

November 2021

IFRS® Foundation
Feedback Statement

IFRS Foundation Trustees' Feedback Statement on proposed amendments to the IFRS Foundation's *Constitution*



Introduction

In April 2021, the IFRS Foundation Trustees (Trustees) published an [Exposure Draft](#) proposing amendments to the IFRS Foundation *Constitution* to:

- expand the Foundation’s objectives to create a board that would set IFRS Sustainability Standards within the Foundation’s governance structure;
- set out the structure and function of the new board; and
- align other parts of the *Constitution* with the creation of the new board.

The Trustees invited comments on whether:

- the proposed governance structure would provide legitimate oversight of the new board’s standard-setting; and
- the proposed amendments were proportionate to the Foundation’s strategy for the new board’s work.

Context

The Trustees proposed amendments to the *Constitution* in response to their consideration of the 577 comment letters on the September 2020 [Consultation Paper on Sustainability Reporting](#). The paper asked:

- about the demand for global sustainability standards;
- whether the Foundation should play a role; and
- whether the Foundation should create a sustainability-focused standard-setting board within its governance structure.

Given the urgent need for global standards (most notably on climate), the Trustees agreed to decide on a new board by the November 2021 United Nations COP26 conference if the key requirements for success specified in the 2020 *Consultation Paper* and the April 2021 Exposure Draft were met. Those key requirements for success were:

- to achieve a sufficient level of global support from public authorities, global regulators and market stakeholders, including investors and preparers, in key markets;
- to work with regional initiatives to achieve global consistency and reduce complexity in sustainability reporting;
- to ensure the adequacy of the Foundation’s governance structure;
- to achieve appropriate technical expertise for the Trustees, new board members and staff;
- to achieve the level of separate funding required and the capacity to obtain financial support;
- to develop a structure and culture that seeks to build effective synergies with financial reporting; and
- to ensure the Foundation’s mission and resources are not compromised.

Introduction continued...

All stakeholder groups commented on the proposed amendments to the *Constitution*; their responses provided a global perspective, with responses from all geographic regions. Respondents broadly reiterated the support expressed in feedback on the 2020 *Consultation Paper* and generally welcomed the proposed amendments to the *Constitution* required to support sustainability-related standard-setting within the Foundation's governance structure. Respondents generally agreed that the proposed governance structure would provide legitimate oversight of the new board's standard-setting and the proposed amendments were proportionate to the Foundation's strategy.

At their October 2021 meeting, the Trustees decided that the key requirements for success had been sufficiently met. The Trustees therefore approved the amendments to the *Constitution* required to establish the International Sustainability Standards Board (ISSB) within the Foundation's governance structure.

This Feedback Statement sets out the most important matters raised in response to the Exposure Draft and the Trustees' views on those matters.

Summary

- Public consultation
- Targeted proposed amendments to the *Constitution* published in April 2021 with a 90-day comment period that closed on 29 July 2021
- 177 comment letters analysed
- The Trustees considered the feedback from September to October 2021
- Overall, the feedback was representative—comment letters came from all regions and stakeholder groups

Objectives of the IFRS Foundation and terminology

Objectives

Proposal

The Trustees proposed expanding the Foundation's objectives to allow for the development of globally accepted IFRS Sustainability Standards by adding a separate broad objective to cover the ISSB's work. That proposed objective largely paralleled the objective for the work of the International Accounting Standards Board (IASB).

The ISSB's proposed objective also specified that its standards should 'connect with multi-stakeholder sustainability reporting'. This was intended to convey that the ISSB's standards would provide a globally consistent and comparable reporting baseline, which could be a subset of broader jurisdictional requirements.

Feedback

Respondents broadly supported the proposed revised objectives, particularly their focus on the work of the two boards informing investors and other capital market participants. However, some said the proposed objectives gave the impression of two boards working independently, without sufficient emphasis on the potential for interconnectivity between the two boards and their standards.

Some respondents suggested broadening the ISSB's proposed objective to focus on the information needs of stakeholders other than investors. Others said the proposed wording on the connection with multi-stakeholder sustainability reporting was ambiguous—many investors perceived it as diluting the focus on providing information for investors.

