
IFRS Foundation Trustees—Due Process Oversight Committee

Date **9 September 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 (the Foundation) and for delivery of the Foundation's objectives as set out in the *Constitution*.

Introduction

The IFRS Foundation Due Process Oversight Committee (DPOC) [met virtually on 9 September 2024](#). The meeting was webcast live and a recording of the meeting is available on the [IFRS Foundation website](#).

Initial membership of the IFRS Sustainability Reference Group (SRG)

The DPOC was asked to review the proposed initial composition of the [SRG](#). A call for members had been published in February 2024 and the ISSB had recently approved an initial set of members.

The Chief of Market Relationships and the ISSB Vice-Chair briefed the DPOC about the role of the SRG, the process applied to select the members and the overall initial composition of the SRG, and the ISSB's plans for adding to the initial membership. In particular they highlighted the following matters.

Information about the group

The SRG will be a diverse group of subject matter experts in matters of sustainability and general purpose financial reports and disclosure. Its primary remit is to provide technical input to ISSB members and staff for research and standard-setting projects. The SRG is best described as a list of contacts who can be readily called on to provide technical input. Therefore, the SRG will not be consulted as a group, instead input will be sought through bilateral or small group meetings as needed. The size of the SRG allows the ISSB to draw on a wide range of expertise across different industries, which is important given the industry-based nature of the ISSB Standards. In this way the SRG is different from a consultative group as set out in the [Due Process Handbook](#) (paragraphs 3.59–3.66). The SRG is not an exclusive technical resource: the ISSB will also solicit technical input from stakeholders outside of the SRG. Communication with the entire SRG will be through quarterly webcast meetings, which will cover updates about the ISSB's work.

Process

Over 500 applications were received. Applications were assessed in a thorough and consistent process using a variety of criteria, but with a focus on the relevance of applicants' experience to the current ISSB work plan. Additionally, primary work experience as a preparer or an investor was emphasised over such backgrounds as service providers or academics.

Composition

The ISSB had decided to appoint 88 initial members drawn from diverse professional backgrounds and regions (information about the composition of the SRG was included in the meeting paper). The ISSB plans to appoint about 20 additional members in the near future to further diversify the SRG. It will contact prospective members directly, instead of undertaking a second public call for members. This will be a more effective and targeted way to identify additional members from underrepresented regions, additional investors and additional members with expertise in areas relevant to the ISSB's work plan, complementing the public call for members.

In response to Committee members' questions the ISSB Vice-Chair and staff noted:

- applicants were informed of how the SRG would operate, the criteria for selecting the members and the expectations of members once the SRG is established. It was made clear that engagement with individuals would be based on how their professional expertise related to the ISSB's work plan at its particular phase of development. In practice this could mean periods of non-engagement followed by more regular engagement. However, members had been selected based on the alignment of their professional expertise with the current work plan, thereby reducing the risk of extensive periods of non-engagement. Additionally, a set of key performance indicators is being developed to help assess the level of engagement with individual members.
- a considerable number of applicants had professional expertise that did not currently align with the ISSB's work plan. Despite not being selected, these applicants were being asked if they wanted to register to be available for technical outreach; as the work plan evolves their professional expertise could be useful to the ISSB.
- the Chair highlighted that a DPOC member had commented that the ISSB should aspire to have diversity of representation in major jurisdictions to ensure, for instance, that not all the members in a jurisdiction had the same professional background. The ISSB representatives explained that this could be considered when recruiting additional members in conjunction with the ISSB's aspiration of having diverse regional and professional backgrounds together with gender parity. It was noted that the gender balance for the initial membership was roughly 55–60% male to 45–40% female.
- the applications were reviewed by a group of ISSB members and technical staff. The composition of this group reflected the diversity of experience the ISSB aspired for with the SRG (so, for example, it included those with an investor background). The same group will be involved in seeking the additional members but will seek input from other ISSB members and staff about potential contacts. The group is likely to also consult some external parties for suggestions as to how to fill gaps in the SRG's membership.
- the size of an applicant's organisation was not systematically assessed in the selection process but was something considered in reviewing applicant backgrounds. Members are appointed on an individual basis and hence their professional expertise in relation to the work programme was the key consideration. It was noted that expertise could have been accumulated from a range of organisations and of different sizes over the course of an individual's career.

The DPOC expressed its support for the SRG and the work that had been undertaken to date in forming it. The DPOC was satisfied about the proposed initial composition of the SRG and was supportive of the planned approach for identifying additional members.

Other matters

The Chair noted that a DPOC member had flagged a concern regarding the timeliness of the distribution of the papers for the meeting. The Chair asked the staff to make best endeavours to ensure that papers are distributed earlier or to provide more advance warning about a paper that might be distributed close to a meeting.

Closing

The DPOC Chair thanked all for their participation.