
IFRS Foundation Due Process Oversight Committee

Date	October 2024
Project	Due Process Handbook
Topic	Proposed amendments
Contact	Henry Rees (hrees@ifrs.org) Jack Booth (jack.booth@ifrs.org)

This document is prepared for discussion of a public meeting of the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC). The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

Purpose of discussion

- This paper sets out some proposed amendments to the [Due Process Handbook](#) for consideration and approval by the DPOC.**
- This is the second paper to the DPOC setting out proposed amendments to the *Handbook*. In [June 2024](#) the DPOC agreed to amend the *Handbook* to:
 - make some clarifications and enhancements relating to the Interpretations Committee's due process; and
 - reflect the clarified language about the objective, process and possible outcomes of a post-implementation review that had previously been discussed with the DPOC.

Those amendments are therefore not discussed again in this paper.

- The proposed amendments in this paper cover:
 - [reflecting the ISSB in the Handbook](#) (page 4);
 - [reflecting connectivity between the two boards](#) (page 6);
 - [maintenance of IFRS Standards](#) (page 8);
 - [material to support application of IFRS Standards](#) (page 11);
 - [consultative groups](#) (page 14);

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- 6 [building on work of other bodies in developing IFRS Standards](#) (page 15);
 - 7 [discontinuing projects](#) (page 15);
 - 8 [use of surveys](#) (page 17);
 - 9 [re-exposure of proposals](#) (page 17);
 - 10 [the SASB Standards and the SASB Standards Taxonomy](#) (page 18);
 - 11 [DPOC's process](#) (page 20).
4. The [table starting](#) on page 4 explains the proposed amendment and the rationale.
 5. [Appendix A](#) on page 22 to this paper includes other more minor proposed amendments and clarifications to the *Handbook*. We do not plan to discuss these with you at the meeting, but members can raise any concerns or questions about these amendments.
 6. In some cases, for ease of explanation, the paper includes draft wording for the proposed amendment. Following this meeting, draft wording for all the amendments discussed in this paper will be reflected in a working draft of the *Handbook*. This draft will be shared with DPOC members in due course and will include the draft wording relating to clarifications and amendments for the Interpretations Committee's due process and post-implementation reviews discussed in June.

Background

7. The catalyst for updating the *Handbook* is the establishment of the ISSB and the need to formally reflect the board in the *Handbook*. The ISSB has been operating for two years, and the Foundation's due process is the bedrock underpinning the boards' standard-setting and was one of the main reasons why the IFRS Foundation was asked to establish the ISSB. Further background can be found in the DPOC papers discussed in [October 2023](#) and [June 2024](#).
8. Since its inception the ISSB has been applying the due process specified in the *Handbook* for the IASB with some [additional procedures](#) for new processes relating to the SASB Standards that the DPOC approved in October 2022. However, because the *Handbook* does not explicitly cover the ISSB's activities, there is a risk that stakeholders perceive

the ISSB to be operating without a formal due process (although the cover of the *Handbook* explains that it applies also to the ISSB).

9. Although the catalyst for this update is the establishment of the ISSB, the DPOC agreed to take this opportunity to make targeted amendments to the *Handbook* as a result of the IASB's and IFRS Interpretations Committee's recent experience with some processes.
10. The DPOC agreed the update of the *Handbook* should be targeted rather than a comprehensive line-by-line review of it because:
 - (a) the existing due process is thorough and robust;
 - (b) the DPOC revised the *Handbook* in 2020 and the amendments made then are considered to be working well and have been received positively;
 - (c) experience since March 2022 has highlighted that the ISSB has a robust due process that is working well and which is not impeding the ISSB progressing with its work;
 - (d) the DPOC has stated that its presumption will continue to be that the ISSB should have the same due process as the IASB except where specified (and the rationale for any differences will be explained, including highlighting whether they are temporary). To date, the only difference in process relates to the new process required for the SASB Standards, which have a different status to IFRS Standards and are a new notion for the Foundation.

Proposed amendments to the Handbook for DPOC’s consideration and approval

11. The proposed amendments in the table below were identified drawing on the list of previously identified areas (reproduced in [Appendix B](#) to this paper). In addition, the staff identified some proposed amendments following the June meeting as we continued our work developing the draft amendments.

Possible update	Description	Recommendation
1: Reflecting the ISSB in the Handbook		
<i>Update the Handbook so that it applies to the ISSB</i>		
Update the introduction to the <i>Handbook</i> to reflect the ISSB and its work.	Paragraph 1 of the <i>Handbook</i> explains the objective of the Foundation and requires updating to reflect the establishment of the ISSB.	Update paragraph 1 of the <i>Handbook</i> along the following lines: The foremost objective of the IFRS Foundation is to develop, in the public interest, a single set of high-quality, understandable, enforceable and globally accepted <u>standards for general purpose</u> financial reporting standards based on clearly articulated principles. <u>The Standards—IFRS Accounting Standards and IFRS Sustainability Disclosure Standards—are collectively referred to as IFRS Standards. They are set by the Foundation’s two independent standard-setting bodies, the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB), ...</u> <i>[the full paragraph is included below]</i>

