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## IFRS Foundation Trustees meeting – Due Process Oversight Committee

Date **March 2023**  
Topic **IASB Technical Activities: Key Issues and Update**  
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This document is prepared for discussion at a public meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

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### Purpose of the report

1. This report provides the Due Process Oversight Committee (DPOC) with an update on the activities of the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (Interpretations Committee) for the period October 2022 to January 2023.
2. The report sets out how the IASB and the Interpretations Committee have fulfilled their due process obligations as set out in the *Due Process Handbook*. The report aims to assist the DPOC in fulfilling its role of overseeing the due process activities of the IASB and the Interpretations Committee, as set out in paragraphs 2.1–2.15 of the *Due Process Handbook*. Paragraph 2.8(a) of the *Due Process Handbook* explains:

*The DPOC is responsible for ... reviewing regularly, and in a timely manner, together with the [IASB] and the IFRS Foundation staff, the due process activities of the [IASB] and the Interpretations Committee, including standard-setting, the development of materials to support the consistent application of IFRS [Accounting] Standards, and the IFRS [Accounting] Taxonomy.*

3. At this meeting there are no projects for which the DPOC is being asked to specifically confirm that due process has been followed. **Accordingly, all information in this report is for noting only.**
4. The report is structured as follows:
  - (a) due process matters in the period for noting (paragraphs 6–12); and
  - (b) other matters occurring during the period for the attention of the DPOC (paragraphs 13–43).
5. The accompanying appendices are as follows:

Appendix A—Overview of projects on the work plan

Appendix B—Due process documents published in the period.

### Due process matters in the period for noting

#### Due process documents published

6. The due process documents published in the period are listed in Appendix B. The staff confirm that the required due process steps have been completed for each of the documents listed. When the IASB is required to review a summary of the due process steps undertaken for a due process document, the DPOC receives a copy of the supporting IASB paper in advance of the IASB's discussion.

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## Due process decisions

7. At the October 2022 meeting the IASB decided to shorten the comment period to 30 days for the Proposed IFRS Accounting Taxonomy Update related to *Lease Liability in a Sale and Leaseback* (which amends IFRS 16 *Leases*) and on *Non-current Liabilities with Covenants* (which amends IAS 1 *Presentation of Financial Statements*). The *Due Process Handbook* normally requires a 60-day comment period for Proposed IFRS Accounting Taxonomy updates. However, it allows the IASB to shorten the comment period to 30 days if the matter is urgent or narrow in scope. The IASB considers the proposals to be narrow in scope and a shorter comment period would allow the final update to be incorporated in the IFRS Accounting Taxonomy in 2023.
8. At the November 2022 meeting the IASB confirmed that all necessary due process steps had been taken to start the balloting process for the Exposure Draft *Amendments to the Classification and Measurement of Financial Instruments*. See paragraphs 30–32 for general updates on this project.
9. At the November 2022 meeting the IASB confirmed that all necessary due process steps had been taken to start the balloting process for the Exposure Draft *International Tax Reform—Pillar Two Model Rules*. Due to the accelerated nature of the project the IASB decided to allow a comment period of 60 days for the exposure draft. This was approved by the DPOC in December 2022. See paragraphs 36–38 for general updates on this project.
10. At the November 2022 meeting the IASB decided that adequate work had been completed on the Post-implementation Review (PIR) of IFRS 9—*Classification and Measurement* to conclude the PIR and for the staff to prepare the report and feedback statement on the PIR. In December 2022 the DPOC agreed, based on the materials and briefing provided, that the IASB had completed the PIR satisfactorily and that the Project Report and Feedback Statement could be finalised and published. The Report and Feedback Statement were published in December 2022.
11. At the December 2022 meeting the IASB made due process decisions on its Goodwill and Impairment project (renamed to Business Combinations – Disclosures, Goodwill and Impairment) (see paragraphs 13–17 for general updates on this project):
  - (a) in line with paragraph 5.4 of the *Due Process Handbook*, moved this project from the research programme to the standard-setting programme.
  - (b) in line with paragraph 3.60 of the *Due Process Handbook*, considered whether to establish a consultative group. The *Due Process Handbook* specifies that it is not mandatory to have such a group, but if not established, the IASB must explain why and inform the DPOC. The IASB decided to continue to use the expertise of advisory bodies instead of creating a consultative group for this project because the topic is general and affects many entities rather than being sector-specific or specialised and because the IASB can undertake targeted outreach if particular expertise or experience is required.

