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Foundation

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Exposure Draft

IFRS[®] Foundation

Due Process Handbook

Comments to be received by 28 March 2025



Exposure Draft

Proposed Amendments to the IFRS Foundation *Due Process Handbook*

Comments to be received by 28 March 2025

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CONTENTS

| | <i>from page</i> |
|---|------------------|
| INTRODUCTION | 4 |
| INVITATION TO COMMENT | 5 |
| PROPOSED AMENDMENTS TO THE <i>DUE PROCESS HANDBOOK</i> | 13 |
| 1. INTRODUCTION | 14 |
| 2. OVERSIGHT | 17 |
| 3. PRINCIPLES | 21 |
| 4. TECHNICAL WORK PLAN | 39 |
| 5. STANDARD-SETTING PROJECTS | 43 |
| 6. NEW OR AMENDED IFRS STANDARDS | 47 |
| 7. IFRIC INTERPRETATIONS | 60 |
| 8. SUPPORTING CONSISTENT APPLICATION | 64 |
| 9. PROTOCOL FOR TRUSTEE ACTION FOR PERCEIVED BREACHES OF DUE PROCESS | 68 |
| ANNEX A | 70 |
| ANNEX B | 79 |
| GLOSSARY OF TERMS | 81 |

Introduction

The Due Process Oversight Committee (DPOC) of the Trustees of the IFRS Foundation is publishing this Exposure Draft to seek feedback from stakeholders on proposed amendments to the IFRS Foundation (Foundation) *Due Process Handbook* (*Handbook*).

The *Handbook* sets out the due process that applies to the technical activities of the International Accounting Standards Board (IASB), the International Sustainability Standards Board (ISSB) and the IFRS Interpretations Committee (Interpretations Committee). The Trustees are responsible for monitoring compliance with this due process through the DPOC. The DPOC also reviews and, if necessary, amends the *Handbook* in light of changing needs, evolving due process conventions and comments from stakeholders.

The *Handbook* was last updated in August 2020, before the ISSB was created. The *Handbook* therefore does not refer to the ISSB. Nonetheless, as explained on the DPOC's webpages on the Foundation's website, the ISSB has applied the due process for the IASB specified in the *Handbook* from the start of its operations in 2022. In addition, the DPOC has overseen the ISSB's technical activities in the same way it has the IASB's. The Foundation's due process underpins the boards' standard-setting and was one of the main reasons the Foundation was asked to create the ISSB.

In practice the due process set out in the *Handbook* has provided a robust and workable due process for the ISSB, even though its Standards differ from the IASB's in their subject matter and their degree of industry-specific content. To date the DPOC has not identified a need to create separate due processes for the boards, apart from some specific due process for the ISSB for the SASB Standards. Now that the ISSB has been operating for more than two years, the DPOC decided to amend the *Handbook* to specify formally the due process for the ISSB. Updating the *Handbook* to include references to the ISSB will also make clear and explicit that the IASB and the ISSB apply the same due process.

Although the creation of the ISSB was the catalyst for the proposed amendments to the *Handbook*, the DPOC is taking the opportunity to propose targeted enhancements and clarifications reflecting experience since the 2020 update. These amendments do not represent fundamental changes to the Foundation's due process, because the DPOC's view is that the current due process is thorough and robust and is appropriate for the ISSB as well as the IASB. The DPOC is also of the view that the 2020 amendments are working well.

In this update to the *Handbook*, the DPOC kept in mind that the ISSB is still at an early stage in its operations and the two boards are at an early stage in their work on connectivity. The boards' processes will continue to develop as they accumulate more experience. The DPOC will continue to monitor developments and the need for any changes or additions to the due process.

The proposed amendments are explained on pages 5–12 and set out in a revised *Handbook* from page 14. The changes to the *Handbook* are marked up as explained on page 13.

The DPOC will consider the feedback on this Exposure Draft and will then decide how to finalise the amendments to the *Handbook*.

Invitation to comment

Reflecting the creation of the ISSB in the *Handbook*

Including the due process for the ISSB

The DPOC proposes amendments to the *Handbook* to specify that the due process requirements apply to the ISSB as well as the IASB. In general, these amendments involve changing all references to ‘the Board’, which originally meant the IASB, to ‘a board’, ‘the board’ or ‘the boards’, depending on the context. For clarity, the DPOC proposes to add an explanation to paragraph 1.5 that the boards apply the same due process requirements, except the ISSB does not have an equivalent of the Interpretations Committee and does have a specific due process for the SASB Standards and the SASB Standards Taxonomy.

In addition, in the revised *Handbook*:

- paragraph 1.1 is amended to reflect the Foundation’s expanded remit as described in the IFRS Foundation *Constitution (Constitution)*. The *Constitution* was revised in November 2021 to allow for the creation of the ISSB.
- references to ‘financial statements’ are amended to ‘general purpose financial reports’ to encompass sustainability-related financial disclosures prepared in accordance with IFRS Sustainability Disclosure Standards as well as financial statements prepared in accordance with IFRS Accounting Standards. No change is necessary to the references to ‘financial reporting’ because the ISSB’s work is consistent with the definition of financial reporting in the *Conceptual Framework for Financial Reporting* developed by the IASB.
- Section 3 is amended to include the ISSB’s advisory bodies – such as the Sustainability Standards Advisory Forum (SSAF) and the ISSB Investor Advisory Group – and the sustainability disclosure standard-setting bodies and other bodies with which the ISSB engages. The revised *Handbook* specifies that the ISSB consults the SSAF in the same way that the IASB consults the Accounting Standards Advisory Forum.
- arrangements for board meetings described in paragraphs 3.2 and 3.19 are amended to reflect the practicalities of the ISSB’s multi-location presence.

Due process for the SASB Standards and the SASB Standards Taxonomy

The DPOC proposes adding a new annex, Annex B, to the *Handbook* to include a specific due process for the SASB Standards and the SASB Standards Taxonomy. The DPOC approved and published this due process on the Foundation’s website in 2022.

The ISSB assumed responsibility for the SASB Standards after the IFRS Foundation and the Value Reporting Foundation consolidated in August 2022. The SASB Standards are not IFRS Standards, but an entity applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* is required to refer to and consider the applicability of the SASB Standards to identify sustainability-related risks and opportunities and associated disclosures. Thus, the SASB Standards have a unique role in IFRS Standards and their accompanying materials.

The due process for the SASB Standards allows the ISSB to use a group of ISSB members, the SASB Standards Board Adviser Group, to develop amendments to the SASB Standards for ratification by the ISSB. Ratification requires a supermajority of the ISSB, the same amount of support required for an amendment to an IFRS Sustainability Disclosure Standard. The ISSB ratifies amendments and proposed amendments to the SASB Standards during its public board meetings.

When developing the due process for the SASB Standards in 2022, the DPOC drew on principles from the current due process. The DPOC also sought to balance the need for transparency and inclusiveness of due process, given the importance of the SASB Standards in the application of IFRS S1, with the fact that entities are not required to apply the SASB Standards. The DPOC also concluded that using a group of ISSB members in the development process would enable the ISSB to be more efficient in maintaining and enhancing the SASB Standards in a timely manner, while ensuring the ISSB remains responsible for proposed and issued amendments to the SASB Standards.

This due process worked well for the ISSB in its project to enhance the international applicability of the SASB Standards. Therefore, the DPOC proposes no amendments to the due process as described on the website. However, the proposed requirements in Annex B give a more complete description of the due process, clarifying, for example, that the ISSB sets the comment period for an exposure draft and decides whether re-exposure is necessary.

Reflecting connectivity

As well as proposing amendments to the *Handbook* to reflect the ISSB as a separate board operating alongside the IASB, the DPOC proposes amendments to reflect the fact that the IASB and the ISSB aim for their respective requirements to work well together and provide a comprehensive package of information for users of general purpose financial reports.

The DPOC therefore proposes to amend paragraph 1.1 to include the objective stated in section 2 of the *Constitution* that the IASB and the ISSB develop complementary sets of IFRS Standards. In accordance with this objective, the DPOC also proposes amending:

- several paragraphs to reflect aspects of the processes in place to facilitate knowledge sharing and coordination between the IASB and the ISSB. For example, proposed amendments to paragraph 3.2 explain the boards can hold joint meetings and paragraph 3.43 explains a board adviser group can include members from the other board.
- paragraph 4.10 to explain that, when a board develops its work plan, the board might identify new matters by considering opportunities for connections with the other board's work.
- paragraph 6.25 to add a new step in the standard-setting process. The DPOC proposes that, when a board completes its deliberations, the technical staff summarises for the board's discussion at a public meeting the steps taken to meet the objective in sections 37(i) and 58(i) of the *Constitution* to develop Standards that are compatible, and avoid inconsistencies and conflicts, with the other board's Standards.

The current due process already allows the boards to discuss technical matters together or carry out a project together if they decide this is appropriate, including publishing a due process document together. The DPOC proposes adding paragraph 3.16 to explain how the voting requirements for each board (specified in the *Constitution* and carried into the *Handbook*) would apply in that case. Those requirements would require each board to separately apply the voting requirements for the particular due process document. For example, publishing a joint exposure draft would require both the usual supermajority of the IASB and the usual supermajority of the ISSB.

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| Question 1—Reflecting the creation of the ISSB in the <i>Handbook</i> |
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| Do you agree with how the DPOC proposes to reflect the creation of, and the due process for, the ISSB in the <i>Handbook</i> ? |
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Enhancements and clarifications

Post-implementation reviews

The DPOC proposes amendments to clarify the requirements for a post-implementation review (PIR) in paragraphs 6.50–6.64 of the *Handbook*.

The DPOC did not substantively amend the requirements for a PIR in the 2020 update. At that time, the IASB had conducted only three PIRs but expected to gain more experience from upcoming PIRs on major IFRS Accounting Standards. As the IASB gained experience, and in light of stakeholder feedback, the IASB more clearly explained the objective of, process for and possible outcomes of a PIR in its publications. The DPOC monitored these developments through its oversight of the IASB's PIRs.

The DPOC proposes to reflect these developments in the *Handbook*. The amended requirements would also apply to the ISSB when it undertakes PIRs in due course. The proposed amendments clarify:

- the objective of a PIR, which would be to assess whether the effects of applying the requirements of a new IFRS Standard or major amendment to a Standard are as intended when the requirements were developed. The proposed amendments emphasise that a PIR is not a standard-setting project and does not automatically lead to standard-setting.
- the start date for a PIR, which would be when sufficient information is available to assess the effects of the new requirements, instead of after two years of application as specified now. This principle-based definition reflects both the IASB's experience and the nascency of sustainability reporting. Accordingly, the DPOC proposes to delete former paragraph 6.55, which explained that a PIR might be deferred after the initial assessment of matters. A board begins a PIR only after it decides it has sufficient information to assess the new requirements and conduct the PIR.
- the process to decide whether matters arising from a PIR warrant further action and, if so, how to prioritise them.
- the possible outcomes of a PIR, including specifying that, when gathering evidence to make an overall assessment about whether the new requirements are working as intended, the boards may identify specific application questions. However, a PIR is not intended to lead to the resolution of every application question.

Although the proposed clarifications involve extensive redrafting of the current requirements, the main features of the current due process would remain unaffected. The boards would still be required to conduct a PIR of each new Standard or major amendment to a Standard, to perform an initial identification and assessment of the matters to be examined in a PIR, to conduct a public consultation, and to publish a project summary and feedback statement summarising the matters identified and any actions to be taken. The DPOC would continue to oversee the process and consider the draft of the project summary and feedback statement before it is finalised and published.

Minor improvements to IFRS Standards

The DPOC proposes amending the requirements for annual improvements in paragraphs 6.11–6.17 to specify that such improvements can also include a minor or narrow-scope amendment that updates a requirement or updates material accompanying an IFRS Standard.

The annual improvements process has allowed the IASB periodically to expose for comment a set of minor improvements to IFRS Accounting Standards as a single package. The process for developing such amendments is the same as for other amendments to the Standards, except that it allows for a comment period of 90 days, instead of the usual 120 days, owing to the minor or narrow-scope nature of the amendments. Outreach or consultation beyond the comment letter process is not required.

The current requirements limit the minor or narrow-scope amendments that can be included in the annual improvements process to amendments that clarify wording or correct relatively minor unintended consequences, oversights or conflicts. Accordingly, the ISSB would be unable to use the process to propose a narrow-scope amendment to update a metric included in an industry-based requirement. The DPOC therefore proposes amending paragraph 6.12 to also allow the inclusion of a minor or narrow-scope amendment that updates a requirement or updates material accompanying a Standard (for example, guidance or an illustrative example). This amendment would provide a more agile due process for the ISSB in maintaining the industry-based requirements in its Standards.

The DPOC proposes making explicit in paragraph 6.13 the currently implicit requirement that any amendment in this process cannot propose a new principle or change an existing principle. Accordingly, any update to a requirement included in this process would need to be consistent with the existing principles within the applicable Standard.

The DPOC also proposes changing the term ‘annual improvements’, which is currently used to describe this process. The term has become a misnomer because the process does not occur annually. The DPOC proposes the *Handbook* instead refers to ‘packages of minor improvements to the Standards’ that are part of a board’s regular maintenance of its Standards.

Interpretations Committee

The DPOC proposes some clarifications relating to the Interpretations Committee’s due process.

The most significant amendments in the 2020 update related to the Interpretations Committee's due process, in particular by improving the description of agenda decisions published by the Interpretations Committee and enhancing the due process for them. Given the effect of those amendments, the DPOC continued to monitor stakeholder feedback on the Interpretations Committee's due process. In general, feedback since 2020 indicates the amendments have been well received and have increased the effectiveness of agenda decisions in improving consistent application of IFRS Accounting Standards. Some stakeholders have suggested further changes to the due process. This feedback was similar to the feedback the DPOC considered during the 2020 update and no new evidence indicates that the DPOC's balance of considerations from that time has changed. The DPOC therefore proposes no fundamental changes to the Interpretations Committee's due process. However, it does propose a few clarifications to enhance understanding of the Interpretations Committee's process, in particular:

- to clarify the criterion in paragraph 5.17(a). The Interpretations Committee uses the four criteria set out in paragraph 5.17 to consider the need for a standard-setting project to address a question submitted to it. If not all the criteria are met, and therefore a standard-setting project is not needed to address the question, the Interpretations Committee explains why in an agenda decision. The first criterion states that 'the matter has widespread effect and has, or is expected to have, a material effect on those affected'. Some stakeholders say the term 'widespread effect' is not clear and causes confusion about when and how the Interpretations Committee takes action on matters submitted to it. The DPOC proposes to clarify the meaning of 'widespread effect'. The proposed amendment is consistent with the approach the Interpretations Committee has been using to evaluate matters submitted to it and would enhance the transparency and understandability of the Interpretations Committee's process.
- to delete paragraph 8.2(d). Paragraph 8.2(d) states that, after considering comments on a tentative agenda decision, the Interpretations Committee can choose to refer the matter to the IASB. The proposed changes to paragraph 8.2(c), including adding a reference to paragraphs 5.17–5.20, would encompass the possibility of the Interpretations Committee referring a matter to the IASB, making paragraph 8.2(d) redundant.

The proposed amendments also reflect that the formal remit of the Interpretations Committee as specified in the *Constitution* relates to the IASB and IFRS Accounting Standards. At present, the ISSB and its Transition Implementation Group on IFRS S1 and IFRS S2 consider questions arising on IFRS Sustainability Disclosure Standards.

Material to support application of IFRS Standards

The DPOC proposes clarifying and enhancing the due process in paragraphs 8.8–8.16 for material published by the Foundation to support IFRS Standards. The proposed amendments would help ensure the due process remains fit for purpose, including for the work the ISSB conducts to support application of IFRS Sustainability Disclosure Standards.

This material supporting the Standards is currently described in the *Handbook* as ‘educational material’. The DPOC proposes deleting this description because it could imply materials are published only to facilitate learning about the Standards, whereas the Foundation publishes a broad array of materials to support the application, implementation or adoption of the Standards.

The current due process requires that materials relating to the Standards be reviewed by board members, with the number of board members depending on the nature and complexity of the material. The DPOC concluded that this process is still appropriate and should remain appropriate for new types of material that might be developed, because such material cannot add or change requirements in the Standards. For example, the current due process provided an appropriate framework for the recent development of interoperability guidance, a new type of material describing how the requirements in IFRS Sustainability Disclosure Standards relate to other organisations’ sustainability-related standards.

The DPOC proposes amending paragraphs 8.8–8.16:

- to clarify that materials published by the Foundation relating to the Standards cannot add or change requirements in the Standards and, accordingly, if new or amended requirements are needed, the boards develop an amendment to a Standard applying the normal due process;
- to clarify that the specified number of board members required for review for each type of published material is a minimum;
- to specify the due process for materials developed with third parties to ensure that the material explains the content that has been subject to the Foundation’s due process;
- to clarify the Foundation’s engagement with the other organisation involved in interoperability guidance; and
- to clarify that materials prepared by third parties and made available on the Foundation’s website are required to be clearly labelled to ensure they can be distinguished from materials published by the Foundation.

Other targeted amendments

The DPOC proposes other amendments to enhance and clarify the requirements in the *Handbook*. In particular, the DPOC proposes amendments to:

- *the DPOC’s process*—paragraph 2.9 would be amended to clarify that in addition to its ongoing review of board compliance with the due process requirements, the DPOC conducts a separate review and evaluation of the due process followed by a board in developing any new IFRS Standard or major amendment to a Standard before it is issued.
- *voting arrangements*—the definition in the glossary of a ‘simple majority’ for a decision taken in a public meeting (and as described in paragraphs 3.15 and 3.17) would be amended to clarify that it is a majority of the board members *present* at the meeting, not of the *appointed* members, ie the vote considers only the board members attending the meeting (whether in person or virtually). In addition, the requirement relating to the Chair’s casting vote would be moved from paragraph 3.23 to 3.18 to

clarify that the Chair has a casting vote on all decisions made in a public meeting that require a simple majority. These proposed amendments are consistent with the requirements set out in sections 35, 36, 54 and 55 of the *Constitution*.

- *consultative groups*—paragraphs 3.59–3.64 would be amended to focus first on the boards’ ‘standing’ consultative groups before discussing project-specific consultative groups. The proposed reordering reflects the boards’ more recent practice of generally drawing on the expertise of the standing groups and targeted outreach instead of creating new project-specific groups. A board would still be required to consider whether to create a project-specific group when it starts a major standard-setting project.
- *surveys*—paragraph 3.68 would be added to explain that the boards might offer stakeholders the opportunity to respond to formal consultations by completing a survey. Responses to such surveys would be treated in the same way as comment letters with respect to being made available on the website.
- *work plan consultation*—paragraph 4.3 would be amended to require each board to consult on its work plan *at least* every five years (from every five years previously). This change would clarify that a board can set a work plan for a shorter period than five years, and therefore might consult more frequently than after five years.
- *the process to end a project*—paragraphs 4.12 and 6.24 would be added to clarify the process a board follows when it decides not to conduct further work on a research project or a standard-setting project, respectively. In both cases, a simple majority of the board would be required for the decision and, for a major project, the board would publish a project summary. These amendments reflect the IASB’s practice. The amendment to paragraph 4.12 would also clarify that a project does not automatically move from being a research project to a standard-setting project.
- *considerations for new IFRS Standards or major amendments*—paragraph 5.4 lists the matters a board is required to consider when deciding whether to add a project to the work plan. These matters would be described as a non-exhaustive set of ‘considerations’ instead of ‘criteria’.
- *building on work of other bodies when developing proposed requirements*—paragraph 6.6 would be added to explain that the boards might draw on requirements or other material from other standard-setters when developing proposed requirements. The paragraph would clarify that, regardless of any consultative procedures conducted by another standard-setter, the boards are required to apply the Foundation’s due process to any requirements incorporating such materials.
- *re-exposure criteria*—the requirement in former paragraph 6.28 that, when considering whether re-exposure is necessary, the boards give more weight to changes in recognition and measurement than to changes in disclosure would be deleted. The ISSB develops only disclosure requirements and the IASB has projects addressing only presentation and disclosure. The requirement could also be read to suggest presentation and disclosure requirements are less important than recognition and measurement requirements.

