

28 March 2025

Steven Maijor, *Chair*  
Due Process Oversight Committee  
IFRS Foundation  
Columbus Building  
7 Westferry Circus  
London E14 4HD, UK

Dear Mr Maijor

## **Exposure Draft: IFRS Foundation Due Process Handbook**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Foundation Due Process Oversight Committee (DPOC)'s Exposure Draft *Due Process Handbook*. The IFRS Foundation's due process is critical to achieving and maintaining the level of transparency and stakeholder engagement that is necessary for the acceptance in global capital markets of IFRS Accounting Standards and IFRS Sustainability Disclosure Standards (IFRS Standards). Given the significant evolution of the IFRSF since 2020, we commend the DPOC for initiating this review.

Whilst we support many of the amendments proposed, in particular those that extend the existing due process to the International Sustainability Standards Board, we do have concerns with some of the proposals, in particular those related to post-implementation reviews, maintaining the SASB Standards, materials supporting application of IFRS Standards, and the need for oversight of long-running projects as follows:

- We are concerned that Annex B suggests that SASB Standards would continue to exist in parallel with IFRS Sustainability Disclosure Standards indefinitely. We urge the IFRSF to address as a priority the expectations of constituents that the SASB Standards would be incorporated into authoritative ISSB Standards over time, using the IFRSF's full due process. We see this as consistent with supporting the implementation of ISSB Standards.
- With respect to the significant revisions proposed to the section on Post-implementation Reviews, we have some major concerns. In particular, we think the assessment criteria proposed in DPH:6.52 will not meet the expectations of constituents facing implementation and application issues in practice, and that the assessment criteria in that paragraph should be changed, in particular with respect to addressing practical issues affecting the consistent application and implementation of an IFRS Standard that have emerged or been identified since the standard was issued. Furthermore, we encourage

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the DPOC to incorporate the IASB's proposed 'prioritisation framework' (in whole or in part) in the DPH as the definitive guidance on prioritisation of issues. It is considerably more detailed, and possibly more helpful to the boards, technical staff, and constituents to understand how a board might make decisions both about post-implementation issues and other agenda-related matters.

- We think that the oversight of the IFRSF's standard-setting activity (e.g., DPH:2.9) should be amended to ensure that there is accountability for long-running projects. What we think is missing is a mandatory, annual review of progress on major standard-setting projects for which there is a significant period of time between due process documents being issued. We suggest that whenever a project has had more than 12 months since the last 'milestone' review, the responsible board's staff should present a review of activity and developments in the project that, whilst not assessing the technical merits of the project, would allow the DPOC to challenge whether successful completion within a reasonable time period is possible, and whether the project remains a priority for constituents. We see this as an opportunity for mutual risk-sensing between Trustees and the boards that can help to protect the IFRSF's brand and reputation.
- We note that currently the IFRSF relies heavily on non-authoritative material on several topics. Although we understand the ISSB's reluctance to issue guidance on the application of documents it did not issue but for which it is now responsible, we think that the ISSB has sufficient expertise among its members and the staff to develop authoritative guidance using the IFRSF's due process.

Should you have any questions concerning our response, please contact Veronica Poole in London at +44 (0)20 7007 0884.

Yours sincerely



**Veronica Poole**

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## APPENDIX

### Question 1—Reflecting the creation of the ISSB in the *Handbook*

Do you agree with how the DPOC proposes to reflect the creation of, and the due process for, the ISSB in the Handbook?

We agree generally with the way in which the establishment of, and the due process for, the International Sustainability Standards Board (ISSB) has been reflected in the Due Process Handbook (DPH). However, we have comments on specific paragraphs as follows.

#### Part 1: Introduction

DPH:1.1: This paragraph misstates paragraph 2(a) of the IFRSF Constitution, which does not use ‘facilitate.’ We would prefer that the Constitution’s formula be used and that this paragraph be reworded to state that the ‘IASB and ISSB develop complementary sets of standards that *are intended to result in* the provision of high-quality, transparent and comparable information in financial statements and in sustainability disclosures that is useful to investors and other participants in the world’s capital markets in making economic decisions.’ We have a similar comment with respect to DPH:3.49, below.

In addition, because of deletions in paragraph 1.1, the terms ‘board(s)’ and ‘Trustees’ need to be defined either in this paragraph or in DPH:1.2.