Trustees' response

The Trustees revised the proposed objectives to promote a holistic view of the Foundation's work to focus on the information needs of investors and other participants in the world's capital markets. The Foundation's objective has always been to provide investors with decision-useful information. However, its structure was first established over 20 years ago and investors are now demanding an evolved set of information. The revised objectives therefore retain this focus on investor needs while reflecting the change in the Foundation's structure necessary to continue to meet those evolving needs.

In a new section (paragraph) 3 (rather than as part of the objectives in section 2), the Trustees set out their strategy for the ISSB to provide a globally consistent, comparable and comprehensive reporting baseline. The new section does not represent a change to the Trustees' proposed strategic approach—the ISSB will develop its standards acknowledging the importance of their interoperability with other reporting initiatives that address broader information needs of other parties. However, the new section clarifies that the ISSB's standards are primarily designed to meet investor needs.

Objectives of the IFRS Foundation and terminology

continued...

Interconnectivity between the ISSB and the IASB

Proposal

In the key requirements for success specified in the Exposure Draft (and in the 2020 *Consultation Paper*), the Trustees explained that the IASB and the ISSB would need to build effective synergies between sustainability disclosures and the financial statements. In that regard, the IASB has participated in the Technical Readiness Working Group¹, providing an early opportunity for developing such synergies.

Feedback

Some respondents said the proposed amendments did not sufficiently emphasise and promote the potential for interconnectivity between the two boards and their standards. Some respondents also said other conceptual and operational matters would require clarification to ensure compatibility between the two boards' standards—for example, defining the scope of the ISSB's work and differentiating it from that of the IASB, agenda-setting, discussing how the two boards would work on joint or overlapping projects and resolving differences of views between the two boards.

Trustees' response

The Trustees decided to reflect the intended interconnectivity between the IASB and the ISSB by:

- specifying within the Foundation's objective that the two boards' standards will be complementary;
- amending the description of the Trustees' duties in section 16 of the *Constitution* to add an assessment of how effectively the two boards work together; and
- adding a requirement for each board to establish procedures for working with the other to develop compatible standards that avoid inconsistencies and conflicts (inserted in the provisions relating to the IASB and to the ISSB in sections 37 and 58).

The Trustees concluded that the *Constitution* need not address other conceptual and operational matters because to do so could constrain the boards from developing effective synergies as the ISSB's work evolves. The Trustees expect the IFRS Foundation *Due Process Handbook* to reflect—in due course—key matters relating to how the two boards work together.

¹ The Trustees established the Technical Readiness Working Group (TRWG) to provide the ISSB with a running start to its standard-setting. The TRWG comprised leading organisations with expertise in sustainability and integrated reporting standard-setting focused on meeting investor needs.

Objectives of the IFRS Foundation and terminology

continued...

Terminology

Proposal

The Trustees proposed retaining the name of the IFRS Foundation and naming the new board the International Sustainability Standards Board (ISSB) setting IFRS Sustainability Standards. The Trustees therefore proposed to change the name of the IASB's standards to IFRS Accounting Standards.

Feedback

Feedback on the terminology proposals varied, with the strongest views expressed on whether to associate 'IFRS' with the ISSB's standards.

Respondents supporting the use of 'IFRS' for sustainability disclosure standards explained that investor needs from financial reporting have evolved. In their view, the ISSB's focus on sustainability-related disclosures for the benefit of investors falls within what could reasonably be described as general-purpose financial reporting. They said it would be important to demonstrate that IFRS Standards (a) continue to be relevant and evolve in response to investor needs, and (b) build upon the widely recognised and trusted IFRS brand to accelerate global acceptance of the ISSB's standards.

Those expressing concerns about the use of 'IFRS' for sustainability disclosure standards typically said they associate 'IFRS' *only* with standards

set by the IASB. Using 'IFRS' when referring to sustainability disclosure standards might cause confusion and fail to convey the proposed scope of the ISSB's standards. Those respondents suggested alternative labels for the ISSB's standards, with many suggesting a corresponding renaming of the Foundation so the Foundation would not be perceived as relevant only to the IASB's work (the Exposure Draft had explained that the Trustees had considered such an approach). Some respondents also suggested renaming the IASB to align the name of the board with the name of the standards it develops.