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## Agenda paper compliance report<sup>1</sup>

12. In the period October 2022 to January 2023, all agenda papers discussed by the IASB and the Interpretations Committee were made available on the public website unaltered. In November 2022 two IASB papers were posted after the posting deadline:
- (a) Agenda Paper 12A: (Addendum) International Tax Reform—Pillar Two Model Rules—Potential standard-setting project. This was a decision-making paper intended to clarify the analysis and recommendation in a paper discussed by the IASB earlier in the week.
  - (b) Agenda Paper C: (Addendum) Rate-regulated Activities—Capitalised borrowing costs. This was an educational paper showing a flow chart summarising staff recommendations in Agenda Paper 9A: Rate-regulated Activities—Capitalised borrowing costs, which was posted before the posting deadline.

## Other matters occurring during the period for the attention of the DPOC

### Research and standard-setting updates

#### ***Business Combinations—Disclosures, Goodwill and Impairment***

13. The IASB is exploring whether entities can, at a reasonable cost, provide users of financial statements with more useful information about the business combinations those entities make. The IASB is considering how to meet this objective by considering changes to disclosure requirements about business combinations and the subsequent accounting for goodwill (including whether to reintroduce amortisation of goodwill and potential changes to the impairment test of cash-generating units containing goodwill in IAS 36 *Impairment of Assets*).
14. In November 2022, the IASB met to discuss its preliminary view on whether to retain the impairment-only model or to explore reintroducing amortisation of goodwill, as set out in the Discussion Paper *Business Combinations—Disclosures, Goodwill and Impairment*. The IASB was asked whether sufficient evidence has been gathered to provide a compelling case for changing the existing requirements, ie the impairment-only approach. It was not asked whether they preferred an impairment-only or an amortisation model, as if the requirements were being introduced for the first time. Considering all the evidence, the IASB concluded that there was insufficient evidence of a compelling case for change and will therefore proceed with the preliminary view set out in the 2020 Discussion Paper, which is to retain the impairment-only model for the subsequent accounting for goodwill. This decision maintains converged accounting between IFRS Accounting Standards and US GAAP.
15. In December 2022, the IASB decided to rename the project 'Business Combinations—Disclosures, Goodwill and Impairment'. The renaming of the project is to help clarify that the project not only includes consideration of the subsequent accounting for goodwill, but also addresses further aspects of the accounting for business combinations, especially a comprehensive set of new disclosures. The IASB also decided to move this project from research to its standard-setting work plan. This means

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<sup>1</sup> Paragraph 3.12 of the *Due Process Handbook* states 'The technical staff is required to report to the [IASB] and the DPOC at least annually on the extent to which material discussed by the [IASB] or the Interpretations Committee has not been made available to observers and the main reasons for doing so. In addition, the technical staff is required to include in that report the number of meeting papers that have been distributed less than five working days in advance and the main reasons for doing so.'

that the IASB will now be working towards publishing an Exposure Draft with proposed amendments to IFRS Accounting Standards.

16. During the period, the IASB also made some other tentative decisions, building out the disclosure requirements it decided on in September 2022 and some other smaller aspects of the project. The discussions on disclosure requirements included decisions about exemptions for commercially sensitive disclosures and reflected considerations of similar discussions by the ISSB earlier in the month.
17. The IASB will continue its deliberations at future meetings, including considering potential changes to the impairment test in IAS 36. Once the IASB has made tentative decisions on all aspects of the project, it will consider whether the package of decisions meets the project objective and whether it will publish an exposure draft setting out its proposals.