#### Part 3: Principles

DPH:3.30: Whilst supporting deleting ‘easily’, we think that, in addition to clarity (required by DPH:3.29), being capable of consistent translation should be a benchmark in drafting standards. The IFRSF should seek to ensure that their works are ‘expressed in clear language, *capable* of being translated into other languages and incorporated into their Taxonomies *consistently*.’ To achieve this, we would encourage earlier liaison between technical and translation staff, in particular when developing defined terms and key principles, to ensure that these critical elements of an IFRS Standard are capable of clear and consistent high-quality translation.

DPH:3.49: This paragraph misstates paragraph 2(a) of the IFRSF Constitution, which does not use ‘facilitate.’ We would prefer that the Constitution’s formula be used and that this paragraph be reworded to state that the ‘boards are responsible for developing Standards that *are intended to result in* the provision of high-quality, transparent and comparable information...’

#### Part 4: Technical work plan

We support the proposal to require a public consultation on a board’s agenda ‘at least every five years,’ which allows the boards some flexibility in setting their technical activity. The DPH should provide a framework that permits or (in certain circumstances) requires a board the opportunity to reassess its work plan if the need arises. Whilst a technical work plan is a useful planning tool, corporate reporting is

dynamic, and a board should challenge itself if it becomes aware that a project is unlikely to result in a final document, or that other issues have risen in urgency.

We note that the ED continues to refer to ‘five-yearly consultations’ (DPH:4.5, 4.6, and 4.10), which should be replaced by ‘periodic’ or something similar.

Whilst most of the content in proposed DPH 4.12 can be found in other parts of the DPH, we think it useful to have this summary of the circumstances under which a board continues or does not continue with its work after having completed a research project. In addition to the project summary and research findings, the board should also give its reasons and justification for continuing or not continuing with a project.

### **SASB Standards (Annex B)**

We note that the proposed Annex B reflects past practice as developed and approved by the DPOC in 2022. However, we do not support including this material in the Handbook as an Annex, because we are concerned that this suggests that SASB Standards (and, by extension, the SASB Taxonomy) would continue to exist in parallel with IFRS Sustainability Disclosure Standards indefinitely.

We urge the IFRS Foundation to address as a priority the expectations of constituents that the SASB Standards would be incorporated into authoritative ISSB Standards over time, using the IFRSF’s full due process. We see this as consistent with supporting jurisdictional adoption and implementation of ISSB Standards, and urge the Trustees, the DPOC and the ISSB to make progress on this in the near term.

### **Reflecting connectivity**

We support the amendments proposed to reflect and promote connectivity between the work of the boards, subject to any detailed comments in the next section.

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

## **Part 2 DPOC Oversight of standard-setting projects**

We think that the oversight of the IFRSF’s standard-setting activity (e.g., DPH:2.9) should be amended to ensure that there is accountability for long-running projects. We acknowledge that the DPOC reviews and evaluates the due process followed in a particular project at various ‘milestones,’ e.g., before a major due process document is issued. What we think is missing is a mandatory, annual review of progress on major standard-setting projects for which there is a significant period of time between due process documents being issued.

We suggest that whenever a project has had more than 12 months since the last ‘milestone’ review, the responsible board’s staff should present a review of activity and developments in a project, including technical discussions at board meetings, the views of key stakeholders (e.g., users and regulators) together with an assessment of time and effort to complete the project. This report would not assess the technical merits of the project, but rather allow the DPOC to challenge whether successful completion within a reasonable time period is possible, and whether the project remains a priority for constituents. We see this as an opportunity for mutual risk-sensing between Trustees and the boards that can help to protect the IFRSF’s brand and reputation.

## **Part 3: Fieldwork and field-testing**

We think that the boards have the necessary and appropriate tools they require to develop high-quality IFRS Standards and assess their effectiveness, including its formal due process documents—Requests for Information, Research Papers, Discussion Papers and Exposure Drafts being the principal ones. In addition, the staff work undertaken throughout a project and described in the DPH, for example in DPH:3.13, 3.44, 3.46, 3.47 and 3.72, are also appropriate.

However, and supporting our comments about risk-sensing in the previous section, we think that field-testing could usefully be used earlier in the standard-setting process, as such tests can help to identify problems in foundational elements early, and help avoid having amend proposals late in the project or after a standard is issued.

## Part 6: Post-implementation Reviews (DPH:6.50-6.64)

We have major concerns with some aspects of the proposed amendments to the section on Post-implementation Reviews.