- *activities to support a new IFRS Standard*—paragraph 6.42 would be amended to explain that, after issuing a new Standard, a board might form a group comprising experts involved in the implementation of that Standard to discuss implementation questions that arise. This amendment reflects the IASB’s experience with Transition Resource Groups and the ISSB’s experience with the Transition Implementation Group on IFRS S1 and IFRS S2.
- *protocol for Trustee action for perceived breaches of due process*—Section 9 would be amended to clarify the process by which the DPOC considers alleged breaches of due process. These amendments would remove the potentially confusing reference to a ‘limited failure’ of due process in paragraph 9.5 and ensure the paragraph is consistent with paragraph 9.8.
- *IFRS Taxonomy*—the definition of an ‘IFRS Taxonomy’ would be updated to match how it is now described in other Foundation materials. In addition, paragraph A32 and others that refer to ‘common practice content’ would be amended to clarify such content does not necessarily relate only to new Standards or amendments to the Standards.

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| Question 2—Enhancements and clarifications |
| Do you agree with the proposed enhancements and clarifications to the <i>Handbook</i> ? |

Deadline

The DPOC will consider all written comments received by 28 March 2025.

How to comment

Please submit your comments electronically:

| | |
|----------|---|
| Online | https://www.ifrs.org/projects/open-for-comment/ |
| By email | commentletters@ifrs.org |

Your comments will be on the public record and posted on our website unless you request confidentiality and we grant your request. We normally grant such requests only if they are supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data. If you would like to request confidentiality, please contact us at commentletters@ifrs.org before submitting your letter.

PROPOSED AMENDMENTS TO THE *DUE PROCESS HANDBOOK*

How to read this Exposure Draft

In this Exposure Draft deleted text is struck through and new text is underlined. For ease of reading, some changes are unmarked as described below.

A supplementary document is available on the project page on the IFRS Foundation website showing all the proposed changes in mark-up form.

Examples of changes that are unmarked

- 'Financial statements' changed to 'general purpose financial reports' to include disclosures covered by IFRS Sustainability Disclosure Standards, except where financial statements only is meant (paragraphs 1.1 and 3.80).
- 'Board' changed to 'board' except at the start of a sentence to reflect the fact there is more than one board. The word 'board' now refers to either the IASB or the ISSB except where marked.
- Singular–plural agreement of verbs and pronouns changed where the number of 'board' changes. Other words in the sentence might also require changing, for example 'the board's plan' would become 'the boards' plans'.
- Words and phrases were reordered in some places to improve clarity and coherence, without altering the meaning.
- Word forms were changed in some places to improve concision and clarity, without changing content. Examples of concision changes: 'on the basis of' to 'based on', 'IFRS Foundation website' to 'Foundation's website', 'IFRS Foundation staff' to 'Foundation's staff', 'IFRS Standards' to 'Standards', 'IFRIC Interpretation' to 'Interpretation'. Example of a clarity change: 'a new or amended IFRS Standard' to 'a new Standard or an amendment to a Standard'.
- Other editorial changes that do not affect the due process requirement.
- New or updated cross-references to paragraphs in the *Handbook*.

1. Introduction

- 1.1 The foremost objective of the IFRS Foundation (Foundation) is to develop, in the public interest, a single set of high-quality, understandable, enforceable and globally accepted standards for general purpose financial reporting ~~financial reporting standards~~ based on clearly articulated principles. ~~The Standards—IFRS Accounting Standards and IFRS Sustainability Disclosure Standards—are collectively referred to as IFRS Standards (Standards). The Standards are set by the Foundation’s two independent standard-setting bodies, the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). The IFRS Foundation Trustees (Trustees) believe that, in carrying out the Foundation’s mission as its standard-setting body, the IASB and the ISSB should develop complementary sets of financial reporting standards that aim to facilitate the provision of high-quality, transparent and comparable result in an entity providing useful information in financial statements and in sustainability disclosures that is useful to about its financial position and performance in its financial statements. Those standards should serve investors and other primary users of general purpose financial reports¹ in making informed resource allocation and other economic decisions relating to providing resources to an entity. The confidence of all users of general purpose financial reports in the transparency and usefulness integrity of those reports is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.~~
- 1.2 The IFRS Foundation *Constitution (Constitution)* gives the boards full discretion in developing and pursuing their technical programmes and in organising their work. The Trustees of the Foundation and the boards have established consultative procedures with the objective of ensuring that, in exercising their independent decision-making, the boards conduct their standard-setting in a transparent manner, considering a full wide-range of views from interested parties throughout all stages of the development of the Standards. (Where this document refers to the development of a Standard or an amendment to a Standard, the same process also applies to the development of an *IFRS for SMEs Accounting Standard* or an amendment to the *IFRS for SMEs Accounting Standard*.) Each board uses these consultative procedures to gain a better understand the financial reporting matter it plans to address (including the various potential alternative financial reporting treatments), enhance the quality of new requirements and gain insight into the likely effects of those requirements understanding of different accounting alternatives and the potential effect of the proposals on affected parties. A comprehensive and effective due process is essential to developing high-quality Standards that serve investors and other primary users of general purpose financial reports.

¹ The terms ‘primary users’ and ‘users’ refer to those existing and potential investors, lenders and other creditors who rely on general purpose financial reports statements for much of the financial information they need.

- 1.3 The IFRS Interpretations Committee (Interpretations Committee) assists the ~~IASB Board~~ in improving financial reporting through timely assessment, discussion and resolution of financial reporting ~~matters issues~~ identified to it ~~related to the application of IFRS Accounting Standards within the IFRS framework.~~
- 1.4 The boards, the Interpretations Committee and the Trustees are assisted by the Foundation’s staff. In this document, ‘Foundation staff’ refers to all staff and ‘technical staff’ refers to staff who assist the boards and the Interpretations Committee. ~~The staff who assist the work of the Trustees are referred to as the “Trustee staff”.~~
- 1.5 This *Due Process Handbook (Handbook)* describes the due process requirements of the boards and the Interpretations Committee relating to their technical activities, including standard-setting, the development of material to support the consistent application of the Standards, the IFRS Taxonomies, and the SASB Standards and the SASB Standards Taxonomy. These requirements reflect and further the due process that is set out in the *Constitution*. The boards apply the same requirements, except the ISSB does not have an equivalent of the Interpretations Committee and does have a due process for the SASB Standards and the SASB Standards Taxonomy that is not applicable to the IASB.
- 1.6 The due process requirements are based on the principles of transparency, full and fair consultation—considering the perspectives of those affected by the Standards globally—and accountability. Because the boards and the Interpretations Committee are continually striving to improve how they consult and operate, they will often perform steps and procedures over and above those described in the *Handbook* (for example, issuing additional consultation documents not specifically described in the *Handbook*). The boards and the Trustees’ Due Process Oversight Committee (DPOC) (see Section 2) periodically review how the boards and the Interpretations Committee are operating to assess whether some of these additional steps should be embedded into their due process. Such reviews could also result in the removal or amendment of due process steps that impede, rather than enhance, the efficient and effective development of the Standards and material to support their consistent application. The DPOC seeks to ensure that the *Handbook* achieves a balance between timely development of high-quality standards and a thorough due process.
- 1.7 The ~~formal~~ due process for the boards and the Interpretations Committee:
- (a) specifies the mandatory minimum steps to be taken ~~so to ensure~~ that their activities have benefited from a thorough and effective consultation process (see paragraphs 3.45–3.46);
 - (b) identifies the non-mandatory steps to be considered under the ‘comply or explain’ approach, meaning that the non-mandatory steps in the process are still recommended and non-compliance with them would require an explanation (see paragraphs 3.47–3.48); and

- (c) identifies other, optional, steps available to them to help improve the quality of the Standards and related documents.

1.8 The ~~formal~~-due process relating to the IFRS Taxonomies is described in Annex A. References to the IFRS Taxonomies also appear in the main body of this *Handbook* where applicable. The due process relating to the SASB Standards and the SASB Standards Taxonomy is described in Annex B.

2. Oversight

Mission

- 2.1 ~~The Trustees oversee the operations of the Board and the Interpretations Committee.~~
- ~~2.1~~ 2.2 ~~The Trustees are responsible for the oversight of the boards and the Interpretations Committee. The Trustees have a committee—the DPOC—which is responsible for—~~ The Trustees are responsible for the oversight of the boards and the Interpretations Committee. The DPOC operates in a manner that is timely and enhances rather than hinders the efficient operation of the boards and the Interpretations Committee, and the timely development of the Standards and material to support their consistent application. ~~Overseeing the due process of the boards and the Interpretations Committee is undertaken by the Trustees through the DPOC.~~
- ~~2.2~~ 2.3 ~~The DPOC is accountable to the Trustees and is responsible for ensuring that the boards and the Interpretations Committee follow the due process procedures that reflect the requirements set out in this Handbook. Improvements to due process, including those to reflect good practice, are made on a timely basis when the DPOC considers it to be necessary.~~
- 2.4 ~~The DPOC provides ongoing oversight over the due process of the Board and the Interpretations Committee throughout the development of an IFRS Standard, the IFRS Taxonomy or an IFRIC Interpretation, including agenda-setting and post-implementation reviews.~~
- ~~2.3~~ 2.5 ~~The DPOC exercises ongoing oversight over the due process activities of the boards and the Interpretations Committee. The DPOC achieves oversight through the defined and transparent steps it follows in its ongoing and regular activities, as well as by responding to matters raised by stakeholders about the standard-setting process.~~
- ~~2.4~~ 2.6 ~~The DPOC’s activities are limited to matters of due process. The DPOC does not consider or review technical financial reporting matters on which a board or the Interpretations Committee has decided. As the Constitution makes clear, these decisions are solely the responsibility of the relevant board.~~
- ~~2.5~~ 2.7 ~~The DPOC is supported by a member of the Trustee staff who are responsible for managing Trustee activities and have no involvement in the boards’ technical activities who is independent of the technical staff.~~

Areas of responsibility

- ~~2.6~~ 2.8 ~~The DPOC is responsible for:~~
- (a) ~~reviewing regularly and in a timely manner, together with representatives of each board and the Foundation staff, the due process activities of the boards and the Interpretations Committee, including standard-setting and the development of material to support the consistent application of the Standards, the IFRS Taxonomies, the SASB Standards and the SASB Standards Taxonomy;~~

- (b) reviewing and proposing updates to the procedures in the *Handbook*, including updates to procedures to so as to ensure that they reflect good practice;
- (c) reviewing the composition of *consultative groups* to ensure an appropriate balance of perspectives and overseeing the monitoring by the relevant boards and the technical staff of the effectiveness of those groups;
- (d) considering responding to correspondence from third parties about due process matters, in collaboration with the Foundation staff ~~Trustee staff and the technical staff~~; and
- (e) making recommendations to the Trustees about ~~constitutional changes~~ that are related to the composition of committees whose members are appointed by the Trustees and that are integral to due process, as appropriate.

Process

~~2.7~~ ~~2-9~~ The DPOC exercises oversight ~~operates throughout~~ the development of a new Standard or an amendment to a Standard, an IFRIC Interpretation (Interpretation), an update to an the IFRS Taxonomy, or an amendment to the SASB Standards and the SASB Standards Taxonomy, including agenda-setting and *post-implementation reviews*. The DPOC operates ~~This is achieved through~~ periodic reporting by, and dialogue with, representatives of the boards, the Interpretations Committee and the Foundation staff.

~~2.8~~ ~~2-10~~ For each technical project, before any new Standard or amendment to a Standard or Interpretation is issued, the relevant board assesses whether it has complied with its due process requirements, based on a technical staff paper that:

- (a) sets out the process undertaken ~~includes a summary of any matters raised about due process~~, the extent of stakeholder engagement and the areas in the proposed Standard or Interpretation that are likely to be controversial;
- (b) provides evidence and evaluation of the process that was undertaken;
- (c) explains ~~outlines~~ the reasons why the board decided not to undertake a non-mandatory ‘comply or explain’ step ~~for a given project~~ (see paragraphs 3.47–3.48);
- (d) summarises any matters raised about due process; and
- (e) ~~(d)~~ states ~~concludes~~ whether, in the technical staff’s opinion, applicable due process steps have been complied with.

These technical staff papers are provided to the DPOC and made available on the Foundation’s website. ~~Any such reports are communicated to the DPOC, giving it sufficient time to review them and to react in a timely manner.~~

~~2-11~~ These reports are posted on the IFRS Foundation website.

~~2.9~~ ~~2.12~~ 2.9 2.12 During its periodic dialogue with representatives of the boards and the Foundation staff, the DPOC reviews and evaluates the evidence provided by the Board and IFRS Foundation staff of compliance with the established due process requirements provided by those representatives. The DPOC also considers any matters raised about due process. The conclusions of that review and evaluation, including whether due process concerns are identified or not, are included in the reports referred to in paragraph 2.15(d). In addition, before a board issues any new Standard or major amendment to an amended Standard, the DPOC reviews and evaluates the due process undertaken in developing the Standard or major amendment and confirms that it has completed its review of the due process. The conclusions of that review and evaluation, including the identification of any due process concerns, are included in the reports described in paragraph 2.13(d). In reaching its decisions, the DPOC operates on a simple majority basis.

~~2.10~~ ~~2.13~~ 2.10 2.13 The DPOC, through its own contact with stakeholders, responds as appropriate to matters raised about the due process of a board or the Interpretation Committee and ensures that such matters are addressed satisfactorily (see Section 9).

~~2.11~~ ~~2.14~~ 2.11 2.14 Although the DPOC is assisted in its activities by Trustee staff, There is currently no intention to verify the information provided by a board because of the transparent manner in which the boards and the DPOC operate. However, the DPOC can request a review by the Trustee staff who assist the work of the Trustees of any information provided to it.

2.12 The DPOC reaches its decisions by a simple majority vote.

Communication

~~2.13~~ ~~2.15~~ 2.13 2.15 The DPOC operates transparently and with fair consideration of the matters raised by stakeholders. To achieve this the DPOC:

- (a) meets in public, ensuring that meeting papers and recordings of the meetings are made available on the Foundation's website.
- (b) updates the Trustees on its activities at regularly scheduled Trustee meetings and at other times as required.
- (c) provides updates to the IFRS Foundation Monitoring Board on behalf of the Trustees at regularly scheduled joint sessions with the Trustees and at other times as required.
- (d) provides reports of its conclusions and discussions on the Foundation's website promptly after its meetings. The reports include details of all the matters discussed, including any assessments by the DPOC of a board's compliance with due process in its on each of the technical activities. Such reports should be provided promptly after the DPOC meetings.
- (e) prepares an annual report of its activities for the Trustees.

- (f) ~~makes this Handbook ensure that its operating protocol, together with this document~~ and any other DPOC governance documents, are available on the Foundation's website.

3. Principles

- 3.1 The due process requirements are ~~based~~ **built** on the principles of:
- (a) transparency—the boards and the Interpretations Committee conduct their activities in a transparent manner;
 - (b) full and fair consultation—considering the perspectives of stakeholders globally; and
 - (c) accountability—the boards analyse the ~~likely potential~~ effects of new requirements ~~its proposals~~ on affected parties and explain the rationale for the decisions they reached in developing or amending the Standards.

Transparency

Public meetings, voting and balloting

Public meetings

- 3.2 Meetings of each board, ~~the joint boards~~ and the Interpretations Committee to ~~discuss technical matters are held in~~ are open to the public who may attend meetings as observers. Meetings are webcast live except in exceptional circumstances (for example, due to technical problems) and recorded and, when possible, webcast live. Recordings of meetings are made available on the Foundation's website. Members of the public can observe meetings in person subject to prior registration. The boards and the Interpretations Committee can meet privately to discuss administrative and other non-technical matters. Although the boundary between technical and non-technical matters is sometimes difficult to define, the boards and the Interpretations Committee use their best endeavours to uphold ~~not to undermine~~ the principle that full and open consideration of technical matters should take place during public meetings.
- 3.3 Summaries of the decisions reached in each board meeting and in joint board meetings are published in meeting summaries called the *IASB Update*, *ISSB Update* and *IASB-ISSB Update*. Decisions of the Interpretations Committee are published in a meeting summary called the *IFRIC Update*. These summaries are ~~also~~ made available on the Foundation's website.
- 3.4 The regular meetings of the boards and the Interpretations Committee are planned as far in advance as is practicable to help the technical staff, board and Interpretations Committee members, and stakeholders prepare for those meetings.
- 3.5 The meeting schedule is published on the Foundation's website. Occasionally, a board will need to hold a meeting at short notice. The Chair of the relevant board can convene such meetings at any time. ~~The Board will make its best efforts to announce forthcoming meetings, usually via the Foundation's website, giving a minimum of 24 hours' notice~~ In all but exceptional circumstances, a forthcoming board meeting will be announced on the Foundation's website with a minimum of 24 hours' notice.

Papers and public observer access

- 3.6 The technical staff is responsible for developing technical staff papers with recommendations and supporting analysis for consideration by the relevant boards and the Interpretations Committee in their public meetings.
- 3.7 The objective of technical staff papers is to provide sufficient information for board or Interpretations Committee members to make informed decisions on technical matters. In developing papers, the technical staff is expected to conduct research, including seeking advice from board members. However, the technical staff's recommendations ultimately reflect the views of technical staff, after consideration of their research~~the information obtained~~.
- 3.8 Technical staff papers are normally distributed at least 10-14 days before they are scheduled for discussion to allow board and Interpretations Committee members sufficient time to consider and assess the recommendations.
- 3.9 Sometimes it is necessary to distribute technical staff papers closer to the meeting date, sometimes even on the day of the meeting. Board and Interpretations Committee members can, for example, ask for additional analysis during a meeting, which the technical staff prepares and distributes at a later session of that meeting.
- 3.10 It is the responsibility of board and Interpretations Committee members to assess whether they have sufficient information and time to be able to make decisions on the technical staff's recommendations.
- 3.11 Material discussed by board or Interpretations Committee members in their public meetings, including papers ~~that are prepared by the technical staff~~, is usually made available ~~on to observers via the Foundation's website~~. The Chair or Vice-Chair of the relevant board ~~or the Executive Director of Technical Activities~~ has the discretion to withhold papers or parts of papers, ~~from observers~~ if they decide that making the material publicly available would be harmful to individual parties (for example, if the information is commercially sensitive or releasing it that information could breach a law or ~~regulation~~~~securities disclosure laws~~). The DPOC expects that withholding material in such circumstances would be rare and that most papers of the boards and the Interpretations Committee would be publicly available in their entirety.
- 3.12 The technical staff for each board is required to report to the board and the DPOC at least annually on the extent to which material discussed by the board or the Interpretations Committee has not been made available on the Foundation's website to observers and the main reasons for not doing so. In addition, the technical staff is required to include in that report the number of meeting papers that have been distributed less than five working days in advance and the main reasons for doing so.
- 3.13 Despite the importance of technical staff papers, the technical staff can supplement the papers orally at a board or Interpretations Committee meeting, drawing from research, consultations with consultative groups and other interested parties, and comments and information gained from *public hearings, fieldwork, education sessions and comment letters*.

Voting, meeting procedures, Publications, meetings and the ballot process

3.14 Table 1 specifies the ~~There are~~ minimum voting requirements to issue a Standard or an amendment to a Standard and to publish other documents (see the given paragraph numbers for more information about each document, and paragraph 3.15 for definitions), for all important Board decisions:

Table 1—Minimum voting requirements for documents

| DocumentsPublications | Voting requirements |
|--|---|
| Request for information (4.17) | Simple majority in a public meeting attended by at least 60% of a board's members |
| Research paper (4.17) | |
| Discussion paper (4.17) | Simple majority, by way of ballot |
| Exposure draft of a new or amended IFRS Standard (6.10) | Supermajority, by way of ballot |
| Proposed IFRS for SMEs Accounting Standard (6.10) | |
| New or amended IFRS Standard (6.26) | |
| IFRS for SMEs Accounting Standard (6.26) | |
| Practice guidance (6.41) | Supermajority, by way of ballot |
| Conceptual Framework for Financial Reporting (4.22) | Supermajority, by way of ballot |
| Draft IFRIC Interpretation (7.8, 7.10) | No more than four members of the Interpretations Committee object, by way of ballot No more than three IASB members object during the Interpretation Committee's balloting process |
| IFRIC Interpretation (7.18, 7.23) | No more than four members of the Interpretations Committee object, by way of ballot Ratification by the IASB Board with a supermajority, in a public meeting |

continued...