Possible update	Description	Recommendation
Update the <i>Handbook</i> so that its requirements apply to the ISSB as well as the IASB.	The <i>Handbook</i> refers throughout to ‘the Board’ to mean the IASB. This needs amending to make clear that the <i>Handbook</i> ’s requirements apply to both boards, except when specified.	<p>Update all references to ‘the Board’ in the <i>Handbook</i> to make clear that the <i>Handbook</i> is referring to either board (except when it is necessary to refer specifically either to the IASB or the ISSB).</p> <p>Amend paragraph 1.5 by adding a statement that ‘except as specified, the boards apply the same requirements’.</p> <p>At present, it is expected that the core due process requirements will be the same for both boards. References to a specific board are required only in the context of matters such as explaining a board’s specific relationship with a body (eg the IASB working with the Interpretations Committee) and the ISSB’s work to maintain the SASB Standards.</p>
Update paragraphs that refer to <i>financial statements</i> to refer to <i>general purpose financial reports</i> to reflect the ISSB’s work as well as the IASB’s.	<p>Throughout the <i>Handbook</i> there are references to <i>financial statements</i> (eg users of financial statements, information in financial statements).</p> <p>An entity applying IFRS Sustainability Disclosure Standards is required to provide disclosures as required by the Standards as part of its <i>general purpose financial reports</i>, which include the entity’s financial statements.</p>	Update the <i>Handbook</i> throughout to refer to <i>general purpose financial reports</i> rather than financial statements to reflect the remit of the ISSB’s work.

Possible update	Description	Recommendation
2: Reflecting connectivity between the two boards		
<i>Update the relevant sections in the Handbook to reflect that the Foundation now has two independent standard-setting boards operating alongside each other</i>		
<p>Update the introduction to the <i>Handbook</i> to include from the <i>Constitution</i> the objective of the two boards' respective sets of standards being complementary.</p>	<p>As noted above, paragraph 1 of the <i>Handbook</i> explains the objective of the Foundation and therefore can include the notion of complementary sets of Standards from the <i>Constitution</i>.</p>	<p>Update paragraph 1 of the <i>Handbook</i> along the following lines:</p> <p>The foremost objective of the IFRS Foundation is to develop, in the public interest, a single set of high-quality, understandable, enforceable and globally accepted <u>standards for general purpose</u> financial reporting standards based on clearly articulated principles. <u>The Standards—IFRS Accounting Standards and IFRS Sustainability Disclosure Standards—are collectively referred to as IFRS Standards. They 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 IFRS Foundation's mission as its standard-setting body, the International Accounting Standards Board IASB and the ISSB (Board) should aim to develop financial reporting complementary sets of standards that result in an entity providing useful facilitate the provision of high-quality, transparent and comparable information about its financial position and performance in its financial statements. These standards should serve and in sustainability disclosures that is useful to investors and other primary users of general purpose financial statements reports in making informed resource allocation and other economic decisions. The confidence of all users</u></p>

Possible update	Description	Recommendation
		<p>of <u>general purpose</u> financial <u>statements reports</u> in the transparency and <u>integrity usefulness</u> of those <u>statements reports</u> is critically important for the effective functioning of capital markets, efficient capital allocation, global financial stability and sound economic growth.</p>
<p>Update relevant sections of the <i>Handbook</i> to reflect connections in the boards' processes.</p>	<p>The boards are building connectivity in their processes to facilitate knowledge sharing and coordination between the IASB and the ISSB. These can be reflected in relevant sections of the <i>Handbook</i>.</p>	<p>Update the section on public meetings (paragraph 3.2) to note that the boards may hold joint meetings. Update the section on board advisor groups (paragraph 3.41) to note that a board advisor group might include members from the other board.</p>
<p>Update the section on voting (paragraph 3.14) to state explicitly how the boards would vote on a joint document.</p>	<p>The voting requirements for each board are governed by the <i>Constitution</i>. For convenience they are also explained in the <i>Handbook</i>. The DPOC considered in June 2023 how these requirements would apply if the boards decided to jointly publish a due process document. The separate voting requirements of the <i>Constitution</i> at present would require the two boards to ballot documents separately even if those two documents were identical. The boards would then likely publish a single document under both boards' brandings documenting the separate approval by each board.</p> <p>It would be useful to state this explicitly to clarify that there is nothing in the due process to prevent the two boards undertaking a project together if they were to decide this is appropriate,</p>	<p>Update the section on voting to explain that if the boards decided to issue a document jointly, each board would separately apply the voting requirements specified for that document. For example, a joint exposure draft would require both the usual supermajority of the IASB and the usual supermajority of the ISSB.</p> <p>This is consistent with the DPOC's decision in June 2023 and which is reflected on the website.</p>

