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## IFRS Foundation Trustees—Due Process Oversight Committee

Date **4 March 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*.

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## Introduction

The IFRS Foundation Due Process Oversight Committee (DPOC) [met at the IFRS Foundation London office on 4 March 2025](#). The meeting was webcast live and a recording of the meeting is available on the [IFRS Foundation website](#).

## International Accounting Standards Board (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 October 2024 to January 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 relayed that the staff is planning to discuss the IASB's Fourth Agenda Consultation with the IASB. The *Due Process Handbook* requires the IASB start its next agenda consultation five years after the current consultation has been completed. The primary objective of the agenda consultation is to seek formal public input on the strategic direction and balance of the IASB's work plan. The consultation would look at standard-setting projects and how the IASB facilitates connectivity with the ISSB. In response to a DPOC member's question on how connectivity would be facilitated, the Executive Technical Director said the IASB staff is working with ISSB staff to describe connectivity and joint projects and outcomes would be grounded in feedback that the IASB receives. The Chair of the IASB added that the ISSB had concluded its agenda consultation last year and stakeholders emphasised the importance of connectivity. In asking stakeholders in the Fourth Agenda Consultation for their views on connectivity, the IASB wanted to know the relative priority of any project compared with those proposed by IASB and those already under consideration for the ISSB.

The DPOC was also updated about progress on various IASB projects and various other matters, including:

- a joint board meeting held in February 2025 to discuss the feedback on the exposure draft of proposed illustrative examples on climate-related and other uncertainties in the financial statements.
- the winding up of the Islamic Finance Consultative Group. This Group has been working effectively for many years and the IASB has been able to deepen its relationship with relevant stakeholders. A separate consultative group is no longer necessary because these stakeholders now participate in the regular processes to provide feedback on Islamic finance matters for consideration by the IASB.
- a project on accounting for pollutant pricing mechanisms had not been pursued at this time because it was determined the schemes to which it would apply are still evolving and not yet widespread. In addition, any new project at this time would require an existing project to be paused or slowed. The Fourth Agenda Consultation would help determine whether stakeholders thought the IASB should engage in this project.

A DPOC member commented that some stakeholders thought that the Dynamic Risk Management project was geared towards the banking industry rather than insurance industry. The IASB Chair said the aim of the project was not to exclude any sector or type of financial risk but in developing the project the IASB had chosen to focus on interest rate risk in the banking sector as a way to assess whether the board's model would work in practice. Comments would be invited from other industries, who, it was hoped, would set out which parts of the model they think might have to be amended for particular circumstances in their industry.

A DPOC member asked why no Transition Resource Group had been established to support IFRS 18. The IASB Chair explained that based on all the experience from the extensive outreach in developing the Standard, the IASB had concluded that a specific Group was not needed for IFRS 18. The new Standard is also less complex than the Standards for which such Groups had been established in the past. He highlighted that there was a dedicated email inbox that stakeholders could send queries to, and questions around consistent application could also be submitted to the Interpretations Committee.

### **Due Process 'lifecycle' Review of the IASB's Management Commentary project**

The DPOC considered a report providing a review of the due process 'lifecycle' of the project to revise the Management Commentary Practice Statement.

The IASB Technical Staff highlighted the positive feedback that was received on the Management Commentary exposure draft published in 2021. Accordingly, the IASB had decided to make only targeted refinements to the proposals in the exposure draft, in particular to reflect developments since the release of the exposure draft in 2021, including references to sustainability-related financial disclosures.

In December 2024 the IASB concluded that re-exposure was not necessary having considered the criteria in the *Due Process Handbook*, noting that the refinements made to the proposal did not introduce substantially new guidance or modify the proposed guidance. The IASB also confirmed that it was satisfied that the mandatory due process steps had been applied and gave permission for the balloting process to begin. No IASB members had indicated an intention to dissent from the revised Practice Statement.

A DPOC member asked about how much engagement there had been around the targeted refinements. The staff highlighted that there had been a considerable amount of engagement around the exposure draft in 2021. The targeted nature of the refinements meant that outreach and engagement was limited in scope. Specific engagement had taken place with the Accounting Standards Advisory Forum, the IASB's preparer consultative group, the dedicated Management Commentary Consultative Group, the Integrated Reporting and Connectivity Council and other stakeholders with an interest in integrated reporting.

The DPOC agreed that all the necessary due process steps have been followed and that its review of due process on this project is now complete. The revised Practice Statement is expected to be published in June 2025.

### **Draft IASB Prioritisation Framework**

The DPOC considered a report on the draft IASB Prioritisation Framework. The report provided further information on questions raised on the Framework at the DPOC's meeting in June 2024. It was confirmed that no decisions were sought from the DPOC on this item.

