attendance at each meeting	Topics on which consulted	Feedback to Group	Continuing to serve function
<b>Standing Consultative Groups</b>							
Accounting Standards Advisory Forum	Normally 4 per year	4	Sept 2022	All 12 members represented at each meeting	Various of the IASB's projects, including PIR of IFRS 9—Classification & Measurement, Goodwill and Impairment, Primary Financial Statements, Rate-regulated Activities.	At each meeting we provide ASAF with a summary of how the advice given at the previous meeting(s) has or will be used.  We continue to identify the staff papers in which ASAF members' advice has been considered by the IASB.	✓
Capital Markets Advisory Committee	At least 3 times per year	3	June 2022	October: 16 of 16 March: 14 of 16 June: 15 of 16	Various of the Board's projects including Financial Instruments with Characteristics of Equity, Goodwill and Impairment, IBOR Reform and its Effects on Financial Reporting, Management Commentary, Primary Financial Statements, Third Agenda Consultation, Business Combinations under Common Control, Targeted Standards-level Review of Disclosures, PIR of IFRS 10,11 and 12, PIR of IFRS 9—Classification & Measurement, Rate-regulated Activities.	At each meeting we provide CMAC with a summary of how the advice given at the previous meeting has or will be used.	✓
Global Preparers Forum	Normally 3 times per year	3	June 2022	November: 13 of 16 March: 13 of 14 June: 13 of 14	Various of the Board's projects, including PIR of IFRS 9—Classification & Measurement, Goodwill and Impairment, Equity Method, Subsidiaries without Public Accountability, Supplier Finance Arrangements, Non-current Liabilities with Covenants, Primary Financial Statements.	At each meeting we provide GPF with a summary of how the advice given at the previous meeting has or will be used.	✓

Consultative group	Meetings per mandate	Meetings in review period	Date of last meeting	Attendance at each meeting	Topics on which consulted	Feedback to Group	Continuing to serve function
Emerging Economies Group	Generally 2 per year	2	May 2022	Dec 2021 meeting: All 12 members represented  May 2022 meeting: 11 of 12 members represented	Various of the IASB's projects, including disclosure initiative projects, Equity Method, PIR of IFRS 9—Classification & Measurement. Update on the ISSB work.	At each meeting we present a cumulative log of topics discussed at previous meetings showing how the advice given has or will be used.	✓
SME Implementation Group	n/a – the chair of the SMEIG decides if a meeting is necessary	1	January 2022	January 2022: 20 of 28 members	Second Comprehensive Review of the IFRS for SMEs Accounting Standard.	A summary of the meeting is circulated to the SMEIG after each meeting. Staff papers for IASB meetings are circulated to SMEIG members to inform about the tentative decisions made by the IASB based on the recommendations developed by the SMEIG.	✓
Islamic Finance Consultative Group	Not specified - generally aiming to meet around once a year	2	May 2022	November 2021: 12 of 16 members attended May 2022: 13 of 16 members attended	November 2021: PIR of IFRS 9—Classification and Measurement and IFRS 17 Insurance Contracts  May 2022: Financial Instruments with Characteristics of Equity and Update on Sustainability reporting.	n/a	✓ see paras 19-21

Consultative group	Meetings per mandate	Meetings in review period	Date of last meeting	Attendance at each meeting	Topics on which consulted	Feedback to Group	Continuing to serve function
IFRS Taxonomy Consultative Group	Frequency, format & timing of meetings driven by the number & timing of taxonomy releases and nature of topics	4	July 2022	October: 17 of 23 members February: 21 of 24; June: 24 of 24; September: 18 of 24	Matters relating to the IFRS Taxonomy (strategy, development and proposed updates)	A summary of the meeting is circulated to the ITCG (and posted to the website) after each meeting.	✓
<b>Project Groups</b>							
Consultative Group for Rate Regulation	Not specified - meet as required	2	March 2022	4 March 2022: 15 of 17 members attended 28 March 2022: 16 of 18 members attended	n/a	n/a	✓
Management Commentary Consultative Group	Not specified - meet as required	0	December 2019	17 of 20 members	n/a	n/a	✓ see paras 23-25

