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## IFRS Foundation Trustees

Date **5–6 June 2024**  
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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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### 1. Introduction

- 1.1 The IFRS Foundation Trustees met in Singapore on 4–6 June 2024.
- 1.2 The Trustees' discussions were observed by Barry Melancon (member of the board of the former Value Reporting Foundation).

### 2. Report of the Chair of Trustees and the Managing Director

- 2.1 The Trustees received reports from:
  - a) the Chair of the Trustees on his meetings with key stakeholders, including his engagement with stakeholders and government representatives in association with the opening of the Foundation's Montréal, Canada, office in May 2024.
  - b) the Acting Managing Director, Andrea Pryde, on current priorities and recent activities, including engagement with the Chair of the Monitoring Board, monthly meetings with the Chairs of the IASB and the ISSB and activities to support the Foundation's central functions such as publication of the Foundation's 2023 Annual Report and financial statements, internal audit and risk and compliance management.

### 3. Report of the Chair of the IASB

- 3.1 The Chair of the IASB, Andreas Barckow, reported on the IASB's activities since the February 2024 Trustees meeting. This report included updates on:
  - a) progress on the technical work plan in the period, highlighting the issuance of two major IFRS Accounting Standards, IFRS 18 *Presentation and Disclosure in Financial Statements* and IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.
  - b) progress on IASB strategy – Generation 3.0 – which includes holding strategy workshops with IASB members and technical staff, undertaking research on the use of IFRS Accounting Standards around the world, the composition of global capital markets and disrupters in the financial reporting landscape, and consulting with the IFRS Advisory Council. A fuller update will be provided to Trustees at their October meeting.
  - c) the transformation of the composition of the work plan whereby five projects were completed during the period, which is beginning to free up capacity to begin new projects committed to as part of the IASB's Third Agenda Consultation. As a result, the IASB's work plan composition shifts from primarily standard-setting projects to a mix of research and standard-setting projects. Specifically:

- i) during the period, the IASB started a research project to comprehensively review the accounting requirements for intangible assets.
- ii) before the October 2024 Trustees meeting, the IASB expects to complete four more projects, as well as start three new projects: the post-implementation review (PIR) of IFRS 16 *Leases*, the statement of cash flows and the amortised cost model.
- d) digital financial reporting, the level of focus on which was increased in light of stakeholder feedback about the increased level of interest in and prevalence of digital financial reporting. This topic is further covered in agenda item 6.

#### 4. Report of the Chair of the ISSB

4.1 The Chair of the ISSB, Emmanuel Faber, reported on the ISSB's activities since the February 2024 Trustees meeting. This report included updates on:

- a) the publication of the IFRS Sustainability Disclosure Taxonomy, which was timely given the EU's work on its own taxonomy as both the ISSB and the EU will rely significantly on interoperable taxonomies to complement their work on the interoperability guidance.
- b) the interoperability guidance on the ISSB Standards and European Sustainability Reporting Standards (ESRS) published jointly by the Foundation and EFRAG.
- c) the publication of the Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards and of the Regulatory Implementation Programme Outline, at IOSCO's Annual Meeting in May 2024, where it was warmly received by participants.
- d) the completion of decisions about the ISSB's work plan for next two years, an update of which will be provided at the IFRS conference on 24 June 2024 and a [Feedback Statement](#) published. The ISSB would be commencing two research projects:
  - i) a nature-related project, biodiversity, ecosystems and ecosystem services (BEES), which will draw upon the SASB Standards, CDSB materials and the work of the Taskforce on Nature-related Financial Disclosures (TNFD) to enhance interoperability and to facilitate the pace of the ISSB's work; and
  - ii) human capital, including some aspects of human rights, for example, those of employees and workers in the value chain.
- e) more than 20 jurisdictions, representing over half of the global economy by GDP, are on their journey to adopt or otherwise use ISSB Standards. Twelve jurisdictions are in Asia-Oceania and through them capture around 90% of Asian capital markets. It was noted that whilst the SEC did not formally recognise ISSB Standards as a type of alternative reporting as hoped, the SEC did mention the ISSB over 40 times in its release accompanying its climate rule and pointed to similarities in its work and the ISSB's work.
- f) capacity building efforts are increasing with a letter of intent recently signed with the African Development Bank. The World Bank MoU agreement is now in place and the team are progressing with a capacity building development plan with partners over the next two years including via the sustainable stock exchange initiative.
- g) expected next steps included a focus on:
  - i) supporting the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*
  - ii) enhancing the SASB Standards

- iii) researching risks and opportunities associated with nature and human capital, building from pre-existing initiatives, such as the SASB Standards, CDSB guidance and the TNFD

with some capacity reserved for flexibility to address emerging issues and to engage further with the IASB as needed.