### ***Primary Financial Statements***

18. The purpose of this project is to improve comparability and transparency in the primary financial statements, with a focus on the statement of profit or loss.
19. At its September 2022 meeting, the IASB completed redeliberations on the key aspects of the proposals in its Exposure Draft *General Presentation and Disclosures*, published in December 2019. From October 2022 to December 2022, the IASB conducted targeted outreach to obtain feedback on selected changes to the proposals in the Exposure Draft. The IASB participated in nearly 40 events covering all stakeholder types and regions. In January 2023 the IASB discussed the key messages received and the implications on the IASB's redeliberation plan for this project. Overall, most outreach participants supported the direction of the redeliberations as responding to feedback on the Exposure Draft and requested completion as soon as possible.
20. In January 2023 the IASB also continued redeliberations of proposals on disaggregation requirements, labelling of categories of other comprehensive income and removal of classification options in the statement of cash flows.
21. The IASB expects to complete deliberations on the remaining aspects of the model in 2023 and begin drafting and balloting the final standard, which will be issued as expeditiously as possible thereafter, subject to due process. The staff also expects to conduct a life cycle review of this project with the DPOC at a future meeting in 2023.

### ***Management Commentary***

22. In December 2022, the IASB received an update on the Management Commentary project. The IASB noted the evolving landscape in which the project has progressed, in particular the creation of the ISSB and IASB's stakeholders' calls for the IASB to advance the project in collaboration with the ISSB. In 2023, the ISSB will consult its stakeholders about its future standard-setting priorities through its Consultation on Agenda Priorities. The staff are monitoring developments in the ISSB's Consultation

on Agenda Priorities and expect to ask the IASB to consider a path forward for this project at a future meeting.

23. At its December 2022 meeting, the IASB also noted the announcement by the Chairs of the IASB and ISSB to consider opportunities to address similarities and differences between the Exposure Draft *Management Commentary* and the Integrated Reporting Framework.
24. The staff have completed the initial analysis of similarities and differences between the Integrated Reporting Framework and the Exposure Draft *Management Commentary* working in close collaboration with ISSB staff.

### **Equity Method**

25. The objective of this project is to assess whether application questions about the equity method of accounting, as set out in IAS 28 *Investments in Associates and Joint Ventures*, can be addressed in consolidated and individual financial statements by identifying and explaining the principles in IAS 28. The IASB has identified seven categories of application questions to consider in this project.
26. When the IASB started this project, it decided not to undertake a fundamental review of the equity method based on the perceived benefits of such a project in light of the resources that would be required. However, some IASB members expressed concerns as to whether the IASB would be able to answer the application questions. The IASB, therefore, requested staff to review progress at regular intervals. In October 2022 the IASB reviewed the objective and progress of the project and decided to continue with the project as planned.
27. During the period, the IASB concluded deliberations on one category of application questions – accounting for changes in an investor’s interest while retaining significant influence – and continued discussions on two other categories – accounting for transactions between an investor and associate and recognition of losses.
28. This project is on the IASB’s research programme. In the second quarter of 2023, consistent with paragraph 5.5 of the *Due Process Handbook*, the IASB will decide whether to move this project to standard-setting. Paragraph 5.5 states:

The [IASB] considers adding a standard-setting project to the work plan after considering any research it has undertaken on the topic. The [IASB] would normally propose to develop a new IFRS [Accounting] Standard or to make major amendments to a [Accounting] Standard only after it has published a discussion paper and considered the comments it receives from that consultation. Publishing a discussion paper before adding a major standard-setting project to the work plan is not a requirement. However, to proceed without a discussion paper, the [IASB] needs to be satisfied that it has sufficient information and understands the problem and the potential solutions well enough. The [IASB] might conclude that a discussion paper is not necessary because it has sufficient input from a research paper, request for information or other research to proceed directly to an exposure draft. The reasons for not publishing a discussion paper need to be set out by the [IASB] and reported to the DPOC.

29. At that meeting, the IASB will consider whether the project’s next step is publication of a discussion paper or an exposure draft. One consideration for the IASB in making this decision is that this project only addresses specified application questions about the equity method. Therefore, an exposure draft setting out the IASB’s proposed answers to the application question may provide more useful feedback to the IASB.

## Supporting consistent application

### *Maintenance projects (narrow-scope amendments)*

#### **Amendments to the Classification and Measurement of Financial Instruments**

30. The IASB added this project to its work plan to make narrow-scope amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* based on its PIR of the classification and measurement requirements in IFRS 9.
31. During the period, the IASB concluded discussions on the three aspects of this project:
  - (a) clarifying requirements to assess the contractual cash flow characteristics of financial assets, which determines, in part, the classification of financial assets as measured at amortised cost or fair value. These amendments will help clarify, inter alia, the accounting for ESG-linked financial assets.
  - (b) providing an option for when to derecognise financial liabilities settled via electronic cash transfers. This issue is related to a tentative agenda decision about the derecognition of financial assets settled via electronic cash transfers. The Interpretations Committee voted to finalise this agenda decision, but the IASB has not made a decision about whether to provide its negative clearance to publish it, in light of this standard-setting project.
  - (c) adding disclosure requirements for equity investments to which an entity applies the presentation option to present fair value changes in other comprehensive income to provide more useful information to investors.
32. The staff are currently preparing the Exposure Draft which is due to be published in Q1 2023.

