

28 March 2024

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Dear Andrew

Correspondence to the DPOC on submissions to the IFRS Interpretations Committee on climate-related commitments

I am writing on behalf of the IFRS Foundation Due Process Oversight Committee (DPOC) to respond to your letters dated 29 February and 8 March 2024. In these letters you raise 'governance issues' surrounding the IFRS Interpretations Committee's work on climate-related commitments.

Your letters were sent to the six Trustees that comprise the DPOC and published on the IFRS Foundation [website](https://ifrs.org). Thereafter, the DPOC discussed the matters raised in the letters at a public video meeting on 21 March 2024 at which all but one of the members of the DPOC were present. The Chair of the Interpretations Committee and the Chair and Vice-Chair of the International Accounting Standards Board were in attendance to answer our questions. The audio of the meeting was webcast and is available on the [website](https://ifrs.org), together with the [two papers](#) the IFRS Foundation and IASB technical staff prepared for our discussion. These procedures follow the requirements of Section 9 of the IFRS Foundation [Due Process Handbook](#).

As I explained at the meeting, the DPOC's role is to ensure the IFRS Interpretations Committee and the IASB apply the due process specified by the *Due Process Handbook*. We have no role in either body's technical decision making in line with the IFRS Foundation [Constitution](#): the technical content of an agenda decision is a matter for the Interpretations Committee and the IASB. As I also highlighted at the meeting, it is important to remember that the Interpretations Committee's role is to consider how *existing* requirements in IFRS Accounting Standards apply to particular transactions or events—the Committee cannot add or change those requirements.

At our meeting, the DPOC members present unanimously confirmed that all the due process requirements (to date) have been met with respect to the submissions to the Interpretations Committee on climate-related commitments. We noted that the IASB has yet to be asked whether it objects to the related Agenda Decision and that this step will occur, as required by the *Due Process Handbook*, at the IASB's April meeting, as always planned.

The DPOC noted that, in your letter of 8 March, you said five of the six matters raised in your letter of 29 February had or would be addressed but that the sixth matter, the 'independence and perceived independence of the global audit firms', 'should remain a material concern'. The DPOC noted and agreed with the staff's comments in response to this matter in paragraphs 29–32 of [paper 2A](#) for our meeting. Having some of the Interpretations Committee members drawn from the global accounting firms is entirely consistent with the

IFRS Foundation *Constitution*, which specifies that members have ‘international business and market experience in the practical application of IFRS Accounting Standards and analysis of financial statements prepared in accordance with those Standards’. It should be expected that a committee tasked with addressing application questions should have such members. But as explained on the [website](#), members from accounting firms are limited to a minority of five of the Committee’s 14 members. Furthermore, Committee members are required to vote in accordance with their own independent views and the Foundation has procedures in place to guard against actual or perceived conflicts of interests.

Thank you for your interest in the Interpretations Committee’s work. Given your interest in this topic, I am sure you are also following the IASB’s project on [Climate-related and Other Uncertainties in the Financial Statements](#).

Yours sincerely

Teresa Ko

Chair IFRS Foundation Due Process Oversight Committee

cc: Bruce Mackenzie, Chair IFRS Interpretations Committee
Andreas Barckow, Chair IASB
Linda Mezon-Hutter, Vice-Chair IASB