## 5. Update on digital reporting

- 5.1 IASB Executive Technical Director, Nili Shah, and ISSB Executive Technical Director, Bryan Esterly, jointly provided Trustees with an overview of digital financial reporting in the context of investors' digital consumption of general-purpose financial reports. This is a common strategic priority for both the IASB and the ISSB who make use of synergies including a shared staff team that supports both boards' digital reporting and taxonomy related work, a shared advisory group, common taxonomy design and educational materials. Regular updates on digital financial reporting related activities are provided to the Trustees' Digital Technology Oversight Committee.

## 6. Strategic Direction Considerations for the ISSB

- 6.1 In January 2024, a Trustee Strategy Taskforce, comprising seven Trustees and chaired by Bob Pozen, was formed to progress discussions on the Foundation's strategic direction and to help guide the Trustees in applying their responsibilities under the IFRS Foundation *Constitution* to 'review annually the strategy of the IFRS Foundation, the IASB and the ISSB and its effectiveness'.
- 6.2 Emmanuel Faber presented a paper on the ISSB's strategy related to transition plan disclosure-related work, noting the work that had taken place further to the Taskforce's feedback provided on 27 February in Madrid. Bob Pozen congratulated the ISSB on its continuing work and success on behalf of the Taskforce.

## 7. Budget Update

- 7.1 The Chair of the Budget and Finance Committee, Richard Sexton, provided an overview of the goals for the Committee for 2024 and its progress to date. He updated the Trustees on the anticipated financial outcome for the remainder of the year which showed an expected deficit that would need to be funded from reserves. For 2025, Mr Sexton explained that the goal was to return to at least a balanced budget with a medium-term goal to replace reserves. He also noted enhancements to the business planning process that are being implemented as part of the process to create the 2025 budget.

## 8. Funding update

- 8.1 The Chair of the Funding Committee, Isabel de Saint Malo, provided an overview of funding goals and its progress to date. She also updated Trustees on the Corporate Champions network which now has 25 members.

## 9. Culture update

- 9.1 The Chair of the Human Capital Committee, Keiko Tashiro, and Marian Habbel, Chief People Officer, reported on the results of the culture project and how it supports the people strategy.

9.2 They noted the importance of culture in an organisation, particularly one that has more than doubled its staff in a very short period of time and moved from a single- to a multi-location model. They noted that the consolidation created a need for the development of a new culture, which focused on:

- listening to all staff, independent of location, level, department in the creation of an organisation culture; and
- valuing what was been done before in all three legacy organisations (CDSB, IFRS Foundation, VRF).

They highlighted the work that had been undertaken to ensure the culture framework was created and communicated appropriately, had strong support from leadership via role modelling and demonstrable actions, and that all accepted that building and maintaining a culture would be an ongoing process needing to be embedded into everything the Foundation does.

9.3 It was explained that the culture framework was developed to include values and behaviours linked to the Foundation's mission. Training had taken place for all staff, and specific manager training has recently been completed along with establishing new joiner culture inductions. Additional work to support culture include placing a renewed focus on the HR team's diversity, equality and inclusion work.

9.4 Mr Habel also updated the Trustees on changes to the Foundation's HR function to support the Foundation's growth and its development from a single office to a multi-location model with increased staffing levels.

## 10. Update on UK taxation on foreign income and gains

10.1 Andrea Pryde, Acting Managing Director, updated the Trustees about the potential effect of an impending change to taxation in the UK on non-domiciled, UK tax-resident employees, expected to apply from April 2025. The Trustees considered the effect this might potentially have on the Foundation's ability to attract and retain new IASB members, noting that there remain many uncertainties at this time. The Trustees will continue to monitor the position.