The IASB Executive Technical Director reminded the DPOC that there is a need for a Framework to help the IASB consistently prioritise technical projects on its work plan in between its holistic prioritisation through its five-yearly agenda consultation process. The Framework will also help explain to the IASB's stakeholders how projects are prioritised.

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The report addressed the following three matters:

- what will the Framework change? The Executive Technical Director explained that the Framework was not trying to change outcomes, rather it aimed to formalise the process and consolidate the disparate guidance around prioritisation. This would bring consistency and efficiency to decision-making and in communication with stakeholders.
- how did the IASB consider the ISSB in developing the Framework? The Framework sets out strategic considerations which includes connectivity with the ISSB; the two boards would work closely together as joint prioritisation decisions emerge.
- how did the IASB staff consider the DPOC's project to update the *Due Process Handbook*? The IASB would monitor the comment letters on the Exposure Draft to see what stakeholders views are on the relationship between the Prioritisation Framework and the *Due Process Handbook*. Additionally, the Framework acknowledges that the *Due Process Handbook* is the governing document for standard-setting; the Framework is a mechanism for operationalising the principles in the *Due Process Handbook*.

The Chair highlighted that the report states that 'the framework is not expected to significantly change prioritisation outcomes as compared to not using the framework' and therefore sought to understand the reason for all the work to develop it. The Executive Technical Director said that the value in the document was in gaining efficiencies in process and in being able to clearly articulate the IASB's rationale to stakeholders when deciding whether to allocate resources to a project.

## International Sustainability Standards Board (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 October 2024 to January 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 development of educational materials, which continue to be well received by stakeholders, who see them as aiding their understanding of the Standards as well as assisting with implementation of the Standards. Of particular note is the guide to help identify and disclose material information which helps preparers applying IFRS S1 and IFRS S2 to identify and disclose material information. This document had undergone extensive reviews by ISSB members and had been discussed at public board meetings, which goes beyond the requirements in the *Due Process Handbook*.
- the ISSB's work to develop targeted and narrow-scope amendments to IFRS S2 to help stakeholders implementing the Standard and enhance consistent application (see next agenda item).
- the ISSB's work to enhance the SASB Standards, including the development of exposure drafts of proposed amendments to a prioritised set of SASB Standards. Enhancing the SASB Standards is a strategic priority for the ISSB, given their important role relating to IFRS S1.

In response to a DPOC member query on the method of prioritising amendments to the Standards, the ISSB Executive Technical Director said that the ISSB had developed and applied a set of criteria to enable consistent decision making. He also noted there a range of tools that the ISSB can use to support stakeholders. For example, for some matters raised by stakeholders, educational materials have been developed and these materials can be more effective than making amendments in some instances.

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## Approval for a shortened comment period for proposed amendments to IFRS S2

The DPOC considered a request for a shortened comment period of 60 days for the Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures*.

The ISSB Technical Director explained that the ISSB had become aware of challenges in implementing IFRS S2 through the Transition Implementation Group on IFRS S1 and IFRS S2 (TIG) and other stakeholders. To support implementation of IFRS S2, the ISSB had agreed to make amendments to IFRS S2 after careful and extensive deliberations. In particular, the ISSB assessed possible amendments to the Standard against a set of criteria it had developed.

The reason for requesting a shortened comment period related to the nature of these amendments and the urgency of providing timely support to users of the Standard. The proposed amendments are narrow in scope and targeted in nature relating the measurement and disclosures associated with GHG emissions. The amendments would also provide relief or additional clarity and therefore should not be burdensome to entities, while ensuring that information remains useful to users.

In the light of the potentially shortened comment period, the ISSB staff is planning to proactively solicit feedback from a wide range of stakeholders through working closely with them over the shortened comment period. To increase accessibility translated versions of the Exposure Draft would be made available on a timely basis.

Publication date of the Exposure Draft is expected in the second quarter of this year. A shortened comment period would make it possible to issue the amendments to the Standard by the end of the year. The ISSB Vice-Chair explained that the proposed comment period borrowed from the IASB who had set a precedent for this in similar circumstances that required a timely amendment to a Standard. The ISSB had also borrowed its evaluation criteria from the IASB who had set the criteria in a similar circumstances when deliberating amendments to a Standard. Overall, the amendments provide optional reliefs with the purpose of easing application of the Standard, which the ISSB felt would not be unduly disruptive to entities.

The DPOC approved a shortened comment period of 60 days for the Exposure Draft *Amendments to Greenhouse Gas Emissions Disclosures*.

## Closing

The DPOC Chair thanked all for their participation.