Possible update	Description	Recommendation
	including issuing a due process document together.	
Other potential amendments.	The Trustees will discuss IASB-ISSB connected working with the boards' leadership at the Trustees meeting. The staff recommends that consideration to any further amendments to the <i>Handbook</i> on connected working etc take place subsequent to that discussion.	
3: Maintenance of IFRS Standards		
<i>Update the relevant requirements in the Handbook (paragraphs 5.13–5.19 and 6.10–6.15) so that they more readily apply to the ISSB and to facilitate the use of the 'annual improvements' process by the ISSB</i>		
Update paragraphs 5.13–5.19 to explicitly cover the ISSB's work to maintain its Standards.	At present, this section on the maintenance of IFRS Standards focuses on how the IASB and the Interpretations Committee work together supporting consistent application of IFRS Accounting Standards. It therefore does not readily apply to the ISSB given the Interpretations Committee's remit to support the Accounting Standards.	Revise the beginning of this section of the <i>Handbook</i> so that it first focuses on the work of the boards to support the consistent application of their respective Standards, drawing on the wording in paragraph 5.13. Move and update paragraphs 5.13–5.19 within a new subsection 'Interpretations Committee'. This new section would cover the Interpretations Committee's work with the IASB.
Update paragraphs 6.10–6.15 'Exposing annual improvements' to more readily facilitate use of the 'annual improvements process' by the ISSB.	The annual improvements process has allowed the IASB to expose a set of minor improvements to its Standards as a single package. The process is the same as for other amendments to the Standards except that it allows for a default comment period of 90 days, rather than 120 days, given the minor or narrow scope nature of	Update the wording to retire the use of the 'annual improvements' label for this process (but note its historical use) and replace with 'packages of minor improvements' that are part of a board's regular maintenance of its Standards (drawing on some of the wording in paragraph 6.11).

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	<p>the amendments. Outreach or consultation beyond the comment letter process is also not required.</p> <p>The ‘annual improvements’ label is now something of a misnomer given it is far from an annual process (the last such amendments before those issued this year were in May 2020). In addition, if the ISSB starts to use the process, it might create an expectation of annual amendments.</p>	
<p>Amend the guidance in paragraph 6.11 for identifying items that can potentially be included in the ‘minor improvements’ (ie former ‘annual improvements’) process to allow the ISSB to also use this process to make a minor update to a requirement, such as updating a metric included in an industry-based requirement in an ISSB Standard.</p>	<p>The existing guidance to identify potential minor or narrow-scope amendments for this process limits amendments to those that <i>clarify</i> wording or <i>correct</i> relatively minor unintended consequences, oversights or conflicts. The <i>Handbook</i> also in effect includes an overriding constraint that any amendment in the process cannot propose a new principle or change an existing principle.</p> <p>As currently worded, the ISSB would not be able to use the process to propose a minor amendment to update a metric included in an industry-based requirement.</p>	<p>Amend the wording in paragraph 6.11 to clarify that the minor amendments could also include a minor amendment that <i>updates</i> a requirement or updates materials accompanying a Standard (eg guidance or an illustrative example). In addition, add a paragraph to explain this type of amendment (complementing paragraph 6.12):</p> <p>Updating a requirement in an IFRS Standard or accompanying material includes updating a metric included in industry-based requirements in IFRS Sustainability Disclosure Standards or updating guidance accompanying an IFRS Standard. Such an amendment maintains consistency with the existing principles within the applicable Standard.</p> <p>Update the wording in paragraph 6.11 to make more explicit that any amendment in this process <i>cannot</i> propose a new principle or change an existing principle.</p>

Possible update	Description	Recommendation
		<p>This recommendation would provide a more agile due process for the ISSB in maintaining the industry-based requirements in its Standards (a recommendation from the Technical Readiness Working Group).</p> <p>As previously noted, the staff think it is not possible to propose additional amendments to the due process for maintaining the ISSB Standards (in the light of its industry-based requirements) at this stage in the ISSB's development, before it has had more experience updating its Standards.</p>

Possible update	Description	Recommendation
4: Material to support application of IFRS Standards (formerly ‘educational material’—paragraphs 8.8–8.11)		
<i>Revise paragraphs 8.8–8.11 to better reflect the work the ISSB is doing to support application, including developing interoperability guidance</i>		
Withdraw the term ‘educational material’ as the overriding label for the materials produced to support IFRS Standards.	<p>This section of the <i>Handbook</i> uses the term ‘educational material’ to cover materials that are published related to IFRS Standards.</p> <p>The word ‘educational’ might be understood narrowly to mean that the objective of the materials is to facilitate learning about IFRS Standards.</p>	<p>Amend the title of this section to ‘material to support application of IFRS Standards’.</p> <p>Amend paragraph 8.8 to explain why the Foundation publishes such material and to explain a broader array of publications reflecting in particular the ISSB’s experience. For example, along the following lines:</p> <p style="padding-left: 20px;">The IFRS Foundation publishes material related to IFRS Standards to support the application, implementation or adoption of IFRS Standards or to facilitate understanding of the Standards. These materials include guidance documents (including interoperability guidance describing alignment of requirements between IFRS Standards and other organisations’ standards), illustrative examples, articles, webcasts, e-learning modules, presentations for conferences and workshops and other materials to facilitate understanding of IFRS Standards. The IFRS Foundation also sometimes creates material for live events, such as virtual presentations or in-person workshops.</p>
Clarify that the materials described in this section of the <i>Handbook</i> are not part of IFRS Standards and their accompanying materials and cannot add or change requirements in the Standards.	The IFRS Foundation can publish such materials about its Standards only if those materials do not add or change requirements. If the boards wish to change or add requirements, then they are	Amend paragraphs 8.8–8.9 to emphasise these points.

