
IASB[®] meeting

Date **June 2025**

Project **Climate-related and Other Uncertainties in the Financial Statements**

Topic **Due process and permission to begin the balloting process**

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Introduction and purpose

1. As Agenda Paper 14 explains, this paper:
 - (a) sets out the steps in the [IFRS Foundation Due Process Handbook](#) (*Due Process Handbook*) that the IASB has taken in developing the illustrative examples;
 - (b) asks the IASB to confirm it is satisfied that it has complied with the due process requirements; and
 - (c) asks whether any IASB member intends to dissent from issuing the illustrative examples.

Structure of this paper

2. This paper is structured as follows:
 - (a) re-exposure (paragraphs 4–7);
 - (b) intention to dissent (paragraph 8);
 - (c) confirmation of due process steps (paragraphs 9–10); and
 - (d) proposed timetable for balloting and publication (paragraph 11).

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3. There are two appendices to this paper:
 - (a) Appendix A—Extracts from the *Due Process Handbook*; and
 - (b) Appendix B—Actions taken to meet the due process requirements.

Due process steps and permission for balloting

Re-exposure

4. If the IASB agrees with our recommendations in Agenda Paper 14A, it will have tentatively decided to finalise the proposals in the [Exposure Draft](#) *Climate-related and Other Uncertainties in the Financial Statements* with some changes.
5. The main recommended changes to the proposals relate to:
 - (a) not proceeding with Example 5; and
 - (b) making changes to the other examples to address specific concerns raised by respondents.
6. In light of these potential changes, we considered the requirements in paragraphs 6.25–6.29 of the *Due Process Handbook* (reproduced in Appendix A to this paper) to assess whether the IASB should re-expose the illustrative examples. In our view:
 - (a) the IASB has identified the substantial issues arising from comments to the Exposure Draft, sufficiently understood these issues and their implications and considered respondents' views as part of its redeliberations of the proposals in the Exposure Draft (see paragraph 6.25).
 - (b) the recommended changes in paragraph 5 respond to feedback without fundamentally changing the illustrative examples proposed in the Exposure Draft. Furthermore, the IASB will have considered views from members of the Accounting Standards Advisory Forum (ASAF) on the recommended changes to the proposals (see Agenda Paper 14A). In our view, it is unlikely

that re-exposure would reveal new information or feedback not already considered by the IASB (see paragraph 6.26).

- (c) stakeholders seek timely action to help improve the reporting of the effects of climate-related and other uncertainties in the financial statements. Re-exposing the illustrative examples would delay the improvements to financial reporting expected from their issuance (see paragraph 6.27).
- (d) although the illustrative examples are expected to improve reporting, they do not add or change requirements in IFRS Accounting Standards and illustrate only the application of disclosure requirements, rather than recognition and measurement requirements (see paragraph 6.28).¹

7. Accordingly, we recommend finalising the illustrative examples without re-exposure.

Intention to dissent

8. In accordance with paragraph 6.23 of *Due Process Handbook*, we are asking whether any IASB member intends to dissent from issuing the illustrative examples.

Confirmation of due process steps

9. In our view, the IASB has undertaken all the due process activities identified as being required in the *Due Process Handbook* and, thus, is able to finalise the illustrative examples. Appendix B summarises the due process steps taken in developing the illustrative examples—the applicable due process steps to date for issuing the illustrative examples have been completed.
10. We request permission to start the balloting process if the IASB is satisfied that:
- (a) it has been provided with sufficient analysis, and

¹ Paragraph 6.28 of the *Due Process Handbook* has been proposed for deletion in the [Exposure Draft Proposed Amendments to the IFRS Foundation Due Process Handbook](#). The comment letter period closed on 28 March 2025.

- (b) it has undertaken appropriate consultation and due process to support issuing the illustrative examples.

Proposed timetable for balloting and publication

11. The balloting process for the illustrative examples will commence in the near term, with the illustrative examples planned for issue in October 2025.

Questions for the IASB

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1. **Re-exposure**—does the IASB agree with our recommendation in paragraph 7 to not re-expose the illustrative examples?
2. **Dissent**—does any IASB member intend to dissent from issuing the illustrative examples?
3. **Permission to ballot**—is the IASB satisfied it has complied with the applicable due process requirements and that it has undertaken sufficient consultation and analysis to begin the balloting process for the illustrative examples?

Appendix A—Extracts from the *Due Process Handbook*

A1. We reproduced below the paragraphs from the *Due Process Handbook* that include the requirements the IASB applies in considering re-exposure:

6.25 In considering whether there is a need for re-exposure, the [IASB]:

- (a) identifies substantial issues that emerged during the comment period on the exposure draft and that it had not previously considered;
- (b) assesses the evidence that it has considered;
- (c) determines whether it has sufficiently understood the issues, implications and likely effects of the new requirements and actively sought the views of interested parties; and
- (d) considers whether the various viewpoints were appropriately aired in the exposure draft and adequately discussed and reviewed in the basis for conclusions.

