

Final Comment Letter: *Proposed Amendments to the IFRS Foundation Due Process Handbook*

Executive Summary

Project Stage				
IFRS Foundation	Research	Exposure Draft	Redeliberation	Final DPH Published
UKEB	Monitoring	Influencing	Monitoring	-
Project Type		Influencing - Strategic		
Project Scope		Limited		
Purpose of the paper				
<p>The purpose of this paper is to obtain the Board's:</p> <ul style="list-style-type: none"> • approval to issue a Final Comment Letter (FCL) (Appendix A) in response to the IFRS Foundation's Trustees Exposure Draft (ED): <i>Proposed Amendments to the IFRS Foundation Due Process Handbook</i>; • approval for the publication of the Feedback Statement (Appendix B); and • feedback on the draft Due Process Compliance Statement (DPCS) (Appendix C). 				
Summary of the Issue				
<p>The IFRS Foundation's Due Process Oversight Committee (DPOC) published its ED in December 2024, proposing amendments and enhancements to the IFRS Foundation Due Process Handbook (the Handbook).</p> <p>At its February 2025 meeting, the Board agreed to respond to the ED on the basis that the IFRS Foundation's due process has a direct impact on how the UKEB carries out its own statutory functions, including compliance with its own due process requirements.</p> <p>Given the limited scope of the ED's proposals, the Board agreed to publish a high-level document on the UKEB website, setting out the key issues proposed for inclusion in the UKEB's Comment Letter, instead of a Draft Comment Letter. This document was also approved for circulation to the members of the UKEB advisory and working groups, via email, for their comments and views.</p> <p>The IFRS Foundation's comment period, for this project, closes on 28 March 2025.</p>				

Decisions for the Board

1. Subject to addressing any comments raised at the meeting, does the Board approve:
 - a) the FCL (Appendix A) for submission to the IFRS Foundation DPOC, and publication on the UKEB website?
 - b) the Feedback Statement (Appendix B) for publication on the UKEB website?
2. Does the Board have any comments on the draft DPCS for the project (Appendix C)?

Recommendation

The Secretariat recommends that, subject to any amendments agreed at this meeting, the Board approves:

- a) the FCL for submission to the DPOC, and
- b) the FCL and Feedback Statement for publication.

Appendix

Appendix A Final Comment Letter

Appendix B Feedback Statement

Appendix C [Draft] Due Process Compliance Statement

Proposed Amendments to the IFRS Foundation Due Process Handbook

On 19 December 2024, the Trustees of the IFRS Foundation published the ED [*Proposed Amendments to the IFRS Foundation Due Process Handbook*](#) proposing amendments to the IFRS Foundation *Due Process Handbook*.

Primarily, the amendments reflect the creation of the ISSB and formally applies the IFRS Foundation's due process to its operations. However, the amendments also include enhancements and clarifications to the Handbook, based on the Foundation's recent experiences.

The main proposed changes to the Handbook are set out below:

Reflecting the ISSB in the Handbook:

The ED inserts references to the ISSB to formally confirm that the Handbook now applies to the IASB, the ISSB and the IASB's Interpretations Committee. Additional amendments aim to build connectivity between the two boards into the due process requirements in order to create a cohesive framework and to ensure consistency and clarity for stakeholders.

The specific due process for the SASB standards and taxonomy is inserted at Annex B.

Enhancements and clarifications

Further enhancements and clarifications are proposed throughout the Handbook, including, inter alia:

- a) amendments to the objective and timing of PIRs;
- b) amendments to the requirements for annual improvements, to specify that they may include minor or narrow-scope amendments that update a requirement or material accompanying an IFRS Standard;
- c) changes to some of the titles used (e.g. 'annual improvements' and 'educational material'); and
- d) changes to the text to clarify existing processes.

Other targeted amendments

There are twelve other areas where small enhancements and clarifications are made, including, inter alia:

- a) requiring the DPOC to review the due process a board followed before a major new IFRS Standard or Amendment is issued;
- b) allowing surveys to be used to collect responses to formal consultations; and,
- c) explaining how boards may build on the work of other standard-setters.