Possible update	Description	Recommendation
	required to develop an amendment to a Standard and the applicable due process would apply.	
Clarify that the levels of review for the different categories of material are minimum levels of review.	Paragraph 8.10 specifies three levels of review for three specified categories of material (one, two or three board members). However it is not clear that the level of review specified for <i>each</i> category is the minimum required—ie depending on the nature of the material, a high-level summary might be reviewed by more than the minimum one board member, etc.	<p>Amend paragraph 8.10 to clarify that each of the three levels of review is the minimum level of review required for the particular category of material. In determining the appropriate level of review, the boards' leadership apply judgement to determine whether more than the minimum number of board members specified should review the material. This would be reported to the DPOC.</p> <p>Amend paragraph 8.10 to specify that the review of material related to both Accounting and Sustainability Disclosure Standards would involve members from both boards.</p>
Specify a separate level of review for interoperability guidance describing alignment of requirements between IFRS Standards and other organisations' standards.	The <i>Handbook</i> could specify interoperability guidance as a separate category of material and require a new and different level of review (ie more than three board members) given that such material by definition also considers other organisations' standards.	<p>Treating interoperability guidance as a separate category is not recommended. Instead it is recommended that it be specified as another example of the type of material requiring review by a <i>minimum</i> of three board members in paragraph 8.10(c). As noted above, potentially more board members would review. The level of review applied would be reported to the DPOC.</p> <p>The staff considers interoperability guidance to be another example of materials supporting application of IFRS Standards rather than a distinct category.</p> <p>In practice, the tiered levels of review reflecting the nature of the material and the intended audience</p>

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		have worked well and the boards' leadership have applied judgement about when to involve more board members than the minimum required. Furthermore, there is a risk another specified higher level of review could be understood as implying that the material subject to that review goes beyond supporting material (ie material that does not add or change requirements).
Clarify the due process applied to materials developed with third parties.	The ISSB has developed materials with third parties. The <i>Handbook</i> could clarify how the due process requirements apply in such situations.	Add a new paragraph to explain that materials developed with third parties are subject to the same due process as materials prepared solely by the Foundation or the material identifies the specific material in the publication that has been subject to that process.
Clarify the distinction between IFRS Foundation materials and third-party materials made available on the Knowledge Hub.	Given the Knowledge Hub, it might also be helpful for the <i>Handbook</i> to note that the Foundation might make available on the website materials developed by third parties that are not subject to the due process specified in paragraph 8.10. The Foundation nonetheless applies a quality assurance process to such materials before uploading them to its website.	Explain that the Foundation might make available on its website materials prepared by third parties and that these materials are not subject to the due process set out in paragraph 8.10. Such materials are clearly identified to ensure they can be distinguished from materials published by the IFRS Foundation.

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5: Consultative groups		
<p>Revise paragraphs 3.59–3.66 of the <i>Handbook</i> to better reflect the nature of the consultative groups now in place to advise the boards.</p>	<p>Paragraphs 3.59–3.66 set an expectation that the boards usually establish a consultative group for each of its major projects. This reflects the experience at the time these requirements were originally drafted because, at that time, the IASB was working on the major projects (revenue, leases, financial instruments and insurance) for which it had working groups.</p> <p>The boards are required to consider whether to establish a project-specific consultative group, but in most cases now they draw on the expertise in their standing consultative group (eg ASAF, SSAF, CMAC, IIAG, GPF, SRG etc) and targeted outreach, rather than establish a new group.</p>	<p>Revise the ordering of the paragraphs in this section to focus first on the boards’ standing groups before discussing the project specific groups.</p> <p>No change is proposed to the ‘comply or explain’ step that requires the boards to consider whether to establish a group when it starts a major standard-setting project.</p> <p>In addition, withdraw the reference to having more than one consultative group on a project, given this is unnecessary detail, an unlikely scenario and would not be precluded even if not explicitly stated.</p>
<p>Update the <i>Handbook</i> so that it reflects the establishment of the Sustainability Standards Advisory Forum (SSAF) and specifies its use consistently with how the Accounting Standards Advisory Forum (ASAF) is used</p>	<p>The <i>Handbook</i> specifies that consulting ASAF on the work plan and major projects is a mandatory step (paragraph 3.44(e)). It specifically requires the IASB to consult ASAF before adding a project to the agenda not contemplated in the previous agenda consultation (paragraph 4.6).</p>	<p>Update the <i>Handbook</i> to reflect SSAF and its use consistently with how ASAF is used.</p>