## 11. Transitional Advisory Group

11.1 Masa Kono, Chair of the Transitional Advisory Group (TAG), reported on the TAG's meeting on 17 May 2024. TAG members had been updated on US engagement and strategy, the Integrated Reporting and Connectivity Council's meeting in January 2024 and the proposed people strategy.

11.2 He noted that the TAG had been set up as time limited group and dissolves two years from the first Trustee meeting following the close of the VRF consolidation, ie October 2022. TAG members had supported dissolving the group concluding that its work is done. The TAG will meet for a final time in October 2024.

## 12. Reports from recent Trustee Committee meetings

### 12.1 Audit and Risk Committee

12.1.1 Maria Theofilaktidis, Chair of the Audit and Risk Committee reported that the Committee had:

- approved an amended Internal Audit Charter to allow external assessment of the internal audit function within five years and transition to new global internal standards effective January 2025;

- received an update on recent internal audit activity, including the outcome of the audits of global payroll and the One Foundation programme;
- received an update from the CFO on external audit arrangements;
- considered a new risk management dashboard developed by the Executive Risk Committee (ERC) which helps define the Foundation's risk appetite;
- reviewed the risk register and mitigating actions; and
- noted a list of donations.

## 12.2 Sustainable Operations Taskforce

12.2.1 Keiko Tashiro, Chair of the Sustainable Operations Taskforce, reported on the progress of the Foundation's internal sustainability programme, including a new sustainability policy, implementation of an environmental management system and the tracking of the Foundation's GHG emissions. She explained that the term of the Taskforce has been extended by a year to end of March 2025. After this time, it was anticipated that the Trustees Executive Committee will assume responsibility for the Taskforce with oversight from the Audit and Risk Committee for aspects that are reported in the Foundation's annual report.

## 12.3 Nominating Committee

12.3.1 Ken Robinson, Chair of the Nominating Committee, reported on the Committee's work relating to various nominations processes, including the Managing Director position and the Trustee position that remained vacant.

## 12.4 Due Process Oversight Committee

12.4.1 Teresa Ko, Chair of the Due Process Oversight Committee, reported on the Committee's meeting, [a summary of which](#) is attached.

## 13. Stakeholder engagement

13.1 The IFRS Foundation held a successful stakeholder event on the evening of 4 June 2024 with the Singapore Accounting and Corporate Regulatory Authority (ACRA) at Raffles Hotel in Singapore. The event included [welcoming remarks by Erkki Liikanen](#), IFRS Foundation Chair of Trustees and Chong-tee Ong, Chairman of ACRA and IFRS Foundation Trustee and a speech by Singapore Second Minister for Finance, Indranee Rajah.

## 14. Joint meeting of the Trustees and the IFRS Monitoring Board

14.1 The Trustees met the IFRS Foundation Monitoring Board on 6 June 2024. A [summary of the discussion](#) was published online.

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## IFRS Foundation Trustees—Due Process Oversight Committee

Date **4 June 2024**

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

The IFRS Foundation Due Process Oversight Committee (DPOC) [met on 4 June 2024](#) in Singapore. The meeting was webcast live and a recording of the meeting is available on the [IFRS Foundation website](#).

### International Accounting Standards Board (IASB)-related matters

#### IASB Technical Activities—Update report on activities of the IASB and the IFRS Interpretations Committee

The DPOC considered a report providing an update on the activities of the IASB and the IFRS Interpretations Committee for the period March to May 2024. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.

The DPOC was updated on various matters including:

- the publication of IFRS 18 *Presentation and Disclosure in Financial Statements* in April 2024 and IFRS 19 *Subsidiaries without Public Accountability: Disclosure* in May 2024, for which the DPOC had undertaken lifecycle reviews at its October 2023 and February 2024 meetings respectively.
- the publication of the Exposure Draft *Business Combinations—Disclosures, Goodwill and Impairment* in March 2024. In response to a question, it was noted the staff had worked closely with the Financial Accounting Standards Board (FASB) on the project. For example, the project had considered the reintroduction of amortisation of goodwill, which had also been on the FASB's agenda, and after close coordination and discussion both boards opted not to pursue this reintroduction thereby maintaining convergence. However, in response to stakeholder feedback, the IASB was exploring improving disclosures about business combinations and this improvement was the main topic in the Exposure Draft. The FASB had not received such feedback, possibly because the US Securities and Exchange Commission requires some disclosures. A Committee member suggested that it might be helpful to highlight this difference in the existing reporting frameworks to mitigate competitive concerns being raised by the IASB's stakeholders.
- the Power Purchase Agreements project for which the IASB had published an exposure draft in May 2024, with a 90-day comment period as approved by the DPOC in March 2024. An observing Trustee asked whether 90-day comment periods were expected to become more the norm. The staff said there was a particular urgency associated with the proposals in the exposure draft and that 120-day comment periods were expected to remain the norm given some jurisdictions have to translate the requirements and also seek and compile feedback from stakeholders.

