

# A sound foundation for the future



## Report from the Chair of the IFRS Foundation Monitoring Board Jean-Paul Servais

It would be impossible to try to capture all the important developments within the IFRS Foundation in 2022 in my report. The remainder of this annual report casts light on the wide array of its activities in this truly revolutionary year for global corporate reporting. I would, however, want to highlight the importance of the groundbreaking work of the Trustees and the leadership and staff of both boards to tackle some of the most challenging issues for investors, markets and society around the globe.

The Monitoring Board is proud to have worked closely with the Trustees to ensure the considerations of public interest and due process are an integral part of their key activities, such as:

- successfully establishing a quorate International Sustainability Standards Board (ISSB);
- identifying the priorities of the International Accounting Standards Board (IASB) over the next five years; and
- (re)appointing an array of truly impressive individuals from diverse backgrounds to various roles within the IFRS Foundation ecosystem, guaranteeing the diversity of thought, backgrounds and workable global solutions for the challenges ahead.

The mission of the Monitoring Board is to:

- promote the continued development of IFRS Standards as a high-quality set of global accounting standards and a global framework of sustainability-related disclosure standards;
- monitor and reinforce the public interest oversight function of the Foundation; and
- support the Trustees in their responsibilities to preserve the independence of the IASB and the ISSB.

After more than two years in which we have collectively navigated these issues in a largely virtual environment, it was a pleasure to be able to resume in-person meetings in 2022.

## Two boards under one roof

The approach of the Monitoring Board always includes an appropriate balance of speed, quality and due process when it comes to matters within the Foundation's remit. This applies to the impressive work on sustainability-related matters, while recognising the importance of the topic and the associated time sensitivities, both for the organisation and the investor and corporate ecosystem.

In that light, I am immensely proud of the work of the Monitoring Board in 2022. Our members oversaw a successful completion of the ISSB membership—including the appointments of the Chair, two Vice-Chairs and board members—and a suite of appointments of special advisers and newly formed consultative bodies. At the same time we continued to evaluate the performance of the IASB and approved IASB board members, including its Vice-Chair, members of the IFRS Interpretations Committee and other advisers. The rigour, ambition and quality of all appointees is encouraging. They will, I am certain, contribute substantially to the ambition of achieving a global framework of high-quality sustainability disclosure standards and of continuing to improve the quality of accounting standards that aim to enhance transparency and comparability in global capital markets and to meet investor needs.

# A sound foundation for the future *(continued)*

Our focus is on ensuring global inclusiveness of future standards that are built through an inclusive, extensive and transparent consultation process, and effective global outreach and stakeholder engagement. In addition to the engagement of geographically and professionally diverse groups of senior experts, substantial structural changes in the form of consolidation, and collaborations with sustainability reporting organisations, the Monitoring Board commended the design of the consultation outreach and the efforts of staff through all phases of the consultation process, including the analysis of a large volume of responses.

Lastly, the Monitoring Board met with the Trustees in Frankfurt, Montreal, Seoul and virtually throughout the year. We spent substantial time on ensuring maximised returns to the multi-location approach of the ISSB, especially the effect this could have on the considerations of strong public interest in its work.

The Monitoring Board will continue to work on ensuring responsiveness to the public interest and promoting that ISSB sustainability-related standards are subject to the same robust governance, rigorous due process and oversight as are IFRS Accounting Standards. As a formal link between the Trustees and public authorities overseeing corporate reporting standard-setting, the Monitoring Board will closely watch the work of the International Organization of Securities Commissions (IOSCO) on the potential endorsement of the final ISSB Standards, and will closely monitor the ISSB's work on capacity-building activities and implementation guidance for jurisdictions.

2022 saw important activities from the IASB and its crucial publication of the Third Agenda Consultation Feedback Statement, setting out its priorities for the next five years.

I would like to congratulate the IASB on such an important strategic document while navigating the uncertainties of the past couple of years. The Monitoring Board is thankful to have had the opportunity to discuss and engage on this and other topics throughout 2022, and looks forward to contributing further in the implementation phase of these priorities, including the efforts on complementary work between the IASB and the ISSB, which aims for a connected financial reporting framework that is decision-useful for investors.

## Remodelling our mandate

Following the updates to the Foundation's *Constitution* in 2021 to address the establishment of the ISSB, in 2022 the Monitoring Board redeliberated its mandate and updated its Charter and the Memorandum of Understanding with the Foundation to incorporate the monitoring of the Trustees' oversight of:

- the ISSB as well as the IASB;
- their standard-setting processes; and
- the interactions and interdependencies of their respective agendas.

On behalf of my colleagues at the Monitoring Board, I want to express my warmest gratitude to the leadership and staff of the Foundation for a truly eventful and rewarding collaboration in the past five years.

## Thank you

As a final word, I would like to offer my sincere gratitude to my Monitoring Board colleagues, past and present, Deputies and the Secretariat for their commitment and support in 2022 and over the years. Working with the Foundation on achieving globally accepted, high-quality corporate reporting standards is a special journey, the importance of which we should not take for granted.

Members of the Monitoring Board are listed on page 95.