### *Objective and conduct of the review*

Post-implementation reviews should be approached as an opportunity to assess whether an IFRS Standard is accomplishing its stated objective (including *but not limited to* ‘effects...on users of general-purpose financial reports, preparers, auditors and securities regulators’), and make targeted amendments to it in light of experience of applying and reporting in accordance with it in practice, as noted above. Consequently, DPH:6.50—6.53 should use more active and open language to describe the process and the range of actions a board might take.

Whilst acknowledging the objectives in DPH:6.50-.51, post-implementation reviews should also seek to identify and understand contentious issues, unintended consequences, or practical challenges affecting the consistent application and implementation of an IFRS Standard *that have emerged or been identified since the standard was issued*, with a view to addressing those issues wherever necessary through standard-setting, including Interpretation.

Whilst we agree that a post-implementation review is ‘not a standard-setting project and does not automatically lead to standard-setting’ (DPH:6.53), we think the assessment criteria proposed in DPH:6.52 (in particular the use of imprecise criteria such as ‘working as intended’ assessment) will not meet the expectations of constituents facing implementation and application issues. Consequently, we think that the assessment criteria in DPH:6.52 should be changed, in particular with respect to addressing practical issues affecting the consistent application and implementation of an IFRS Standard that have emerged or been identified since the standard was issued, as identified above. In addition, the feedback statement should be used to help constituents understand better how a board has determined that a Standard should (or should not) be amended. Our comments on DPH:6.60-6.63, below, may also be relevant to this assessment.

### *Timing of post-implementation reviews*

Although we agree in principle with providing some degree of flexibility in DPH:6.55, we do think that an upper limit should be established, perhaps 36 months after the effective date of a Standard. Given that a new IFRS Standard will usually have a mandatory effective date at least 12 months after issue, we are concerned that delaying the start of a post-implementation review much beyond 36 months (i.e., at least 48 months after the Standard was issued) would fail to address in a timely manner significant implementation issues that may have emerged and furthermore runs the risk that the institutional memory at the relevant board will be lost owing to board member and staff turnover.

## *Process for a post-implementation review*

Post-implementation reviews are a critical component of the IFRS Foundation's standard-setting due process, and we agree that they should include a rigorous assessment of issues identified by a wide range of constituents – preparers, advisers, auditors, users, securities regulators, and other interested parties – through a public consultation, together with related research and enquiry. Such reviews, while remaining essential for achieving high quality financial reporting standards, will be particularly important as sustainability reporting evolves, and the IFRS Foundation engages with a broad range of new stakeholders that are less familiar with it and may have different expectations of its due process and the need for standard-setting in particular areas.

We do not agree with the deletion in 6.57 of the reference to 'securities regulators, national accounting standard-setting bodies, regional bodies involved with accounting standard-setting, preparers, auditors and investors.' Although we acknowledge that these constituents could be subsumed under 'interested stakeholders,' they severally and collectively have particular roles in the global corporate reporting system that allows them to bring important insight and relevant experience to a post-implementation review, and they should continue to be identified specifically. Appropriate changes to include sustainability-related standard setters and multilateral organisations should also be made.

With respect to *Phase 2—Consideration of matters identified and their prioritisation* (DPH:6.60-6.63), we are aware of the *Draft [IASB prioritisation framework](#)*, presented at the IASB's January 2025 meeting. Although this IASB document 'is intended to facilitate relative prioritisation decisions in between [periodic] agenda consultations,' the possibility of having two sets of principles addressing similar prioritisation decisions is unhelpful and confusing for constituents. It could also lead to inconsistent decision-making between the IASB and ISSB on similar matters, which could damage the organisation's reputation.

We note that the IASB's proposed 'prioritisation framework' is considerably more detailed, and possibly more helpful to boards, technical staff, and constituents to understand how a board might make decisions both about post-implementation issues and other intra-agenda consultation matters. We encourage the DPOC to integrate this material (in whole or in part) in the DPH as the definitive guidance on prioritisation issues.

We are concerned that the process described in DPH:6.56-6.63 lacks objectivity and exposes a board to criticism because of the inherent self-review threat, given that the proposed basis for its assessment of a IFRS Standard it developed would be the effects analysis that it also published at the time the new requirements were issued (DPH:6.50). Furthermore, as we noted above, the criteria proposed in DPH:6.62-.63 may be perceived as being designed to avoid any standard-setting, given that they set a high bar for such activity.