Many respondents also commented on the need to reflect more precisely the ISSB's remit, with suggestions that the name of the proposed board include the term 'reporting' and 'sustainability standards' be named 'sustainability reporting standards'.

Trustees' response

On balance, the Trustees decided to retain the name of the Foundation and to associate 'IFRS' with both the IASB's and the ISSB's standards, because:

- 'The IFRS Foundation' remains a logical name for the expanded objective of the Foundation. The work of the two boards is consistent with the definition of financial reporting in the IASB's *Conceptual Framework for Financial Reporting*. The *Conceptual Framework* is concerned with information that would affect investors' financial evaluation of a company. To date,

Objectives of the IFRS Foundation and terminology

continued...

the Foundation has largely focused on developing accounting standards requiring companies to provide information in the financial statements (including the notes to the financial statements) for the benefit of investors. However, with the new board, the information provided to investors will now also include other (sustainability) information that is relevant to their decision making.

- Renaming the organisation would be contrary to the Trustees' view that creating the ISSB is a natural evolution of the Foundation to meet evolving investor needs.
- The IFRS brand is associated with global, investor-focused, high-quality, thorough, transparent and participatory standard-setting in the public interest. Furthermore 'IFRS' is a protected trademark around the world. It is important for the Foundation to be able to protect the use of its Standards, including those that the ISSB will develop. Some of the names respondents suggested are already protected names in particular jurisdictions.
- Associating 'IFRS' with the standards of both boards emphasises the intended interconnectedness between the two boards' work and reflects the intended equal standing of the two boards in the organisation.

The Trustees acknowledged the feedback on the need to reflect more precisely the ISSB's remit. Nonetheless, the Trustees wished to avoid confusion with other organisations who work on multi-stakeholder sustainability reporting. The Trustees therefore concluded that 'IFRS Sustainability Disclosure

Standards' provides a more accurate description of the purpose of the ISSB's standards than other alternatives. In using the term 'disclosure', the Trustees emphasised their expectation that the ISSB will in many cases specify how a company determines the required disclosure. This use of 'disclosure' is therefore consistent with how it is used in IFRS Standards—the IASB has several disclosure standards that specify in detail how companies measure amounts required to be disclosed.

The Trustees decided not to change the proposed name of the new board, the International Sustainability Standards Board. The investor focus of the ISSB's work is made clear through the decision to continue using 'IFRS' in reference both to the Foundation and to the ISSB's standards. The proposed name and in particular its abbreviation—the ISSB—have also already gained some recognition among stakeholders.

Structure of the ISSB

Future review of structure and effectiveness

Proposal

The proposed constitutional provisions for the ISSB generally paralleled those for the IASB. The Trustees however proposed provisions to allow the ISSB to reach an appropriate level of maturity—for example, to allow a minority of board members to serve part time and to appoint more at-large members than appointed to the IASB.

Feedback

Most respondents said the constitutional provisions for the ISSB should be the same as those for the IASB unless there is a compelling reason to differ. Nonetheless, some respondents acknowledged the need for some transitional provisions in the initial years of the ISSB—they suggested such provisions should have a limited life and eventually be removed.

Trustees' response

The Trustees will review the structure and effectiveness of the ISSB, starting within three years after the ISSB commences operations—this time frame is consistent with that for the Trustees' first review of the IASB after it commenced operations in 2001. This review allows the Trustees—in the light of experience—to make any necessary amendments to the constitutional provisions for the ISSB, including revisions to transitional provisions that are no longer appropriate. The review avoids the need to complicate the *Constitution* with 'sunset' clauses.

Size of the ISSB and part-time or full-time membership

Proposal

The Trustees proposed that the ISSB would normally comprise 14 members (as does the IASB), but allowed for the possibility that a minority of members—excluding the Chair and the Vice-Chair—would serve only part time (which differs from the IASB's maximum of three part-time members). Allowing some members to serve part time would potentially attract candidates with a broad variety of skills and expertise while ensuring independence in technical deliberations. The Trustees proposed no minimum size for the ISSB.

Feedback

Almost all respondents agreed with the proposed size of the ISSB. Some respondents also acknowledged the need for a transitional provision to allow the appointment of more part-time members than the IASB. However, most said this provision should have a limited life and eventually either be the same as that of the IASB or all ISSB members should be full time. Those that expressed no disagreement with the proposal on part-time members however emphasised the importance of protecting the ISSB's independence; some suggested limiting the appointment of part-time ISSB members as much as possible, saying the ISSB's independence will be crucial to gaining global acceptance.