### **Supplier Finance Arrangements**

33. In November 2021, the IASB published the Exposure Draft *Supplier Finance Arrangements* to add disclosure requirements about an entity's supplier finance arrangements to respond to the information needs of users of financial statements. The IASB considered feedback on the exposure draft at its July 2022 meeting.
34. In November 2022, the IASB decided to proceed with the project, making a few changes to the proposals in the exposure draft. In January 2023, the IASB discussed and deferred a decision about the effective date and transition requirements. The IASB asked the staff to consider whether an effective date of 1 January 2024 is possible, noting the lack of transparency about these arrangements in some recent corporate failures balanced with the need for jurisdictions to have sufficient time to endorse the amendments and for preparers to collect the necessary information.
35. The IASB will discuss the effective date and the due process steps in February 2023 and issue the final amendments in the second quarter of 2023.

### **International Tax Reform—Pillar Two Model Rules**

36. In December 2021, the Organisation for Economic Co-operation and Development (OECD) published its Pillar Two model rules. The rules are part of a two-pillar solution to address the tax challenges arising from the digitalisation of the economy and were agreed by more than 135 countries and jurisdictions representing more than 90% of global GDP.

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37. In January 2023, the IASB published the [Exposure Draft International Tax Reform—Pillar Two Model Rules](#) (proposed amendments to IAS 12). The proposed amendments respond to stakeholders' concerns about the potential implications of the imminent implementation of the OECD's Pillar Two model rules for income tax accounting. The proposals would:
- (a) introduce a temporary exception to the accounting for deferred taxes arising from the implementation of the rules; and
  - (b) require targeted disclosures for affected entities.
38. Due to the project's accelerated nature, the IASB decided to allow a comment period of 60 days for the Exposure Draft (the comment period ends on 10 March 2023). The DPOC approved this shortened comment period at its meeting in December 2022. The IASB aims to finalise any amendments in the second quarter of 2023, subject to comments on the Exposure Draft.

### **Interpretations Committee**

39. The Interpretations Committee met in November 2022. At that meeting, the Interpretations Committee published one tentative agenda decision (see the table in Appendix B). The Interpretations Committee also discussed:
- (a) several matters that have been raised as possible amendments in the next Annual Improvements to IFRS Accounting Standards cycle<sup>2</sup>; and
  - (b) the PIR of IFRS 15 *Revenue from Contracts with Customers* to seek views on the areas to be examined in the IASB's request for information, to be published in Q2 2023.
40. At its October 2022 meeting, the IASB did not object to three agenda decisions, in line with paragraph 8.7 of the *Due Process Handbook*. The Interpretations Committee had voted to finalise these agenda decisions in September 2022 (see the table in Appendix B). The agenda decisions include material explaining how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern described in those agenda decisions.
41. At the posting of this agenda paper, there were:
- (a) four submissions recently received that the Interpretations Committee had not yet considered; and
  - (b) one application question *Consolidation of a Non-hyperinflationary Subsidiary by a Hyperinflationary Parent* which the Interpretations Committee discussed at a prior meeting and on which staff is conducting further research and outreach. The Interpretations Committee will reconsider this question at a future meeting.

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<sup>2</sup> Annual Improvements are narrow-scope or minor amendments to IFRS Standards that are packaged together and exposed in one document even though the amendments are unrelated. See paragraphs 6.10 to 6.15 of the *Due Process Handbook*.

## Consultative group updates

### *Islamic Finance Consultative Group—Changes to membership*

42. Faiz Azmi, chair of the Islamic Finance Consultative Group since 2016, will step down from chairmanship and continue to serve as a member of the IFCG<sup>3</sup>. Consistent with the IASB's other consultative groups which are chaired by a member of the IASB, Bruce Mackenzie, IASB member, will take over chairmanship of the IFCG.
43. The IASB identified and secured an individual who will bring a helpful perspective to the Group's discussions and help ensure the Group continues to have a broad geographical spread and a range of functional backgrounds.

