
Agenda paper 1

Advisory Council Feedback Report

IFRS Advisory Council
April 2023

Objective

Provide an update on how the Advisory Council's feedback has been incorporated

into the IFRS Foundation's (Foundation) strategic activities by linking the Foundation's strategic activities over the past six months with feedback provided over the last three or four years.

Why three- to four-year lookback?

Strategic advice can take time to implement and even longer for the effect of this advice to manifest itself.

Status of feedback implementation

-  Substantially implemented – will not be reported again
-  In process
-  Limited progress



Do you have any questions or comments on how your advice is being incorporated into the Foundation's strategic activities?

Overview

The Foundation's **strategic activities** over the past six months include the following:

Relevance

- Adoption of IFRS Standards
- Capacity Building
- Digital Financial Reporting
- ISSB Agenda Consultation

Process

- Key Performance Indicators (KPIs)
- Sustainable Operations Strategy

Talent Management

- Organisational Culture



We confirm that all Advisory Council feedback from the last meeting has been communicated to Trustees, IASB members, ISSB members and staff.

Strategic activities – relevance (1/4)

Foundation's strategic activities in the past six months

Advisory Council feedback

Note – meeting links take you to Chair's summary

Monitoring Adoption

Project direction is being reconsidered. New project will be brought back in due course. This slide will be removed from future reports.

May 2020

Sep 2019

- General agreement on need and objectives of monitoring consistent adoption and application of IFRS Standards. This should be a priority.
- Establish guidance, formal process and dedicated team.
- Partner with others to achieve objectives.

Strategic activities – relevance (2/4)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Capacity Building

- Capacity building partnership framework launched at COP 27
- 28 'day one' partners - additional partners under discussion
- Global ambit (i.e. not limited to developing/emerging markets)
- Some initial focus on jurisdiction-specific requirements (e.g. adoption readiness working group in Nigeria)
- Interactions with partners to identify specific opportunities for awareness raising and collaboration on targeted interventions (e.g. training with, respectively, IFAC, IOSCO, UNSSE)
- Focus on activities ahead of S1/S2 launch to:
 - Develop foundational material (e.g. white label training)
 - Develop concept for open access online resource vehicle
- Strengthening of core team/funding

Next steps:

- Draft longer-term strategy
- S1/S2 launch
- Ongoing expansion of partner community

Oct 2022

In October 2022 staff updated the Advisory Council on the rationale and proposed approach to build capacity in developing and emerging economies to adopt IFRS Sustainability Disclosure Standards. The Council made a number of observations including:

- The importance of sufficient IFRS Foundation resources on the ground in Africa, Asia and Latin America to coordinate and mobilise engagement.
- The importance of accessibility, for example access to an extensive range of educational and training materials.
- The need for flexibility, recognising different levels of maturity and capacity.
- The importance of engaging on capacity building needs with a broad range of stakeholders.
- The role of partnerships, but also the calibre of partnerships to ensure the brand is not compromised.

Strategic activities – relevance (3/4)

Foundation’s strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair’s summary

Digital Financial Reporting (DFR)

- IASB decided to slightly increase its focus on DFR as part of its Agenda Consultation for 2022 to 2026
- In December 2022, the IASB discussed possible priority DFR activities, and plans to:
 - continue to improve the IFRS Accounting Taxonomy
 - consider implications for IFRS Accounting Standards from changing user needs in a digital world
 - engage with digital ecosystem partners to facilitate the digital consumption of general purpose financial reports
 - update/develop capacity building materials
- In November 2022, the ISSB discussed feedback on the staff draft of the ISSB Taxonomy
 - Staff are exploring interoperability considerations

Next steps:

- Execute on IASB’s priority DFR activities
- Publish a proposed ISSB Taxonomy (exposure draft)

[Oct 2022](#)

[Jan 2022](#)

[May 2021](#)

[Sep 2019](#)

[Sep 2018](#)

- Support for digital vision, being: *decision-useful, high-quality, globally comparable and accessible digital financial reports*
- Updating and maintaining the IFRS Accounting Taxonomy is important
- Own what Foundation can control, but not Foundation’s role to go whole journey with digital vision—look to influence digital ecosystem partners to play their part (eg to address global accessibility and data quality challenges)
- Educational materials would be helpful
- Opportunities for connectivity with ISSB DFR activities
 - Interoperability between ISSB Taxonomy and other digital sustainability taxonomies considered important

Next steps:

- Advice will be sought from the Advisory Council at its November meeting on *possible implications for IFRS Accounting Standards from changing user needs in a digital world*

Strategic activities – relevance (4/4)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

ISSB Agenda Consultation

- In February 2023 the ISSB finalised its discussions on S1 and S2. It plans to issue the standards toward the end of Q2 2023.
- After considering the ISSB's final decisions on S1 and S2, the ISSB has decided to seek stakeholder feedback on four potential projects in a Request for Information (RFI):
 - Biodiversity, ecosystems and ecosystem services;
 - Human capital;
 - Human rights; and
 - Integration in reporting.
- The feedback on the RFI will inform the ISSB's workplan for the first two years following consultation.