Possible update	Description	Recommendation
6: Building on work of other bodies in the development of IFRS Standards		
<p>Update the <i>Handbook</i> to reflect that in developing proposed requirements, the boards may build on requirements developed by other parties.</p>	<p>The <i>Handbook</i> does not acknowledge that the boards may build on requirements developed by other parties when they are developing proposed requirements for a new or amended IFRS Standard. In developing IFRS S1 and IFRS S2, the ISSB built on materials from TCFD, CDSB, IIRC and SASB; similarly in its new projects the ISSB will be considering how it might build on existing materials. In the past, the IASB has also developed requirements based on the work of others (eg the FASB).</p>	<p>Add a new paragraph in the section ‘developing an exposure draft’ (starting at paragraph 6.4) to explain that the boards may draw on requirements or other material from other standard-setters or similar bodies or include such materials in proposed IFRS Standards.</p> <p>The paragraph should note that such materials might have been subject to some consultative procedures during their development. However those procedures would not negate the need for the boards to apply the Foundation’s due process to any proposed requirements incorporating such materials.</p>
7: Discontinuing projects		
<p>Update the <i>Handbook</i> to specify explicitly the process for deciding to stop work on a project</p>	<p>The process for ending a <i>research project</i> is implicit in the <i>Handbook</i> because paragraph 5.4 states that a formal decision to undertake standard-setting is required after undertaking research. In other words, a project does not automatically move from being a research project to a standard-setting project. However, the <i>Handbook</i> is not explicit as to the process if the boards decide not to add the project to the standard-setting work plan or to end a research project at an earlier point (eg before publishing a discussion paper).</p>	<p>Add a paragraph in the section ‘research programme’ (from paragraph 4.8) to explain that the purpose of a research project is to help a board decide whether it should undertake a standard-setting project to develop a new IFRS Standard or to amend a Standard. As a result of its work on a research project, a board might decide to add a standard-setting project to the work plan (see paragraphs 5.4–5.7) or decide not to undertake standard-setting. A decision not to undertake standard-setting might be made before publishing a discussion paper or following consideration of the feedback on a discussion paper. In making its</p>

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	<p>For a <i>standard-setting project</i>, paragraph 6.19 notes that after considering feedback on an exposure draft, the boards might need to decide whether to proceed with a project. However, it does not explain the process for deciding not to proceed.</p> <p>Some stakeholders have suggested it would be helpful to specify the process for ending or not proceeding with a project.</p>	<p>decision, the board refers to the requirements of 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 a board (see paragraph 3.16).</p> <p>Similarly add a paragraph to the section ‘consideration of comments [on an exposure draft]’ (from paragraph 6.19) to explain that a decision to discontinue a standard-setting project requires the support of a simple majority of a board. In deciding to discontinue a standard-setting project, the board refers to the requirements of paragraphs 5.4–5.7.</p> <p>In both cases the boards would publish a project summary if the project were a major project. (This is consistent with the IASB’s practice when it has concluded a research project and not proceeded to undertake standard setting).</p>

Possible update	Description	Recommendation
8: Use of surveys		
Update paragraphs 3.67–3.69 to reflect the increasing use of surveys to obtain stakeholder feedback.	The definition of a comment letter in the <i>Handbook</i> was amended in the prior review so as not to prohibit the future use of technology (by explaining it includes a formal submission to a consultation document, not just a letter). However, there is no explicit reference to the use of surveys, which are increasingly used by the boards.	<p>Add a new paragraph after 3.68 to explain that the boards may offer the facility for stakeholders to respond to a formal consultation by completing a survey (or via some other electronic mechanism) on the website. That survey might include all the questions in the consultation document thereby increasing the efficiency with which the boards can gather and analyse the feedback. The boards might also use a survey to supplement the comment letters by asking questions targeted at a particular stakeholder group, such as investors.</p> <p>The <i>Handbook</i> would make clear that responses to surveys published in support of a formal consultation document are treated consistently with comment letters with respect to being made available on the website.</p>
9: Re-exposure of proposals		
Withdraw the guidance in paragraph 6.28 that states, when considering whether to re-expose proposals, a board should give more weight to changes from the exposure draft to recognition and measurement requirements than to disclosure requirements.	This paragraph no longer seems relevant to the two boards. The ISSB develops only disclosure requirements and the IASB has projects addressing only presentation and disclosure (eg IFRS 18). Paragraph 6.28 also could be read to suggest presentation and disclosure requirements are less important than recognition and measurement requirements.	Withdraw paragraph 6.28 from the re-exposure guidance in paragraph 6.25–6.29.

Possible update	Description	Recommendation
10: The SASB Standards and the SASB Standards Taxonomy		
<i>Amend the Handbook to reflect that it now also covers the ISSB’s work to maintain the SASB Standards</i>		
<p>Add a new annex to the <i>Handbook</i> to incorporate the due process for the SASB Standards and the SASB Standards Taxonomy.</p>	<p>In October 2022 the DPOC approved the due process for the maintenance of the SASB Standards, which is published on the website.</p> <p>The staff thinks no amendments are required to this process in the light of the ISSB’s experience (eg from its project to enhance the international applicability of the SASB Standards) and that it can be incorporated into the <i>Handbook</i>.</p>	<p>Incorporate the previously approved due process for the maintenance of the SASB Standards into a new annex to the <i>Handbook</i>.</p> <p>An annex is recommended rather than the body of the <i>Handbook</i> given the unique nature of the SASB Standards in the boards’ literature, the fact that over time requirements in the SASB Standards are expected to be incorporated into the ISSB’s Standards, and the precedent of using an annex for the IFRS Taxonomy due process.</p> <p>In specifying this due process, clarify that the ISSB sets the comment period for an exposure draft of amendments to the SASB Standards and, following the consultation, considers whether the proposals require re-exposure. In other words, these are separate decisions required of the ISSB—they are not included in the package of the recommendations from the SASB Standards Board Advisor Group presented to the ISSB for ratification.</p>
		<p>In addition, specify the due process for the SASB Standards Taxonomy in the annex. This should largely parallel the due process for the underlying amendments to the SASB Standards:</p> <ul style="list-style-type: none"> • the Board Advisor Group develops for ratification by the ISSB proposed updates (ie exposure

