
IFRS Foundation Trustees—Due Process Oversight Committee

Date **4 June 2025**

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 in Milan on 4 June 2025](#). The meeting was webcast live and a recording of the meeting is available on the IFRS Foundation website.

IASB-related matters

Update on IASB technical activities

The DPOC considered a report providing an update on the activities of the IASB and the IFRS Interpretations Committee for the period from February 2025 to April 2025. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.

The IASB Executive Technical Director explained that:

- The IASB has been mindful of the need to enhance its explanation about the objective and process of post-implementation reviews (PIRs) in developing its Request for Information (RFI) for the post-implementation review of IFRS 16. The RFI is expected to be published in June.
- Stakeholders are starting to implement IFRS 18 *Presentation and Disclosure in Financial Statements* which is effective from 2027. The Interpretations Committee and the IASB are ready to answer any implementation questions that arise.
- The project *Climate-related and Other Uncertainties in the Financial Statements* provides illustrative examples to assist entities in reporting the effects of climate-related and other uncertainties in their financial statements, and is due to be finalised in October. To give entities time to prepare, a staff draft of the examples will be published in September.
- The dynamic risk management project had been delayed to ensure clear and understandable drafting of a complex topic and due to the loss of key resources to the project. The exposure draft is now scheduled for Q4 of this year.

Due Process 'lifecycle' review of the IASB's new *Regulatory Assets and Regulatory Liabilities* Accounting Standard

The Chair reported that he had received a letter about due process the evening before relating to this item. The letter expresses concerns about the IASB's decision not to re-expose revised proposed requirements for the Standard, specifically the changes made since the Exposure Draft from the introduction of the new concept of *direct (no direct) relationship*. This concept had been developed in response to the feedback on the Exposure Draft. The letter says that stakeholders should have the opportunity to consider the implications of the new concept. The Director of Governance and Trustee Activities explained that the stakeholder's letter would be made available on the [DPOC correspondence page on the Foundation's website](#) and that the DPOC

would hold a separate meeting to consider the letter in line with the protocol set out in the *Due Process Handbook*.

The DPOC decided to have a preliminary discussion of the lifecycle review of the Rate-regulated Activities project and the development of the new Standard but defer concluding its review to a future meeting after it had had the opportunity to consider the letter.

IASB staff highlighted the consultation that has been undertaken to date on the project. The Exposure Draft published in 2021 received 108 comment letters. Subsequently two rounds of fieldwork were conducted which led to two surveys being produced. The first survey was on the proposed new concept of direct (no direct) relationship, and the second survey was on the likely effects of the Standard. There have been 40 meetings with IASB bodies and consultative groups, as well as over 200 outreach meetings.

In July 2024, the IASB confirmed all due process requirements had been met and had given the staff permission to begin the balloting process. At that meeting, the IASB had also decided to finalise the new Standard without re-exposing it for an additional round of public comment, concluding that:

- the final requirements do not include any fundamental changes on which stakeholders have not had the opportunity to comment; and
- given the extensive outreach, re-exposure of revised requirements would be unlikely to reveal significant new concerns or information.

In response to a query about whether it was usual that three IASB members had indicated a possible intention to dissent from issuance of the prospective Standard, the IASB Chair explained that it was neither usual nor unusual. The majority of the IASB's recent Standards have received unanimous support, nevertheless dissent can indicate a 'healthy' process. Three dissents would still mean there is a majority for the Standard to be finalised. The dissents were conditional based on the drafting of the finalised version which would only be available once a pre-ballot draft is shared with the board. Technical Staff followed up that they have since shared an early draft with those board members and they have indicated that based on this draft they may not dissent. They will make their final decision upon seeing the ballot draft.

IASB's Fourth Agenda Consultation

In March 2025, the IASB started the process for its Fourth Agenda Consultation which would cover the period beginning in 2027. The paper presented to the DPOC aimed to keep the Committee informed of the process that was being undertaken and seek its views on the contents of the consultation document (RFI). The IASB Executive Technical Director highlighted the proposed project plan and timeline, and explained the staff's recommended approach for incorporating the ISSB into the Agenda Consultation and for the main components of the Agenda Consultation. The IASB will have its first public meetings to decide the content of the RFI in July.