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<sup>3</sup> In accordance with the Islamic Finance Consultative Group's Terms of Reference, the period a non-IASB IFCG member can serve as Chair usually would not exceed six years.



## Appendix A—Overview of projects on the Work Plan

[abbreviations: DP=Discussion Paper; ED=Exposure Draft; RFI=Request for Information; ASAF=Accounting Standards Advisory Forum; CMAC=Capital Markets Advisory Committee; GPF=Global Preparers Forum; EEG=Emerging Economies Group; SMEIG=SME Implementation Group; IFCG=Islamic Finance Consultative Group]

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>4</sup>
<b>Research projects</b>							
Business Combinations under Common Control	To explore possible reporting requirements that would reduce diversity in practice and improve the transparency and comparability of the reporting on business combinations under common control	Decide project direction	TBD	✓	<ul style="list-style-type: none"> <li>IASB discussed summary of feedback on DP in December 2021 and January 2022.</li> <li>IASB continued deliberations during the period.</li> </ul>	<ul style="list-style-type: none"> <li>DP published Nov 2020 (comment period ended Sep 2021).</li> </ul>	ASAF: Dec 2022 CMAC: March 2021 EEG: Dec 2022 GPF: Jun 2019
Equity method	To assess whether application problems with the equity method as set out in IAS 28 <i>Investments in Associates and Joint Ventures</i> can be addressed in consolidated and individual financial statements by identifying and explaining the principles of IAS 28	Decide project direction	Q2 2023	✓	<ul style="list-style-type: none"> <li>Project moved from research pipeline in Oct 2020.</li> <li>IASB continued deliberations during the period.</li> </ul>	n/a	ASAF: Dec 2022 GPF: Nov 2022 EEG: Dec 2021

<sup>4</sup> Most recent discussion with each group highlighted

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>4</sup>
Extractive Activities	To explore: (a) developing requirements or guidance to improve the disclosure objectives and requirements about an entity's exploration and evaluation expenditure and activities to provide more useful information to primary users of financial statements  (b) removing the temporary status of IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	Decide project direction	Q3 2023	Consistent with prior report IASB made directional decision in Q3 2022 regarding scope of the project.  A further directional decision will be taken in Q3 2023, after conducting further research and outreach.	<ul style="list-style-type: none"> <li>At its March 2022 meeting the IASB discussed the staff's project plan.</li> <li>IASB discussed staff research in September 2022. Staff will next conduct outreach to explore suggestions discussed at the meeting.</li> </ul>	n/a	ASAF: March 2021 CMAC: March 2019 EEG: Dec 2019
PIR of IFRS 15	To assess the effects of the new requirements on entities, users, auditors and regulators	Request for Information	Q2 2023	n/a (new milestone)	<ul style="list-style-type: none"> <li>IASB started this PIR in September 2022</li> <li>IASB is conducting outreach to prepare its request for information</li> </ul>	n/a	ASAF: Dec 2022 EEG: Dec 2022 IC: Nov 2022 GPF: Nov 2022 IFCG: Nov 2022 CMAC: Oct 2022
PIR of IFRS 9 – Impairment	To assess the effects of the new requirements on entities, users, auditors and regulators	Request for Information	Q2 2023	n/a (new milestone)	<ul style="list-style-type: none"> <li>IASB started this PIR in July 2022</li> <li>IASB is conducting outreach to prepare its request for information</li> </ul>	n/a	ASAF: Sep 2022 CMAC: Oct 2022 GPF: Nov 2022 IFCG: Nov 2022