Mr Steven Maijoor
Chair, Due Process Oversight Committee
IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London
E14 4HD

[By email: commentletters@ifrs.org.uk]

[XX March 2025]

Dear Mr Maijoor

Exposure Draft: *Proposed Amendments to the IFRS Foundation Due Process Handbook*

1. The UK Endorsement Board (UKEB) is the UK's National Standard Setter (NSS) for IFRS Accounting Standards and is, therefore, responsible for the endorsement and adoption of IFRS Accounting Standards, for use in the UK. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations. This letter is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.
2. There are currently approximately 1,400 entities with equity listed on the London Stock Exchange that prepare their financial statements in accordance with IFRS.¹ In addition, UK law allows unlisted companies the option to use IFRS and approximately 14,000 such companies currently take up this option.²
3. We welcome the opportunity to provide comments on the IFRS Foundation Trustees' Exposure Draft: *Proposed Amendments to the IFRS Foundation Due Process Handbook* (the Handbook). In developing this letter, we have consulted with stakeholders in the UK, including preparers, accounting firms and institutes, and users of accounts. However, as the content of the Handbook directly impacts how the UKEB carries out its own statutory duties, this letter, primarily, represents

¹ UKEB calculation based on LSEG and Eikon data, December 2024. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).

² UKEB estimate based on FAME, Company Watch and other proprietary data.

the Board's view. A brief summary of our main observations and recommendations is set out below. For our full comments, in response to the questions raised in the Exposure Draft (ED), please refer to Appendix A.

4. We also encourage you to read our letter alongside letters from the UK Government's Department for Business and Trade (DBT) and the UK Financial Reporting Council (FRC), which provide responses based on their areas of responsibility and expertise.

Overarching comments

5. The UKEB fully supports the work of the IFRS Foundation and welcomes the proposed amendments to the Handbook, as the standard setting 'manual' for the two boards. It is essential that any organisation which sets mandatory standards in the public interest has clear and transparent due process, for the development of those standards, and for engagement with relevant stakeholders. We consider that the three principles (transparency, full and fair consultation, and accountability) build trust and global acceptance of IFRS Standards. They also ensure that the Standards published by the two boards bring better information to the capital markets. The Handbook is key to delivering this objective.
6. The standards produced by the IASB have, in effect, become a global language, used by companies to produce the financial statements which investors rely on when making their investment decisions. Similarly, while jurisdictions are only just moving towards mandating use of the ISSB Standards, they are designed to inform economic and investment decisions. Therefore, applying full due process to both sets of Standards, throughout their development, demonstrates their continued legitimacy.

Connectivity

7. The UKEB is broadly supportive of the proposals in the Handbook to formalise connectivity between the boards and their respective sets of standards.
8. As highlighted in the joint National Standard Setters letter³ to the ISSB on its Agenda Consultation, we consider that maintaining close alignment and connectivity between financial and sustainability reporting is paramount to ensuring that the information produced for investors is compatible and comparable.
9. The objective for the two boards to "*develop complementary sets of IFRS Standards*" (the Constitution, section 2), which is proposed for inclusion at paragraph 1.1, will achieve standards which do not conflict with each other.

³ [National Standard Setters Sustainability Forum Joint Letter](#) paragraphs 4 – 9

However, to achieve connectivity in areas where there may be overlap between the two sets of standards, we believe that the Due Process Handbook should go further. The UKEB proposes that the objective should instead be for the boards to “develop IFRS Standards that connect”.

10. We also consider that there are opportunities to strengthen the approach to connectivity throughout the standard-setting process. The UKEB recommends, for example, that paragraph 4.10 of the proposed amended Handbook ensures that when a board develops its work plan it considers opportunities for connections with the other board’s work. The wording should be amended from “may” be considered, to “shall” be considered, in the context of potential opportunities and also for compatibility, and the identification and mitigation of potential inconsistencies and conflicts.
11. The Handbook should also include a requirement for the opportunities and risks relating to connectivity to be considered at the start of the standard setting process and to be monitored, periodically, during a board’s deliberations on a project. For more detail, please refer to paragraphs A1 to A6 in the Appendix.

SASB Standards

12. The three principles (transparency, full and fair consultation, and accountability) applicable to full IFRS Standards should be similarly applicable to any related guidance. For the SASB standards and the SASB standards taxonomy to become truly internationally applicable and adoptable requirements, their development and internationalisation should also be subject to the usual due process steps applied to IFRS Standards.
13. The UKEB urges the Foundation to ensure that the SASB standards and the SASB standards taxonomy adhere to the proposed new requirement, at paragraph 6.6 of the amended Handbook, which specifies that materials from other standard-setting bodies which “*might have been subject to consultative procedures during their development*” still require “*the board to apply the Foundation’s due process to any proposed requirements incorporating such material*”. If the long-term intent is for the SASB standards to be required, or in effect required, the due process for adapting and finalising them should reflect that intent, rather than their current, voluntary, status. However, if they are simply intended to be educational material, then references in the DPH should be duly amended to provide clarity and transparency to stakeholders.
14. Annex B to the Handbook proposes that the SASB Standards Board Adviser Group (the Group), consisting of three to five ISSB members, develops EDs of amendments for ratification by the full ISSB board. The papers discussed by this group, and the minutes of those meetings, are not made public. Although paragraphs B5 and B6 state that “*a technical staff paper summarising the steps that have been taken in developing*” the ED or the amendments will be provided to