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		<p>drafts) to the SASB Standards Taxonomy and subsequently the final updates.</p> <ul style="list-style-type: none"> • ratification requires a supermajority of the ISSB. • the ISSB considers stakeholder feedback on the proposed update in a public meeting. <p>Ratification would be undertaken outside board meetings in the same way the ISSB approves an update to the IFRS Sustainability Disclosure Taxonomy outside board meetings.</p>
<p>Update paragraphs 1.5, 1.8, 2.8 (and similar) to reflect that the <i>Handbook</i> now also covers the ISSB's work to maintain the SASB Standards and that this work is overseen by the DPOC.</p>	<p>The paragraphs explain the scope of the <i>Handbook</i> or the scope of the DPOC's responsibilities and presently are described as covering: standard-setting, the development of materials to support consistent application, and the IFRS Taxonomy.</p>	<p>Update the paragraph (and similarly elsewhere) to reflect that the <i>Handbook</i> now also covers the ISSB's work to maintain the SASB Standards which is overseen by the DPOC.</p>

Possible update	Description	Recommendation
11: DPOC's process		
<p>Amend paragraph 2.12 to clarify the DPOC's role reviewing the boards' compliance with the due process requirements.</p>	<p>Paragraph 2.10 explains that the boards assess compliance with due process for each technical project. These reports are shared with the DPOC before the board meeting at which they are discussed (via a monthly email).</p> <p>The DPOC's practice has been to be updated at each of its meetings on any due process steps undertaken since the previous meeting (including that the board reviewed the due process before starting a balloting process).</p> <p>Paragraph 2.12 explains that the DPOC reviews the evidence provided by the board of its compliance with the due process. It also explains that before any new or amended IFRS Standard is finalised, the DPOC will confirm that it has completed its review of the due process—this is understood to be the 'lifecycle' review that the DPOC conducts for a new IFRS or major amendment to a Standard (eg as conducted for the IFRS for SMEs Accounting Standard at this meeting).</p>	<p>Amend paragraph 2.12 to clarify and better explain the DPOC's process. In particular:</p> <ul style="list-style-type: none"> to clarify that its separate formal review and evaluation of the due process undertaken by the board in developing new requirements is undertaken for any new IFRS Standard or <i>major</i> amendment to a Standard before it is issued. to explain that the DPOC considers any matters raised about due process. <p>The amended paragraph would be along the following lines:</p> <p><u>In its periodic dialogue with representatives of the boards and IFRS 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 a board and IFRS Foundation staff. 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 any new IFRS Standard or major amendment to an IFRS Standard is finalised issued, the DPOC reviews and evaluates the due process undertaken in developing the Standard or amendment and will confirm that it has completed its review of the due process. In reaching its decisions, the DPOC operates on a simple majority basis. The conclusions of that review and evaluation, including whether due</u></p>

Possible update	Description	Recommendation
		<p><u>process concerns are identified or not, are included in the reports referred to in paragraph 2.15(d).</u></p> <p><u>...</u></p> <p><u>In reaching its decisions, the DPOC operates on a simple majority basis.</u></p>

Next steps

12. Following the meeting, the staff will provide DPOC members with a draft of the proposed amended *Handbook* (marked-up to show changes from the existing version).
13. A further DPOC meeting has been arranged to consider any further matters and any points arising from the review of the draft. The staff will then provide members with a revised draft including the invitation to comment.

Appendix A

A1. The table below explains other more minor proposed amendments and clarifications to the *Handbook*. We do not plan to discuss these with you at the meeting, but members can raise and concerns or questions about these amendments at the meeting.

Paragraph	Description	Recommended change
1.6	Performing additional steps	Amend the sentence that explains that the boards often perform steps over and above those in the <i>Handbook</i> by adding as an example the 'publication of an additional consultation document not contemplated by the <i>Handbook</i> '.
1.7	Description of the due process	Amend the reference to the 'minimum [due process] steps' to 'mandatory steps' to clarify the link to the explanation of this step in paragraphs 3.43–3.44 (and add cross-references in this paragraph to paragraphs 3.43–3.46).
2.7	Trustee staff	Amend the explanation that Trustee staff are 'independent' of the technical staff to explain that they are 'not involved in the boards' technical activities'.
3.2 3.17	Public meetings	<p>Update paragraph 3.2 to reflect the practical arrangements for board meetings now in place:</p> <p>Meetings of each board, the Board joint boards and the Interpretations Committee are open to the held in public who may attend meetings as observers. Meetings are recorded and, when possible, webcast live. (except in exceptional circumstances) and recordings of meetings are made available on the IFRS Foundation website. Members of the public may observe meetings in person when applicable and when possible.</p> <p>Update paragraph 3.17 to reflect how the boards now work (bearing in mind in particular that the ISSB meets in different locations and therefore has to be pragmatic about the need on occasions for some members to attend an otherwise in-person meeting by video):</p> <p>Board members are expected to attend meetings in person. However, Board meetings may be held in person, virtually or a hybrid of the two using teleconference, videoconference or any other similar communication facilities. Board members are typically expected to attend in-person meetings in person.</p>