Structure of the ISSB continued...

Trustees' response

The Trustees confirmed that the ISSB will normally comprise 14 members and that a minority of members could be part time. On balance, the Trustees viewed having the flexibility to appoint some part-time ISSB members as useful to avoid being constrained in their ability to appoint suitably qualified and experienced members. In considering appointments, the Trustees will both consider the practical effect of any part-time members on the ISSB's capacity to undertake its workload and ensure that any other role held by a part-time member would not impair, nor be perceived as impairing, the ISSB's independence. The Trustees will assess any potential part-time candidate case-by-case against their Code of Conduct and through their Ethics Committee.

The Trustees decided to allow the Chair of the ISSB to be a part-time member. The Trustees noted that the inaugural Chair will have a demanding workload, but also a particularly critical role to play in promoting the ISSB globally. Given this, the Trustees did not wish to constrain their ability to appoint a highly talented individual with the necessary leadership skills who might also have some responsibilities outside the Foundation. Any part-time Chair would need to devote most of their time and energy to the ISSB. The Trustees also acknowledged the particular importance of any part-time Chair maintaining and demonstrating a sufficient level of independence.

The Trustees decided on a minimum ISSB size of eight members, consistent with the *Constitution's* requirements for the minimum number of IASB members required to approve an IFRS accounting standard. The Trustees emphasised their intention to ensure the ISSB reaches its full complement of 14 members as soon as feasible.

Qualifications for membership

Proposal

The Trustees proposed that ISSB members have a broad variety of skills, experience and perspectives; therefore, ISSB members' professional backgrounds should reflect a diverse range of expertise and roles related to sustainability.

Feedback

Respondents agreed that the ISSB will need to have a broad skills base and that diverse perspectives will assist the ISSB in deciding on technical matters. Given the diversity of environmental, social and governance matters, respondents suggested that the ISSB needs to have a broad set of expertise across those matters. Others said it would be important to ensure that members have varied industry experience if the ISSB's standards involve industry-specific metrics.

Investors commonly emphasised the importance of investor representation on the ISSB. Some suggested codifying in the *Constitution* the need for strong investor representation on the board. Others suggested a need for some ISSB members to have expertise in understanding multi-stakeholder sustainability reporting.

Structure of the ISSB continued...

Trustees' response

The Trustees made no substantive change to the proposed description of the background necessary to ensure the ISSB comprises members with a broad base of skills, experience and perspectives. The ISSB's target audience nonetheless remains an important factor when considering potential ISSB candidates. The Trustees noted the importance of ensuring the overall diversity of the ISSB, including its geographical balance (see below).

Geographical balance

Proposal

The Trustees proposed ISSB membership normally comprising:

- three members from the Asia-Oceania region
- three members from Europe
- three members from the Americas
- one member from Africa, and
- four members from any area (at-large members).

The proposed geographical representation parallels the provisions for the IASB (an equal number of members specified from Asia-Oceania, Europe and the Americas, and one from Africa), except the IASB has four members each from Asia-Oceania, Europe and the Americas and one at-large member. The proposed greater number of ISSB at-large members was intended to provide flexibility in attracting the expertise needed for ISSB membership in its initial phase of operating, while ensuring that membership would be broad and inclusive.

Feedback

Some respondents acknowledged the need for a greater number of at-large members as a transitional provision. However, most said this provision should have a limited life and eventually the ISSB should have the same number of at-large members as the IASB. Respondents that expressed no disagreement with the proposed greater number of at-large members (at least initially)

Structure of the ISSB continued...

emphasised the importance of maintaining geographical balance; they generally expressed concern that the Trustees had omitted the requirement to maintain 'overall geographical balance' that is included in the description of the IASB's at-large membership. A few respondents disagreed with having only one member from Africa, noting it has valuable experience (South Africa was one of the first countries to implement integrated reporting). In addition, some noted the importance of emerging economies being represented on the board.