the board, the process is still opaque. For the development and ratification of the SASB standards to meet the criteria of public accountability, the process for technical decisions should also be transparent. This includes the standards being discussed by the ISSB at public meetings, with the papers for those meetings being publicly available, so that all stakeholders have equal access and the rationale for the positions taken is fully transparent.

15. We also recommend that a transparent process is followed for appointing members to committees or groups involved in the development of SASB Standards, and for the membership of those committees and groups to be globally representative. For more detail, please refer to paragraphs A7 to A12 in the Appendix.

Post-implementation Reviews (PIRs)

16. We note that the requirements for PIRs were not substantively amended in the 2020 update as, at that time, the IASB had only conducted three such reviews. The proposed amended requirements reflect their development.
17. However, we recommend that the Foundation gives further consideration to the proposed timing of PIRs, including the possibility of a backstop period by when the PIR must be completed. For example, the UKEB is legally required to carry out a review of the impact of the adoption of any standard⁴ it "*considers likely to lead to a significant change in accounting practice*". A report setting out the conclusions of the reviews must be published within five years of the date on which the standard takes effect. Other national standard setters may have similar legal obligations. If the proposed amendments to the Handbook mean that the IASB defers carrying out PIRs on new Standards or major amendments, the UKEB would still be obliged, by law, to carry out its own PIR. This could lead to unintended consequences, such as the UK being required to amend its standards, leading to a diversity in practice by one of the largest capital markets reporting under IFRS. A backstop would ensure that the PIRs are not deferred indefinitely by the boards, potentially leading to diversity in practice across jurisdictions. For more detail, please refer to paragraphs A15 to A21 in the Appendix.

Comment Periods

18. The Foundation's due process must allow sufficient time for stakeholders to provide their views and input into its work. In particular, that means ensuring that NSS, which aim to represent a balanced and independent perspective of the relevant stakeholders within their jurisdiction, are given time to follow their own due process steps. NSS must have the ability to work within the schedule of their

⁴ The term "Standard" is used to refer to amendments to international accounting standards, in line with the definition of 'international accounting standards' used in the Regulations, which includes 'subsequent amendments to international accounting standards'.

own meetings, which often follow a pattern of monthly meetings, aligned with the meeting pattern for the IFRS Foundations' two boards. Setting consultation deadlines for the first of the month following the actual 90- or 120-day deadline would normally allow NSS to get their final comment letters approved at their own board meetings.

19. In addition, to ensure that stakeholders are able to fully consider the content of a consultation and respond to it appropriately, the boards should consider the timing and length of their consultations. For example, taking particularly busy periods into consideration (e.g. December⁵) when setting the length of a consultation; and, issuing exposure drafts for periods in excess of 120 days for complex new standards or major amendments with wide-ranging impacts, which may benefit from field testing being carried out across jurisdictions. For more detail, please refer to paragraphs A30 to A34 in the Appendix.

Impact Assessments

20. The proposed amended Handbook includes several amendments which broaden the scope of economic assessment.⁶ The UKEB welcomes these enhancements to the requirements. However, we consider that further amendments could be made in this area, and our proposals are summarised in Appendix B to this letter.

Further detail, in relation to the Board's views set out above, is provided in the response to the questions set out in the Exposure Draft.

If you have any questions, please do not hesitate to contact the project team at UKEndorsementBoard@endorsement-board.uk.

Yours sincerely

Pauline Wallace
Chair
UK Endorsement Board

⁵ Over 50% of UK listed entities have a December year-end. It is also the most common year-end in Canada (54%) and the EU (De, Esp, Ita, Fra) (88.9%)

⁶ Paragraphs 4.12, 6.50 and 6.62

Appendix A: Exposure Draft *Proposed Amendments to the IFRS Foundation Due Process Handbook*

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*?