...continued

| DocumentsPublications | Voting requirements |
|--|---|
| Proposed IFRS Taxonomy update (A16) IFRS Taxonomy update (A16) | Supermajority, by way of ballot |
| <u>Exposure draft of proposed amendments to the SASB Standards (B4)</u> Amendments to the SASB Standards (B4) | <u>Ratification by the ISSB with a supermajority, in a public meeting</u> |
| <u>Proposed SASB Standards Taxonomy update (B13)</u> SASB Standards Taxonomy update (B13) | <u>Ratification by the ISSB with a supermajority, by way of ballot</u> |

- 3.15 A simple majority of a board requires that more than half of the board members ballot in favour of publishing a document or that more than half of the board members present at a public meeting attended by at least 60% of the board members in person or virtually vote in favour of publishing a document. A supermajority of a board requires that eight members ballot or vote in favour of publishing a document if the board has 13 or fewer appointed members, and nine members in favour if the board has 14 appointed members. Abstaining is equivalent to voting against a proposal.
- 3.16 If the IASB and the ISSB decide to publish a document jointly, each board separately applies the voting requirements for that document. For example, publication of a joint exposure draft requires a supermajority of the IASB and a supermajority of the ISSB, in each case by way of ballot.
- 3.17 3-16 In addition to the documents listed in Table 1, a simple majority of the board members present at a public meeting attended by at least 60% of the board members in person or virtually is required to add adding a standard-setting project to a board’s work plan, to discontinue a project, or to make and decisions about creating consultative groups, undertaking fieldwork and other due process matters such as not to establish a consultative group, require the support of a simple majority of the Board in a public meeting attended by at least 60% of the Board members in person or by telecommunications.
- 3.18 Abstaining is always equivalent to voting against a document or a proposal. In the event of a tied vote on a decision to be made by a simple majority of the members present at a public meeting, the Chair of the relevant board has an additional casting vote.

Meeting procedures Meetings

- 3.19 ~~3.17~~ Board meetings can be held in person, virtually or a hybrid of the two. Board members are typically expected to attend meetings in person unless the meeting is virtual or hybrid. However, ~~meetings may be held using teleconference, videoconference or any other similar communication facilities.~~ The quorum for a board is 60% of the appointed members. Proxy voting by members of a board is not permitted.
- 3.20 ~~3.18~~ The Interpretations Committee meets in public and follows procedures similar to those of the boards for its meetings. The quorum for a meeting of the Interpretations Committee is A minimum of 10 voting members present in person or virtually by telecommunications constitutes a quorum of the Interpretations Committee. Each voting member of the Interpretations Committee has one vote. Members vote in accordance with their own independent views, not as representatives of any firm, organisation or constituency ~~with which they may be associated~~. Proxy voting by members of the Interpretations Committee is not permitted.
- 3.21 ~~3.19~~ The Chairs of the boards and the Interpretations Committee can invite other people to attend meetings as advisers if when specialised input is required. An Interpretations Committee member, or an appointed observer, can, with the prior consent of the Chair, bring to a meeting an adviser who has specialised knowledge of a topic that is being discussed. Such invited advisers have the right to speak.
- 3.22 ~~3.20~~ During the development of a document such as a *discussion paper*, exposure draft or Standard, the boards discuss technical matters in public meetings. During such meetings board members are often asked to indicate to the technical staff which technical alternative they support. These tentative votes on particular technical matters provide the technical staff with direction from the board to develop the ~~relevant~~ due process document, but are not part of the formal approval process. Individual board members might prefer an alternative financial reporting treatment to the one supported by a majority of the board, but nevertheless conclude consider that the project proposals as a whole would improve financial reporting.
- 3.23 ~~3.21~~ A simple majority in favour of a technical alternative is generally sufficient to guide the technical staff in developing the project (see paragraph 3.17). ~~In the event of a tied vote on a decision to be made by a simple majority of the members present at a meeting in person or by telecommunications, the Chair has an additional casting vote.~~ The technical staff ascertains will need to determine whether any board members who disagree with a tentative decision might dissent from the whole proposal because of that decision.

Balloting

- 3.24 ~~3.22~~ Balloting is the formal process by which board members assent to the publication or issuance of a document or Interpretations Committee members assent to the publication of a draft Interpretation or the issuance of an Interpretation before sending it to the IASB Board for ratification (see Table 1). Balloting takes place outside of meetings.

- 3.25 ~~3-23~~ In its public meetings, a board or the Interpretations Committee makes technical decisions that relate to recognition, measurement, presentation or and disclosure matters. The technical staff is responsible for ensuring that the issued or published document final publication reflects those decisions.
- 3.26 ~~3-24~~ The balloting process includes an opportunity for ~~When a document is in the process of being balloted,~~ members of a board or the Interpretations Committee to review one or more drafts of a document to evaluate whether it to confirm that the drafting is consistent with their technical decisions. Members also review the clarity and completeness of the document and its consistency, both internally and with other Standards. Any dissenting opinions are incorporated into the pre-ballot and ballot drafts for other board members to see before balloting is completed.
- 3.27 ~~3-25~~ Before a document is balloted ~~the formal ballot procedure begins,~~ the technical staff usually prepares one or more pre-ballot drafts, in response to which members of the board or the Interpretations Committee respond to with members provide drafting comments.
- 3.28 ~~3-26~~ Sometimes the drafting process reveals an uncertainty about a technical matter, for example because the decision reached is not as clear as it first appeared ~~thought~~. In other cases, the drafting process might highlight inconsistencies between sections of a Standard or other matters that were not discussed at a board or Interpretations Committee meeting. Such technical matters are usually resolved by having the technical staff prepare a technical staff paper for discussion at and taking it to a public meeting of the board or the Interpretations Committee as a sweep issue, where the matter can be. A sweep issue is resolved by a simple majority of the board or the Interpretations Committee. Taking a sweep issue to the board or the Interpretations Committee does not cause the balloting process to start again.
- 3.29 ~~3-27~~ To support the consistent application of the Standards internationally, the boards aim to develop Standards that are clear, understandable and enforceable. In addition, the boards provide the necessary implementation guidance and illustrative examples to accompany the Standards, consistent with a principle-based approach.
- 3.30 ~~3-28~~ While drafting new Standards, the boards are conscious that many of those applying or using the Standards work with translated versions of the Standards prepared in English. As part of the balloting process the technical staff liaises with the Foundation translations staff and IFRS Taxonomy staff to evaluate whether ensure that the proposed document can be translated from English into other languages and incorporated easily into an IFRS Taxonomy. All published technical documents undergo editorial review by the Foundation editorial staff.
- 3.31 ~~3-29~~ Once the technical staff has assessed that a document is ready for voting, it circulates a ballot draft. Board or Interpretations Committee members vote on this document. Voting can ~~The Board or the Interpretations Committee can determine how voting should be carried out~~ using ~~but may use~~ paper or electronic means.

~~3.32~~ ~~3.30~~ After balloting, ~~it is not uncommon for the~~ technical staff ~~can to~~ make drafting changes to improve the clarity of the document. Such changes are permitted provided ~~they do not change~~ the technical decisions ~~are unaffected~~. The technical staff ~~reports to the Board or the Interpretations Committee after the ballot or prepares and~~ circulates to the board or the Interpretations Committee a post-ballot draft showing the final changes.

Drafts for editorial review

~~3.33~~ ~~3.31~~ A board normally seeks input from people outside the Foundation on the drafting of new Standards or amendments to the Standards, Interpretations, major exposure drafts and discussion papers. For convenience, a draft document that is distributed for such input is referred to as a *draft for editorial review*. A draft for editorial review might be distributed to a specific selected group of reviewers, such as members of a consultative group, the Interpretations Committee and other standard-setters or parties that have provided feedback on the project. It might also be made available on the Foundation's website while it is with the ~~selected~~ group of reviewers.

~~3.34~~ ~~3.32~~ A draft for editorial review has a limited purpose. It does not constitute, nor is it a substitute for, a ~~formal~~ step in the due process. Instead, it is an editorial review in which reviewers are asked for feedback on whether the document contains any internal inconsistencies or inconsistencies with other Standards, and whether it clearly describes:

- (a) the requirements for a Standard or Interpretation;
- (b) the proposed requirements for an exposure draft; or
- (c) the matters considered by a board and that board's preliminary views for a discussion paper.

Because reviewers are conveying their personal views instead of those of their organisation, their comments are not usually made public.

~~3.35~~ ~~3.33~~ Editorial review by reviewers outside the Foundation is not a mandatory step.

Information on the IFRS Foundation website

~~3.36~~ ~~3.34~~ The Foundation's website is the platform that communicates the activities and due process of the boards and the Interpretation Committee.

~~3.37~~ ~~3.35~~ All public materials of the boards and the Interpretations Committee, including those related to due process, are made freely available on the Foundation's website. These materials include ~~the Board and the Interpretations Committee~~ work plans, meeting schedules and agendas, public papers, summaries and recordings of meetings, consultation documents, comment letters and material that supports the consistent application of the Standards. Work plans are updated periodically to reflect estimated project timelines based on recent board and Interpretations Committee decisions. The Foundation's website also includes materials relating to meetings of consultative groups.

~~3.38~~ 3.36 Each project has its own project page with information on the to communicate progress on that project.

~~3.39~~ 3.37 Information related to the DPOC's work is made freely available on the Foundation's website.

Education sessions, small group meetings and assigned board members

~~3.40~~ 3.38 In addition to public decision-making meetings, each board and the joint boards can sometimes hold education sessions and small group meetings.

Education sessions

~~3.41~~ 3.39 Education sessions can be held before board meetings to give board members a chance to seek clarification about points in the technical staff papers and discuss details of or disagreements with approaches or disagreements with the technical staff in advance of the decision-making meeting. Education sessions are held in open to the public and follow the same principles of transparency that apply to a board meeting.

Private and small group meetings

~~3.42~~ 3.40 Board members can meet privately to discuss technical matters, sometimes at the request of the technical staff. Such small group meetings must not undermine the principle that full and open consideration of technical matters should take place during public meetings. The number of board members attending a small group meeting is restricted so that the board members attending cannot form a potential blocking minority during balloting (see Table 1).

Board advisers

~~3.43~~ 3.41 All board members and Interpretations Committee members are responsible for the decisions they make while developing and issuing Standards and Interpretations. Some For major projects are assigned specific board members are typically assigned to the project as board advisers; these advisers can include members of the other board. Board advisers provide strategic and technical advice on the project to the technical staff. However, the recommendations made in technical staff papers do not necessarily reflect the views of the board advisers and the technical staff has ultimate responsibility for the technical staff papers and their recommendations. The number of board advisers is restricted so that the board members so assigned cannot form a potential blocking minority during balloting (see Table 1).

Full and fair consultation

~~3.44~~ 3.42 The boards and the Interpretations Committee operate on the principle that engagement wide consultation with their stakeholders throughout the standard-setting process enhances the quality and credibility of the Standards and promotes co-operation and communication with parties interested in the standard-setting process. This consultation can be carried out through various means including invitations to comment, individual meetings and fieldwork.

Some consultation procedures are mandatory. Other consultation procedures are not mandatory but are considered by the relevant board and, if the board decides it is decided that such a procedure the process is not necessary, it gives the DPOC its reasons for not taking that step.

Mandatory steps Minimum safeguards

~~3.45~~ ~~3.43~~ The boards and the Interpretations Committee are required to follow some specified steps before they can issue a Standard or an Interpretation. These steps are designed to be the minimum steps necessary to safeguard safeguards ~~to ensure~~ the integrity of the standard-setting.

~~3.46~~ ~~3.44~~ The mandatory due process steps include:

- (a) debating any proposals at public meetings;
- (b) exposing for public comment a draft of any proposed new Standard, proposed amendment to a Standard or proposed Interpretation, with a minimum comment period;
- (c) considering in a timely manner comment letters received on the proposals;
- (d) considering whether the proposals should be re-exposed~~exposed again~~;
- (e) consulting the *Accounting Standards Advisory Forum (ASAF)*, the Sustainability Standards Advisory Forum (SSAF) and the *IFRS Advisory Council (Advisory Council)* on the work plan, major projects, ~~project proposals to add projects to the work plan~~ and work priorities; and
- (f) deciding in a public board meeting whether to ratify an Interpretation.

Non-mandatory 'comply or explain' steps

~~3.47~~ ~~3.45~~ Other steps specified in the *Constitution* are not mandatory. These steps include:

- (a) publishing a discussion document for major projects (for example, a discussion paper) before an exposure draft is developed;
- (b) creating consultative groups or other types of specialist advisory groups for major projects;
- (c) holding public hearings; and
- (d) undertaking fieldwork.

~~3.48~~ ~~3.46~~ If a board decides not to undertake any of those non-mandatory steps, it informs the DPOC of its decision and reasons for not undertaking the steps.

Investors

~~3.49~~ ~~3.47~~ The boards are responsible for developing Standards that aim to facilitate the provision of high-quality, transparent and comparable information that is useful for serve investors and other primary users of general purpose financial reports in making informed resource allocation and other economic decisions relating to providing resources to an entity.

- 3.50 ~~3-48~~ The boards take additional steps to consult investors and investment intermediaries, such as analysts, tend to be under-represented as submitters of comment letters and, therefore, the Board takes additional steps to consult investors throughout the standard-setting process because they can be under-represented as submitters of comment letters. These additional steps could include surveys, webcasts, private meetings and meetings with representative groups, such as the Capital Markets Advisory Committee and the ISSB Investor Advisory Group. Feedback from these consultations ~~with investors~~ is summarised in technical staff papers and is considered ~~and assessed~~ along with comment letters in public board meetings. The reporting of this feedback is as transparent as possible, while respecting necessary requests for confidentiality.
- 3.51 ~~3-49~~ As a project progresses, the boards report to the DPOC on how they have consulted with investors and their intermediaries, ~~in staff papers, the project pages on the Foundation's website and in reports to the DPOC.~~ The DPOC receives ~~This information is part of in the periodic technical update reporting by the boards (see paragraph 2.7) and the review of due process at the end of a project (see paragraph 2.9).~~ The boards need to be satisfied that they have gathered sufficient information from investors to make informed decisions about proposed new requirements.

Standard-setting bodies A national and regional network

- 3.52 ~~3-50~~ The boards are supported by a network of national accounting and sustainability disclosure standard-setting bodies and regional bodies. In addition to performing functions within their mandates, such bodies can perform research, provide input guidance on the boards' priorities, facilitate or co-operate on outreach, encourage input from stakeholders in their own jurisdictions on the boards' research activities and standard-setting, due process and identify emerging issues. For example, when developing IFRS Sustainability Disclosure Standards, the ISSB co-ordinates with other standard-setters to consider interoperability with requirements and frameworks that will be used in addition to IFRS Sustainability Disclosure Standards.
- 3.53 ~~3-51~~ The boards share information with and consult ASAF and SSAF. In addition, they share information with and consult international and regional bodies such as the International Forum of Accounting Standard Setters, the Asian-Oceanian Standard-Setters Group, the Group of Latin American Standard Setters, EFRAG and the Pan African Federation of Accountants as well as jurisdictional (national) standard-setters. Board members meet with representatives of these regional and national bodies. Co-ordination between a board's due process and the due process of other ~~accounting~~ standard-setters can be helpful in assisting the board in is important to achieving its objectives.
- 3.54 ~~3-52~~ Consultation activities extend beyond interaction with accounting standard-setters. The Board interacts with a wide range of interested parties throughout a project, which can include practical business analysis by way of fieldwork. The boards also liaise with the International Auditing and Assurance Standards Board, which comments on matters relating to the auditability of proposed new Standards and amendments to Standards, and the International

~~Public Sector Accounting Standards Board relating to the potential public sector accounting implications of proposed new Standards and amendments to Standards. Board members and technical staff also regularly hold educational sessions, attend meetings and conferences of interested parties, invite interested organisations to voice their views, and announce major events of the IFRS Foundation on the Foundation's website.~~

- 3.53 ~~The Board consults throughout standard-setting, to promote cooperation and communication between the Board and parties interested in standard-setting.~~

IFRS Advisory Council

- 3.55 ~~3.54~~ The Advisory Council provides broad strategic advice to the boards and the Trustees on the boards' work plans, project priorities and strategic matters (for example, advice related to the consistent application of the Standards or capacity building). ~~Before adding to the work plan a major project not contemplated in the previous work plan consultation, a board consults the Advisory Council (see paragraph 4.6).~~ The Advisory Council also serves as a way sounding board for the boards and can be used to gather views that ~~further contribute to the~~ supplement the normal consultative process. ~~When the Board is considering adding a major project to the work plan not contemplated in the previous consultation on the work plan, it consults the Advisory Council.~~ The boards also present periodic updates to the Advisory Council on their work plans.

Securities and other regulators

- 3.56 ~~3.55~~ The boards are responsible for developing high-quality, understandable and enforceable Standards that improve the transparency and ~~usefulness~~ integrity of ~~information disclosed in~~ general purpose financial reports. The boards are also responsible for the IFRS Taxonomies, which can support securities regulators in facilitating digital access to general purpose financial reports.
- 3.57 ~~3.56~~ To achieve this ~~objective,~~ the boards maintain a dialogue with ~~the International Organization of Securities Commissions and other bodies bringing together securities regulators. This dialogue is supplemented with engagement with jurisdictional securities regulators, usually by establishing regular meetings.~~ In addition, members of regulatory bodies are invited to act as observers to Interpretations Committee meetings ~~and other consultative groups as appropriate.~~
- 3.58 ~~3.57~~ Financial information prepared in accordance with the Standards is used by other regulators, including prudential supervisors.
- 3.58 In that context, the boards maintain ~~a an enhanced~~ dialogue with such authorities, particularly through the Financial Stability Board and the Bank for International Settlements.

Consultative groups

- 3.59 The Foundation uses various consultative and advisory groups to support the boards in their work. A group's membership might reflect a particular stakeholder type, such as investors, preparers or standard-setters. Such groups provide advice on a wide range of topics. A group might also be created for a particular project or topic(s) to provide the relevant board. The IFRS Foundation usually establishes a consultative group for each of the Board's major projects, such as a specialist or expert advisory group. Consultative groups give the Board access to additional subject matter expertise and practical experience and expertise. A list of the groups and their membership is maintained on the Foundation's website.
- 3.61 ~~The IFRS Foundation may also establish or host specialist advisory groups whose membership reflects a particular sector, such as investors or preparers, that meet regularly to provide advice on a wide range of topics rather than on a specific project.~~
- ~~3.60~~ 3.62 The composition of a consultative group reflects the purpose for which the group is formed and the need to have a balance of perspectives (for example, diversity of professional backgrounds and geographies). The Foundation normally advertises for nominations and applications to its consultative groups (whether a project-specific consultative group or a specialist advisory group) on its website, but it can also approach parties directly. The DPOC reviews the proposed composition of a group to consider whether there is an ensure an appropriate balance of perspectives, including geographical balance.
- ~~3.61~~ 3.63 Each consultative group has terms of reference that set out the objectives of the group, the relevant board's expectations of the members and the board's responsibilities to that group. The Board could have more than one consultative group on a project, for example, to provide advice on a particular aspect of a proposed IFRS Standard or post-implementation review.
- 3.64 ~~Once work on a project starts, the consultative group for that project is consulted when doing so would benefit the project. The technical staff provides group members with regular updates on the progress of the project and provides the Board with feedback on the group's work.~~
- ~~3.62~~ 3.65 Meetings of consultative groups are normally held in open to the public and chaired by a board member or by a member of the technical staff, however consultative groups may meet in private. Papers discussed by the consultative group are made publicly available. Public meetings are recorded and, when possible, webcast live. Papers discussed by the consultative group and recordings of meetings are made available on the Foundation's website. Consultative groups can meet in private (for example, to discuss strategic matters). If a board decides that a particular meeting of a consultative group should be private, the number of board members attending that meeting is restricted (see paragraph 3.43) and a summary of the meeting is would usually be posted on the relevant project page.

~~3.63~~ 3-60 When a board adds a major project to its standard-setting programme, the board considers whether to create a consultative group for that project. It is not mandatory to create such a group, but if the board decides not to do so, it explains that decision on the project page and informs the DPOC. ~~The composition of a consultative group reflects the purpose for which the group is being formed, bearing in mind the need to ensure that it draws on a diverse and geographically balanced membership.~~ The composition of such a group might change over time, reflecting the need for different types of expertise at successive different stages of a project. If a consultative group is created for a project, the group is consulted as needed to benefit the project. The technical staff provides group members with regular updates on the progress of the project and provides the board with feedback from the group.

3.64 3-66 All consultative groups are reviewed by the Foundation staff each year to assess whether each group is continuing to serve the function for which it was created and whether the membership should remain the same. The outcome of the review is presented to the relevant board and the DPOC.