Trustees' response

The Trustees confirmed the proposal to base the geographical representation broadly on the provisions for the IASB (and consistent with those for the Trustees). The flexibility provided by having four at-large seats allows the ISSB to have broad and inclusive membership. Having considered the comments, the Trustees added to the *Constitution* the requirement for the ISSB at-large membership to 'not create overall geographical imbalance'.

Vice-Chairs

Proposal

The Trustees proposed that one of the full-time members of the ISSB may be designated as Vice-Chair.

Feedback

This proposal received little feedback; however, a few respondents highlighted the benefit of having two Vice-Chairs to assist in promoting the ISSB globally and to mirror the constitutional provisions for the IASB.

Trustees' response

The *Constitution* allows the Trustees to designate as Vice-Chair up to two full-time IASB members. The Trustees concluded that the provisions for the ISSB should not differ from those for the IASB in this respect, noting that during the ISSB's early years the leadership will have a demanding workload. The Trustees therefore amended the *Constitution* to provide the option of designating as Vice-Chair two of the full-time members of the ISSB.

Processes for the ISSB

Approval procedures for the ISSB to publish exposure drafts and issue standards

Proposal

The Trustees proposed that the ISSB require a simple majority of members to approve an exposure draft or standard. This simple majority would differ from the IASB's approval procedures, which require approval by nine of 14 members and eight of 13 (or fewer) members (described in the *Due Process Handbook* as a 'supermajority'). The proposed procedures for the ISSB were intended to provide flexibility in the period until the ISSB comprises 14 members.

Feedback

Almost all respondents disagreed with the proposed simple majority of ISSB members to approve an exposure draft or standard. They regarded this proposal as a risk to the credibility of the ISSB's standards (implying less concern about their quality compared with those of the IASB) and as undermining the proposed equal positioning of the ISSB and the IASB.

Trustees' response

The Trustees decided to align the ISSB's requirements for approving an exposure draft and standard with those of the IASB (that is, approval by nine of 14 members or eight of 13 (or fewer) members).

Given the ISSB might initially have fewer than 14 members, the Trustees included a transitional provision specifying that until the ISSB comprises at least 12 members, publication of an ISSB exposure draft or standard requires approval by a simple majority of the ISSB plus one member (the same threshold as required by the IASB if it has between 12 and 14 members). Otherwise, should the ISSB be created initially with, say, eight members, approval to publish an exposure draft or standard would require all eight of its members.

Processes for the ISSB continued...

Comment period for an ISSB exposure draft

Proposal

The Trustees proposed that in 'exceptional circumstances' a shortened comment period for an ISSB exposure draft would require approval by 75% of the Trustees; the proposal reflects a similar exception for an IASB exposure draft.

Feedback

A few respondents observed that the proposal did not specify when Trustee approval would be required—the *Constitution* specifies the need for this Trustee approval for an IASB exposure draft when the IASB contemplates a comment period shorter than the minimum specified by the *Due Process Handbook* (which is 30 days).

Trustees' response

The Trustees clarified that there is a minimum comment period for an ISSB exposure draft below which approval by 75% of the Trustees is required. The minimum comment period is as specified in the procedures approved by the Trustees or, without any such approved procedures for the ISSB, the same as specified in the *Due Process Handbook* for an exposure draft published by the IASB.

Publication of consultation documents before the ISSB comprises eight members

Proposal

The Trustees proposed that, as the ISSB is being created, the Chair and Vice-Chair can decide to seek public comment on the ISSB's proposed work plan—in other words, the Chair and Vice-Chair would be able to publish an agenda consultation for public comment instead of waiting to do so until the new board is quorate.

Feedback

Most respondents agreed with the Trustees' proposal or did not comment. Those responding generally agreed it could be useful to enable the ISSB to move quickly to obtain stakeholder views on its potential early work plan.

Trustees' response

The Trustees confirmed that the Chair and Vice-Chair(s) will be able to seek public comment on the ISSB's work plan but clarified that that ability relates only to publishing a request for information on the potential work plan. The ISSB itself (when quorate) will set its work plan informed by the feedback to the request for information. The Trustees also decided to require the Chair and Vice-Chair(s) to take their decision to publish a request for information in consultation with any members that have been appointed to the ISSB at that time.