Connectivity

- A1. The UKEB is broadly supportive of the proposals to formalise connectivity between the boards and their respective sets of standards.
- A2. As highlighted in the joint NSS letter to the ISSB on its Agenda Consultation, we consider that maintaining close alignment and connectivity between financial and sustainability reporting is paramount to ensuring that the information produced for investors is compatible and comparable.
- A3. The objective for the two boards to “*develop complementary sets of IFRS Standards*” (the Constitution, section 2), which is proposed for inclusion at paragraph 1.1, will achieve standards which do not conflict with each other. However, to achieve connectivity in areas where there may be overlap between the two sets of standards, we believe that the Due Process Handbook should go further. The UKEB proposes that the objective should instead be for the boards to “develop IFRS Standards that connect”.
- A4. We also consider that there are opportunities to strengthen the approach to connectivity throughout the standard-setting process. The UKEB recommends, for example, that paragraph 4.10 of the proposed amended Handbook ensures that when a board develops its work plan it considers opportunities for connections with the other board’s work. The wording should be amended from “may” be considered, to “shall” be considered, in the context of potential opportunities and also for compatibility, and the identification and mitigation of potential inconsistencies and conflicts.
- A5. A further example is that paragraph 6.25 proposes that the steps taken to develop Standards, compatible with the other board’s Standards, are summarised by the technical staff at the end of a standard-setting project. While this is a helpful addition, we suggest that the Handbook includes a requirement for the

opportunities and risks relating to connectivity to be considered at the start of the standard setting process and to be monitored, periodically, during a board's deliberations on a project.

- A6. UK stakeholders have also advised that, in practice, sustainability disclosures are also being prepared by finance departments now, leveraging their experience with control environments, external reporting and engagement with auditors. To avoid consultation fatigue, or disjointed approaches from the two boards, we are of the view that connectivity and co-ordination between the boards is critical.

SASB Standards

- A7. The three principles (transparency, full and fair consultation, and accountability) applicable to full IFRS Standards should be similarly applicable to any related guidance. For the SASB standards and the SASB standards taxonomy to become truly internationally applicable and adoptable requirements, their development and internationalisation should also be subject to the usual due process steps applied to IFRS Standards.
- A8. While the SASB sector-specific requirements are currently voluntary IFRS Standards, IFRS S1 requires that entities applying that standard "*shall refer to and consider*" SASB standards for sustainability-related risks and disclosures. It is also unclear whether they may be incorporated into the body of IFRS Standards, as mandatory requirements, at some point in the future.
- A9. This would align with the proposed new requirement, at paragraph 6.6 of the amended Handbook, which specifies that materials from other standard-setting bodies which "*might have been subject to consultative procedures during their development*" still require "*the board to apply the Foundation's due process to any proposed requirements incorporating such material*". If the long-term intent is for the SASB standards to be required, or in effect required, the due process for adapting and finalising them should reflect that intent, rather than their current voluntary status. However, if they are simply intended to be educational material, then references in the DPH should be duly amended to provide clarity and transparency to stakeholders.
- A10. Annex B to the Handbook proposes that the SASB Standards Board Adviser Group (the Group), consisting of three to five ISSB members, develops EDs of amendments for ratification by the full ISSB board. The papers discussed by this group, and the minutes of those meetings, are not made public. Although paragraphs B5 and B6 state that "*a staff paper summarising the steps that have been taken in developing*" the ED or the amendments will be provided to the board, the process is still opaque. For the development and ratification of the SASB standards to meet the criteria of public accountability, the process for technical decisions should also be transparent. This includes the standards being discussed by the ISSB at public meetings, with the papers for those meetings

being publicly available, so that all stakeholders have equal access and the rationale for the positions taken is fully transparent.

- A11. We also recommend that a transparent process is followed for appointing members to committees or groups involved in the development of SASB standards, and for the membership of those committees and groups to be globally representative.
- A12. The UKEB further recommends that the Handbook clarifies:
- a) whether the Sustainability Standards Advisory Form (SSAF) should be consulted regarding the international applicability of the SASB standards and SASB standards taxonomy, and whether they will be consulted on future amendments;
 - b) how the full board of the ISSB will engage with the development of and amendments to the SASB standards, beyond the ratification process;
 - c) whether the ISSB intends to carry out an impact assessment in relation to use of the sector-specific standards;
 - d) whether the SASB standards will be subject to the post-implementation review process; and
 - e) what the process will be for responding to questions regarding their interpretation.

