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Agenda paper 1

# Advisory Council Feedback Report

IFRS Advisory Council  
November 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?

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## Overview

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

### Relevance

- IASB Strategy – Generation 3.0
- ISSB Capacity Building
- Facilitating market use of sustainability-related resources

### Process

- Earned Revenue
- KPIs
- Sustainable Operations

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

## Update

The following projects have previously been discussed by the Advisory Council but will not be reported on further in this report

Project	Status
Adoption of IFRS Accounting Standards	Will be incorporated into discussions on 'IASB Strategy – Generation 3.0' (see slide 5 and agenda paper 7)
Digital Financial Reporting	Embedded as 'business as usual' for the IASB and the ISSB. Further updates will be via the Chairs' reports
ISSB Agenda Consultation	In the redeliberations process. A further session with the Advisory Council will be scheduled in early 2024.
Organisational Culture	Culture framework established and being embedded.
Management Commentary	Feedback to be incorporated into technical discussions by IASB and ISSB

# Strategic activities – relevance (1/3)

Foundation's strategic activities in the past six months

Advisory Council feedback  
Note – meeting links take you to Nov 2023 papers

## IASB Strategy – Generation 3.0

Over the last two decades, the IASB has established its credibility issuing IFRS Accounting Standards that are applied globally, whilst diversifying its activities to include supporting consistent application, the IFRS Taxonomy and the *IFRS for SMEs* Accounting Standard. As the IASB moves into its 3<sup>rd</sup> decade we are asking the Advisory Council for advice on the IASB strategy for the next decade. How should the IASB define its strategy for the next decade? What should be its success measures?

## Nov 2023

Feedback from the Advisory Council members will be sought at the meeting on 7 and 8 November 2023.

# Strategic activities – relevance (2/3)

Foundation's strategic activities in the past six months

Advisory Council feedback

Note – meeting links take you to Chair's summary

## Capacity Building

- 35 partners, mostly global/regional remit
- Body of core foundational capacity building resources, including starter and transition guidance, being finalised ahead of COP28
- IFRS Knowledge Hub (= open access online tool) containing over 80 partner / third party educational and other resources due for launch at COP28
- Foundational training programmes rolled out to identified stakeholder constituencies, including issuers/reporters, accountants and securities regulators
- High-level participation in global / regional industry and other strategic events (e.g. World Congress of Accountants, Africa Congress of Accountants, ASEAN Capital Markets Forum, CreCER, UNFCCC and NY Climate Weeks)

### **Next steps:**

- Finalise post-COP28 roadmap to 2027 (early 2024)
- Ongoing development of educational and other resources (e.g. release of e-learning / white label modules) + curation of IFRS Knowledge Hub
- Increasing tailored, jurisdiction-specific capacity building interactions - including expansion of partner community to include more 'local' capacity building partners
- Targeted engagement with multilateral development banks

## 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 (3/3)

Foundation's strategic activities in the past six months

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

## Facilitating market-use of sustainability-related resources

- FSB announced the culmination of the TCFD's work and transitioned monitoring on the state of climate-related financial disclosures to the Foundation, helping further simplify the landscape for preparers
- We have hosted dozens in-person and virtual events reaching thousands of preparers and investors around the world since the launch of IFRS S1 and S2 to explain the key aspects of the Standards and answer initial questions
- We have started monitoring jurisdictional progress and organisations supporting and advocating for ISSB Standards to be adopted by jurisdictions and voluntarily used by preparers and investors

### Next steps:

- A discussion on the ISSB adoption strategy will take place at the November 2023 Advisory Council meeting.
- Initiate call for applications for the new technical feedback group, which was discussed in April
- Promote new education resources coming in the next few months

## April 2023

The Advisory Council made a number of comments and suggestions, including:

- the challenges companies will face because the Standards are so new;
- potential confusion around how ISSB Standards relate to TCFD and SASB Standards;
- the need for interoperability between the European Union and other standards/ regulators;
- the possible need for the ISSB to broaden its definition of stakeholders vs. the need for it to maintain its focus;
- the importance of strengthening regulatory engagement, as well as market engagement;
- the benefit of exploring different platforms to reach a wider audience and make information more digestible and accessible.

# Strategic activities – process (1/3)

Foundation's strategic activities in the past six months

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

## Earned revenue

- Discussed earned revenue guiding principles with the Foundation's Trustees to guide earned revenue activities for the next 2-4 years
- Introduced ePub option for IFRS Accounting Standards now available for B2B users via commercial partners instead of hard copy format.
- Introduced licensing files for IFRS S1 and S2 while making the Standards, Implementation Guidance, and Basis for Conclusions available for free for personal non-commercial use
  - The licensing files are aligned with the digital taxonomy exposure draft
- Worked to align how Accounting and Sustainability earned revenue products and services are presented on IFRS.org
- Prioritising activities for ISSB adoption and use in near-term, while still leaving room for future growth of earned revenue products and services

### Next steps:

- Continue to explore Accounting and Sustainability-related products as a package
- Develop a path to cover half of the Foundation's budget from earned revenue by 2027

## April 2023

A number of suggestions and comments were made, including:

- the importance of establishing clear principles to underpin strategic decisions on earned revenue;
- the importance of maintaining the IFRS Foundation's independence and the role of a diverse revenue base to achieve this;
- different ways that licencing and subscriptions could be structured;
- the importance of considering Accounting and Sustainability-related products as a package;
- the importance of timing of a new earned revenue model, particularly in relation to sustainability-related products – balancing the need to earn revenue vs. the need to encourage adoption;
- the importance of ensuring revenue-generating activities retain alignment with the IFRS Foundation's mission and are not perceived as excessively progressive or aggressive by stakeholders.



## Strategic activities – process (2/3)

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 (3/3)

Foundation's strategic activities in the past six months

Advisory Council feedback  
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## Sustainable Operations Strategy

- Trustees set target for IFRS emissions reductions
- 2023 greenhouse gas data being collected – to set our baseline and 'quick wins' that can be implemented to improve our Greenhouse Gas emissions and sustainability performance have been identified
- Full time staff member appointed to commence in Dec 2023 to manage internal sustainability
- Sustainability Roadmap in draft – to plan activities in the long term.
- Policy / compliance review underway – expected to be completed by end of Q1 2024
- IFRS leadership team undertaken Environmental Management training

### **Next steps:**

- Complete baseline and sustainability roadmap
- Set KPI's for 2024 and beyond

## 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.

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Thank you