Consultative group	Meetings per mandate	Meetings in review period	Date of last meeting	Attendance at each meeting	Topics on which consulted	Feedback to Group	Continuing to serve function
Transition Resource Group for Insurance Contracts	Not specified - meet as required	0	April 2019	n/a	n/a	n/a	✓ see para 26



## Appendix

Consultative group	Objective	Composition	Chair	Board member representation at meetings
<b>Standing Groups</b>				
Accounting Standards Advisory Forum	Advisory forum in which members can constructively contribute to the Board's technical projects	12 National Standard-setters and regional bodies	Andreas Barckow (Chair)	The Vice-Chair plus Board advisers for the topic under discussions
Capital Markets Advisory Committee*	To provide the Board with regular input from the international community of users of financial statements	No more than 20 members (currently 19 members)	Co-chaired by Philip Robinson and Deirdre O'Leary (independent)	Nick Anderson (IASB member) plus Board advisers for the topic under discussions
Global Preparers Forum*	To provide the Board with regular input from the international community of preparers of financial statements	Up to 20 members (currently 13 members)	Ian Bishop (independent)	Bertrand Perrin (IASB member) plus Board advisers for the topic under discussions
Emerging Economies Group	To enhance the participation of emerging economies in the development of IFRS Standards	12 permanent members (NSS) plus the chair	Tadeu Cendon (IASB member)	Bruce Mackenzie and Jianqiao Lu (IASB members) supported the chair at the meetings in December 2021 and May 2022.
SME Implementation Group	To support the international adoption of the <i>IFRS for SMEs</i> Standard and monitor its implementation	At least 12 members and not more than 30 members (as at August 2022 there are 24 members)	Jianqiao Lu (IASB member)	Ann Tarca, Bruce Mackenzie and Tadeu Cendon participated in the video meeting in January 2022 (Andreas Barckow attended for opening remarks session)
Islamic Finance Consultative Group	To focus on challenges that may arise in the application of IFRS Standards to instruments and transactions commonly referred to as Islamic finance	No size mandated - currently 16 members	Faiz Azmi (independent)	Bruce Mackenzie (vice-chair of Group and Board member) Andreas Barckow participated in the video meeting in November 2021.
IFRS Taxonomy Consultative Group	To assist the Board in its IFRS Taxonomy and related activities	16–20 members including the Chair and the Vice-	Ann Tarca (Board member)	Other Board advisers attend

Consultative group	Objective	Composition	Chair	Board member representation at meetings
		Chair (currently 20 members plus 4 observers) DPOC approved membership changes in February 2020		
<b>Project Consultative Groups</b>				
Consultative Group for Rate Regulation	To help the Board in its project on rate-regulated activities by providing a variety of expert perspectives, including those of preparers, auditors, users of financial statements and regulators	16 members plus 2 observers	Board member chaired	Other Board advisers
Management Commentary Consultative Group	To provide the Board with access to practical experience and expertise in developing, implementing and using management commentary regimes, and to advise the Board as it develops proposals for updating the Practice Statement	16 members plus 4 observers	Nick Anderson (Chair)	Other board advisers
Transition Resource Group for Insurance Contracts	To support implementation of the new Insurance Contracts Standard (IFRS 17)	15 members plus 3 observers	Board member chaired	Other Board advisers

\*While the Capital Markets Advisory Committee (CMAC) and Global Preparers Forum (GPF) function as standing consultative groups for the IASB, they are established as bodies independent from the IFRS Foundation. Consequently, members of CMAC and GPF are appointed by the CMAC members and the GPF Nominations Committee, in accordance with the CMAC Charter and GPF Constitution respectively. We support the GPF and CMAC in identifying candidates. The CMAC charter allows the IASB to propose or reject a new candidate.