Interpretations Committee – sustainability reporting

- A13. The Exposure Draft confirms that the Interpretations Committee only relates to the IASB and IFRS Accounting Standards. However, the ISSB's Transition Implementation Group (TIG) is not equivalent to the IASB's Interpretations Committee and is only a transitional group.
- A14. The UKEB considers that it would be helpful if the IFRS Foundation confirmed whether an Interpretations Committee will be established to consider questions relating to the interpretation of sustainability disclosure standards. How IFRIC and the TIG/future ISSB Interpretations Committee propose considering issues relating to connectivity should also be clarified.

Question 2 – Enhancements and clarifications

Do you agree with the proposed enhancements and clarifications to the *Handbook*?

Post-implementation reviews (PIRs)

- A15. We note that the requirements for PIRs were not substantively amended in the 2020 update as, at that time, the IASB had only conducted three such reviews. The proposed amended requirements reflect their development.
- A16. However, we recommend that the Foundation gives further consideration to the proposed timing of PIRs, including the possibility of a backstop period by when the PIR must be completed. For example, the UKEB is legally required to carry out a review of the impact of the adoption of any standard⁷ if “*considers likely to lead to a significant change in accounting practice*”. A report setting out the conclusions of the reviews must be published within five years of the date on which the standard takes effect. Other national standard setters may have similar legal obligations. If the proposed amendments to the Handbook mean that the IASB defers carrying out PIRs on new Standards or major amendments, the UKEB would still be obliged, by law, to carry out its own PIR. This could lead to unintended consequences, such as the UK being required to amend its standards, leading to a diversity in practice by one of the largest capital markets reporting under IFRS. A backstop would ensure that the PIRs are not deferred indefinitely by the boards, potentially leading to diversity in practice across jurisdictions.
- A17. The UKEB also notes that the current Handbook states that a PIR “*is an opportunity to assess the effect of the new requirements*”. The ED sets an explicit objective for PIRs: “to assess whether the effects of applying the new Standard / major amendments are as intended when developed” [emphasis added]. However, the basis on which the “intention” can be determined is not clear, given standards have an objective.
- A18. UK stakeholders raised concerns about the subjective nature of “*information is available*”, in paragraph 6.55 of the proposed amended Handbook, and questioned what the threshold would be and how it would be measured.
- A19. UK stakeholders also observed that the Basis of Conclusions explains how the board arrived at its decisions during the development of the Standards, but it does not set out the expected consequences of those requirements. They queried whether a board could really understand the intended effects before issuing a

⁷ The term “Standard” is used to refer to amendments to international accounting standards, in line with the definition of ‘international accounting standards’ used in the Regulations, which includes ‘subsequent amendments to international accounting standards’.

standard, especially as a full effects analysis is not part of the due process. The also observed that the effects for some stakeholders will be different to the effects for others. Therefore, a clearer, more tightly worded objective would be helpful.

- A20. In addition, UK stakeholders advise that there is not much appetite for change when PIRs are carried out at a much later stage as systems have been implemented and practice has settled. The UKEB recommends that Transition Resource Groups (TRG), such as the one set up for IFRS 15 *Revenue from Contracts with Customers*, could be set up for major projects to monitor international implementation issues and provide a more agile process for addressing them at an early stage, before excessive implementation costs have been absorbed by preparers.
- A21. The UKEB also notes there is currently no provision for the boards to consider the body of their respective standards and carry out PIRs on older standards which may no longer meet stakeholder needs. We recommend the Foundation considers whether such requirements should be added to the Handbook.

Interpretations Committee (IFRIC)

- A22. The Interpretations Committee is required, at paragraph 5.17, to consider four criteria when assessing the need for a standard-setting project. Criterion a) specifies "*the matter has widespread effect*". The ED proposes the following clarification: "*that is, the circumstance or transaction is prevalent and there is diversity in the application of IFRS Accounting Standards*". The UKEB suggests that it would be helpful if "prevalence" was defined e.g. by reference to the number and size of entities, relevant sizes of jurisdictional capital markets, etc).
- A23. Currently, the Interpretations Committee can only decide to proceed with a standard setting project if, inter alia, "*the principles and requirements in the Standards do not provide an adequate basis for an entity to determine the required accounting*". This does not allow for the possibility that, after implementation, the required accounting is leading to unintended or poor accounting outcomes (albeit the standard is clear). The UKEB recommends that IFRIC should have the ability to recommend standard setting in those circumstances. [Provide a decision tree diagram?]
- A24. The UKEB also recommends that the Handbook sets out the due process around amendments to IFRIC Agenda Decisions and Interpretations.