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>4</sup>
PIR of IFRS 9— Classification and Measurement	To assess the effects of the new requirements on entities, users, auditors and regulators	Feedback Statement	Q4 2022	✓	<ul style="list-style-type: none"> <li>• Comment period on RFI ended 28 January 2022</li> <li>• The IASB continued deliberations during the period.</li> <li>• The Report and Feedback Statement were published in December 2022 and this project has now been removed from the work plan.</li> </ul>	RFI Published September 2021	ASAF: July 2022 CMAC: June 2022 GPF: June 2022 IFCG: Nov 2021 EEG: Dec 2021
<b>Standard-setting projects</b>							
Business Combinations— Disclosures, Goodwill and Impairment	To explore whether entities can, at a reasonable cost, provide users with more useful information about the acquisitions those entities make. The IASB is considering ways to meet the objective though improving the disclosure requirements about business combinations and the subsequent accounting for goodwill	Exposure Draft	TBD	n/a (new milestone)	<ul style="list-style-type: none"> <li>• IASB continued deliberations during the period.</li> <li>• In December 2022, the IASB added the project to its standard-setting work plan and changed the project title to Business Combinations— Disclosures, Goodwill and Impairment.</li> </ul>	DP published Mar 2020 (extended comment period ended Dec 2020)	ASAF: Sep 2022 CMAC: June 2022 EEG: Dec 2020 GPF: June 2022

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>4</sup>
Disclosure Initiative—Subsidiaries without Public Accountability: Disclosures	To develop a reduced-disclosure IFRS Accounting Standard—using the disclosure requirements of the <i>IFRS for SMEs Accounting Standard</i> and adapting them where there are recognition and measurement differences between the <i>IFRS for SMEs Accounting Standard</i> and IFRS Accounting Standards—that would apply on a voluntary basis to subsidiaries that do not have public accountability	IFRS Accounting Standard	TBD	✓	<ul style="list-style-type: none"> <li>• Comment period on ED ended 31 January 2022.</li> <li>• In June 2022 the IASB decided to proceed with its proposal for a new IFRS Accounting Standard and agreed on a project plan for developing the Accounting Standard.</li> <li>• The IASB continued redeliberations during the period.</li> </ul>	ED published July 2021	ASAF: Sep 2022 GPF: Nov 2021 EEG: Dec 2021 SMEIG: Sep 2021
Disclosure Initiative—Targeted Standards-level Review of Disclosures	To develop guidance for the IASB itself to use when developing and drafting disclosure requirements in IFRS Accounting Standards  The IASB will test this guidance by applying it to the disclosure requirements in IAS 19 <i>Employee Benefits</i> and IFRS 13 <i>Fair Value Measurement</i>	Project Summary	Q1 2023	n/a (new milestone)	<ul style="list-style-type: none"> <li>• Comment period on ED ended 12 January 2022</li> <li>• The staff are drafting the Project Summary, which will be published in Q1 2023.</li> </ul>	ED published Mar 2021	ASAF: Jul 2022 CMAC: Jun 2021 EEG: Dec 2020 GPF: Jun 2021

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>4</sup>
Dynamic Risk Management	To explore whether an accounting model can be developed to better reflect how an entity's interest rate risk management strategy may affect the amount, timing and uncertainty of future cash flows and the effect of risk management activities on its financial statements.	Exposure Draft	TBD	✓	<ul style="list-style-type: none"> <li>• At its July 2022 meeting the IASB discussed the proposed project plan, and topics to consider further as part of its development of the DRM model.</li> <li>• In November 2022 the IASB began discussions on the next phase in the development of the Dynamic Risk Model.</li> </ul>	DP published in 2014	ASAF: July 2022
Financial Instruments with Characteristics of Equity	To improve the information that entities provide in their financial statements about the financial instruments they have issued and address challenges with applying IAS 32 <i>Financial Instruments: Presentation</i>	Exposure Draft	H2 2023	✓	<ul style="list-style-type: none"> <li>• IASB continued deliberations during the period.</li> </ul>	DP published Jun 2018  In light of feedback, the IASB decided to achieve the project objectives by clarifying existing IAS 32 classification principles to address practice issues and improving presentation and disclosure requirements	ASAF: Jul 2022 CMAC: Mar 2020 GPF: Nov 2018 EEG: Oct 2018 IFCG: May 2022