We recall that in our [comments](#) on the 2012-13 review of the Due Process Handbook, we suggested two possible approaches to post-implementation reviews, either of which could be used to mitigate the self-review threat:

- The Interpretations Committee would ‘make a significant contribution to post-implementation reviews. With their practical experience and first-hand knowledge of areas of difficulties and conflict, they could act as a steering group or assessment/ triage centre as issues are assessed for inclusion in any amendment project of the IFRS Standard.’
- Alternatively, a separate committee of the IFRS Foundation Trustees ‘would be responsible for conducting post-implementation reviews. Being composed of IFRS Foundation Trustees (with staff independent of the IASB), this committee would be independent of the IASB and would report directly to the Foundation. In performing a post-implementation review, the committee might engage national standard-setters, the audit profession, users and/or securities supervisors to assist in collecting information. However, the findings of the post-implementation review should be the sole judgements of the committee. Findings of this committee would be of two types – (i) further implementation issues that the IASB may consider for adding to its or the Interpretation Committee’s agenda and (ii) ways to improve the setting of future standards.’

We reintroduce these comments because they continue to be relevant and would provide the Trustees and the boards with avenues to identify and develop authoritative guidance, whether via amendments to IFRS Standards or issuing Interpretations.

We note that the U.S. Financial Accounting Standards Board’s [Rules of Procedure](#) require that post-implementation reviews of FASB Standards be conducted by the Financial Accounting Foundation Trustees. Whilst the FAF Trustees do not make recommendations for the FASB to take specific standards-setting action, the procedure does avoid the self-review threat and permits the FAF to identify ways to improve the standard-setting process.

## **Part 8: Supporting consistent application**

### *Interpretations Committee Agenda Decisions*

Agenda Decisions are an important tool for the IASB to provide authoritative guidance to preparers and others to improve the consistency of application of IFRS Accounting Standards. We agree that any explanatory material contained in an Agenda Decision derives its authority from the IFRS Accounting Standard it addresses. Deloitte treats Agenda Decisions as mandatory guidance, and integrates them in our IFRS corporate reporting manual.

In addition, and in support of the observations in paragraph 8.6 about an entity being ‘entitled to sufficient time ... to implement any necessary accounting policy change’ arising from an Agenda Decision, we refer to our comments on the proposed amendments to IAS 8 in [July 2018](#), in which we advocated for ‘an effective date (possibly standardised as financial years beginning after IASB ratification) and



appropriate transitional provisions (assumed to be fully retrospective unless there is a compelling reason to require or permit a prospective approach).’ We continue to support such an approach.

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

We note that the material listed in DPH 6.34(a) and (b) (i.e., guidance and illustrative examples accompanying an IFRS Standard) is subject to due process more rigorous than an IFRIC Agenda Decision. For example, amendments to such material requires consultation through an exposure draft. Accordingly, we think that there should be an explicit statement to the effect that, consistently with Agenda Decisions, any explanatory material contained in the guidance and illustrative examples derive their authority from the IFRS Standard to which they relate and that entities should have a reasonable time apply amendments to the guidance and illustrative examples.

Other guidance issued by the IFRSF (e.g., educational material), irrespective of the level of internal review it has received, should be clearly described as non-authoritative. This should apply consistently to the work of both boards.

### **Part 9: Protocol for Trustee action for perceived breaches of due process**

We agree with the protocol in general. We recognise and acknowledge that the IFRSF needs to engage with all constituents interested in corporate reporting. The establishment of the ISSB has introduced to the IFRS Foundation stakeholders more accustomed to civil society/ NGO-style engagement, who might not be accustomed to engaging with standard-setters whose primary objective is to develop and maintain standards intended for reporting to public markets. However, their perspectives are critical to identifying and understanding broader circumstances which could be relevant to the development of standards that support effective operation of capital markets. We encourage the IFRSF to review the [explanation of its due process](#) to determine whether any additional material is necessary to address protocols for such broader engagement.

<b>Matters not identified by the DPOC</b>
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### **Withdrawing IC Agenda Decisions (not addressed, c.f.: DPH:8.2-8.7)**

Whilst the DPH addresses the due process for issuance of an Agenda Decision, we note that there is no due process to address their withdrawal or amendment. We would expect that the need to consider the on-going relevance of Agenda Decisions would form part of the development of new or amended IFRS Accounting Standards. The DPOC should determine (within this review cycle) the events that would trigger the withdrawal (or amendment) of an Agenda Decision, and the due process that should accompany any such proposed withdrawal (or amendment). We would expect the IFRS Foundation to draw on its existing due process, including a public consultation.