Surveys

- A25. The UKEB notes that paragraph 3.68 of the proposed amended Handbook adds provision for the boards to offer stakeholders the opportunity to respond to formal consultations by completing a survey. Whilst the addition of the options for stakeholders to respond to a formal consultation via a survey may be helpful, the

UKEB recommends that it should only ever be used as a supplementary option to responding via a Comment Letter.

- A26. Comment Letters enable stakeholders to provide an explanation of the rationale for their views. This cannot be effectively achieved through a survey. Therefore, the boards may find that the use of surveys negatively impacts the assessment of proposals and how stakeholder views are conveyed e.g. they may receive an artificially narrowed range of responses, binary answers (if closed questions are asked), and the boards could experience difficulties in effectively interpreting the results. In addition, the publication of Comment Letters provides a level of transparency which may be lacking in survey data if it is not available for public consideration.
- A27. As the UK's NSS, the UKEB would also like to highlight that the survey format is problematic for standard setters, as well as membership bodies, as the questions are only visible as a respondent proceeds through the survey (e.g. checking a particular response brings up relevant supplementary questions). This makes it difficult for organisations, such as standard setters and membership bodies, to consult with their own stakeholders (investors, preparers, accounting firms, auditors etc) on the full extent of the consultation, when formulating their own views in the response.

Re-exposure Criteria

- A28. The UKEB recommends that the IASB carefully considers the requirements regarding re-exposure. The current amendments do not include consultation with stakeholders on whether re-exposure is appropriate. Further, the UKEB recommends that paragraph 6.30 also requires the board to consider stakeholder feedback, including from consultative groups and target consultations, before making a final decision on re-exposure.

Work plan

- A29. The UKEB recommends that workplan consultations reflect the boards' formal and public assessment of the connectivity of the projects, proposed to be included on the agenda.

Comment periods

- A30. The Foundation's due process must allow sufficient time for stakeholders to provide their views and input into its work. In particular, that means ensuring that NSS, which aim to represent a balanced and independent perspective of the relevant stakeholders within their jurisdiction, are given time to follow their own due process steps.

- A31. NSS provide an important link between the IASB and the stakeholders of the NSS' respective jurisdiction. The ability to engage with stakeholders, gather comprehensive feedback, and also weigh up competing interests within a jurisdiction, bring significant legitimacy to the standard setting process. Accordingly, NSS must have the ability to work within the schedule of their own meetings, which often follow a pattern of monthly meetings, aligned with the meeting pattern for the IFRS Foundation's two boards. Setting consultation deadlines for the first of the month following the actual 90- or 120-day deadline would normally allow NSS to get their final comment letters approved at their own board meetings.
- A32. In addition, to ensure that stakeholders are able to fully consider the content of a consultation and respond to it appropriately, the boards should consider the timing and length of their consultations.
- A33. In relation to timing, December is a popular year-end for listed companies (over 50% of UK listed entities have a December year-end⁸), and it is a holiday period in many jurisdictions (in both hemispheres). While the boards should not be prevented from issuing consultations at the end of the year, the UKEB suggest that consideration should be given to the length of the consultation and the outreach engaged in during this period.
- A34. In relation to the length of consultations, the UKEB also recommends that consideration should be given to enabling boards to issue exposure drafts for significantly longer periods than the standard 120 days. For example, exposure drafts of complex new standards or major amendments with wide ranging impacts, which may benefit from field-testing being carried out across jurisdictions.

⁸ December is also the most common year-end in Canada (54%) and the EU (De, Esp, Ita, Fra) (88.9%)

Appendix B: Impact Assessments

- B1. Further consideration may need to be given to how the two boards analyse the likely costs and benefits (“effects”) of new requirements on affected parties, as well as associated wider economic effects. We include some suggested amendments below. These are specific to IFRS Accounting Standards as the UKEB is the national standard-setter for those standards. However, we recognise that the Handbook would need to ensure that sustainability related examples are also incorporated.