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>4</sup>
Management Commentary	To revise and update Practice Statement 1 <i>Management Commentary</i> issued in 2010	Decide Project Direction	TBD	✓	<ul style="list-style-type: none"> <li>• Comment period on ED ended 23 November 2021</li> <li>• The IASB received an update in December 2022 as part of an update on its work plan.</li> </ul>	ED published May 2021	<p>Management Commentary Consultative Group: Jul 2021 (private education session)</p> <p>IFRS Taxonomy Consultative Group: Nov 2021</p> <p>ASAF: Oct 2021 CMAC: Jun 2021 EEG: July 2021 GPF: Jun 2021</p>
Primary Financial Statements	To improve how information is communicated in the financial statements, with a focus on information in the statement of profit or loss including introducing a more disciplined and transparent approach to the reporting of management-defined performance measures (a subset of 'non-GAAP')	IFRS Accounting Standard	TBD	✓	<ul style="list-style-type: none"> <li>• IASB continued deliberations during the period.</li> </ul>	ED published Dec 2019	<p>ASAF: Jul 2022 CMAC: Oct 2022 GPF: Nov 2022 ITCG: Dec 2022 EEG: May 2020</p>
Rate-regulated Activities	To develop a new accounting model to give users of financial statements better information about an entity's incremental rights and obligations arising from its rate-regulated activities	IFRS Accounting Standard	TBD	✓	<ul style="list-style-type: none"> <li>• IASB continued deliberations during the period.</li> </ul>	ED published Jan 2021	<p>Consultative Group for Rate Regulation: Oct 2022</p> <p>ASAF: Sep 2022 CMAC: Mar 2021 GPF: Mar 2021 EEG: May 2021</p>

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document	Consultative group discussions <sup>4</sup>
Second Comprehensive Review of the <i>IFRS for SMEs</i> Accounting Standard	To undertake the second periodic comprehensive review of the <i>IFRS for SMEs</i> Accounting Standard	Exposure Draft Feedback	Q2 2023	✓	• The IASB published the ED in Sep 2022 and is currently undertaking outreach with stakeholders.	ED published Sep 2022	ASAF: Jul 2022 EEG: Dec 2022 SMEIG: Oct 2022 IFCG: Nov 2022

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document
<b>Maintenance projects</b>						
Amendments to the Classification and Measurement of Financial Instruments	To make narrow scope amendments to IFRS 9 <i>Financial Instruments</i> to clarify the particular requirements for assessing a financial asset's contractual cash flow characteristics, including for financial assets with ESG-linked features; to address the accounting for electronic transfers of cash; and to require disclosures for investments in equity instruments to which the OCI presentation option is applied	Exposure Draft	Q1 2023	✓	• IASB concluded deliberations during the period and began the balloting process.	n/a
International Tax Reform – Pillar Two Model Rules	To introduce a temporary exception to the accounting for deferred taxes arising from the implementation of Pillar Two model rules and targeted disclosure requirements	Exposure Draft Feedback	Q2 2023	n/a (new milestone)	• IASB started and concluded deliberations during the period and published the ED with a shortened comment period • DPOC approved shortened comment period in Dec 2022	ED published January 2023

Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document
Lack of Exchangeability (Amendments to IAS 21)	To specify requirements to help entities assess when a currency is not exchangeable and the spot exchange rate to use in that situation.	IFRS Accounting Standard Amendment	Q3 2023	n/a (new milestone)	<ul style="list-style-type: none"> <li>• IASB discussed at its December 2022 meeting and decided on the project direction.</li> <li>• IASB will discuss the effective date, transition and due process steps at its February 2023 meeting.</li> </ul>	ED published Apr 2021
Provisions—Targeted Improvements	To develop proposals for three targeted improvements to IAS 37: (i) aligning the IAS 37 liability definition and requirements for identifying liabilities with the <i>Conceptual Framework</i> ; and (ii) clarifying two aspects of the measurement requirements	Decide project direction	TBD	✓	<ul style="list-style-type: none"> <li>• IASB continued deliberations and outreach during the period.</li> </ul>	n/a
Non-current Liabilities with Covenants (Amendments to IAS 1)	To improve the information an entity provides about liabilities with covenants, in addition to addressing stakeholders' concerns about how an entity classifies those liabilities as current or non-current.	IFRS Accounting Standard Amendment	Q4 2022	✓	<ul style="list-style-type: none"> <li>• In November 2022 the IASB issued the amendments to IAS 1. The project has now been removed from the work plan.</li> </ul>	ED published Nov 2021
Supplier Finance Arrangements	To improve information provided to users of financial statements to enable them to assess the effects of an entity's supplier finance arrangements on its liabilities, cash flows and exposure to liquidity risk.	IFRS Accounting Standard Amendment	Q2 2023	n/a (new milestone)	<ul style="list-style-type: none"> <li>• IASB discussed at its November 2022 meeting and decided on the project direction.</li> <li>• IASB discussed the effective date and transition at its January 2023 meeting.</li> <li>• IASB will discuss the effective date, transition and due process steps at its February 2023 meeting.</li> </ul>	ED published Nov 2021