Processes for the ISSB *continued...*

The Trustees decided to extend this proposal to permit the Chair and Vice-Chair(s) to publish for public comment exposure drafts on climate-related disclosures and/or general requirements for disclosure of sustainability-related financial information. In reaching this decision, the Trustees noted:

- stakeholders' feedback on the 2020 *Consultation Paper* and the Exposure Draft that there is an urgent need for the ISSB's standards, particularly on climate.
- the preparatory work of the Technical Readiness Working Group (TRWG) on the related prototype standards from April 2021 is mature and of high quality. The TRWG's work builds on the existing materials of members of the TRWG, consistent with the Trustees' strategy of building on the work of well-established existing initiatives. The TRWG's work has been subject to review and comment by a technical expert group of the International Organization of Securities Commissions (IOSCO) and has also involved input from TRWG members' key stakeholder groups.
- the Trustees aim to appoint a Chair and Vice-Chair(s) soon. Although the Trustees aim to appoint members of the ISSB as soon as possible thereafter, it is uncertain how long that will take.
- this arrangement is designed to be targeted (applying only to the specified documents) and temporary.

Given these considerations, the Trustees concluded that on balance it would be appropriate to give the Chair and the Vice-Chair(s) the *ability* to decide to publish the two specified exposure drafts before the ISSB is quorate. The Chair and Vice-Chair(s) will need to decide whether the TRWG's work—advanced by the technical staff of the ISSB in consultation with the Chair and the Vice-Chair(s)—provides a sufficient basis for a comprehensive public consultation and reflects proposals for IFRS Sustainability Disclosure Standards that the ISSB could support. The Chair and Vice-Chair(s) are required to consult with any other members appointed to the ISSB.

The Trustees' Due Process Oversight Committee will oversee any decision of the Chair and the Vice-Chair(s) to publish the specified exposure drafts. The Committee's work will include a review of the due process applied to the base documents used by the TRWG and how the TRWG has developed and adapted that work.

The Trustees' decision ensures formal and comprehensive consultation with stakeholders (in other words, any exposure draft would be subject to the usual due process)—this is fundamental to the Foundation's due process. Importantly, a quorate ISSB will also apply its usual procedures after any publication of an exposure draft—consider the feedback on the exposure draft and develop the sustainability disclosure standards in the same way that the IASB develops IFRS Accounting Standards. This process includes a requirement to consider whether re-exposure of the draft standards is needed. Final standards will therefore be approved for issue by a quorate ISSB.

Aligning other parts of the *Constitution*

Executive Director

Proposal

The Trustees proposed that sections 64 and 65 of the *Constitution* be amended to stipulate that the Executive Director of the Foundation be appointed by the Trustees, in consultation with the Chairs of the IASB and the ISSB. This proposed amendment would clarify reporting lines in an organisation with two standard-setting boards.

Feedback

Respondents generally expressed no disagreement with this proposal. A few respondents commented on related amendments to the *Constitution* that described the senior technical team and technical staff; these respondents emphasised the importance of the ISSB maintaining its own technical staff and not affecting the resources available to the IASB.

Trustees' response

The Trustees confirmed the proposals relating to the Executive Director (clarifying that the Executive Director reports to the Chair of the Trustees) and clarified that each board will be supported by its own senior technical team and technical staff.

Interpretations Committee

Proposal

The *Constitution* provides for the maintenance of an IFRS Interpretations Committee that supports the consistent application of IFRS Accounting Standards. The Trustees proposed no substantive changes to those provisions—specifically, the Trustees did not propose creating a sustainability standards interpretations committee. The Trustees were of the view that use of the ISSB's standards should be sufficiently mature before proposing to create an interpretations committee; they would revisit the question when the standards are widely in use.

Feedback

Many respondents agreed that the Trustees not create a separate interpretations committee or did not comment. However, some said either creating such a committee is a priority or the *Constitution* should include provisions for such a committee to allow for its quick creation when required. Some of these respondents envisaged the need for an interpretations committee relatively early in the ISSB's work—they said creating such a committee when ISSB standards are widely in use would be too late.

Aligning other parts of the *Constitution* continued...

Trustees' response

The Trustees viewed it as premature to create a separate sustainability-related interpretations committee at this stage—they will await evidence of the need for such a committee. They acknowledged the rationale for adding constitutional provisions for an interpretations committee. However, the Trustees concluded it would be premature at this stage to specify the design of such a committee, noting also that its creation would require public consultation. The Trustees will continue to monitor the need for an interpretations committee and emphasised that, if needed, this is a matter they would address in advance of the structure and effectiveness review referred to on page 8.