Standard-setting bodies

- B2. Paragraph 3.53 of the proposed amended Handbook could be further enhanced. For example, by adding that “*The boards acknowledge that some jurisdictions have legal requirements to assess the economic effects of new standards. Considerations on the economic effects are included at all stages of a standard project to allow early adoption in all jurisdictions, with the intent to foster comparability of general-purpose financial reporting.*”

Effects analysis

- B3. In describing how the two boards fulfil their Public Accountability duty, the proposed amended Handbook caters for an assessment of costs and benefits associated with new IFRS standards or amendments (paragraphs 3.77-3.82 Effects Analysis).
- B4. Economic effects are considered at all stages of the standard-setting process.¹ However, the economic assessments conducted by the IASB have been limited in scope, and tend mainly to be qualitative in nature.
- B5. We would suggest the DPH can be amended to support decision-making about economic assessments with more analysis. For example, paragraphs 3.77-3.82 could embed economic concepts more explicitly, by:
- i. Recommending quantification or monetisation of costs, benefits and other economic effects when feasible and proportionate.
 - ii. Prescribing that the analysis should focus on *incremental* costs and benefits associated with the adoption of a standard or amendment.
 - iii. Requiring the identification of a status quo situation to compare incremental costs/benefits against (a “counterfactual”).

- iv. Considering both one-off and ongoing costs and benefits, specify the length of the appraisal period and introduce guidance on discount rates to be used.
- v. Considering the risk for stakeholders to incur *sunk costs* as a result of the standard-setting process.
- vi. Requiring a discussion of the economic consequences of alternative standard-setting options for earlier-stage projects, including the consequences of maintaining the status quo (a point touched upon in paragraph 3.78).
- vii. Explicitly noting, in paragraph 3.80, the cost categories most likely to be incurred when adopting a standard, e.g., familiarisation, system changes, audit etc.
- viii. Referencing wider economic effects more explicitly, at paragraph 3.81, differentiating between capital market, microeconomic and macroeconomic effects, and considering the wider economic effects over the long-term.

Economic assessment at different stages of the standard setting process

- B6. We agree that the Handbook could require a proportionate assessment of economic effects throughout the standard setting process cycle, in line with paragraphs 3.77-3.82. It could further cater for the specificities of the different stages of the standard-setting processes:
- a) **Research projects:** Paragraphs 4.8-4.12 could require a proportionate assessment of the likely effects associated with alternative options which address the financial reporting problems under consideration, including a “do nothing” option.
 - b) **Standard-setting projects:** Paragraphs 5.4-5.7 could require a proportionate assessment of the likely effects associated with alternative standard-setting options within the context of the project under consideration. For example, within the context of a project that broadens recognition criteria, the IASB could compare the economic consequences of a principles-based project (i.e. setting up recognition criteria that apply in all circumstances), a rules-based model (i.e. a taxonomy of assets that can be recognised), and a principles-based project supported by rules (e.g. bans for specific items).
 - c) **Exposure draft stage:** Paragraphs 6.4-6.10 could require a proportionate assessment of the likely effects associated with alternative requirements within the chosen standard setting option. For example, within the context of a project that broadens recognition criteria but sets up bans on

individual asset types, the IASB could compare the economic consequences of different sets of bans.

- B7. The Handbook could indicate that, when reviewing evidence at the different stages of the standard-setting process, the boards will explicitly consider both financial reporting and long-term economic consequences in their decision making.

DRAFT

[Draft] Feedback Statement

Exposure Draft: *Proposed Amendments to the IFRS Foundation Due Process Handbook*

Final Comment Letter (FCL)

28 March 2025

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Purpose of this Feedback Statement

This feedback statement presents the views of UK stakeholders on the [UKEB's Points proposed for inclusion in the UKEB Comment Letter](#) on the IFRS Foundation Trustees' Exposure Draft (ED) [Proposed Amendments to the IFRS Foundation Due Process Handbook](#) and explains how the UKEB's Final Comment Letter addressed those views.

The UK Endorsement Board (UKEB) is the UK's National Standard Setter for IFRS Accounting Standards; responsible for the endorsement and adoption of IFRS Accounting Standards, for use in the UK. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations.

The comment letter, to which this feedback statement relates, forms part of those influencing activities and is intended to contribute to the IFRS Foundation's due process.



The IFRS Foundation Trustees' Exposure Draft

The Trustees of the IFRS Foundation published the ED *Proposed Amendments to the IFRS Foundation Due Process Handbook*.

The IFRS Foundation's Due Process Handbook (the Handbook) is the standard setting 'manual' for the work of the IASB, the ISSB and the IFRS Interpretations Committee (IFRIC), which builds on the due process requirements in the IFRS Foundation Constitution. It helps to deliver transparency and accountability as well as explaining the process for stakeholder engagement.