Other outreach and engagement

3.65 Board members and technical staff also regularly hold educational sessions, attend meetings and conferences of interested parties, and invite interested organisations to voice their views. Major outreach events of the Foundation are announced on the Foundation's website.

Comment letters and surveys

3.66 3-67 Comment letters play a pivotal role in board and Interpretations Committee deliberations because the letters provide considered and public responses to a formal consultation.

3.67 3-68 All comment letters received by the boards and the Interpretations Committee are available on the Foundation's website. Portions of a comment letter can be withheld ~~from the public~~ if publication would be harmful to the submitting party or the Foundation (for example, if publishing the letter would disclose commercially sensitive information or breach a law or regulation) ~~potentially breached securities disclosure laws.~~

3.68 The boards might offer stakeholders the opportunity to respond to a formal consultation on the Foundation's website, for example, by completing a survey. Such a survey might include all the questions in the consultation document, thereby increasing the efficiency with which a board can gather and analyse feedback. The boards might also use a survey to supplement the comment letters by asking questions targeted at a particular stakeholder type, such as investors. Responses to surveys published in support of a formal consultation document are made available on the Foundation's website. Portions of a survey response can be withheld for the same reasons as for portions of a comment letter (see paragraph 3.67).

3.69 When considering feedback in comment letters and from other sources, the boards and the Interpretations Committee assess the matters respondents have raised and the related explanations and evidence they have provided. It is the strength of the analysis and supporting evidence provided in the feedback comment letters, and the evidence supporting the analysis, that is important. An analysis of the types of respondents and their geographical origins can help a board assess whether there are any areas or types of respondent for which additional outreach might be appropriate. For some technical matters, the technical staff can help the board by providing it can be helpful if the technical staff provides the Board with an analysis of the extent to which views in the feedback of particular sectors are shared or divided (for example, the extent to which respondents investors have views in common or whether views vary by type of respondent, sector or region).

Fieldwork

3.70 A board and the technical staff sometimes use fieldwork to gain a better understanding of how new requirements are a proposal is likely to affect those who use and apply the Standards.

3.71 Fieldwork can be undertaken in various ways, including one-to-one visits or interviews with preparers, auditors, regulators or users of general purpose financial reports who are likely to be affected by the new requirements proposals. Fieldwork can also include workshops during which several such parties are brought together or experiments are conducted to assess how proposed new requirements the proposals might be interpreted or applied.

3.72 Fieldwork can include:

- (a) asking participants to assess how proposed new requirements the proposals would apply to actual transactions or contracts;
- (b) asking preparers or users of general purpose financial reports to complete case studies (for example, to test the completeness and clarity of draft principles and guidance);
- (c) assessing how users of general purpose financial reports process information;
- (d) assessing how the proposed new requirements are likely to affect systems and procedures for financial reporting are likely to be affected;
or
- (e) gathering examples to gain a better understanding of industry practices and how these might be affected by proposed new requirements.

3.73 Fieldwork may also include gathering examples to help the Board gain a better understanding of industry practices and how proposed IFRS Standards could affect them. A board is likely to conduct some fieldwork for each standard-setting project, except for minor or narrow-scope amendments. The board and the technical staff assess which, if any, activities are appropriate and

proportionate for a project, weighing the costs of the activity against ~~and~~ what the board is likely to learn from the fieldwork.

~~3.74~~ 3.73 Fieldwork is not mandatory, but if the board decides not to conduct fieldwork it explains why to the DPOC and on the project page on the Foundation's website.

~~3.75~~ 3.74 The technical staff summarises feedback from any fieldwork, public hearings or other outreach ~~is summarised in~~ technical staff papers, which the board assesses along with other feedback~~the comment letters~~.

Public hearings

~~3.76~~ 3.75 In addition to inviting stakeholders to submit comment letters with their ~~to seek~~ views and suggestions, a board can hold public hearings with interested organisations to listen to, and exchange views on, specific topics. Public hearings include round-table meetings and discussion forums. Round-table meetings are primarily consultative, giving participants the opportunity to present and discuss their analysis of board proposals. Discussion forums have more of an educational focus, with board members or technical staff explaining a board's proposals before discussing them with the participants.

Accountability

Effects analysis

~~3.77~~ 3.76 A board is committed to assessing and explaining its views about the likely costs of implementing ~~proposed~~ new requirements and the likely ongoing costs and benefits associated with a new Standard or an amendment to a Standard. The costs and benefits are collectively referred to as *effects*. A board gains insight into the likely effects of ~~the proposals for~~ a new Standard or amendment to a Standard through its formal exposure of proposals and through its fieldwork, analysis and consultations with stakeholders ~~relevant parties~~. The likely effects are assessed in relation to:

- (a) ~~in the light of~~ the board's objective of improving transparency in financial reporting ~~transparency~~; and
- (b) ~~in comparison to~~ the existing financial reporting requirements.

~~3.78~~ 3.77 The process of assessing the likely effects is intrinsic to the development of a new Standard or an amendment to a Standard~~financial reporting requirements~~. Therefore, a board assesses the likely effects throughout the development of a new Standard or amendment to a Standard, tailoring its assessment to the stage of development of the new Standard or amendment to a Standard. For example, in the research phase, the board focuses on assessing the nature of the financial reporting deficiency being addressed, seeks to define the problem and proposes possible solutions, focusing particularly on the likely benefits of developing new financial reporting requirements. In the standard-setting phase, the board develops a proposal for a new Standard or amendment to a Standard. Accordingly, the board focuses on assessing the potential costs and benefits of implementing that proposal, and on assessing any alternatives. The board tailors the extent of the analysis to the nature of

the proposed change to financial reporting. The format of the analysis is also tailored to the type of due process document being published.

3.79 ~~3-78~~ When a board conducts a post-implementation review, it has an opportunity to understand the effects of the change in financial reporting and compare those effects by comparison to those it expected identified by the Board when it issued the new requirements.

3.80 ~~3-79~~ When assessing the likely effects, a board focuses on assessing how financial statements and sustainability-related financial disclosures are likely to change because of the new financial reporting requirements, whether those changes will improve the quality of general purpose financial reports and whether those changes are justifiable in light of those effects. The board considers matters such as how the changes are likely to affect:

- (a) the reporting of activities in the general purpose financial reports of those applying the Standards.
- (b) the comparability of financial information in general purpose financial reports between different reporting periods for an individual entity and between different entities in a particular reporting period.
- (c) the ability of a user of general purpose financial reports to assess the future cash flows of an entity.
- (d) economic decision-making.
- (e) compliance costs for preparers, both on initial application and on an ongoing basis.
- (f) the costs of analysis for users of general purpose financial reports (including any costs of extracting data, identifying how the data has been measured and adjusting data for the purposes of including it in, for example, a valuation model). The board also considers the costs incurred by users of general purpose financial reports would incur if when information is not available and the comparative advantage that preparers have in developing information compared to the costs that users would incur to develop surrogate information.

3.81 ~~3-80~~ The Standards specify requirements for entities to provide high-quality, transparent and comparable financial information that can enhance financial stability in the global economy. A board has regard to the effects on financial stability when assessing the effects of new ~~financial reporting~~ requirements to the extent appropriate and when relevant. For example, when explaining to a broad stakeholder audience the expected benefits of a new Standard, a board might decide consider it is useful to explain the link between increased transparency in financial reporting and a potential positive effect on financial stability. The introduction by an IFRS Accounting Standard of a current value measurement basis or the introduction by an IFRS Sustainability Disclosure Standard of a requirement to provide information about sustainability-related risks could, for instance, be circumstances in which the IASB or the ISSB the Board concludes such explanation is appropriate and relevant. In addition, although it is generally impossible to quantitatively assess the possible broad

economic consequences of new financial reporting requirements, a board might assess specific economic effects when relevant. A board is not required to make a quantitative assessment of the overall effect of a new Standard or an amendment to a Standard. Initial and ongoing costs and benefits are likely to affect different parties in different ways.

Reporting the effects

~~3.82~~ ~~3.81~~ A board explains its views on the likely effects at each stage of the development of a new Standard or an amendment to a Standard. The extent and format of the analysis is tailored to and reflects the nature of the change to financial reporting and the stage of development of the new or amended Standard. For instance, in the research phase, an analysis of the perceived financial reporting shortcoming being addressed and the possible solutions are an integral part of the discussion paper. In the standard-setting phase, the board explains why it is proposing a particular change to financial reporting requirements, including referring to the evidence it has collected and any outreach it has undertaken, in the basis for conclusions accompanying the exposure draft. When a board issues a major Standard, the board publishes a separate *effects analysis* report that summarises the likely effects and how the board made its assessments. This report is included as part of the documents accompanying the Standard balloted by the board. For other new requirements, the board presents its views as part of the basis for conclusions accompanying the new requirements.

Bases for conclusions and dissenting opinions

~~3.83~~ ~~3.82~~ In the basis for conclusions a board explains the rationale behind the decisions it made while developing or amending a Standard. The basis for conclusions also includes the board's responses to comments about the exposed proposals.

Dissenting opinions

~~3.84~~ ~~3.83~~ A board does not operate as a consensus body. A decision to publish an exposure draft or issue a Standard requires a supermajority (see Table 1). Board members who dissent from ~~disagree with~~ the proposals in an exposure draft or from issuing a Standard are required to explain why they have a dissenting opinion. Dissenting opinions are published with the basis for conclusions.

~~3.85~~ ~~3.84~~ If ~~When~~ a board member dissents, they are voting against the exposure draft or the Standard as a whole. A board member cannot dissent from one part of a document but still vote to publish or issue that document.

~~3.86~~ ~~3.85~~ Throughout the development of a Standard, ~~there may be decisions with which~~ individual board members might disagree with some decisions. However, disagreeing on a matter does not mean the board member will dissent from the whole document. The test for board members is whether they think that the new requirements will improve financial reporting, taking into account the likely effects of those requirements. The hurdle to dissenting is deliberately high.

~~3.87~~ 3.86 The ~~dissenting opinion~~ dissent itself should ~~discuss~~ address only those matters that caused the board member to vote against the document as a whole. Board members should avoid using the dissenting opinion to express dissatisfaction with ~~other~~ parts of the document that, taken on their own, would not have caused the board member to vote against publishing or issuing the document.

4. Technical work plan

- 4.1 The technical work plan is the group of projects the boards and the Interpretations Committee manage. The technical work plan focuses on projects and activities that are steps towards the possible publication or issuance of documents by the boards and the Interpretations Committee. These documents include *research papers*, discussion papers, *requests for information*, exposure drafts, Standards, draft Interpretations, Interpretations, agenda decisions, and project summaries and *feedback statements* a report for a post-implementation review. The technical work plan is updated regularly and is available on the Foundation's website, which also includes estimates of project timelines reflecting recent board decisions.
- 4.2 The technical work of the boards covers Board technical activities incorporate a wide range of activities, and might also include financial reporting research, updates and revisions to the *Conceptual Framework for Financial Reporting (Conceptual Framework)*, the maintenance and consistent application of the Standards, ~~post-implementation reviews,~~ and the IFRS Taxonomies.

Work plan consultation ~~Five-yearly consultation on the Board's work plan (technical agenda)~~

- 4.3 Each board conducts a public consultation on its work plan at least every five years by way of a public *request for information*. A board normally allows a minimum of 120 days for comment on a work plan (agenda) consultation request for information. The primary objective of the review is to seek public input on the strategic direction and balance of the board's work plan, including the ~~considerations criteria~~ for assessing projects that might be added to the work plan. The board can also seek views on financial reporting matters that respondents think should be prioritised and on given priority by the Board, together with any proposals to withdraw projects from the Board's work plan because they any projects that have not proceeded as planned or for which the prospects for progress are limited. The board's discussion of potential projects to be added to or withdrawn from the work plan takes place at public board meetings.
- 4.4 As part of this public consultation, the board consults the Advisory Council.
- 4.5 In line with the *Constitution*,² the board consults with the Trustees regarding the work plan and, through the DPOC, keeps the Trustees informed of its process in respect of its five-yearly consultation, including how it expects to respond to the input it has received. The next consultation should begin no later than commence at the latest five years after the previous current consultation was completed.

² Sections 37(d) and 58(d) of the Constitution give the boards full discretion in developing their technical agendas, subject to consulting the Trustees. Section 16(d) requires the Trustees to review annually the strategy of the Foundation, the IASB and the ISSB and its effectiveness, including consideration, but not determination, of the agendas of the IASB and the ISSB.

- 4.6 Although the five-yearly consultations are the principal means of setting ~~determining~~ a board's work plan, the board can add projects to the work plan or change its priorities between consultations in response to changing circumstances. However, before adding a major project to the work plan that was not contemplated in the previous consultation, the board consults the Advisory Council and ASAF or SSAF (as applicable) on the potential project. The board's discussion of potential projects to be added to the work plan takes place at public board meetings.
- 4.7 For minor or narrow-scope amendments to the Standards, ~~including annual improvements~~, a board is not required to consult the Advisory Council or ASAF or SSAF before adding a project to the work plan. Minor and narrow-scope amendments are part of a board's work to maintain the Standards and to support their consistent application.

Research programme

- 4.8 New financial reporting requirements developed by a board address problems identified with the existing requirements. Sometimes a problem identified with financial reporting can be remedied with a minor amendment to a Standard. In other cases, the problem might require a more significant change to financial reporting requirements, such as a major amendment to a Standard or the development of a new Standard. Therefore, the first step in developing a new financial reporting requirement is to assess and define the problem with existing reporting practices (see paragraph 3.78 on how a board assesses the likely effects at this stage of a project).
- 4.9 The purpose of a board's research programme is to analyse possible financial reporting problems by collecting evidence on the nature and extent of the perceived shortcoming and assessing potential ways to improve financial reporting or to remedy a deficiency. This analysis will help a board decide whether it should undertake a standard-setting project, either to develop a ~~proposal for a new~~ Standard or to amend a Standard. The research programme might also include the consideration of broader financial reporting matters, such as how financial reporting is evolving, to encourage international debate on financial reporting matters.
- 4.10 To help a board in developing the work plan, the technical staff is asked to identify, review and raise matters that might warrant the board's attention. New matters might arise from the five-yearly consultation on the technical work plan (see paragraph 4.3), consideration of opportunities for connections between the boards' work or an amendment to the *Conceptual Framework*. In addition, the board raises and discusses potential topics arising from comments from the Advisory Council, ASAF, SSAF, other standard-setters and other interested parties, and the Interpretations Committee, as well as technical staff research and other recommendations.
- 4.11 A board and its technical staff are not expected to conduct directly ~~undertake~~ all of the activities to research matters on its research programme. A board can invite participation from ~~ask~~ others—for example, national accounting and sustainability disclosure standard-setting bodies, regional bodies

associated with ~~such accounting~~ standard-setting, regional financial reporting bodies, academics and other interested parties, ~~to participate in these activities~~. However, the board will need to provide clear direction on the matters on which it expects to focus and on its expectations of the parties that it invites to participate with whom it consults.

- ~~4.12~~ 4.12 As a result of its work on a research project, a board might decide to add a standard-setting project to the work plan or decide not to undertake standard-setting. A board might make a decision not to undertake standard-setting before publishing a discussion paper or after considering the feedback on a discussion paper. When making its decision, the board refers to the principles in paragraphs 5.4–5.7 to assess whether the project is likely to result in improvements to financial reporting that will outweigh the costs. A decision not to undertake further work as a result of a research project requires the support of a simple majority of the board (see paragraph 3.17). If the board decides not to undertake standard-setting as a result of a major research project, a project summary is published summarising the research findings and the board’s conclusions.

Discussion papers, research papers and requests for information

- ~~4.13~~ 4.13 The main output of the research programme takes the form of discussion papers and research papers. Discussion papers and research papers are designed to elicit comments from interested parties that can help a board decide whether to add a standard-setting project to its work plan. Discussion papers and research papers typically include an overview of the issues, possible approaches to addressing the issues, the preliminary views of the board and an *invitation to comment*.
- ~~4.14~~ 4.13 Discussion papers are published by a board and present the analysis and collective views of the board on a particular topic, with the discussion reflecting and conveying any significant differences in board members’ views. The board will have discussed the matters presented at its public meetings.
- ~~4.15~~ 4.14 Research papers are also published by a board but are not developed in public meetings and, therefore, the board will not have developed any views on the matters set out in the paper. Research papers can be prepared by the technical staff. Research papers can also be prepared by other accounting standard-setters or bodies, normally at the request of the board. A research paper published by a board includes a clear statement of the extent of the board’s involvement in the development or endorsement of that paper. In some cases, the Board will not have discussed the paper in a public meeting and will not, therefore, have developed any views on the matters set out in the paper.
- ~~4.16~~ 4.15 Requests for information are formal requests by a board to ask stakeholders for information or feedback on a matter related to technical projects or broader consultations. Examples of appropriate topics for a request for information include seeking comments on the board’s work plan every five years, seeking views on and information about a Standard for a post-implementation review, and asking for help in assessing the practical implications of a potential financial reporting requirement (for example, as input to the research phase of a project).

Publication of discussion papers, research papers and requests for information

- 4.17 4-16 A board ballots discussion papers. Before the board asks the technical staff to prepare a discussion paper for ballot, the board confirms that it has completed all of the necessary steps and that the discussion paper is likely to meet its purpose. Research papers and requests for information require the support of a simple majority of the board, with approval given in a public meeting (see paragraph 3.15).
- 4.18 4-17 A board normally allows at least 120 days for comment on discussion papers, research papers, and requests for information on the work plan (see paragraph 4.3) or for post-implementation reviews (see paragraph 6.59). For other requests for information, the board normally allows a minimum of 60 days for comment. If the information request is narrow in scope and urgent, the board can set a shorter period and need not consult the DPOC before doing so.
- 4.19 4-18 Discussion papers, requests for information and research papers are posted on the Foundation's website.
- 4.20 4-19 Once the comment period for a discussion paper ends, the technical staff summarises and analyses the comment letters and any other feedback, and provides that summary and analysis to the board.

Conceptual Framework for Financial Reporting

- 4.21 4-20 The IASB has developed ~~Board maintains~~ the *Conceptual Framework*. ~~The Conceptual Framework, which~~ describes the objective of and concepts for general purpose financial reporting. The *Conceptual Framework* is a practical tool that helps the development of ~~Board to develop~~ requirements in the Standards based on consistent concepts.
- 4.22 4-21 Proposals to amend change ~~the Conceptual Framework~~ are developed and exposed ~~by the Board~~ in the same way that a board it ~~exposes~~ proposed amendments changes to the Standards, with similar comment periods.
- 4.23 4-22 ~~The Board might decide to publish~~ A discussion paper might be published as a first step to amending revising ~~part of the Conceptual Framework~~, but this is not a requirement.
- 4.24 4-23 Amendments to the Conceptual Framework ~~The Board~~ might require consideration of need to consider ~~whether any Standards should be amended to reflect revisions to the amended Conceptual Framework~~. However, amending a Standard is not an automatic consequence ~~of such revisions~~. Amendments Changes to the Standards address deficiencies in financial reporting. Any inconsistencies in the Standards highlighted by amendments changes to the *Conceptual Framework* are considered ~~by the Board~~ in light of other priorities when developing or modifying the work plan.

5. Standard-setting projects

- 5.1 ~~When considering whether to add a standard-setting project to the work plan, a board or the Interpretations Committee requires the development of a specific~~ considers a project proposal and an assessment against the project criteria outlined in paragraph 5.4. That consideration will include whether the proposal is for a comprehensive project to develop a new Standard or major amendment to a Standard (see paragraphs 5.4–5.12), or for a narrow-scope project for the purposes of maintenance and consistent application. The IASB also works together with the Interpretations Committee in supporting the consistent application of IFRS Accounting Standards (see paragraphs 5.14–5.20).
- 5.2 The primary objective of a project proposal is to help a board to manage its resources effectively and to prioritise its standard-setting work. The board distinguishes between major and narrow-scope projects in its planning to help reduce the risk of committing resources to a project when other projects have higher priority.
- 5.3 A proposed new Standard, amendment to a Standard or Interpretation is exposed for public comment. If stakeholders ~~are of the view believe~~ that a board has failed to demonstrate ~~establish~~ the need for improvements to an area of financial reporting, they ~~can will have the opportunity to~~ express their views during the consultation process.