In response to a DPOC member's question about the timing of an agenda consultation, the Executive Technical Director said the *Due Process Handbook* specifies only that a consultation should be undertaken every five years and does not specify whether that is five years from the start or the conclusion of the prior consultation. While the IASB could have begun the consultation later, issues raised by stakeholders requiring standard-setting need to be prioritised in a timely manner.

The DPOC asked questions around how the IASB and ISSB planned to align their respective agenda consultations in the future. The Executive Technical Director explained that the IASB and ISSB leadership intend to align time periods and content of agenda consultations in the medium-term. The substance as to what the medium term looked like, had been (and would continue to be) discussed at a leadership level.

In response to the question as to how the term 'core connectivity' was defined, the Executive Technical Director explained it is intended to describe activities undertaken by both boards in the normal course of standard-setting (to achieve complementary sets of IFRS Standards). It is adjacent to the connectivity work that would be undertaken for a joint project. The IASB Chair said that the ultimate goal of connectivity is to assist entities using both boards' standards to disclose connected information. The work between the two boards was aimed at ensuring that entities were not hindered in preparing connected information.

The Chair summarised the discussion, asking both boards to provide greater clarity and specificity about their ambition to align the time periods and content of the boards' agenda consultation in due course rather than specifying only an ambition to align in the medium term.

ISSB-related matters

Update on ISSB technical activities

The DPOC considered a report providing an update on the activities of the ISSB for the period from March 2025 to May 2025. There were no matters in the report for which the DPOC was required to confirm that due process had been followed.

The DPOC was updated about progress on various ISSB projects and activities including:

- the support of the implementation of IFRS S1 and IFRS S2 being undertaken through the publication of educational materials. Examples included:
 - a recent series of webinars which focused on sustainability-related risks and opportunities and the disclosure of material information;
 - as part of preparer readiness training, educational materials to help preparers implement IFRS S1 and IFRS S2; and
 - information relating to GHG emissions disclosure requirements in IFRS S2 and how these relate to the GHG protocol.
- the publication of the Exposure Draft of proposed targeted amendments to IFRS S2, for which the DPOC had approved a shortened comment period at its March 2025 meeting.
- the initial phase of research for the projects on biodiversity, ecosystems and ecosystems services and human capital, which has been concluded. Further research will be undertaken in assessing the implications of the knowledge gained from the first phase research. There is not an imminent intention to move into standard-setting and this would be assessed along with other possibilities in this second phase of research.
- work to enhance the SASB Standards. Later in the month the ISSB will consider approving the publication of an exposure draft of enhancements to a prioritised set of the SASB Standards. The consultation process will follow the same process as for an ISSB Standard with an expected 120-day comment period, a basis for conclusions, and all other due process consultation procedures. The exposure draft is expected to be published in July.

The ISSB Vice-Chair added that the exposure draft for the SASB Standards will be first time stakeholders of the Foundation have had the opportunity to comment on these materials. The invitation to comment would include a comprehensive question about the nine Standards which are being proposed for enhancement. The rest of the SASB Standards would be enhanced through a phased approach to allow for a deeper engagement with stakeholders.

IASB and ISSB-related matters

Composition of the IFRS Taxonomy Consultative Group

The DPOC considered a report on the composition of the IFRS Taxonomy Consultative Group (ITCG). It was explained that in March there was a call for new members for the Group and the applications that were received were of high quality. Both boards have subsequently approved six new appointments and two reappointments. Before these are finalised the DPOC was being asked to review the new proposed composition of the Group. The composition was summarised by functional background and geographical perspective and is [set out in paragraph 10 of the paper](#).

In response to a DPOC member's question, staff explained that the designation of global, in relation to geographical perspective, is linked to candidate's experience rather than the jurisdiction of the entity they worked for.

The DPOC confirmed that it was satisfied that the proposed composition of the Group would result in an appropriate balance of perspectives, including geographical balance.

Updating the Due Process Handbook

The DPOC had an initial briefing on the feedback on the Exposure Draft of proposed amendments to the *Due Process Handbook*. The DPOC was not asked to make any decisions.