Next steps:

- The ISSB intends to publish the RFI in May 2023.

Oct 2022

- In October 2022 staff sought the Advisory Council's guidance on approaches to consulting with the market on the ISSB's initial agenda priorities. The Council made a number of observations including:
 - The need to be clear on the RFI's aim and scope, given the broad range of sustainability-related matters that could be considered.
 - Different formats the staff could consider for outreach.
 - That the initial two-year timeframe was appropriate, given the urgency and evolution of sustainability-related reporting
 - The ISSB should consider and communicate a longer-term vision of the future of IFRS Sustainability Disclosure Standards.

Next steps:

- A meeting of the Advisory Council will be convened shortly after the publication of the RFI.

Strategic activities – process (1/2)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Key Performance Indicators (KPIs)

- Continued use of online surveys to help monitor the effectiveness of stakeholder engagement activities conducted with consultative groups.
- Some further thinking on relevant KPIs to monitor.
- Further exploration of technological tools (new CRM system) to calculate and monitor KPIs.

Next steps:

- Further develop thinking on KPIs to manage timeliness, effectiveness of stakeholder engagement and effectiveness of risk mitigation strategies.
- Discuss further with Trustees.

May 2020

- General agreement about the areas of technical work to assess with KPIs.
- Value of KPIs recognised – you manage what you measure, but caution about over-emphasising a KPI just because it can be measured.
- Ideas provided for KPIs, noting:
 - a. distinction between internal (management) and external KPIs (governance);
 - b. unit of account (project vs. organisation); and
 - c. internal vs. external data.

Strategic activities – process (2/2)

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Sustainable Operations Strategy

- Formed Trustee Taskforce on Sustainability.
- Formed an Internal Working Group.
- Started to record 2023 data – to set our baseline.
- Populated data collection platform with 2022 data - to help us understand our Greenhouse Gas emissions, and record this information in the future.
- Identified 'quick wins' that can be implemented in 2023 – to improve our Greenhouse Gas emissions and sustainability performance.
- Sustainability Roadmap in draft – to plan activities in the long term.
- Policy review – to identify which policies need to be amended.

Next steps:

- Complete policy review and updates.
- Draft sustainability strategy and set KPI's in Q4 for 2024.

Oct 2022

In October 2022 staff updated the Advisory Council on the planned approach to ensure sustainability is built into the Foundation's operations. The Council were invited to share their thoughts on the most important topics. These included:

- GHG emissions, air pollution from transport, looking beyond Scope 1 and avoiding green washing within the topic of environmental.
- Diversity and inclusion, employee turnover and employee mental health within the topic of social.
- Organisation mission/purpose, legislative compliance, risk and opportunity identification, ethical business practices and anti-corruption within the topic of governance.
- Resilience and supply chain/procurement within the topic of economic.
- The importance of both macro and micro impact for both the organisation and wider system change.

Strategic activities – talent management

Foundation's strategic activities in the past six months

Advisory Council feedback
Note – meeting links take you to Chair's summary

Organisational Culture

- The Foundation has initiated a culture project that is taking place under the One Foundation Programme.
- The project's objective is to define and develop a high-functioning One Foundation culture across the consolidated organisation and locations.
- External advisors were appointed in October 2022 to support the workstream.
- The advisors have completed a discovery phase which included a review of key documents and interviews with 15 leaders and trustees.
- A survey to assess perceived organisational culture has been circulated to staff and focus groups are being held with various staff groups to explore themes on culture in greater depth.

Next steps:

- Analysis of the rich data from focus groups to draft a culture narrative, seeking input from: i) Culture Champions, ii) Leadership and iii) Staff
- Input from a limited external stakeholder survey to test expectations, current perceptions and ensure internal progress aligns with external needs

April 2022

Advisory Council made several observations including the importance of:

- defining existing and desired cultures.
- recognising strengths in the existing cultures, but also being prepared to challenge certain practices.
- a common goal and mission.
- identifying ways to collaborate across locations to achieve a common culture and mission.
- finding a balance between leadership taking ownership of culture, but also enabling all levels of the organisation to provide input and develop it.
- effective communication to support the change process.

Thank you