Considerations Criteria for new IFRS Standards or major amendments

- 5.4 A board evaluates ~~the merits of~~ adding a potential project to the work plan primarily by assessing the needs of users of general purpose financial reports, while also taking into account the costs of preparing the information in those reports. When deciding whether a proposed project agenda item will address users' needs, the board's considerations include ~~Board considers~~:
- (a) whether there is a deficiency in the way entities report a particular type of transaction or activity in general purpose financial reports;
 - (b) the importance of the matter to users of general purpose financial reports;
 - (c) the types of entities the matter is likely to affect ~~be affected by any proposals~~, including whether the matter is more prevalent in some jurisdictions than others; and
 - (d) how pervasive or acute the matter a particular financial reporting issue is likely to be for entities.
- 5.5 A board considers adding a standard-setting project to the work plan after reviewing the ~~considering any~~ research it has conducted ~~undertaken~~ on the topic. The board would normally propose to develop a new Standard or to make major amendments to a Standard only after it has published a discussion paper and considered the comments it receives from that consultation. A board need not publish a discussion paper before adding a

major standard-setting project to the work plan. However, to proceed without a discussion paper, the board needs to be satisfied that it has sufficient information and understands the problem and the potential solutions well enough to omit consulting stakeholders with a discussion paper. The board might ~~decide~~ ~~conclude~~ that a discussion paper is not necessary because it has sufficient input from a research paper, a request for information or other research to proceed directly to an exposure draft. The board needs to set out the reasons for not publishing a discussion paper and report them to the DPOC.

- 5.6 A board's discussion of potential projects and its decisions to adopt new projects take place in public board meetings. A board decides to add standard-setting projects to its work plan, ~~as well as its decisions on their priority~~, is by a simple majority vote at a board meeting (see paragraph 3.17).
- 5.7 A board adds a project to the work plan only if it concludes that the benefits of the improvements to financial reporting are expected to will outweigh the costs.

Matters referred by the IFRS Foundation Monitoring Board

- 5.8 The Monitoring Board can refer technical financial reporting matters to the Trustees and the Chair of the relevant board. The Monitoring Board can refer a technical financial reporting matter to the Chairs of both boards if it is relevant to both. The Monitoring Board's consensus-based decision-making limits such actions to extremely rare and urgent cases in which all Monitoring Board members agree that a technical financial reporting matter warrants referral.
- 5.9 The Trustees and the Chair of the board are required to ensure that any such referral is addressed in a timely manner. Such referrals need not follow the formal consultation process set out in paragraphs 4.6 and 5.1–5.7.
- 5.10 The board, together with the Trustees, reports to the Monitoring Board, usually within 30 days but sooner if the matter is more urgent, the steps being taken ~~those steps it is taking~~ to consider the referral.
- 5.11 If the board decides not to take up the referred matter, it explains to the Trustees and the Monitoring Board why addressing the matter by amending a Standard would be inconsistent with the standard-setting responsibilities established in the *Constitution*.
- 5.12 In all cases, it is understood that the Monitoring Board will neither influence the decision-making nor challenge the decisions made by a board with regard to its standard-setting.

Maintenance and consistent application

- 5.13 The boards maintain their respective Standards and support the consistent application of these Standards by, among other things, developing narrow-scope amendments to the Standards, following the process described in paragraphs 6.4–6.17. The boards seek to achieve a balance between

maintaining the principle-based nature of the Standards and adding or changing requirements in response to emerging application questions.

Identification of matters by the Interpretations Committee

- ~~5.14~~ 5.13 The ~~IASB Board~~ and the Interpretations Committee work together in supporting the consistent application of IFRS Accounting Standards. They do so by, among other things, working within their respective roles to issue issuing narrow-scope amendments to the IFRS Accounting Standards, issue Interpretations and publish agenda decisions in response to address application questions. The IASB can seek the assistance of the Interpretations Committee in developing narrow-scope amendments, drawing on the Interpretations Committee's experience with the application of IFRS Accounting Standards. ~~The Board and Interpretations Committee seek to achieve a balance between maintaining the principle-based nature of the Standards and adding or changing requirements in response to emerging application questions.~~
- 5.15 5.14 Some ~~IASB Board~~ members attend each Interpretations Committee meeting and a report of each Interpretations Committee meeting is presented to the ~~IASB Board~~ at a public meeting.
- 5.16 5.15 Stakeholders are encouraged to submit application questions to the Interpretations Committee when they view it as important that the ~~IASB Board~~ or the Interpretations Committee address a matter considering the criteria in paragraph 5.17. Such matters could include cases of doubt about the required accounting for a particular circumstance or transaction, or concerns expressed by investors or other stakeholders about the application of specified ~~disclosure~~ requirements. The Interpretations Committee often consults on questions submitted to it with a range of stakeholders, including national accounting standard-setting bodies and regional bodies involved with accounting standard-setting.
- 5.17 5.16 The Interpretations Committee assesses the need for ~~decides~~ a standard-setting project based on whether ~~should be added to the work plan, either by recommending that the Board develop a narrow-scope amendment or by deciding to develop an Interpretation, when all of the following criteria are met:~~
- (a) the matter has widespread effect—that is, the circumstance or transaction is prevalent and there is diversity in the application of IFRS Accounting Standards that ~~and~~ has, or is expected to have, a material effect on those affected;
 - (b) it is necessary to add or change requirements in IFRS Accounting Standards to improve financial reporting—that is, the principles and requirements in the IFRS Accounting Standards do not provide an adequate basis for an entity to determine the required accounting;
 - (c) the matter can be resolved efficiently within the confines of existing IFRS Accounting Standards and the Conceptual Framework; and

- (d) the matter is sufficiently narrow in scope that the ~~IASB Board~~ or the Interpretations Committee can address it efficiently, but not so narrow that it is not cost-effective for the ~~IASB Board~~ or the Interpretations Committee and stakeholders to undertake the due process required to amend ~~a~~ an IFRS Accounting Standard.

~~5.18~~ 5.17 If all the criteria in paragraph 5.17 are met, a simple majority of Interpretations Committee members present decides, after a debate in a public meeting, whether to develop an Interpretation or to recommend that the IASB add a narrow-scope standard-setting project should be added to the work plan. In considering the criteria in paragraph 5.17, the Interpretations Committee seeks to achieve a balance between maintaining the principle-based nature of IFRS Accounting Standards and adding or changing requirements in response to emerging application questions.

~~5.19~~ 5.18 If the Interpretations Committee decides to develop an Interpretation, it follows the process described in Section 7. If the Interpretations Committee recommends that the IASB Board should develop a narrow-scope amendment, it refers the matter to the IASB Board. If the Interpretations Committee decides to develop an Interpretation, it follows the process described in section 7. The Board can also decide to make narrow-scope amendments (which include annual improvements) to the Standards, following the process described in paragraphs 6.4–6.15. The Board may seek the assistance of the Interpretations Committee in developing such narrow-scope amendments, drawing on the Interpretations Committee's experience of the application of Standards.

~~5.20~~ 5.19 If all the criteria in paragraph 5.17 are not met and therefore If the Interpretations Committee decides that a standard-setting project is not needed should not be added to the work plan to address a question submitted, the Interpretations Committee explains why in an agenda decision (see paragraphs 8.2–8.7).

6. New or amended IFRS Standards

Exposure drafts

- 6.1 Publication of an exposure draft is a mandatory step in the due process before a new Standard can be issued or an existing Standard can be amended.
- 6.2 An exposure draft sets out a ~~specific proposal in the form of a proposed Standard (or amendment to a Standard)~~ and is therefore generally set out in the same way as, and has all of the components of, a Standard. The main differences with a Standard are that in the exposure draft:
- (a) the basis for conclusions is written to explain a board's rationale for the proposal, and is not a draft of the rationale for the issued Standard or amendment to a Standard; and
 - (b) the consequential amendments to other Standards (see paragraph 6.33) might need not be set out in as much detail as they would be in a Standard or amendment to a Standard, particularly if the where such consequential amendments are changes to cross-references or terminology and other editorial matters.
- 6.3 An exposure draft is a board's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the issues that the board has identified as being of particular interest. Although the invitation to comment is normally included with the ballot draft, it does not need to be balloted by the board.

Developing an exposure draft

- 6.4 ~~A board develops~~ The development of an exposure draft during its takes place in public meetings. The technical staff prepares papers for the board to consider on the matters to be addressed in the exposure draft.
- 6.5 Development of an exposure draft normally begins with the board considering the issues based on the technical staff's research and recommendations. The board also considers the comments on any discussion paper, research paper or request for information; suggestions made by consultative groups and ~~accounting~~ standard-setters; and suggestions arising from consultation with other stakeholders.
- 6.6 When developing proposed requirements, the board might draw on requirements or other materials from other standard-setting or similar bodies, or include such materials in proposed Standards. Such requirements or other materials might have been subject to consultative procedures during their development. However, those procedures do not negate the need for the board to apply the Foundation's due process to any proposed requirements incorporating such material.
- ~~6.7~~ 6.6 ~~After~~ When the board has decided on the technical matters in the project and has considered the likely effects of the proposals (see paragraphs 3.77–3.82), the technical staff presents a paper to the board:

- (a) summarising the steps that the board has taken in developing the proposals, including a summary of when the board discussed the project in public meetings, public hearings, outreach activities and meetings of consultative groups;
- (b) reaffirming, if applicable, why the board has decided that it was not necessary to create ~~have~~ a consultative group or to conduct fieldwork; and
- (c) recommending a comment period for the exposure draft.

~~6.8~~ 6-7 The board normally allows a minimum period of 120 days for comment on an exposure draft. If the matter is narrow in scope and urgent, the board can set a comment period of less than 120 days but no less than 30 days after consulting and obtaining approval from the DPOC.

~~6.9~~ 6-8 In exceptional circumstances, and only after requesting and receiving approval from at least 75% of the Trustees, the board can reduce the period for public comment on an exposure draft to less than 30 days. However, the board cannot ~~but may not~~ dispense with a comment period entirely.

~~6.10~~ 6-9 If the board is satisfied that it has addressed all of these matters, it votes to have the technical staff prepare the exposure draft for balloting. Board members who intend to dissent from the proposals in the exposure draft make their intentions known during this meeting (see paragraphs 3.84–3.87).

Exposing packages of minor ~~annual~~ improvements

~~6.11~~ 6-10 Some proposed amendments to the Standards ~~that are sufficiently~~ minor or narrow enough in scope ~~to can~~ be packaged together and exposed in one document even though the amendments are unrelated. These packages of minor improvements to the Standards are part of a board's regular maintenance of the Standards ~~Such amendments are called (historically referred to as 'annual improvements').~~ Packages of minor improvements ~~Annual improvements~~ follow the same due process as other amendments to the Standards, ~~except that annual improvements consist of unrelated amendments that are exposed together, rather than separately.~~

~~6.12~~ 6-11 The reason for exposing unrelated improvements in one package is that these amendments are limited to minor or narrow-scope changes to a Standard or the accompanying material (see paragraph 6.34). Those changes that either clarify the wording in an IFRS Standard; or correct relatively minor unintended consequences, oversights or conflicts between existing requirements in the Standards or accompanying materials; or update a requirement or accompanying material. ~~Because of their nature, it is not necessary to undertake consultation or outreach for annual improvements beyond the comment letter process. The Board needs to be cautious and avoid including in the annual improvements package an amendment that merits separate consultation and outreach.~~

- 6.13 An amendment in a package of minor improvements cannot propose a new principle or change an existing principle. By definition, any amendment to material accompanying a Standard cannot create a new requirement or change an existing requirement in a Standard. Because of the nature of these minor or narrow-scope improvements, it is not necessary to undertake consultation or outreach beyond the comment letter process. A board needs to be cautious and avoid including in the minor improvements package any amendment that merits separate consultation and outreach.
- ~~6.14~~ 6.12 Clarifying wording an IFRS Standard involves either replacing unclear wording in existing Standards or adding providing requirements in a Standard where an absence of requirements is causing concern. Such an amendment needs to be consistent maintains consistency with the existing principles within the applicable Standard and does not propose a new principle or change an existing principle.
- ~~6.13~~ Resolving a conflict between existing requirements of Standards includes addressing oversights or relatively minor unintended consequences that have arisen as a result of the existing requirements of the Standards. Such amendments do not propose a new principle or change an existing principle.
- 6.15 Updating a requirement in a Standard or accompanying material includes updating a metric included in industry-based requirements in IFRS Sustainability Disclosure Standards or updating guidance accompanying a Standard. Such an amendment needs to be consistent with the existing principles within the applicable Standard.
- ~~6.16~~ 6.14 Proposed packages of minor improvements annual improvements should be well defined and narrow in scope. A board assesses proposed packages of improvements annual improvements against the guidance criteria set out in paragraphs 6.11–6.15 before they are published in an exposure draft. As a guide, if a board needs takes several meetings to reach a conclusion, it indicates that the cause of the issue is more fundamental than can be resolved using this minor improvements within the annual improvements process.
- ~~6.17~~ 6.15 A board allows a minimum period of 90 days for comment on a package of minor improvements annual improvements.
- Publishing an exposure draft Publication**
- ~~6.18~~ 6.16 The publication of an exposure draft is announced on the Foundation’s website accompanied by a news release.
- ~~6.19~~ 6.17 Depending on the nature of the exposure draft, supplementary supporting materials, such as the Board and the technical staff might also develop, and make available, a project snapshot, podcast, or webcast, might also be published question and answer pack or presentation (speech) pack. The more significant the changes proposed in the exposure draft, the more comprehensive the related supplementary materials are communications package is likely to be.
- 6.20 ~~6.18~~ All exposure drafts and related publications are made freely available on the Foundation’s website.

Consideration of feedback comments received and consultations

- 6.21 6-19 After the comment period ends, a board reviews feedback from the comment letters and other sources, such as surveys, meetings of consultative groups and outreach with stakeholder~~the results of the other consultations, such as the investor consultation~~. The technical staff provides a summary of the feedback~~comment~~ letters, giving an overview of the comments and the major points raised~~in the letters~~. The summary analysis~~helps the board to identify the main topics for consideration during its follow-up~~ the deliberations, or to assess whether the board should even proceed with the project.
- 6.22 6-20 The board develops a Standard or an amendment to a Standard during its public meetings.
- 6.23 6-21 As a means of exploring the issues further and seeking further comments and suggestions, the board might conduct fieldwork or arrange public hearings and round-table meetings. The board also maintains contact with its consultative groups.
- 6.24 A decision to discontinue a standard-setting project requires the support of a simple majority of a board (see paragraph 3.17). Before making a decision to discontinue a standard-setting project, the board refers to the principles in paragraphs 5.4–5.7. If the board decides to discontinue a standard-setting project that would have resulted in a new Standard or major amendment to a Standard, a project summary is published summarising the work done and the board’s reasons for discontinuing the project.

Completion of the deliberations

- 6.25 6-22 ~~After~~ When a board has made decisions on the technical matters in the project and has assessed ~~considered~~ the likely effects of the new Standard or amendment to a Standard (see paragraphs 3.77–3.82), the technical staff presents a paper to the board:
- (a) summarising the steps that the board has taken in developing the Standard, including a summary of when the board discussed this project in public meetings, public hearings, outreach activities and meetings of consultative groups;
 - (b) summarising the steps taken to meet the objective to develop Standards that are compatible, and avoid inconsistencies and conflicts, with the other board’s Standards;
 - (c) (b) reaffirming, if applicable, why the board has decided that it was not necessary to create a consultative group or to conduct fieldwork; and
 - (d) (e) assessing whether the proposals can be finalised or whether there is a need for *re-exposure* (see paragraphs 6.28–6.31).

~~6.26~~ 6.23 If the board is satisfied that it has addressed all of the technical matters and assessed the likely effects, it votes to have the technical staff prepare the new Standard or amendment to a Standard for balloting. Board members who intend to dissent from the proposals of the Standard make their intentions known during this meeting (see paragraphs 3.84–3.87).

~~6.27~~ 6.24 The board informs the DPOC of its decision to proceed to the ballot stage for a new Standard or major amendment to a Standard, explaining why it is satisfied that re-exposure is not necessary, before the Standard or major amendment is issued (see paragraph 2.9).

Re-exposure criteria

~~6.28~~ 6.25 When considering whether there is a need for re-exposure, a board:

- (a) identifies substantial issues that emerged during the comment period on the exposure draft that it had not previously considered;
- (b) assesses the evidence that it has considered;
- (c) ~~assesses~~ ~~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 represented ~~aired~~ in the exposure draft and adequately discussed ~~and reviewed~~ in the basis for conclusions on the exposure draft.

~~6.29~~ 6.26 A Standard or an amendment to a Standard ~~It is inevitable that the final proposals will inevitably include changes to the proposals in the exposure draft from those originally proposed. However, The fact that there are changes to the proposals by a board before the Standard or amendment is issued do not necessarily does not~~ compel the board to expose revised ~~re-expose~~ the proposals. The board assesses whether the changes it has made after publishing the exposure draft ~~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 exposure draft or the basis for conclusions on the exposure draft. The board also ~~needs to consider~~ considers whether it will learn anything new by exposing revised ~~re-exposing~~ the proposals. If the board is satisfied that the changes that it has made ~~revised proposals~~ respond to the feedback and that it is unlikely that re-exposure would reveal any new concerns, it proceeds to finalise the proposed requirements.

~~6.30~~ 6.27 The more extensive and fundamental the changes from the exposure draft, especially if the changes from the exposure draft would require a significant change from and current practice, the more likely the need for re-exposure ~~the proposals should be re-exposed~~. However, the board ~~needs to~~ weighs the cost of delaying improvements to financial reporting against the relative urgency to introduce the changes for the need to change ~~and any additional steps it has taken to consult stakeholders since the exposure draft was published~~. The ~~use of~~ Consultative groups or targeted consultation can give the board

information to inform support a decision to finalise the proposed requirements a proposal without the need for re-exposure.

- 6.28 ~~The Board should give more weight to changes in recognition and measurement than disclosure when considering whether re-exposure is necessary.~~
- 6.31 6.29 A board decides at a public meeting ~~decision on~~ whether to publish revised proposals for comment ~~made in a Board meeting~~. If the board decides that re-exposure is necessary, the due process followed is the same as for the first exposure draft. However, after ~~because it is not~~ the first exposure of a proposed Standard, a shortened comment period might be appropriate, particularly if the board is seeking comments on only ~~specific~~ aspects of the revised ~~proposal~~ exposure draft, while recognising that respondents might not limit their comments to these aspects. The public comment period for such documents will normally be at least 90 days. However, the board can set a comment of period of less than 90 days in accordance with paragraphs 6.8–6.9.

Finalising an IFRS Standard

- 6.32 6.30 The mandatory parts of a Standard are:
- (a) the principles and the related application guidance;
 - (b) the defined terms; and
 - (c) the effective date and transition paragraphs.
- 6.33 6.31 When a new Standard or an amendment to a Standard is issued, it is accompanied by amendments to other Standards that are a consequence of the new requirements (consequential amendments).
- 6.34 6.32 A Standard is typically issued with accompanying material that is not an integral part of the Standard, such as:
- (a) ~~a table of contents~~;
 - (b) ~~an introduction~~;
 - (a) (c) illustrative examples;
 - (b) guidance;
 - (c) (d) the basis for conclusions (including the board's analysis of the likely effects if not presented as a separate report);
 - (d) (e) an effects analysis report (for a major Standard); and
 - (e) (f) dissenting opinions (if any).
- 6.35 6.33 Sometimes the accompanying material includes a table that shows the relationship between paragraphs in the old and the new requirements ~~and a brief history of the Standard~~. In all cases the documents state clearly whether the material is an integral part of the Standard or whether it accompanies the Standard but is not integral. Material that is integral to a Standard is provided to governments or the appropriate authorities that have adopted the

Standards and have an agreement with the Foundation to receive such material.

- ~~6.36~~ 6.34 As a principle, the Standards should be capable of being able to be applied without the accompanying material.

Effective date and transition

- ~~6.37~~ 6.35 A Standard or an amendment to a Standard has an effective date and transition requirements. The ~~mandatory~~ effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems or other system of financial reporting requirements and those applying the Standards have sufficient time to prepare for the new requirements.

- ~~6.38~~ 6.36 A board also considers how first-time adopters of Standards are required to apply the Standard or an amendment to a Standard. The IASB considers ~~and~~ whether any amendments are needed to IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Issuing an IFRS Standard Publication

- ~~6.39~~ 6.37 The issuance publication of a new Standard or an amendment to a Standard is announced on the Foundation's website ~~accompanied by a news release~~.