Paragraph	Description	Recommended change
3.11	Withholding papers from observers	Amend the paragraph so that only the Chair or Vice-Chair of a Board (ie the board's leadership) and not the Executive Director of Technical Activities have the discretion to withhold from observers technical staff papers that will be considered by the board.
Glossary 3.14–3.16	Voting arrangements—simple majority	Amend the definition of a simple majority to clarify that the majority is required of the members <i>attending</i> the meeting not of the <i>appointed</i> members, consistently with the description of a simple majority in sections 36 and 55 of the <i>Constitution</i> .
3.14–3.16	Voting arrangements—casting vote	<p>Move paragraph 3.21 to this section on voting to clarify that the Chair has a casting vote for all decisions made in a public meeting that require a simple majority, consistently with the requirements of the <i>Constitution</i>.</p> <p>Paragraph 3.21 explains that in the event of a tied vote on a decision to be made by a simple majority of the board in a meeting, the Chair has an additional casting vote. The paragraph relates specifically to technical decisions to guide the staff in developing projects. The <i>Handbook</i> is therefore not explicit whether the casting vote applies to other decisions requiring a simple majority in a meeting (eg whether to start a standard-setting project). In contrast, sections 35 and 54 of the <i>Constitution</i> explain that the Chair has a casting vote in the event of a tied vote on a decision made by a simple majority of the board in a meeting.</p>
3.47–3.58	Consultative arrangements	<p>Update these paragraphs so that they also reflect the ISSB's engagement with stakeholders. For example in paragraph 3.48, add a reference to the ISSB Investor Advisory Group; in paragraph 3.50 add a reference to sustainability disclosure standard-setting bodies and co-ordination with other standard-setters to consider interoperability with requirements that will be used in addition to IFRS Sustainability Disclosure Standards.</p> <p>Update paragraph 3.56 on the boards' dialogue with securities regulators to mention specifically IOSCO given the importance of the boards' engagement with the organisation (and to parallel the existing specific references to the FSB and the BIS).</p>
3.68	Comment letters	Amend the examples in this paragraph that explain when portions of a comment letter might not be published on the website to include a letter containing commercially sensitive information or a letter that is potentially defamatory.
4.3	Five-yearly agenda consultation	Amend the requirement for a board to undertake a public consultation every five years to specify that a consultation is required <i>at least</i> every five years. This clarifies that a board might set a work plan for a shorter period and therefore might consult more frequently than every five years.

Paragraph	Description	Recommended change
4.14	Research paper	Clarify the nature of a research paper by amending the paragraph in line with the definition in the glossary to explain that a research paper is not developed in a public meeting. (Research papers have not been used in the last few years by the boards, but the staff proposes retaining them in the <i>Handbook</i> as a potential tool for seeking stakeholder views on a matter).
6.40	Activities to support a new Standards	Amend the paragraph to explain that after issuing a new Standard, a board may also form a group comprising experts involved in the implementation of that Standard to provide a public forum for the discussion of implementation questions that arise when entities implement the new requirements. This reflects the IASB's experience with Transition Resource Groups and the ISSB's with the Transition Implementation Group.
9.5	Protocol re: breaches of due process	Amend paragraph 9.5 so that it is consistent with paragraph 9.8 (as we think intended) and to remove the potentially confusing reference to a 'limited failure': ' <u>... a breach of due process limited failure does not invalidate render a the related pronouncement invalid published by the board.</u> '
Annex	IFRS Taxonomy	<p><i>In June 2024, the DPOC agreed with the staff recommendation not to make changes to the IFRS Taxonomy due process at this time. The annex to the Handbook containing the IFRS Taxonomy due process will be updated to reflect the IFRS Sustainability Disclosure Taxonomy. In updating the annex, the staff identified two clarifications:</i></p> <ul style="list-style-type: none"> • Update the definition of an IFRS Taxonomy to reflect how it is now described elsewhere: 'a structured <u>digital classification system that comprises of IFRS disclosures. It encompasses</u> the elements (including their descriptions, properties, relationships and the data model) that can be used to <u>facilitate reporting of tag</u> quantitative and qualitative information <u>included presented and disclosed</u> in <u>general purpose</u> financial reports that are and prepared in accordance with IFRS Standards (including <u>the</u> IFRS for SMEs Accounting Standard) <u>in a computer-readable format</u>'. • Amend paragraph A32 and similar that refer to 'common practice content' to clarify this content does not necessarily relate only to new or amended IFRS Standards (consistently with the definition of 'IFRS Taxonomy common practice content' in the glossary).

