
Agenda paper 7

Multilocation Operating Model

IFRS Advisory Council
November 2024

Purpose of this discussion

In 2021, the IFRS Foundation established the ISSB with a global footprint, built with the assistance of targeted jurisdictional seed funding.

The Foundation is now responsible for two standard-setting boards, that have different operating models, funding dynamics and support needs.

As the Foundation approaches the latter half of the jurisdictional seed funding period, we are seeking the Advisory Council's perspectives on the current set up and future development of the multilocation model, and exploring potential enhancements to support future growth and operational efficiency.



Global footprint

The ISSB will have a global and multi-location presence. All regions—the Americas, Asia-Oceania and EMEA (Europe, the Middle-East and Africa)—will be covered. Engagement with developing and emerging economies will be an important priority.

**IFRS COP 26
announcement¹
3 November 2021**

¹ IFRS - IFRS Foundation announces International Sustainability Standards Board, consolidation with CDSB and VRF, and publication of prototype disclosure requirements

Two boards in different positions

IASB

- **Created** in 2001
- **Mature product:** Full suite of Standards, mature accounting industry and understanding of role of IFRS Standards
- **Mature Adoption:** IFRS Accounting Standards widely adopted across the globe. Many countries have fully integrated IFRS Accounting Standards into their national accounting frameworks, either by direct adoption or through convergence with local standards.

ISSB

- **Created** in 2021
- **New product:** IFRS S1 and IFRS S2 issued to June 2023. Emergent sustainability reporting industry, competing sustainability-related standards and new jurisdictional initiatives
- **Emerging Adoption:** Adoption of IFRS Sustainability Disclosure Standards in early stages with need of support and capacity building. Dual focus; direct market adoption and regulatory adoption strategies

How our teams are organised

IASB

- Independent standard setting Board
- All Board members located in London
- Technical staff located in London with limited exceptions. Managed by London-based technical leadership team
- Supported also by AO Office in Tokyo

ISSB

- Independent standard setting Board
- Board members allocated to regional offices
- Geographically dispersed standard-setting staff managed by global technical leadership team
- Supported by geographically dispersed engagement teams
- Supported by regional offices in Beijing, Frankfurt, Montréal, San Francisco and Tokyo

Shared operations

- Funding, engagement and operations functions operate on a centralised basis across locations
- Predominantly located in London for historical reasons
- Regional staff reflect
 - pre-consolidation operations
 - staff hired to meet funder obligations
- Regional offices are led by Office Directors, whose role combines:
 - stakeholder engagement
 - staff pastoral support
 - support for fundraising
 - connectivity with headquarters

Our locations



London

The IFRS Foundation's London office is our longest-serving office. All IASB members are based in the London office together with most of the IASB technical staff and the implementation, revenue generation and operations teams. Some ISSB technical staff members are also located in London.



Beijing

The Beijing office supports the ISSB's work, leading and executing the ISSB's strategy for emerging and developing economies. It acts as a hub for stakeholder engagement in Asia, facilitating deeper cooperation and engagement with stakeholders, and capacity building for emerging economies, developing countries and SMEs.



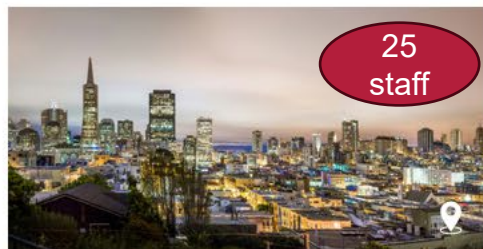
Frankfurt

Frankfurt is the seat of the ISSB, housing the office of the Chair and serving as the hub for the Europe, Middle East and Africa regions. The office serves as a base for ISSB members, and supports key functions of the ISSB and deeper cooperation with regional stakeholders.



Montreal

The Montreal office serves as the hub for the Americas region, focusing on standard-setting and market engagement. The office acts as a base for ISSB members, and supports key functions of the ISSB and deeper cooperation with regional stakeholders.



San Francisco

The San Francisco office provides technical support for the ISSB as well as platforms for market engagement and deeper cooperation with regional stakeholders.



Tokyo

The Tokyo office has historically supported the IFRS Foundation and the IASB's work. The office is now also the base for some ISSB members and serves as a dedicated regional point of contact and platform for stakeholders in the Asia-Oceania region.



Other

The Foundation also has staff working from other locations including Berlin, Denver and New York.

Why have a multilocation model? - benefits

The multilocation model aims to facilitate stakeholder engagement and adoption of IFRS Standards around the world. Presence in locations could:

- support the adoption of the Foundation's standards by jurisdictions so that the standards are used as the basis for providing investor-focused information to the capital markets;
- bring a deeper understanding of jurisdictional views and jurisdictional structures and decision-making;
- promote the credibility of the Foundation as a global standard-setter with a truly global outlook and understanding;
- support and diversify funding from a wide range of jurisdictions and stakeholders; and
- potentially facilitate access to a wider talent pool of staff.

Challenges (1)

- **Finite number of offices:** There are necessarily fewer offices than jurisdictions adopting IFRS Standards. How can the Foundation best leverage its global footprint to support regions in which there is no office, for example the global South?
- **Overheads and infrastructure costs:** The overhead and infrastructure required to maintain several offices is relatively high, given the small number of IFRS Foundation staff relative to other multilocation organisations.
How do we develop the optimal staffing level within each office to justify the cost of the support services required? To what extent should support services be centralised vs decentralised?
- **Centralisation vs decentralisation:** There are economies of scale associated with centralising to the extent possible, while decentralisation can empower local decision-making. How does the Foundation find the balance between retaining concerted global strategy with decentralisation of decision-making?

Challenges (2)

- **Team dynamics:** Multi-location teams spread expertise across locations but limits direct interaction between team members in different offices. Bringing people together, including for Board meetings, incurs significant travel cost and carbon footprint. Coordination across timezones can be challenging and inhibit efficiency and effectiveness. How can the Foundation balance the benefits of multi-location teams with the efficiency of locating team members in a single location?
- **Physical presence:** To achieve the objectives of a multi-location model, is physical staff presence in a physical office necessary? What are the implications of the need for physical presence for hybrid working/back-to-office policies?
- **Complexity:** A multi-location model introduces a level of complexity that would not normally be associated with an organisation the size of the IFRS Foundation, and that requires extensive resources with additional skillset to support. How should the Foundation balance the costs of the complexity with the benefits provided by the multi-location model?

Input requested from the Advisory Council

- Do you have any comments on the benefits and challenges outlined?
- Do you see any issue or concern in maintaining a dual operating model for the two Boards in the Foundation?
- Under what circumstances or stages of development do you find each of the two operating models to be most effective, and why?
- Is there an alternative model you would recommend and, if so, what makes it a better fit for our organisation?
- What sort of term opportunities do you recommend we explore to ensure each location is operating effectively and contributing to our overall goals?

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