- ~~6.40~~ 6.38 The issuance of a new Standard or a major amendment to a Standard is accompanied by a project summary and a feedback statement. Depending on the nature of the new requirements, other supplementary supporting materials, such as the Board and the IFRS Foundation staff might also develop, and make available, a podcast, a webcast, might also be published question and answer pack or presentation (speech) pack. The more significant the changes to the Standards, the more comprehensive the related supplementary materials are ~~communications package is~~ likely to be.

Practice guidance

- ~~6.41~~ 6.39 A board might produce non-mandatory *practice guidance*, including normally on a topic not addressed by a Standard (such as ~~the Practice Statement on~~ management commentary), if it takes the view that doing so would improve financial reporting. The board follows the same procedures used for the development of a Standard, including the balloting of documents, to develop and publish practice guidance.

Post-issuance Post-publication procedures and maintenance

- ~~6.42~~ 6.40 After a Standard is issued, the Foundation conducts various activities to support the Standard's implementation and consistent application. These activities might include publishing ~~educational~~ materials such as articles and webcasts (see paragraphs 8.8–8.14). A board might also form a group comprising experts involved in the implementation of the Standard to provide a public forum for the discussion of implementation questions that arise when entities implement the new requirements. Board members and technical staff might also hold meetings with interested parties, including

~~national other~~ standard-setting bodies, to help understand ~~unexpected~~ matters that have arisen from the implementation of the Standard and the potential effects of its requirements.

~~6.43~~ 6.41 Technical staff can make editorial corrections to technical documents to remedy drafting errors that are made when writing or typesetting the document, provided that the corrections do not alter the technical meaning of the text. Editorial corrections normally fix spelling errors, grammatical mistakes or incorrectly marked consequential amendments to other Standards.

Translation

~~6.44~~ 6.42 Translations of the Standards are initiated by the Foundation staff as a response to requests from jurisdictions adopting or developing an interest in the Standards.

~~6.45~~ 6.43 The translation policy allows for only one translation per language, so that all users of a particular language use the same translation. The two-stage translation procedure, consisting of the initial translation followed by a review of the translation by a committee of ~~accounting~~ experts in financial reporting, is designed to produce a high-quality translation that accurately renders the meaning of the original English-language Standards into another language.

~~6.46~~ 6.44 Review committee members are native speakers of the language into which the Standard is translated ~~and experts in the field of financial reporting~~. Review committees typically comprise ~~members~~ representatives from major accounting and other professional firms, national accounting and sustainability disclosure bodies, academia, appropriate government bodies and specialist industries, ~~such as banking and insurance~~.

~~6.47~~ 6.45 The review committee has one person designated as the co-ordinator. In addition to managing the review process, the co-ordinator has the final responsibility for the content of the translation, and has a casting vote if the committee cannot reach consensus.

~~6.48~~ 6.46 ~~If~~ When a language is widely spoken and used in more than one jurisdiction, participation in the review committee is encouraged from all jurisdictions in which ~~using~~ that language is widely used so that the resulting translation aids the consistent application of the Standards.

IFRS Taxonomies (see Annex A)

~~6.49~~ 6.47 The implications for the IFRS Taxonomies are considered during the development and drafting of a new Standard or an amendment to a Standard. A board normally publishes a *proposed IFRS Taxonomy update* at the same time as, or shortly after, issuing the related Standard or amendment to a Standard.

Post-implementation reviews

Objective of a post-implementation review

- 6.51 The goal of improving financial reporting underlies any new IFRS Standard. A post-implementation review is an opportunity to assess the effect of the new requirements on investors, preparers and auditors following the issuance and application of a Standard. The review considers the issues that were important or contentious during the development of the publication (which should be identifiable from the basis for conclusions, project summary, feedback statement and effect analysis of the relevant Standard), as well as issues that have come to the attention of the Board after the document was published. The Board and the technical staff also consult stakeholders to help the Board identify areas where possible unexpected costs or implementation problems were encountered.
- 6.50 The objective of a post-implementation review is to assess whether the effects of applying the requirements of a new Standard or major amendment to a Standard on users of general purpose financial reports, preparers, auditors and securities regulators are as intended when the new requirements were developed. The basis for such an assessment is the effects analysis of the likely benefits and initial and ongoing costs arising from the new requirements that a board publishes when it issues the new requirements.
- 6.51 During a post-implementation review, a board considers important and contentious matters it discussed during the development of the new requirements and market developments since those new requirements were issued. It also considers whether there are unintended consequences from applying the new requirements that the board was not aware of when it developed those requirements.
- 6.52 A post-implementation review concludes with the board assessing whether:
- (a) the new requirements are overall working as intended, with the benefits to users of general purpose financial reports of the information arising from applying the new requirements not significantly lower than was expected, and the costs of applying the requirements and auditing and enforcing their application not significantly greater than was expected. For example, fundamental questions about the clarity of the core objectives or principles in the new requirements might indicate that they are not working as intended.
 - (b) there are specific questions about the application of the new requirements. If there are specific application questions, a board can still conclude that the new requirements are working as intended.
- 6.53 A post-implementation review is not a standard-setting project and does not automatically lead to standard-setting. It is also not intended to lead to the resolution of every application question. However, post-implementation reviews can identify improvements that can be made to a new requirement or the standard-setting process.

Conducting a post-implementation review

- 6.48 ~~The Board is required to conduct a post-implementation review of each new IFRS Standard or major amendment. A post-implementation review normally begins after the new requirements have been applied internationally for two years, which is generally about 30–36 months after the effective date.~~
- 6.54 ~~A board is required to conduct a post-implementation review of every new Standard or major amendment to a Standard.~~
- 6.55 ~~The post-implementation review begins after the new requirements have been applied for some time to ensure information is available to assess the requirements' effects in their entirety. Such information could include trend data from applying the new requirements, academic research, and feedback on how the requirements work in practice (while balancing the need to conduct a review within a reasonable period of time to ensure that the relevant board is aware of matters that require attention).~~
- 6.49 ~~In addition to post-implementation reviews that respond to a new IFRS Standard or major amendment to a Standard, the Board may decide to conduct a post-implementation review in response to changes in the financial reporting environment and regulatory requirements, or in response to concerns about the quality of a Standard that have been expressed by the Advisory Council, the Interpretations Committee, standard-setters or interested parties.~~

Process for a post-implementation review

- 6.56 6.50 ~~Each post-implementation review has two phases. The first phase involves an initial identification and assessment of the matters to be examined, which are then the subject of a public consultation by the board in the form of a request for information. In the second phase, the board considers the comments it has received from the public consultation request for information along with the information it has gathered through engagement with stakeholders and any other research consultative activities. On the basis of that information, the Board presents its findings and sets out the steps it plans to take, if any, as a result of the review.~~

Initial assessment and public consultation

Phase 1—Research and publication of a request for information

- 6.57 6.52 ~~The initial identification and assessment of the matters to be examined draws should draw on the broad network of IFRS Standards-related bodies and interested stakeholders parties, including such as the Interpretations Committee (for IFRS Accounting Standards) and the respective board's consultative groups, securities regulators, national accounting standard-setting bodies, regional bodies involved with accounting standard setting, preparers, auditors and investors. Input from these stakeholders and groups helps The purpose of these consultations is to inform the board so that it can decide on an appropriate scope for the review. How extensive the engagement consultations needs to be in this phase depends on the Standard being reviewed and what the board already knows about the implementation of that~~

Standard. The board needs to be satisfied that it has enough information to decide the scope of the review.

- ~~6.58~~ 6.53 The board publishes a request for information setting out the matters on which it is seeking feedback by means of a formal public consultation. In the request for information, the board explains why it is seeking feedback on these matters and includes any initial assessment by the board of the Standard or major amendment that is being reviewed. The request for information also sets out the process that the board followed to decide the scope of the review.
- ~~6.59~~ 6.54 The board normally allows a minimum period of 120 days for comment on a request for information that is part of a post-implementation review. The board can set a comment period of less than 120 days only after consulting and obtaining approval from the DPOC.
- 6.55 ~~The Board may decide, on the basis of its initial assessment, that it would be premature to undertake a post-implementation review at that time. The Board informs the DPOC of its intention to defer a post-implementation review, explaining why it has reached this conclusion and indicating when it expects to resume the review.~~

Consideration of evidence and presentation of findings

- ~~6.56 The Board considers whether it is necessary to supplement the responses to the request for information with other information or evidence, such as by undertaking:~~
- ~~(a) an analysis of general purpose financial reports or of other financial information;~~
 - ~~(b) a review of academic and other research related to the implementation of the IFRS Standard being reviewed; and~~
 - ~~(c) surveys, interviews and other consultations.~~
- ~~6.57 The extent to which further information is gathered will depend on the IFRS Standard being reviewed and the feedback from the request for information.~~
- ~~6.58 The Board considers the comments that it has received from the request for information along with the evidence and information that it has obtained from any additional analysis. When the Board has completed its deliberations, it presents its findings in a public report. The Board may consider making minor amendments to the IFRS Standard or preparing an agenda proposal for a broader revision of the Standard. There is no presumption that a post-implementation review will lead to any changes to a Standard. The Board may recommend to the DPOC that the Board should make changes to its procedures, such as how effects of a Standard are assessed or additional steps that should be taken during the development of a Standard.~~

Phase 2—Consideration of matters identified and their prioritisation

- 6.60 The board considers the feedback from the public consultation along with the information it has gathered from other engagement with stakeholders. The board also considers whether it is necessary to perform any other research activities.
- 6.61 The board considers whether to take any action on matters identified in the post-implementation review and the prioritisation of those matters. Actions could include standard-setting, referring a matter to the Interpretations Committee or developing material to support consistent application. The board can also conclude that no action is required.
- 6.62 When considering whether to take action, subject to the prioritisation considerations in paragraph 6.63, the board assesses whether there is evidence that:
- (a) there are fundamental questions about the clarity of the core objectives or principles in the new requirements;
 - (b) the benefits to users of general purpose financial reports of the information arising from applying the new requirements are significantly lower than expected (for example, there is significant diversity in application); or
 - (c) the costs of applying some or all of the new requirements and auditing and enforcing their application are significantly greater than expected (or a significant market development after the new requirements were issued makes it more costly than expected to apply the new requirements consistently).
- 6.63 The prioritisation of matters identified would depend on the extent to which evidence gathered during the post-implementation review indicates:
- (a) the matter has substantial consequences.
 - (b) the matter is pervasive.
 - (c) the matter arises from a financial reporting issue that can be addressed by the board or, for IFRS Accounting Standards, the Interpretations Committee.
 - (d) the benefits of any action would be expected to outweigh the costs. To determine the cost–benefit balance, the board would consider the extent of disruption and operational costs from change and the importance of the matter to users of general purpose financial reports.

Reporting

- 6.64 6.59 The board reports regularly to the DPOC during a post-implementation review. The board and informs the DPOC when it has completed its review and provides the DPOC with a draft of a project summary and feedback statement summarising the matters identified and any actions the board plans to take as a result of the post-implementation reviewthe report. When the DPOC is

PROPOSED AMENDMENTS TO THE IFRS FOUNDATION DUE PROCESS HANDBOOK

satisfied that the board has completed the review satisfactorily, the draft report can be finalised and published.

7. IFRIC Interpretations

- 7.1 Interpretations are developed by the Interpretations Committee but, because they are part of IFRS Accounting Standards, they are ratified by the IASB Board.

Draft IFRIC Interpretation

- 7.2 Publication of a draft Interpretation is a mandatory step in the due process before an Interpretation can be issued.
- 7.3 A draft Interpretation sets out a ~~specific~~ proposal in the form of a proposed Interpretation and is therefore generally set out in the same way as, and has all of the components of, an Interpretation. The main difference is that the basis for conclusions on the draft Interpretation is written to explain the Interpretations Committee's rationale for the proposal, and is not a draft of the rationale for the issued Interpretation.
- 7.4 A draft Interpretation is the Interpretations Committee's main vehicle for consulting the public and therefore includes an invitation to comment, setting out the matters that have been identified as being of particular significance. Although the invitation to comment is normally included with the ballot draft, it does not need to be balloted by the Interpretations Committee.

Developing a draft IFRIC Interpretation

- 7.5 The Interpretations Committee develops a draft Interpretation during its public meetings. The technical staff prepares papers about the matters being addressed for the Interpretations Committee to consider.
- 7.6 The Interpretations Committee applies a principle-based approach founded on the *Conceptual Framework*. The Interpretations Committee considers the principles ~~established~~ in the relevant IFRS Accounting Standards to develop an interpretation and to determine that the interpretation does not change or conflict with IFRS Accounting Standards. If the Interpretations Committee concludes that the requirements of a Standard differ from the *Conceptual Framework*, it obtains direction from the IASB Board. When developing Interpretations, the Interpretations Committee is not seeking to create an extensive rule-oriented environment, nor does it act as an urgent issues group.
- 7.7 ~~The solution developed by the Interpretations Committee seeks to develop a solution that can~~ should be effective for a reasonable length of time. Accordingly, the Interpretations Committee does not normally develop an Interpretation if the topic is being addressed in a forthcoming IFRS Accounting Standard. However, this does not prevent the Interpretations Committee from acting on a particular matter if the short-term improvements can be justified.
- 7.8 If the Interpretations Committee is satisfied that it has addressed ~~all of the identified~~ technical matters, it votes to determine ~~see~~ whether there is general agreement to instruct ~~that~~ the technical staff to should prepare the draft Interpretation for balloting. General agreement is reached ~~if when~~ no more than four members have voted against the proposal. Because Interpretations

are developed on the basis of the Interpretations Committee reaching general agreement on ~~a the particular~~ matter, a draft Interpretation does not include any dissenting opinions. However, the invitation to comment and the basis for conclusions ~~state identifies~~ whether any members did not agree with the draft Interpretation.

- 7.9 After Interpretations Committee members generally agree on the identified technical matters, the technical staff presents a paper to the IASB Board summarising the steps that have been taken in developing the proposals and recommending a comment period for the draft Interpretation.
- 7.10 IASB Board members receive ballot drafts of the draft Interpretation. If four or more IASB Board members object to the release of the draft Interpretation during the balloting process, the draft Interpretation is not released. If a draft Interpretation is not released because of IASB Board members' objections, the IASB Board decides whether the draft Interpretation should be published with amendments, whether the matter should be referred back to the Interpretations Committee or considered further by the IASB Board, or whether if there should be no further action.
- 7.11 The IASB Board and the Interpretations Committee normally allow a minimum period of 90 days for comment on a draft Interpretation. If the matter is narrow in scope and urgent, the IASB Board can set a comment period of less than 90 days but no less than 30 days after consulting and obtaining approval from the DPOC.

Publishing a draft IFRIC Interpretation Publication

- 7.12 The publication of a draft Interpretation is announced on the Foundation's website ~~All draft Interpretations are accompanied by a news release.~~
- 7.13 All draft Interpretations are made freely available on the Foundation's website.

Consideration of comments received

- 7.14 After the comment period ends, the Interpretations Committee reviews the comment letters.
- 7.15 The development of an Interpretation is carried out during Interpretations Committee meetings, when Interpretations Committee members consider the comments on the draft Interpretation and decide whether to proceed with the project.
- 7.16 After the Interpretations Committee ~~decides that it~~ has reached general agreement on the technical matters in the Interpretation, the technical staff presents a paper to the Interpretations Committee summarising the steps that have been taken in developing the Interpretation and assessing whether the proposals can be finalised or if they should be re-exposed.
- 7.17 When considering whether re-exposure is necessary, the Interpretations Committee applies the same criteria as set out for a board in paragraphs 6.28–6.30. If the Interpretations Committee decides that re-exposure is necessary, the due process to be followed is the same as for the first draft

Interpretation, with a minimum comment period determined in accordance with paragraph 7.11.

Finalising an IFRIC Interpretation

7.18 If the Interpretations Committee is satisfied that it has addressed ~~all of the identified~~ technical matters, it votes to determine ~~see~~ whether there is general agreement to instruct ~~that~~ the technical staff to should ~~prepare~~ the Interpretation for balloting. General agreement is reached if when ~~no more~~ than four members have voted against the Interpretation.

7.19 An Interpretation includes:

- (a) requirements specifying the accounting for the transactions or other events within its scope;
- (b) references to relevant IFRS Accounting Standards and parts of the *Conceptual Framework* that have been drawn upon in the Interpretation; and
- (c) the effective date and transition paragraphs.

7.20 The basis for conclusions states the rationale ~~reasons~~ for the Interpretation. An Interpretation does not include any dissenting opinions of Interpretations Committee members. However, when the Interpretation is submitted to the IASB Board ~~for~~ ratification, the technical staff paper accompanying the request for ratification identifies how many Interpretations Committee members objected to the Interpretation and their reasons for doing so.

Effective date and transition

7.21 As with any change to IFRS Accounting Standards, an Interpretation includes effective date and transition requirements. The mandatory effective date is set so that jurisdictions have sufficient time to incorporate the new requirements into their legal systems or other systems of financial reporting requirements and those applying IFRS Accounting Standards have sufficient time to prepare for the new requirements. Interpretations generally address matters of a narrower scope than a major amendment to a Standard, so the time required to prepare for the new requirements is ~~also~~ likely to be shorter.

7.22 The Interpretations Committee also considers how first-time adopters of IFRS Accounting Standards are required to apply the Interpretation, and whether to recommend that the IASB Board ~~amend~~ IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

Agreement and ratification by the IASB Board

7.23 After the Interpretations Committee ballots the Interpretation, it is submitted to the IASB Board ~~for~~ ratification with a technical staff paper summarising the steps that have been taken in developing the Interpretation. The IASB Board votes to ratify an Interpretation in a public meeting. Ratification requires a supermajority, the same amount level ~~of~~ support by board members as is required for a new Standard or an amendment to a Standard.

- 7.24 ~~IASB Board~~ members can dissent from the ratification of an Interpretation. If one or more ~~IASB Board~~ members dissents, that fact is stated in the approvals section of the Interpretation along with their reasons for doing so.
- 7.25 The ~~IASB Board~~ votes on the Interpretation as submitted by the Interpretations Committee. If ~~the IASB does not ratify an Interpretation is not ratified by the Board~~, the ~~IASB Board~~ provides the Interpretations Committee with reasons for the objection. Based on these reasons, the ~~IASB Board~~ decides whether to refer the matter back to the Interpretations Committee, to consider it further or to take no further action. The ~~IASB Board~~ can make editorial changes to the Interpretation or change the effective date, and it informs the Interpretations Committee of any changes it makes.
- 7.26 Ratified Interpretations are issued by the ~~IASB~~Board.

Issuing an IFRIC Interpretation Publication

- 7.27 The issuance of an Interpretation is announced on the Foundation's website~~All Interpretations are accompanied by a news release.~~

8. Supporting consistent application

- 8.1 The objective of the material described in this section is to improve consistency in the application of the Standards.

Agenda decisions

Interpretations Committee agenda decisions

- 8.2 If the Interpretations Committee decides that a standard-setting project is not needed ~~should not be added to the work plan~~ to address a question submitted (see paragraphs 5.14–5.20), the Interpretations Committee explains why in a tentative agenda decision in the IFRIC *Update* and on the Foundation’s website. The Interpretations Committee requests comments on tentative agenda decisions, the comment period for which is normally 60 days. After considering the comments, the Interpretations Committee:
- (a) confirms its decision and publishes an agenda decision (subject to the IASB Board ~~not objecting~~—see paragraph 8.7);
 - (b) revises its decision and re-exposes for comment a revised tentative agenda decision (if when ~~the Interpretations Committee decides that~~ re-exposure is necessary, after applying the re-exposure criteria in paragraphs 6.28–6.30); or
 - (c) reconsiders the need for decide that a standard-setting project (see paragraphs 5.17–5.20) ~~should be added to the work plan~~; or
 - (d) ~~refer the matter to the Board.~~
- 8.3 ~~An agenda decision explains why a standard-setting project has not been added to the work plan and, In some many cases, an agenda decision includes explanatory material. The objective of including such explanatory material is to improve consistency in the application of IFRS Accounting Standards. An agenda decision typically includes explanatory material if when the reason for not adding a standard-setting project to the work plan is the Interpretations Committee’s conclusion—the Interpretations Committee has concluded that the principles and requirements in the IFRS Accounting Standards provide an adequate basis for an entity to determine the required accounting. Explanatory material included as part of a tentative agenda decision is subject to comment.~~
- 8.4 Agenda decisions (including any explanatory material contained within them) cannot add or change requirements in IFRS Accounting Standards. Instead, explanatory material explains how the applicable principles and requirements in IFRS Accounting Standards apply to the transaction or fact pattern described in the agenda decision.
- 8.5 Explanatory material derives its authority from the IFRS Accounting Standards themselves. Accordingly, an entity is required to apply the applicable IFRS Accounting Standards, reflecting the explanatory material in agenda decisions (subject to the entity having sufficient time to implement that accounting—see paragraph 8.6).