Project	Objective	Next due process step	Date	Timeline consistent with prior report	Current activity	Last due process document
<b>IFRS Accounting Taxonomy projects</b>						
IFRS Accounting Taxonomy Update—2022 General Improvements and Common Practice	To reflect potential improvements to the Accounting Taxonomy, such as common practice elements, to support high-quality tagging of financial statements.	Accounting Taxonomy Update	Q1 2023	n/a (new milestone)	• Staff are currently drafting this TU	Proposed Accounting Taxonomy Update
IFRS Taxonomy Accounting Update— <i>Lease Liability in a Sale and Leaseback</i> and <i>Non-current Liabilities with Covenants</i>	To reflect the amendments <i>Lease Liability in a Sale and Leaseback</i> (issued September 2022) and <i>Non-current Liabilities with Covenants</i> (issued October 2022)	Accounting Taxonomy Update	Q1 2023	n/a (new milestone)	• Staff are currently drafting this TU	Proposed Accounting Taxonomy Update

## Appendix B —Due process documents published in the period

### Standard-setting due process documents

Due process document	Due process stage	Date published	Due process reviewed by IASB <sup>5</sup>	All applicable due process steps completed
<i>Non-current Liabilities with Covenants</i>	Final Amendment	October 2022	July 2022	✓
<i>Draft International Tax Reform—Pillar Two Model Rules</i>	Exposure Draft	January 2023	November 2022	✓

### Other due process documents

Due process document	Due process stage	Date published	Due process reviewed by IASB <sup>3</sup>	All applicable due process steps completed
Post-implementation Review of IFRS 9 – <i>Classification and Measurement</i>	Report and Feedback Statement	Dec 2022	Nov 2022  Reviewed by DPOC – Dec 2022	✓

<sup>5</sup> Paragraph 4.16, 6.6 and 6.22–6.24 of the *Due Process Handbook* set out the due process requirements for the IASB when publishing a Discussion Paper, an Exposure Draft, and a new or amended Standard respectively. Before publishing these documents, the staff presents a summary of the due process steps to the IASB and asks the IASB to confirm that it is satisfied that all necessary steps have been completed. The DPOC receives a copy of this summary in advance of the Board discussion.

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**IFRS Accounting Taxonomy due process documents**

<b>Due process document</b>	<b>Due process stage</b>	<b>Date published</b>	<b>All applicable due process steps completed</b>
Proposed IFRS Accounting Taxonomy Update—2022 General Improvements and Common Practice	Proposed Taxonomy Update	November 2022	✓
Proposed IFRS Taxonomy Accounting Update— <i>Lease liability in a sale and leaseback and Non-current liabilities with Covenants</i>	Proposed Taxonomy Update	November 2022	✓

**Submissions discussed by the IFRS Interpretations Committee**

Topic	Current due process stage	Date published	Approved by Interpretations Committee	IASB not object <sup>6</sup>	All applicable due process steps completed	Next step	Remarks
Lessor Forgiveness of Lease Payments (IFRS 9 <i>Financial Instruments</i> and IFRS 16 <i>Leases</i> )	Agenda decision	24 October 2022	13 September 2022	19 October 2022	✓	N/A	N/A
Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition	Agenda decision	24 October 2022	13 September 2022	19 October 2022	✓	N/A	N/A
Multi-currency Groups of Insurance Contracts (IFRS 17 <i>Insurance Contracts</i> )	Agenda decision	24 October 2022	13 September 2022	19 October 2022	✓	N/A	N/A
Definition of a Lease— Substitution Rights (IFRS 16)	Tentative agenda decision	7 December 2022	29 November 2022	N/A	✓	Tentative agenda decision feedback	The Interpretations Committee will consider feedback on the tentative agenda decision at a future meeting.

<sup>6</sup> Paragraph 8.7 of the *Due Process Handbook* requires the IASB to be asked whether it objects to a (final) agenda decision approved by the Interpretations Committee before that agenda decision is published.