

Due Process Oversight Committee of the International Accounting Standards Board (**DPOC**)

IFRS Foundation

7 Westferry Circus

London, E14 4HD

For the attention of Teresa Ko, Chair of the DPOC

Copy to Takashi Nagaoka, Chair of the IFRS Foundation Monitoring Board

c/o Henry Rees, Head of Governance, IFRS Foundation

Copies to Andreas Barckow (IASB Chair), Linda Mezon-Hutter (IASB Vice-Chair) and Paul Munter (IOSCO observer)

18<sup>th</sup> June 2024

Dear Teresa

## **Two submissions to IFRIC on Climate-Related Commitments (IAS37)**

### **Due process issues relating to the choice of the first fact pattern and drafting of the final agenda decision**

Thank you for your letter of 14<sup>th</sup> June.

Please pass our thanks to the DPOC members for considering our letter. And thank you also for responding to our request to engage the IFRS Foundation's Monitoring Board and copying its chair into your letter.

Your letter gives a good explanation of the IFRIC process and its aims and how these were met in this case. The only issue we would raise is that we know that one press briefing stated that the fact pattern was 'the one submitted'.

For transparency, our post-process review concluded that we were not sufficiently familiar with the IFRIC process during the first submission and must take responsibility for this. Specifically, we ought to have submitted the fact pattern from the second submission to make the issues of greatest concern more concrete. It took until the second submission to understand the process better.

Our review also concluded that IFRIC staff were professional, technically gifted and of high integrity. Please pass our thanks to Bruce, Joan, Riana and Jawaid. I also offer my personal apology to each of them because my passion for this subject and its importance in tackling the climate and biodiversity crises should have been more measured.

We agree with the DPOC that all due process requirements have been met. Please also post this letter to the DPOC area of the IFRS Foundation's website.

### **Overcoming the confusion and assuring market symmetry in FY24 year end planning**

Our attention has turned to the priority of how to overcome the confusion caused by the Agenda Decision—in particular the very different interpretations of it by the global audit firms who must lead implementation of the Agenda Decision in preparation for FY24 year ends.

Encouraged by IFRIC member Jens Freiberg, we have since engaged with the Global Public Policy Committee. And have written on 5<sup>th</sup> June 2024 to the six CEO's of the audit firms setting out a collaboration proposal to reduce the risk of information and timing asymmetry—while assuring regulatory oversight to allow the market to operate efficiently.

To our surprise and disappointment, the GPPC has declined that offer. After taking advice from our community, we will write further to the IFRS Foundation trustees and Monitoring Board this week to set out a similar proposal.

Yours sincerely,

Andrew Watson,

Co-Founder, Rethinking Capital