

14 June 2024

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Dear Andrew

Two submissions to the Interpretations Committee on Climate-Related Commitments

Thank you for your letter of 16 May 2024 which I discussed with my fellow Trustees on the IFRS Foundation Due Process Oversight Committee (DPOC) last week as the letter concerns the technical work of the Foundation's standard-setting bodies. Under the IFRS Foundation *Constitution*, the standard-setting boards have complete responsibility for technical matters subject to oversight by the Trustees, a duty delegated to the DPOC.

As explained in my letter of 28 March 2024, the DPOC considered the due process applied by the Interpretations Committee and the IASB related to the Agenda Decision Climate-related Commitments at the DPOC meeting on 21 March 2024. The DPOC remains of the view that all the due process requirements have been met.

Your 16 May letter referred to 'governance issues' saying that the fact pattern for the Interpretations Committee's first discussion in November 2023, was 'fictitious' and 'did not represent the reality of the first submission'. I understand that it is standard practice for the technical staff to draft fact patterns and questions for consideration by the Interpretations Committee or amend those contained in submissions.

This practice is to ensure that the Interpretations Committee is not seen to be opining on a particular company's financial statements and to assist in making the explanatory material in an agenda decision as useful to a wide range of stakeholders as is possible.

In your case, I understand that the fact pattern in the paper for the Interpretation Committee's meeting in November 2023 was developed by the technical staff based on a combination of real-life examples, including those identified by Rethinking Capital, as well as questions raised by our stakeholders during outreach. The technical staff clearly stated in the paper they had created the fact pattern to focus the analysis. In any event, your submission was included in full as an appendix to the paper. The paper including your submission as an appendix and the Interpretations Committee's discussion were publicly available on the Foundation's website, thereby providing full transparency.

We have checked that neither the IASB Chair in the IASB April Podcast nor the Foundation's communication team, in response to press enquiries, have said that Rethinking Capital chose the fact pattern.

In my 28 March letter, I emphasised that the Interpretations Committee's role is to consider how existing requirements in IFRS Accounting Standards apply to particular transactions or events—the Interpretations Committee cannot add or change those requirements. In that

regard, I am sure you are following the IASB's own work that is relevant to the matters you have raised, including its project on [Climate-related and Other Uncertainties in the Financial Statements](#) (for which the IASB will be publishing next month a package of examples illustrating how an entity might apply IFRS Accounting Standards to report the effects of climate-related and other uncertainties in the financial statements) and its project [Provisions—Targeted Improvements to IAS 37](#).

For transparency I will post your letter and this response on the DPOC's pages on the Foundation's website and will copy the Chair of the Monitoring Board.

Yours sincerely

Teresa Ko

Chair IFRS Foundation Due Process Oversight Committee

cc: Takashi Nagaoka, Chair IFRS Foundation Monitoring Board