Appendix B

- B1. This appendix sets out the specific areas of focus for the review as identified in June 2024 ([DPOC paper 1G\(I\)](#)).
- (a) *IASB and ISSB cooperation and connections*—to consider how the *Handbook* reflects that the Foundation now has two independent standard-setting boards operating alongside each other. For instance, the *Handbook* could document how the existing due process works collectively, allowing the two boards to establish connectivity in their respective Standards and, if considered appropriate, allows them to consider technical matters together or undertake a joint project and jointly issue a due process document.
 - (b) *Maintenance of industry-based requirements in ISSB Standards*—to consider whether and how the *Handbook* should be amended to reflect that the use of industry-based disclosure requirements and metrics could result in the ISSB Standards being updated more frequently and on a more targeted basis (for example, possibly an update of a specific metric) than the IASB’s Standards. As noted in October, however, this update to the *Handbook* is occurring at an early stage in the ISSB’s development before the ISSB has had any experience of updating its Standards.
 - (c) *Building on the work of other bodies*—to consider whether and how the *Handbook* acknowledge that in developing proposed requirements, the boards may build on requirements developed by other parties. In developing IFRS S1 and IFRS S2, the ISSB built on materials from TCFD, CDSB, IIRC and SASB; similarly in its new projects the ISSB will be considering how it might build on existing materials. In the past, the IASB has also developed requirements based on the work of others (eg the FASB). The *Handbook* could acknowledge this but clarify that the boards’ proposals, whether developed from scratch or built on/incorporating materials from other parties are subject to the Foundation’s due process.

- (d) *Maintenance and enhancements to the SASB Standards*—to consider whether any amendments to the process approved by the DPOC in October 2022 or additional processes are required in the light of experience, for example from the project to enhance the international applicability of the SASB Standards. The due process for the SASB Standards will be incorporated into the *Handbook*.
- (e) *Digital taxonomy*—to consider whether any adaptations are required to the Annex to the *Handbook* relating to updates to the IFRS Sustainability Disclosure Taxonomy and the SASB Standards. The staff also explored whether some of the taxonomy due process requirements in the *Handbook* could be set out in the form of higher-level principles rather than highly specific procedures that do not always readily adapt to the nature of the document. As noted in paper agenda paper 1G(ii) we decided against recommending such changes.
- (f) *Materials to support application of IFRS Standards (‘educational material’)*—to consider whether the requirements (including terminology) in paragraphs 8.8–8.11 of the *Handbook* should be updated to ensure they provide appropriate parameters for the work the ISSB is doing to support application, including capacity building, bearing in mind the ISSB might develop new types of materials given sustainability-related financial disclosure reporting is relatively new and that consideration is given to the appropriateness of the requirements given that a high volume of material may need to be provided. The DPOC’s discussion in September 2023 on interoperability material highlighted the need to consider whether such material should be treated as its own category because it also addresses other organisations’ standards.
- (g) *ISSB consultative groups*—to consider whether any adaptations to paragraphs 3.59–3.66 of the *Handbook* are required for the ISSB’s consultative groups and more broadly to consider whether and how the ISSB’s

engagement with investors, national standard-setters, the Advisory Council, securities regulators and others should be specified (paragraphs 3.47–3.53).

- (h) *Post-implementation reviews*—to consider whether any enhancements should be made to the requirements relating to PIRs (paragraphs 6.48–6.59 of the *Handbook*) in the light of:
- (i) the IASB’s extensive experience since the previous *Handbook* review and the IASB’s clarified description of the objective, process and outcome of a PIR that was discussed with the DPOC in 2022. (In the previous review, the DPOC effectively decided not to update the requirements for PIRs given the experience that would shortly be obtained from a number of PIRs.)
 - (ii) the need to consider whether the process needs any adaptations for ISSB Standards (given the need to undertake PIRs of these Standards in due course).
- (i) *Agenda Decisions*—to consider whether any aspects of the due process (as enhanced in 2020) could be refined in light of experience and any suggestions for improvement.
- (j) *Agenda Consultation*—to consider whether any enhancements should be made to paragraphs 4.3–4.7 of the *Handbook* given the IASB’s experience from its recently completed five-yearly agenda consultation and also from the ISSB’s consultation on its agenda priorities. (To include reviewing the comments on due process raised in the IASB’s consultation by stakeholders that were previously shared with the DPOC.)
- (k) *Additional consultation documents*—to consider whether there is any need to amend the *Handbook* to reflect that on occasions additional consultation documents may be published that are incremental to the required due process and not specifically contemplated by the *Handbook* (for example, the publication in 2022 of a staff request for feedback to inform the future development of the IFRS Sustainability Disclosure Taxonomy).

- (l) *Use of surveys*—to consider whether any amendments should be made to the *Handbook* to reflect the increasing use of surveys (and potentially other mechanisms) to obtain formal feedback from stakeholders beyond comment letters (eg a survey with relevant questions targeted at investors).
- (m) *Handbook updates*—to consider whether it might be feasible for the *Handbook* to be a more dynamic document so that it could be supplemented from time to time (for example, with supplementary notes to reflect updates to due process approved by the DPOC between the more formal, periodic reviews of the *Handbook*). This would require careful consideration, however, of the transparency of the process for such updates.