- 8.6 Explanatory material might provide additional insights that might change an entity's understanding of the principles and requirements in IFRS Accounting Standards. ~~Because of this,~~ An entity might therefore determine that it needs to change an accounting policy because of an agenda decision.³ It is expected that an entity would be entitled to sufficient time to make that determination and implement any necessary accounting policy change (for example, an entity might need to obtain new information or adapt its systems to implement a change). Determining how much time is sufficient to make an accounting policy change is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any change on a timely basis and, ~~if material,~~ consider whether disclosure related to the change is required by IFRS Accounting Standards.
- 8.7 Before an agenda decision is published, the IASB Board is asked – at the first public meeting at which it is practicable to present the agenda decision – whether it objects to the agenda decision. Specifically, IASB Board members are asked whether they object to ~~(a) the Interpretations Committee's decision that a standard-setting project is not needed should not be added to the work plan, or to and~~ (b) the Interpretations Committee's conclusion that the agenda decision does not add or change requirements in IFRS Accounting Standards. If four or more IASB Board members object, the agenda decision is not published and the IASB Board decides how to proceed.

Other material to support application of IFRS Standards **Educational material**

- 8.8 ~~The IFRS Foundation sometimes publishes educational material related to Standards on its website, including webcasts, articles, presentations for conferences and IFRS for SMEs training material. Educational material is not part of the Standards and cannot add or change requirements in the Standards. The Foundation publishes material related to the Standards to support the application, implementation or adoption of the Standards, or to facilitate understanding of the Standards. This material includes guidance documents (including interoperability guidance describing how the requirements in the Standards relate to other organisations' standards), examples, articles, podcasts, webcasts, e-learning modules and presentations for conferences and workshops. The Foundation also sometimes creates material for live events, such as virtual presentations or in-person workshops.~~
- 8.9 This material is not part of the Standards and their accompanying materials (see paragraph 6.34) and cannot add or change requirements in the Standards. If new requirements or changes to requirements are needed, a board develops an amendment to a Standard applying the applicable due process.
- ~~8.10~~ 8.9 Because this material supports the Standards without adding or changing requirements, it is not developed. The development of educational material does not take place in public meetings and is not subject to formal consultation to the public scrutiny that is given to the development of

³ IAS 8 *Basis of Preparation of Financial Statements* addresses accounting policies, accounting estimates and prior period errors.

~~Standards. Nonetheless, educational—~~However, the material is subject to quality-assurance processes reflecting the material's nature, and complexity and expected audience of the material, and to ensure that the material does not add or change requirements in the Standards and is clearly distinguished from the Standards.

8.11 8.10 To meet the quality assurances in paragraph 8.10, ~~educational—~~material described in paragraph 8.8 is subject to ~~at least the following level of review:~~

- (a) by at least one board member for high-level summaries of the requirements in a Standard, such as introductory webcasts on a new Standard, ~~are reviewed by a Board member;~~
- (b) by at least two board members for more-detailed material explaining the requirements in a Standard, such as a webcast on specific aspects of a Standard, ~~are reviewed by two Board members; and~~
- (c) by at least three board members for material explaining or illustrating how the requirements in a Standard might be applied to particular transactions or other circumstances, such as a new example demonstrating how the requirements might be applied to a particular fact pattern, or explaining how the requirements in the Standards align with those in other organisations' standards ~~are reviewed by three Board members.~~

8.12 If such material refers to both IFRS Accounting Standards and IFRS Sustainability Disclosure Standards, the material is reviewed by members from both boards following the principles in paragraph 8.11 and considering the nature of the content referring to each set of Standards (for example, the material might require review by at least two members from one board and one from the other).

8.13 Some materials might be developed with third parties. Such material is subject to the same quality assurance processes as material prepared solely by the Foundation. If all of the material is not subject to these processes, the material explains the content that has been subject to these processes. In developing interoperability guidance describing how the requirements in the Standards relate to another organisation's standards, the Foundation will engage with and seek input from the other organisation to avoid references to its standards being misstated. The Foundation will also seek to engage with other organisations, as appropriate, to provide input into the development of relevant materials, for example material explaining how another organisation's sustainability-related standards relate to IFRS Sustainability Disclosure Standards.

8.14 Material that adapts or uses previously approved and up-to-date material (for example, a slide that contains content from previously approved material about a Standard) does not require any board member review, provided that the text has not been changed from the source material.

PROPOSED AMENDMENTS TO THE IFRS FOUNDATION DUE PROCESS HANDBOOK

8.15 The Foundation might make available on its website materials prepared by third parties. These materials are not subject to the review described in paragraph 8.11. Such materials are clearly labelled to ensure they can be distinguished from material published by the Foundation.

8.16 ~~8.11~~ The DPOC receives periodic reports on ~~educational~~-material published by the Foundation. The reports identify the nature of the material and the extent of the review by board members, and state the Foundation staff's conclusion as to whether the required review has been performed.

9. Protocol for Trustee action for perceived breaches of due process

- 9.1 Alleged breaches of due process are considered in the context of the DPOC's ongoing oversight of the boards' and the Interpretations Committee's due process. Alleged breaches could be raised by external parties (including media reports), internal parties, the DPOC or other Trustees. All parties are encouraged to raise any concerns as soon as they perceive that an alleged breach of due process has occurred.
- 9.2 The DPOC will consider the alleged breach and the evidence provided by the complainant, the Foundation staff, the boards and the Interpretations Committee. The alleged breach will also be assessed in the context ~~light~~ of the reporting measures set out in this *Handbook*.
- 9.3 The Foundation's website sets out the procedure for submitting a complaint ~~Complaints to the DPOC about due process are made by using the procedures set out on the Foundation's website. If such procedure is followed, the~~ Each complaint, together with the name and ~~contact~~ details of the complainant, is posted on the Foundation's website.
- 9.4 ~~The Trustee—staff member—~~responsible for managing Trustee activities coordinates an assessment of the complaint and is responsible for ensuring that the DPOC receives a report that includes the complaint and a response from the relevant technical staff ~~in response to the complaint~~. This report is posted on the Foundation's website and is then considered by the DPOC at one of its meetings at which the Chair and/or the Vice-Chair of the relevant board are present. The DPOC can request additional information from the Foundation Trustee staff member before finalising a response. The response of the DPOC, usually in the form of a letter to the complainant, is also posted on the Foundation's website.
- 9.5 Although the boards and the Interpretations Committee are required to adhere to these policies and to inform the DPOC of their actions, a breach of due process limited failure does not invalidate the related document issued or published by a board ~~render a pronouncement invalid~~. Retrospective steps can be taken to remedy such a situation if it arises and the DPOC can decide that no additional action is required if it concludes that no harm has been done as a result of the breach. In this circumstance the DPOC will make public its conclusions and discussions in line with the reporting requirements set out in paragraph 2.13.
- 9.6 If the majority of the DPOC concludes that a board or the Interpretations Committee has breached due process, the DPOC will request that the board or the Interpretations Committee take action to remedy the breach, either within the current phase of the project to which the breach relates or by taking some additional steps in a future phase of that project.
- 9.7 If the DPOC and the board or the Interpretations Committee cannot resolve differences of opinion as to whether due process has been breached, or cannot agree on the action to remedy a breach ~~as identified in paragraph 9.6~~, the matter will be brought to the attention of the Trustees, who will then resolve

- it (see paragraph 9.9). The Trustees might need to convene a meeting to consider the matter. Such a meeting can be held virtually by telephone or video conference if a prompt response is required.
- 9.8 If a due process complaint relates to a project for which a board has yet to issue a new Standard, an amendment to a Standard or an Interpretation, the board or the Interpretations Committee will not be permitted to complete that particular phase of the project until the DPOC or the Trustees have addressed the complaint. As stated in paragraph 9.5, a breach of due process does not invalidate the related document a pronouncement issued or published by the board. Accordingly, if the matter relates to a Standard, an amendment to a Standard or an Interpretation that has been issued by a board, that document pronouncement shall remains valid in all respects until the DPOC or the Trustees have addressed the complaint. In such cases the DPOC or the Trustees are required to should address the complaint as soon expeditiously as possible, taking into consideration the effective date of the Standard, amendment to a Standard or Interpretation pronouncement.
- 9.9 If differences of opinion between the DPOC and a board or the Interpretations Committee cannot be resolved, or if they cannot agree on the action to remedy a breach (see paragraph 9.7), the ~~Trustee~~ staff member responsible for managing Trustee activities, in consultation with the DPOC Chair, prepares a full brief for consideration by the Trustees. If the majority of Trustees attending a quorate the meeting conclude that the board or the Interpretations Committee is in breach of its due process, the board or the Interpretations Committee follows any steps whatever the Trustees decide are necessary to be satisfied that due process is remedied.
- 9.10 The DPOC and the Trustees cannot invoke concerns about the raise technical financial reporting conclusions of a board or the Interpretations Committee accounting considerations as evidence of a breach of due process.

Annex A**The IFRS Taxonomies due process**

IFRS Taxonomies and their objectives

- A1 The IFRS Taxonomies are structured digital classification systems. They include the IFRS Accounting Taxonomy and the IFRS Sustainability Disclosure Taxonomy. The IFRS Taxonomies comprise ~~It encompasses~~ the elements (including their descriptions, properties, relationships and the data model) that can be used to facilitate reporting of tag quantitative and qualitative information included presented and disclosed in general purpose financial reports and prepared in accordance with the Standards (including the IFRS for SMEs Accounting Standard) in a computer-readable format.
- A2 The main purpose of the IFRS Taxonomies is to support the consistent tagging of information prepared applying the Standards. In doing so, the Foundation assists preparers and users of general purpose financial reports that ~~are required to or prefer to~~ report and receive information in a structured electronic format.
- A3 The IFRS Taxonomies reflect the presentation and disclosure requirements in the Standards. However, they are not an integral part of the Standards. Development and publication of an IFRS Taxonomy by a board and the Foundation helps to ensure that an IFRS Taxonomy is consistent with and does not interpret the requirements in the related Standards.

The components of the IFRS Taxonomies

- A4 An IFRS Taxonomy has two components:
- (a) the IFRS Taxonomy content: the set of elements (including associated descriptions, properties, relationships and the data model) used to reflect:
 - (i) presentation and disclosure requirements in the Standards (including Interpretations) and the accompanying materials to the Standards (implementation guidance, illustrative examples);
 - (ii) IFRS reporting practice (common practice);
 - (iii) general improvements; and
 - (iv) other taxonomy content not referred to explicitly in the Standards or the accompanying materials to the Standards.
 - (b) the IFRS Taxonomy technology: the taxonomy features, including the syntax used to publish and express the content of an IFRS Taxonomy and the taxonomy architecture used. The architecture relates to taxonomy characteristics, such as naming protocols and how the IFRS Taxonomy content is organised into files. The IFRS Taxonomy technology does not include the internal systems used by the

Foundation to manage and generate the *IFRS Taxonomy files* and documents.

The objectives of the IFRS Taxonomies due process

- A5 Content and technology are important features of a taxonomy that supports high-quality and consistent application of the Standards and are interrelated. The IFRS Taxonomy due process is designed to protect the integrity of the content and technology of an IFRS Taxonomy, in particular to ensure that:
- (a) the IFRS Taxonomy content:
 - (i) does not conflict with, and does not represent an interpretation of or additional application guidance on, the Standards or the *Conceptual Framework*; and
 - (ii) assists with the effective and efficient communication, dissemination and analysis of information presented or disclosed by entities applying the Standards~~IFRS disclosures~~.
 - (b) the IFRS Taxonomy technology:
 - (i) adheres to the specifications of the technical syntax used to deliver and express the IFRS Taxonomy content; and
 - (ii) reflects best practices to facilitate adoption by current and future users of the IFRS Taxonomies and to remain relevant and up to date.

IFRS Taxonomy due process publications

- A6 The two IFRS Taxonomy due process publications are an *IFRS Taxonomy update* and IFRS Taxonomy files.

IFRS Taxonomy updates

- A7 A proposed IFRS Taxonomy update is used to describe and consult on proposed updates to the content or technology of an IFRS Taxonomy. An IFRS Taxonomy update is published for the final changes to an IFRS Taxonomy.
- A8 An IFRS Taxonomy update contains information in a human-readable form, including:
- (a) the questions on which feedback is sought (for a proposed IFRS Taxonomy update);
 - (b) the proposed (or final) amendments being made (for example, the elements being added or removed from an IFRS Taxonomy); and
 - (c) the reasons behind these changes and, ~~if when~~ alternative options exist, the reasoning as to why a specific option is preferred.

IFRS Taxonomy files

- A9 IFRS Taxonomy files are the files used to deliver and express the IFRS Taxonomy content by way of a taxonomy delivery mechanism, such as the eXtensible Business Reporting Language (XBRL) syntax. These files allow computers to process the IFRS Taxonomies and render their content using various software applications.
- A10 *Proposed IFRS Taxonomy files* expose the proposed updates to an IFRS Taxonomy, whereas IFRS Taxonomy files represent the final updates.
- A11 The Foundation might also publish IFRS Taxonomy supporting and educational materials, such as files that provide IFRS Taxonomy content in human-readable form. ~~These materials do not constitute a formal due process publication.~~

The IFRS Taxonomy Review Panels

- A12 Each board has a designated group, the IFRS Taxonomy Review Panel, to provide oversight over IFRS Taxonomy content not explicitly referred to in the Standards ~~reflecting new or amended Standards~~ (and their accompanying materials). Each The IFRS Taxonomy Review Panel consists of three to five members of the relevant board and at least one senior member of the technical staff.

The IFRS Taxonomy Consultative Group

- A13 The boards have a consultative group for their taxonomy-related activities, the IFRS Taxonomy Consultative Group (ITCG).
- A14 The ITCG operates under the general principles set out for consultative groups as described in paragraphs 3.59–3.64. The ITCG also has terms of reference that set out its objectives and its workings.
- A15 The technical staff consults the ITCG during the development of IFRS Taxonomy updates.

Review and approval of the IFRS Taxonomies

Reviews and approval by a board

- A16 Approval of proposed IFRS Taxonomy updates and IFRS Taxonomy updates for IFRS Taxonomy content reflecting a new Standard or an amendment to a Standard (and their accompanying materials) requires the support of a supermajority of the relevant board, by means of a ballot.
- A17 General improvements and changes to IFRS Taxonomy common practice and any other content not explicitly referred to in the Standards ~~reflecting new or amended IFRS Standards~~ (and their accompanying materials) are subject to review—but not approval—by the relevant IFRS Taxonomy Review Panel. These changes are normally not discussed or reviewed by the relevant board. However, if considered appropriate, any member of the relevant IFRS Taxonomy Review Panel can decide to raise a matter for discussion and review by the relevant board at a public board meeting.

- A18 The relevant IFRS Taxonomy Review Panel also reviews the technical staff's proposals for the initiation of a new IFRS Taxonomy common practice or general improvements project, or any other project that affects the content of an IFRS Taxonomy but does not directly result from the issuance of a new Standard or an amendment to a Standard. This includes any content amendments resulting from a change to the technology of the IFRS Taxonomies.
- A19 Changes solely affecting the technology of the IFRS Taxonomies are not approved or reviewed by either the boards or the IFRS Taxonomy Review Panels, but are assessed by the ITCG (see paragraphs A38–A40).

Reviews by the ITCG

- A20 The boards do not review or approve proposed IFRS Taxonomy files or IFRS Taxonomy files. However, the ITCG reviews proposed IFRS Taxonomy files and IFRS Taxonomy files to help ensure the technical integrity of the related IFRS Taxonomies. The ITCG also reviews proposed IFRS Taxonomy updates and IFRS Taxonomy updates and might also be asked to review IFRS Taxonomy educational and supporting materials.
- A21 For a new Standard or an amendment to a Standard, the ITCG review period is normally aligned with the editorial review period of the related Standard (see paragraphs 3.33–3.35 for the process for editorial reviews of the Standards). For other reviews, and for cases in which no editorial review of the related Standard takes place, the ITCG normally has a 14-day period in which to conduct its reviews. If the matter is considered narrow in scope or urgent, the period can be reduced, but cannot be less than seven days.
- A22 Because reviewers convey their personal views instead of those of their organisations, their comments are not made public unless the ITCG member making the comment agrees. The technical staff normally summarises the comments from ITCG members at a public meeting of the ITCG.

Review processes for proposed IFRS Taxonomy updates and IFRS Taxonomy updates

- A23 Tables A1 and A2 show the required review and approval for proposed IFRS Taxonomy updates and IFRS Taxonomy updates (see the paragraphs referenced in parentheses for details):

Table A1—Review process for a new IFRS Standard or amendment to an IFRS Standard

| | Proposed IFRS Taxonomy update | | IFRS Taxonomy update | |
|--|-------------------------------|----------------|----------------------|----------------|
| | Board approval | ITCG | Board approval | ITCG |
| New Standard or amendment to a Standard | Required (A16) | Optional (A31) | Required (A16) | Optional (A51) |

Table A2—Review process for common practice, general improvements and technology

| | Proposed IFRS Taxonomy update | | IFRS Taxonomy update | |
|-----------------------------|-------------------------------|----------------|----------------------------|----------------|
| | IFRS Taxonomy Review Panel | ITCG | IFRS Taxonomy Review Panel | ITCG |
| Common practice | Required (A17, A35) | Optional (A37) | Required (A17) | Optional (A51) |
| General improvements | Required (A17, A35) | Optional (A37) | Required (A17) | Optional (A51) |
| Technology | Not required (A19) | Required (A40) | Not required (A19) | Optional (A51) |

DPOC oversight of the IFRS Taxonomies due process

- A24 At each of its meetings, the DPOC receives an update about IFRS Taxonomy due process publications in the period and, if applicable, the date that publication was approved by the relevant board. The DPOC also receives each year the report of the Foundation staff's review of the ITCG (see paragraph 3.64).

Initiating a proposal to update an IFRS Taxonomy

- A25 IFRS Taxonomy updates might relate to a change to the content or technology of an IFRS Taxonomy, or both. If an IFRS Taxonomy update changes both the content and technology of an IFRS Taxonomy, the due process for that IFRS Taxonomy update combines the processes for updates to the content and the technology of an IFRS Taxonomy.

Content changes reflecting new or amended IFRS Standards

- A26 The IFRS Taxonomy content should reflect new Standards and amendments to Standards in a timely manner to ensure that the IFRS Taxonomies accurately reflect the Standards.
- A27 The Standards are written clearly and consistently to allow requirements to be represented appropriately in the IFRS Taxonomies. Consequently, the implications of the Standards on the relevant IFRS Taxonomy are considered during the development of a new Standard or an amendment to a Standard. The technical staff prepares papers for the relevant board to consider at public meetings. These papers might include IFRS Taxonomy content-related matters if the board is required to review or approve a specific topic.
- A28 The Foundation might make IFRS Taxonomy materials reflecting the presentation and disclosure requirements of an exposure draft or a draft Interpretation available on its website. These materials do not constitute a proposed IFRS Taxonomy update and therefore the relevant board need not approve them. The aim of these materials is to facilitate the understanding of the proposed presentation and disclosure requirements. A proposed IFRS Taxonomy update is normally developed only for a new Standard or an amendment to a Standard ~~only~~.

- A29 A board normally approves a proposed IFRS Taxonomy update concurrently with the ballot of the related new Standard or amendment to a Standard. The board can decide to approve a proposed IFRS Taxonomy update at a later time if:
- (a) its concurrent publication with the related Standard risks delaying the issuance of the Standard; or
 - (b) the proposed amendments to the IFRS Taxonomy are narrow enough in scope to be combined with future proposed amendments in a single proposed IFRS Taxonomy update.
- A30 Proposed IFRS Taxonomy files for content amendments reflecting a new Standard or an amendment to a Standard are prepared if appropriate. When assessing whether such files should be prepared, the technical staff reviews the scope of the proposed changes and their likely effect on users of the related IFRS Taxonomy.
- A31 The technical staff normally provides a draft outline of the proposed IFRS Taxonomy update and, if they have been prepared, the proposed IFRS Taxonomy files, for review by members of the ITCG. Members of the ITCG are asked to review whether the proposed changes to the content of the IFRS Taxonomy reflect the amendments to the Standard accurately and in the most appropriate way.