- the Second Comprehensive Review of the IFRS for SMEs Accounting Standard for which the IASB is nearing completion of its deliberations and expects to ask the DPOC to conduct a lifecycle review in October 2024. The publication of the revised Standard will be deferred into the first half of the year 2025 to allow the IASB to incorporate any resulting amendments from the Addendum Exposure Draft published in April 2024.
- the Management Commentary project for which the IASB would decide the project direction in June 2024.
- the research project on Intangible Assets which had started in April 2024 and which was a high priority for stakeholders in their feedback in the IASB's Third Agenda Consultation.
- activities being undertaken in the Climate-related and Other Uncertainties in the Financial Statements project, including the development of an exposure draft of a package of examples illustrating how an entity might apply IFRS Accounting Standards which is expected to be published in July 2024.

### **Post-implementation Review of IFRS 9—Impairment**

The DPOC was briefed about the Post-implementation Review (PIR) of the impairment requirements of IFRS 9 in line with the requirement of paragraph 6.59 of the *Due Process Handbook* (the *Handbook*). The DPOC had also been provided with a draft of the Project Report and Feedback Statement for the PIR.

The report covered the objectives of the PIR; the process that the IASB had followed since the review commenced in July 2022 in accordance with the *Handbook*, which had included the publication of a Request for Information (RFI) and extensive outreach; the IASB's evaluation of the feedback; and its final conclusions. The IASB had evaluated the feedback using the clarified description of the objective, process and outcome of a post-implementation review discussed with the DPOC in 2022. In response to a question about the low level of formal response to the RFI from users of financial statements, the staff highlighted the outreach and meetings undertaken with users and explained that the IASB was comfortable that it had received sufficient feedback from users.

A Committee member noted the IASB would be adding a project to its research pipeline to make targeted improvements to specific disclosure requirements in IFRS 7 *Financial Instruments: Disclosures* relating to credit risk. It was noted that the demand for these disclosures is because of the judgement required in applying the expected credit loss model.

The DPOC agreed, based on the materials provided, that the IASB had completed the PIR satisfactorily and that the report could be finalised and published.

### **Approval to publish the Proposed IFRS Taxonomy Update based on the Exposure Draft *Contracts for Renewable Electricity***

The DPOC was asked to approve the publication of a proposed IFRS Taxonomy update (PTU) based on the proposals in the Exposure Draft *Contracts for Renewable Electricity* (proposed amendments to IFRS 9 and IFRS 7) rather than the final accounting requirements. This was to allow the IASB to complete the IFRS Taxonomy Update for incorporating the IFRS Accounting Taxonomy 2025 so that the Taxonomy elements may be used from the first period the related amendments are expected to be effective.

In response to a Committee member's question the technical staff noted that usual process avoids the risk of a change having to be made to the Taxonomy Update following its exposure as a result of a change to the disclosure requirements. However, in this case, the risk was not considered to be significant. Even if there were changes during the finalisation of the amendments to the Standards, re-exposure would not be expected to be required given the straightforward nature of the modelling of the

disclosures into the taxonomy. It was suggested that it be made clear when publishing the PTU that there could be changes depending on the finalisation of the accounting requirements.

The DPOC approved the publication of a PTU based on the Exposure Draft *Contracts for Renewable Electricity*.

### Proposed IASB Prioritisation Framework

The DPOC was updated about the IASB's ongoing work to develop a proposed prioritisation framework. This framework is intended to help the IASB operationalise the principles in the *Handbook* to consistently prioritise technical projects on its work plan to balance capacity demand with supply and enable effective execution of the IASB's mission.