6.26 It is inevitable that the final proposals will include changes from those originally proposed. The fact that there are changes does not compel the [IASB] to re-expose the proposals. The [IASB] needs to consider whether the revised proposals include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the basis for conclusions accompanying the exposure draft. The [IASB] also needs to consider whether it will learn anything new by re-exposing the proposals. If the [IASB] is satisfied that the revised proposals respond to the feedback received and that it is unlikely that re-exposure will reveal any new concerns, it should proceed to finalise the proposed requirements.

6.27 The more extensive and fundamental the changes from the exposure draft and current practice the more likely the proposals should be re-exposed. However, the [IASB] needs to weigh the cost of delaying improvements to financial reporting against the relative urgency for the need to change and what additional steps it has taken to consult since

the exposure draft was published. The use of consultative groups or targeted consultation can give the [IASB] information to support a decision to finalise a proposal without the need for re-exposure.

6.28 The [IASB] should give more weight to changes in recognition and measurement than disclosure when considering whether re-exposure is necessary.

6.29 The [IASB]'s decision on whether to publish its revised proposals for another round of comment is made in a [IASB] meeting. If the [IASB] decides that re-exposure is necessary, the due process to be followed is the same as for the first exposure draft. However, because it is not the first exposure of the proposed IFRS [Accounting] Standard, it may be appropriate to have a shortened comment period, particularly if the [IASB] is seeking comments on only specific aspects of the revised exposure draft, while recognising that respondents may not limit their comments to these aspects. The public comment period for such documents will normally be at least 90 days.

Appendix B— Actions taken to meet the due process requirements

B1. The following table summarises the actions taken to meet the due process requirements:

Step	Required / Optional	Actions
Consideration of information gathered during consultation		
The IASB posts all of the comment letters that are received in relation to the Exposure Draft on the project pages.	Required	All comment letters received by the IASB (129) have been posted on the project website here .
The IASB and the IFRS Interpretations Committee (Committee) meetings are held in public, with papers being available for observers. All decisions are made in public sessions.	Required	<p>The IASB discussed the feedback on the Exposure Draft, and our analysis and recommendations on the matters identified in that feedback, at its meetings in February, April, May and June (this meeting).</p> <p>All staff papers for the meetings above are publicly available.</p> <p>The project webpage has up-to-date information about all technical papers related to the project.</p>
Analysis of likely effects of the forthcoming Standard or major amendment, for example, costs or ongoing associated costs.	Required	<p>The illustrative examples do not add to or change requirements in IFRS Accounting Standards. However, the illustrative examples might provide additional insights into how to apply the disclosure requirements in the Standards. We expect that the information needed for any new disclosures resulting from these additional insights is likely to be available from applying the recognition and measurement requirements in IFRS Accounting Standards. Hence, we expect limited costs for preparers. We expect that for some entities, they, their auditors and their regulators will incur costs understanding the implications of these examples and making changes to disclosures in financial statements. We expect that the illustrative examples will result in better information for users of financial statements about climate-related and other uncertainties.</p>

Round-table and outreach meetings to promote debate and hear views on proposals that are published for public comment	Optional	<p>After the Exposure Draft was published, the proposed illustrative examples were discussed with:</p> <ul style="list-style-type: none"> (i) the Accounting Standards Advisory Forum at its September 2024 and May 2025 meetings; (ii) the Global Preparers Forum at its November 2024 meeting; (iii) the Capital Markets Advisory Committee at its November 2024 meeting; and (iv) the IFRS Interpretations Committee at its November 2024 meeting. <p>We also held one-to-one meetings with various stakeholders, including regulators, accounting firms and bodies, preparers and users of financial statements (see paragraphs 18–19 of Agenda Paper 14 for the IASB's February 2025 meeting).</p>
Finalisation		
Due process steps are reviewed by the IASB.	Required	This step will be met by this Agenda Paper.
Need for re-exposure is considered.	Required	Paragraphs 4–7 of this paper discuss re-exposure. We recommend not re-exposing the illustrative examples.
The IASB sets an effective date for the Standard, considering the need for effective implementation.	Required	This step is not applicable because the illustrative examples would not have an effective date.
Drafting		
Drafting quality assurance steps are adequate.	Required	<p>To be completed in due course.</p> <p>The Translations, Taxonomy and Editorial teams will review the pre-ballot draft.</p> <p>We intend to send a draft of the illustrative examples to external parties for review before finalisation. This process provides us with feedback on the clarity and understandability of the illustrative examples.</p>

Publication		
News release to announce the final Standard.	Required	To be completed in due course. A news release will be published with the illustrative examples.
A Feedback Statement is provided which provides high level executive summaries of the Standard and explains how the IASB has responded to the comments received.	Required	Not considered necessary because this project is narrow in scope. According to paragraph 6.38 of the DPH, a Feedback Statement is required for all new IFRS Accounting Standards and major amendments.
Standard is published.	Required	The illustrative examples will be made available on our website when published.