General improvements, new common practice and other content changes

- A32 General improvements might include, for example, changes to data models to better support consistent tagging or new elements to better reflect presentation and disclosure requirements in the Standards. *IFRS Taxonomy common practice content* relates to disclosures that entities commonly report in practice when applying the Standards but are not explicitly referred to in the Standards (and their accompanying materials) ~~reflecting new or amended Standards~~. Other content changes might include, for example, IFRS Taxonomy element definitions or IFRS Taxonomy implementation guidance.
- A33 The technical staff and the IFRS Taxonomy Review Panels consider adding topics to the IFRS Taxonomy work plan for IFRS Taxonomy content not referred to explicitly by the Standards, based primarily on the needs of the users of the IFRS Taxonomies. For example, a new common practice project might arise from a post-implementation review of a Standard or feedback from securities regulators and other users of the IFRS Taxonomies.
- A34 The process to develop proposed content changes to an IFRS Taxonomy that do not respond to a new Standard or an amendment to a Standard depends on the type and the purpose of the content change. For example, for a common practice project, the technical staff might perform an empirical analysis of general purpose financial reports and set benchmark criteria to identify and select proposed new taxonomy elements. The Foundation makes materials that document such development processes publicly available.

- A35 Review of proposed content changes by the relevant IFRS Taxonomy Review Panel is a mandatory step. If the IFRS Taxonomy Review Panel does not highlight any issues that require further investigation, the technical staff proceeds with drafting the proposed IFRS Taxonomy update.
- A36 Proposed IFRS Taxonomy files are prepared if appropriate. The technical staff, when assessing whether such files should be prepared, reviews the scope of the proposed changes and their likely effect on users of the related IFRS Taxonomy.
- A37 The technical staff normally provides a draft outline of the proposed IFRS Taxonomy update and, if they have been prepared, the proposed IFRS Taxonomy files, for review by members of the ITCG.

Technology changes

- A38 IFRS Taxonomy technology changes might affect the way the IFRS Taxonomies have been implemented by their users. The technical staff assesses the necessity of any planned changes and develops any such changes in consultation with the ITCG, while also conducting targeted outreach (for example, with securities regulators and software vendors). If the changes are expected to be substantial or alternative options exist, a request for information might be published before publishing a proposed IFRS Taxonomy update.
- A39 A proposed IFRS Taxonomy update describing the technology changes and proposed IFRS Taxonomy files are prepared and exposed for public comment.
- A40 The technical staff provides the ITCG members with a draft outline of the proposed IFRS Taxonomy update, a draft of the proposed IFRS Taxonomy files and, when published, any draft of the request for information for their review prior to publication and consultation.

Publication and consultation

- A41 Proposed IFRS Taxonomy updates and, when prepared, proposed IFRS Taxonomy files are subject to public consultation. The comment period will normally be at least 60 days. The comment period can be reduced, but to no less than 30 days, if the matter is urgent or narrow in scope:
- (a) for a proposed change that is narrow in scope, a reduced comment period does not require approval from the DPOC. For proposed content changes the relevant board or when appropriate the relevant IFRS Taxonomy Review Panel can consider a comment period of no less than 30 days. For proposed technology changes, the technical staff can consider a comment period of no less than 30 days after consulting the ITCG.
 - (b) for a proposed change that is urgent but not narrow in scope, a reduced comment period requires approval from the DPOC.
- A42 For an IFRS Taxonomy update reflecting a new or amended Standard, the proposed IFRS Taxonomy update is published at the same time or shortly after the Standard is issued, except as described in paragraph A29.

- A43 Paragraphs A30 and A36 state that the preparation of proposed IFRS Taxonomy files that reflect proposed content updates is an optional step. No public consultation on these files is required for content updates, because the updated files only capture the proposed content changes set out in the proposed IFRS Taxonomy update. If these files are prepared, they are published at the same time or shortly after the publication of the related proposed IFRS Taxonomy update.
- A44 An IFRS Taxonomy update can include unrelated updates to the related IFRS Taxonomy, for example an update resulting from a new Standard and an update resulting from a change to the IFRS Taxonomy technology or a common practice addition. However, the Foundation will normally publish only one set of proposed IFRS Taxonomy files, including all proposed updates.
- A45 When developing a proposed IFRS Taxonomy update, the relevant board and the technical staff consider whether they need to take additional steps to consult stakeholders on the proposed changes. These additional steps could include, for example, private meetings with securities regulators and other IFRS Taxonomy users, field testing of proposed technology changes by software vendors or the setting up of a taskforce to test proposed content changes. Feedback from this additional consultation is considered and assessed along with public comment letters.

Finalising updates to an IFRS Taxonomy

Consideration of comments and consultations

- A46 All comment letters on a proposed IFRS Taxonomy update and, when published, proposed IFRS Taxonomy files are posted on the Foundation's website. The technical staff analyses the comments and evaluates whether to recommend changes to the original proposals and whether any revised proposals should be re-exposed.
- A47 The technical staff discusses the comments and the changes to the original proposals, including any proposal to re-expose, with:
- (a) the relevant board at a public meeting (for new Standards or amendments to Standards);
 - (b) the IFRS Taxonomy Review Panel, with a public summary of these discussions being prepared by the technical staff if necessary (for general improvements, common practice and other taxonomy content reflecting new Standards or amendments to Standards not referred to explicitly by the Standards); and
 - (c) the ITCG at a public meeting (for changes to the technology of the IFRS Taxonomies).
- A48 The DPOC is informed about the due process steps that have been undertaken prior to the finalisation of substantive changes to the IFRS Taxonomy technology.

Drafting, review and issuance

- A49 After comments have been considered and discussed, the technical staff proceeds with the drafting, board approval (for content changes reflecting new Standards or amendments to the Standards) and the publication of an IFRS Taxonomy update.
- A50 The preparation and publication of IFRS Taxonomy files is a mandatory step for final updates to the content and the technology of an IFRS Taxonomy.
- A51 ITCG reviews of IFRS Taxonomy files and IFRS Taxonomy updates are optional. When assessing whether such a review would be useful, the technical staff considers the nature of any changes being made to the original proposal~~the substance of any changes made to the final IFRS Taxonomy as a result of comments received during public consultation.~~

IFRS Taxonomy compilations, translations and editorial corrections

- A52 The Foundation makes available compiled IFRS Taxonomies using content and technology that has previously been subject to due process. Consequently, no public consultation is required before a compiled IFRS Taxonomy is published. A compiled IFRS Taxonomy is made available at least annually.
- A53 IFRS Taxonomy content is translated in response to requests from jurisdictions that have adopted, or are developing an interest in, the IFRS Taxonomies. Translations of the IFRS Taxonomies follow the same procedures as those for translations of the Standards (see paragraphs 6.44–6.48).
- A54 The technical staff might make editorial corrections to the IFRS Taxonomies after publication to correct any errors. Editorial corrections do not alter the intended meaning of IFRS Taxonomy elements or change the technology of the IFRS Taxonomies. For example, editorial corrections might fix specific XBRL attributes such as debit or credit or element label spelling errors. The technical staff might also make maintenance changes to the IFRS Taxonomies (for example, an update to the effective and expiry dates of the IFRS Taxonomy elements to reflect the passage of time). Editorial corrections and maintenance amendments are post-publication procedures and need not be approved, reviewed or exposed for public consultation.

Annex B

The SASB Standards and the SASB Standards Taxonomy due process

Maintenance of the SASB Standards

- B1** The ISSB assumed responsibility for the SASB Standards after the IFRS Foundation and the Value Reporting Foundation consolidated in August 2022. The SASB Standards are not IFRS Standards, but an entity applying IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is required to refer to and consider the applicability of the SASB Standards to identify sustainability-related risks and opportunities and associated disclosures. Thus, the SASB Standards have a unique role in IFRS Standards and their accompanying materials.
- B2** The ISSB is responsible for the maintenance of the SASB Standards and strategic considerations related to how the SASB Standards support the application of IFRS Sustainability Disclosure Standards. Proposed amendments to the SASB Standards are exposed for public comment by the ISSB similarly to amendments to IFRS Sustainability Disclosure Standards. All comment letters on proposed amendments are posted on the Foundation’s website.
- B3** The ISSB is assisted in its work by a group of three to five ISSB members referred to as the SASB Standards Board Adviser Group (Group). The ISSB can use the Group to develop for ratification by the ISSB exposure drafts of amendments to the SASB Standards and, after considering the comment letters and any other feedback from stakeholders on the exposure drafts, the amendments to the SASB Standards. The Group meets in private.
- B4** The ISSB votes at its public meetings to ratify exposure drafts of amendments to the SASB Standards and, subsequently final amendments to the SASB Standards developed by the Group. Ratification requires a supermajority, the same amount of support by ISSB members as is required for an amendment to an IFRS Sustainability Disclosure Standard.
- B5** After the Group has developed an exposure draft of amendments to the SASB Standards, the exposure draft is submitted to the ISSB for ratification together with a technical staff paper that summarises the steps taken in developing the exposure draft and recommends a comment period for the exposure draft. The ISSB sets a comment period applying the same due process requirements as for an exposure draft of an amendment to an IFRS Standard (see paragraphs 6.8–6.9).
- B6** Similarly, after the Group has developed the amendments to the SASB Standard, having considered the comment letters and any other feedback from stakeholders, the amendments are submitted to the ISSB for ratification together with a staff paper summarising the steps that have been taken in developing the amendments and assessing whether the proposals can be finalised or whether they should be re-exposed. The ISSB considers whether

re-exposure is necessary by applying the same due process requirements as for an amendment to an IFRS Standard (see paragraphs 6.28–6.31).

- B7 ISSB members can dissent from the ratification of an exposure draft of amendments to the SASB Standards or amendments to the SASB Standards. If one or more ISSB member dissents, that fact is stated in the approvals section of the exposure draft or issued amendment together with their reason for doing so.
- B8 Ratified exposure drafts of amendments to the SASB Standards and ratified amendments to the SASB Standards are published by the ISSB.
- B9 The publication of an exposure draft of amendments to the SASB Standards and amendments to the SASB Standards is announced on the Foundation's website.
- B10 After amendments to the SASB Standards are published, the Foundation applies the post-publication procedures described for IFRS Standards in paragraphs 6.42–6.48.

Updates to the SASB Standards Taxonomy

- B11 The SASB Standards Taxonomy includes elements for tagging sustainability-related financial information prepared in accordance with the SASB Standards. It is designed for use by entities applying IFRS Sustainability Disclosure Standards in conjunction with the IFRS Sustainability Disclosure Taxonomy and by preparers applying the SASB Standards independently of IFRS Sustainability Disclosure Standards.
- B12 The ISSB is responsible for the maintenance of the SASB Standards Taxonomy and is assisted in its work by the Group. The Group develops for ratification by the ISSB proposed SASB Standards Taxonomy updates and, after considering stakeholder feedback, the final updates. The ISSB discusses the stakeholder feedback on proposed SASB Standards Taxonomy updates at public meetings and publishes proposed and final SASB Standards Taxonomy updates.
- B13 Approval of proposed and final SASB Standards Taxonomy updates for content reflecting amendments to the SASB Standards requires a supermajority by way of ballot, the same amount of support by ISSB members as is required for IFRS Sustainability Disclosure Taxonomy updates reflecting new or amended IFRS Sustainability Disclosure Standards. The comment period for proposed SASB Standards Taxonomy updates is the same as for those related to the IFRS Sustainability Disclosure Taxonomy.

Glossary of terms

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| annual improvements | Narrow scope or minor amendments to IFRS Standards that are packaged together and exposed in one document even though the amendments are unrelated. |
| <u>Accounting Standards Advisory Forum</u> | <u>A technical advisory body to the International Accounting Standards Board (IASB). Its objective is to provide an advisory forum in which members can constructively contribute towards the achievement of the IASB's goal of developing globally accepted high-quality accounting standards.</u> |
| comment letter | A letter or a formal submission received by a board in response to a consultation document. All comment letters are made public and can be viewed on the IFRS Foundation's website. |
| consultative group | A group that a board or the Interpretations Committee consults. Such groups provide the board with feedback based on research, experience or background (for example, to offer various perspectives on a given topic). <u>The Due Process Oversight Committee reviews the proposed composition of consultative groups have their membership reviewed and endorsed by the DPOC.</u> For each of its major projects, the board considers whether it should create a consultative group. If the board decides not to create a consultative group, it explains its reasons in a public meeting. |
| discussion paper | A paper published by a board that presents the analysis and collective views of the board on a particular topic. The matters presented will have been discussed in public meetings of the board. Discussion papers are issued for public comment, the feedback from which informs the board and helps it to assess whether and how to develop a new IFRS Standard or amendments to an IFRS Standard. |
| draft for editorial review | A draft of a due process document that a board and the technical staff use to gather drafting feedback. A draft for editorial review might be distributed to <u>a specific group of reviewers selected groups or be made more widely available more generally</u> on the IFRS Foundation's website, or both . Reviewers are asked whether the draft document is clear and <u>whether it</u> contains any inconsistencies. A draft for editorial review does not include an invitation to comment because the purpose of such a review is not to question the technical decisions. A draft for editorial review is not a mandatory step. |
| effects analysis | A process for assessing the likely effects of a <u>new proposed IFRS Standard or an amendment to a Standard</u> , which is undertaken as the new requirements are developed. <u>The process culminates with culminating in</u> an analysis presented as part of or with the basis for conclusions published with a new IFRS Standard <u>or an amendment to a Standard</u> that summarises the board's assessment of the likely effects of the new requirements. |

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| exposure draft | A draft of a proposed IFRS Standard, an amendment to an IFRS Standard or an IFRIC Interpretation <u>issued for public comment</u> . An exposure draft sets out a specific proposal and includes a basis for conclusions and, if relevant, alternative views. An exposure draft is a mandatory due process step. |
| feedback statement | A document that <u>summarises how a board has responded to feedback from stakeholders on a formal consultation such as an gives direct feedback to the comments that were submitted on the exposure draft or a post-implementation review</u> . It identifies the most significant matters raised in the comment process and explains how the Board responded to those matters. |
| fieldwork | Work conducted with stakeholders to help a board assess the likely effects of a proposed <u>new requirements</u> IFRS Standard. Fieldwork might include experimentally applying <u>proposed new requirements</u> new proposals to individual transactions or contracts as if the proposed <u>new requirements</u> Standard were already in effect, asking for feedback on the proposed wording of a particular proposal or assessing the extent of system changes that would be required if <u>the a proposed new requirements were</u> Standard was implemented. Fieldwork also includes gathering examples from practice to help the board gain a better understanding of industry practices and how <u>these might be affected by proposed new requirements</u> Standards could affect them . |
| IASB Update | A summary of decisions made at a public meeting of the International Accounting Standards Board. |
| <u>ISSB Update</u> | <u>A summary of decisions made at a public meeting of the International Sustainability Standards Board.</u> |
| <u>IASB–ISSB Update</u> | <u>A summary of decisions made at a joint public meeting of the International Accounting Standards Board and the International Sustainability Standards Board.</u> |
| IFRIC Update | A summary of decisions made at a public meeting of the IFRS Interpretations Committee. |
| IFRIC Interpretations | Interpretations are developed by the IFRS Interpretations Committee before being ratified and issued by the International Accounting Standards Board. IFRIC Interpretations are part of IFRS <u>Accounting</u> Standards. |
| IFRS Advisory Council | An advisory body that provides a formal vehicle through which organisations and individuals with an interest in international financial reporting can participate. The participants have diverse geographical and functional backgrounds. The Advisory Council’s objective is to provide broad strategic advice to the Trustees and the boards. The members of the Advisory Council are appointed by the Trustees. |

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| IFRS Standards | <u>IFRS Accounting Standards issued by the International Accounting Standards Board and IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board. Standards and Interpretations issued by the Board. They IFRS Accounting Standards</u> comprise International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations. |
| invitation to comment | A document that accompanies a discussion paper or exposure draft and sets out the matters on which a board is seeking feedback. |
| post-implementation review | A review of an IFRS Standard or major amendment to a Standard. It is undertaken by the relevant board. |
| practice guidance | Non-mandatory guidance developed by a board, <u>including normally</u> on a topic not addressed by an IFRS Standard (such as guidance on management commentary). |
| public hearing | A meeting with interested organisations to listen to, and exchange views on, specific topics. Public hearings include round-table meetings and discussion forums. |
| re-exposure | A formal request for comments on a revised version of an exposure draft. |
| request for information | A formal consultation step that a board performs to receive feedback and information on a <u>matter related to a technical project or broader consultationspecific aspect of one of its projects.</u> A request for information normally helps the Board to prepare an exposure draft or finalise an IFRS Standard. A request for information is not a mandatory due process step. |
| research paper | A paper published by a board that was not developed in public meetings, thereby distinguishing it from a discussion paper. Research papers can be prepared by the technical staff. Research papers can also be prepared by other standard-setters or bodies, normally at the request of a board. A research paper is not a mandatory due process step. |
| simple majority | For a board, a simple majority is achieved when more than half of the board members <u>present at vote in favour of a decision in a public meeting attended by at least 60% of the board members in person or virtually vote in favour of a decision,</u> or when more than half of the board members vote in favour of publishing a document by way of ballot. Abstaining is equivalent to voting against a proposal. |
| snapshot | A high-level and simplified summary of the main aspects of a discussion paper or exposure draft. |
| supermajority | For a board, a supermajority is achieved when eight members ballot <u>or vote in favour of publishing a document if the board has 13 or fewer appointed members, and nine in favour if the board has 14 appointed members.</u> Abstaining is equivalent to voting against a proposal. |

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Sustainability Standards Advisory Forum A technical advisory body to the International Sustainability Standards Board (ISSB). Its objective is to provide an advisory forum in which members can constructively contribute towards the achievement of the ISSB's goal of developing standards that provide a comprehensive global baseline of sustainability-related disclosures that is interoperable with jurisdictional standards on sustainability reporting.

sweep issue A technical matter identified during the balloting of a document that needs to be resolved by a discussion by a board or the Interpretations Committee in a public meeting.

IFRS Taxonomy terms

IFRS Taxonomy A structured digital classification system that comprises of IFRS disclosures. It encompasses the elements (including their descriptions, properties, relationships and the data model) that can be used to facilitate reporting of tag-quantitative and qualitative information included presented and disclosed in general purpose financial reports and that are prepared in accordance with IFRS Standards (including the *IFRS for SMEs Accounting Standard*) in a computer-readable format.

IFRS Taxonomy common practice content These are IFRS Taxonomy elements (including their descriptions, properties, relationships and data model) to reflect IFRS disclosures that are commonly disclosed in practice by entities when applying IFRS Standards. These elements They are not referred to explicitly in the Standards or the accompanying materials to the Standards.

IFRS Taxonomy files These are The files used to express and deliver the IFRS Taxonomy content employing a taxonomy delivery mechanism, such as the eXtensible Business Reporting Language (XBRL) syntax. These files They allow computers to automatically process an IFRS Taxonomy and to render its content using various software applications.

IFRS Taxonomy update A document that describes in human-readable form the changes that are being made to an IFRS Taxonomy, why these changes are being made and, if when alternative options exist, the reasoning as to why a particular option is preferred.

proposed IFRS Taxonomy files These are The files that are used to express and deliver proposed updates to both the content and the technology of an IFRS Taxonomy employing a taxonomy delivery mechanism, such as the eXtensible Business Reporting Language (XBRL) syntax. The files They allow computers to automatically process an IFRS Taxonomy and to render its content using various software applications.

proposed IFRS Taxonomy update A document that exposes the changes to the technology or content of an IFRS Taxonomy for public comment. It describes in human-readable form the proposed changes, why these changes are being made and, if when alternative options exist, the reasoning as to why a particular option is preferred. It also includes the questions on which feedback is sought.

SASB Standards terms

SASB Standards A set of industry-based sustainability-related disclosure standards containing approximately 1,000 metrics. The SASB Standards include industry descriptions, disclosure topic summaries and associated reporting metrics to help entities identify and disclose sustainability-related risks and opportunities, and provide material information to users of general purpose financial reports.

SASB Standards Taxonomy A structured digital classification system that comprises the elements (including their descriptions, properties, relationships and the data model) that can be used to facilitate reporting of quantitative and qualitative information prepared in accordance with the SASB Standards in a computer-readable format.



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