In response to Committee members' questions the technical staff noted:

- in terms of the practical changes, the framework aims to codify what the IASB is already doing but should provide common language for prioritisation discussions and greater rigour to the decision making.
- a key takeaway from the April 2024 IASB meeting was ensuring it is clear that the prioritisation framework is addressing prioritisation decisions between agenda consultations and how a new project should be assessed against projects that were evaluated in the holistic analysis of an agenda consultation.
- the ISSB is at a different stage of maturity compared to the IASB and, for example, does not have an Interpretations Committee, which is the most common source of potential projects requiring the IASB's consideration between agenda consultations. It was also noted that the ISSB's next work plan is for two years whereas the IASB's current work plan is for five years.
- the framework is not intended for inclusion in the *Handbook* and is potentially too detailed for the *Handbook*. The principles for the framework are set out in paragraph 5.4 of the *Handbook*. It would also be better to test and refine the framework before considering 'hard wiring' it in the *Handbook*. In addition, the ISSB had not been involved in its development, so it would be necessary for them to test and consider any adaptations. A Committee member noted that it was for the DPOC to decide whether a change was required to the *Handbook*. Transparency to stakeholders was important regardless of whether the framework was included in the *Handbook*.

The Chair requested a short follow up paper to clarify the change being proposed. She also requested the two boards' leadership consider how they might deal with situations in which there is a matter potentially requiring prioritisation decisions by both boards.

## International Sustainability Standards Board (ISSB)-related matters

### ISSB Technical Activities—Update report on activities of the ISSB

The DPOC considered a report providing an update on the activities of the ISSB for the period March to May 2024. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.

The DPOC was updated on various matters including:

- the ISSB Consultation on Agenda priorities. The DPOC had received a briefing about this project at its [meeting on 29 May 2024](#) and it was confirmed that the ISSB would publish the feedback statement and the ISSB's two-year work plan towards the end June 2024.
- work to support implementation of IFRS S1 and IFRS S2, included:
  - progressing the work of the Transition Implementation Group, which would be holding its second technical discussion on 13 June.



- the publication of educational materials. Since February 2024, the following materials had been published:
  - materials describing how a preparer can use the SASB Standards to meet the requirements in IFRS S1;
  - a two-part webcast on disclosure requirements in IFRS S1 and IFRS S2 relating to the current and anticipated effects of sustainability-related risks and opportunities; and
  - the ESRS–ISSB Standards Interoperability Guidance.
- the IFRS Sustainability Disclosure Taxonomy which was published in April 2024. The Taxonomy was developed in accordance with the *Handbook* and it enables entities to consistently tag information prepared using ISSB Standards. The publication was accompanied by an introductory webcast, explaining the Taxonomy’s key features and the benefits for investors, companies and regulators.
- the ongoing work to establish the IFRS Sustainability Reference Group. This work will be discussed with the DPOC at a future meeting.

## Updating the Due Process Handbook

The DPOC received a report updating Committee members on the project to update the *Handbook* to reflect formally the establishment of the ISSB.

Committee members noted the following:

- the need to be disciplined about making changes given the existing requirements work well—the DPOC confirmed the project is a targeted review.
- care should be taken in referring to the *Handbook* as a ‘living document’. Due process is a fundamental matter for the IFRS Foundation and provides quality assurance. The *Handbook* needs to be a stable reference point for both internal and external stakeholders. However, within the principles of the *Handbook*, minor changes to the due process to accommodate developing needs should be capable of being accommodated.
- the need to better frame the section in the *Handbook* on ‘educational material’. It needed to be clearer that the reason why such material is not subject to consultation is because it does not add or change requirements in the Standards. The due process is therefore focused on ensuring that is the case. In addition, it would be better to use a broader term such as ‘application support materials’.
- relatedly it was noted that in some cases, a very small amendment might be required to the Standards, which would require consultation. It was suggested emphasising in the *Handbook* the potential for a shorter comment period in such cases.

The DPOC also discussed the due process requirements for three topics: the IFRS Interpretations Committee, the IFRS Taxonomy and Post-implementation Reviews. The DPOC considered the staff’s analysis of various potential changes and agreed to make some clarification and enhancements relating to the Interpretations Committee’s due process and to update the *Handbook* to reflect the clarified language about the objective, process and possible outcomes of a post-implementation review that had previously been discussed with the DPOC.

## Closing

The DPOC Chair thanked all for their participation.