The Trustees noted that the absence of an interpretations committee as the ISSB begins its work would not prevent the board itself from supporting consistent application of IFRS Sustainability Disclosure Standards. The IFRS Interpretations Committee is not the only tool available to the IASB to support the implementation and consistent application of new standards and the ISSB can draw on the IASB's experience.

Composition and expertise of the Trustees

Proposal

The Trustees proposed no substantive consequential amendments to provisions relating to the composition and expertise of the Trustees but clarified that their backgrounds encompass a broad set of skills, experience and perspectives.

Feedback

Many respondents agreed that the expertise required of the Trustees of the IFRS Foundation need not change. A number emphasised the importance of the Trustees having the right balance to oversee and support both standard-setting boards and expressed—with differing degrees of emphasis—the need for Trustees to have background in and understanding of evolving sustainability reporting. However, some expressed concern that the regular rotation of Trustees' membership might not allow the Trustee body to adapt sufficiently quickly to oversee the ISSB—they said more sustainability-related expertise would be required from the outset. Some suggested increasing membership (possibly only temporarily) with additional members being well regarded internationally for their sustainability-related expertise.

Aligning other parts of the *Constitution* continued...

Trustees' response

The Trustees decided not to amend the constitutional provisions relating to their composition and expertise. The Trustees' governance and oversight role does not fundamentally change on creation of the ISSB, particularly in light of the ISSB's focus on the information needs of investors and other capital market participants. The Trustees can also draw on additional expertise as needed (including from the Eminent Persons Group²). The Trustees note that some of their members are already involved in organisations connected with sustainability-related reporting and all Trustees have become more deeply aware of the role sustainability plays in financial reporting through their work on the strategy for the ISSB. The Trustees emphasised their commitment to ensuring that the backgrounds and experience of the Trustee body continues to develop in line with the broadened remit of the Foundation.

Composition and expertise of the Advisory Council

Proposal

The Trustees proposed no substantive consequential amendments to provisions relating to the composition and expertise of the IFRS Advisory Council, other than explaining that the Advisory Council would now provide strategic advice to the ISSB as well as to the Trustees and the IASB.

Feedback

The feedback was similar to that on the Trustees' composition and expertise, although fewer commented on the Advisory Council. Some emphasised that the Advisory Council would have an important role in advising on the interconnectivity between the IASB and the ISSB.

Trustees' response

The Trustees decided not to amend the constitutional provisions relating to the composition and expertise of the Advisory Council. The Trustees are of the view that these provisions provide sufficient flexibility related to the Advisory Council's size (including not specifying a maximum size), composition and procedures to broaden its work as required to advise an enlarged Foundation including the ISSB. The Trustees will also invite members of the new Sustainability Consultative Committee³ to participate in Advisory Council discussions.

² The Trustees established the Eminent Persons Group to provide strategic advice and counsel to the Trustees on the proposed creation of the ISSB and its connectivity with jurisdictional initiatives. The Eminent Persons Group is expected to continue to provide the Trustees with strategic advice as the ISSB undertakes its early work.

³ Members will include the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations, the World Bank and additional expert members drawn from public, private and non-governmental organisations.

Aligning other parts of the *Constitution* continued...

The Trustees agreed that the Advisory Council will have an important role with respect to the compatibility of the two boards' standard-setting. The Trustees concluded that a single council—advising both standard-setting boards and the Trustees—could provide more useful strategic advice than would separate accounting- and sustainability-related councils. In that regard, the Trustees noted the ISSB will have access to advice from other groups, including the Sustainability Consultative Committee and a group performing a similar role for the ISSB as the Accounting Standards Advisory Forum does for the IASB.

Important information

The Feedback Statement has been compiled by the staff of the IFRS Foundation for the convenience of interested parties. The views within this document are those of the staff who prepared this document and are not the views or the opinions of the Trustees. The content of this document does not constitute any advice.



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IFRS Foundation Trustees' Feedback Statement on proposed changes to the IFRS Foundation's *Constitution* is published by the IFRS Foundation (Foundation).

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