The amendments:

- Reflect the creation of the ISSB in the Due Process Handbook (as it was last updated in 2020, before the creation of the ISSB); and
- Make targeted enhancements and clarifications, based on the Foundation's recent experiences.

Outreach approach

- The UKEB's outreach activities took place between February 2025 and March 2025 and were conducted to develop the UKEB Comment Letter on the ED.
- Outreach activities included:
 - Seeking feedback from the UKEB Advisory and Working Group members, via email.
 - Discussions with UK and international bodies, including Government and regulators.
 - Discussions with other National Standard Setters.
 - Tabling the project as an item for noting at meetings of the UKEB Investor Advisory Group, the Preparer Advisory Group, and the Accounting Firms and Institutes Advisory Group.
- Public consultation on the UKEB's Points proposed for inclusion in the UKEB Comment Letter was conducted for 2 weeks, between 4 March 2025 and 18 March 2025.
- The UKEB promoted awareness of the proposed content and encouraged stakeholders to respond through the UKEB website, and a UKEB subscriber News alert.
- All comments and views were considered in reaching the UKEB's final assessment of the proposed amendments.

- The UKEB's 'Points proposed for inclusion in the UKEB Comment Letter' broadly supported the proposals in the ED published by the Trustees of the IFRS Foundation. It was published on the UKEB website, subscribers were alerted to its presence via a News Alert, requesting feedback on the document. No written comments were received in response to that document's publication.
- Members of the UKEB's Advisory Groups were also alerted to its publication and encouraged to provide feedback. They raised concerns relating to the Post-implementation Reviews requirements, which were reflected in Appendix A to the UKEB's Comment Letter.
- The Final Comment Letter (FCL) issued by the UKEB is mainly consistent with the views expressed in the Points proposed for inclusion in the UKEB Comment Letter. However, the section on Impact Assessments has been expanded and inserted as an additional Appendix.

Disclaimer

This Feedback Statement has been produced to set out the UKEB's response to stakeholder comments received on the [UKEB's Points proposed for inclusion in the UKEB Comment Letter on the IFRS Foundation Trustees' Exposure Draft \(ED\) *Proposed Amendments to the IFRS Foundation Due Process Handbook*](#).

The views expressed in this Feedback Statement are those of the UK Endorsement Board at the point of publication.

Any sentiment or opinion expressed within this Feedback Statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS by the UKEB.



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Contact Us

UK Endorsement Board

6th Floor | 10 South Colonnade | London | E14 4PU

www.endorsement-board.uk

Appendix C: DRAFT Due Process Compliance Statement: *Proposed Amendments to the IFRS Foundation Due Process Handbook*

The Trustees of the IFRS Foundation published the Exposure Draft *Proposed Amendments to the IFRS Foundation Due Process Handbook*¹ on 19 December 2024. The IASB comment period ends on 28 March 2025.

Influencing process

Project preparation

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Added to UKEB technical work plan [Due Process Handbook (Handbook) 4.30]	Mandatory	Project included in the UKEB published technical work plan	Complete: The Review was included in the UKEB technical work plan published in February 2025 .

¹ [Due Process Handbook Review](#)

² In accordance with the [Due Process Handbook](#).

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14]	Mandatory	PIP draft with project outline (background, scope, project objective) and approach for influencing (key milestones and timing)	Complete: The Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities. The PIP was approved at the 27 February 2025 Board meeting.
	Mandatory	Outreach plan for stakeholders and communication approach outlined	Complete: The PIP (referred to above) included the outreach plan and approach.
	Mandatory	Resources allocated	Complete: One Project Director – Governance Lead. Some input was also obtained from the economics team, as per the PIP.

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14] (continued)	Mandatory	Assessment of whether to set up an ad-hoc advisory group	Complete: Taking a proportionate approach, an ad-hoc advisory group was considered unnecessary. The existing UKEB advisory and working groups have the necessary skills and expertise to provide feedback on this project.
	Mandatory	Assessment of whether PIP required updating	Complete: We monitored this throughout the project, the nature and scope of which remained as proposed in the original PIP.
	Mandatory	UKEB Board public meeting held to approve PIP	Complete: The Board approved the PIP at its meeting on 27 February 2025 .
Education sessions [Handbook 4.10]	Optional	Board provided with education sessions	Complete: The Board was provided with an education session on the proposed amendments to the Handbook on 28 January 2025 .

Desk-based research

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Desk-based research [Handbook 5.9 and A3]	Optional	Review of relevant documentation	<p>Complete: the Secretariat has reviewed relevant documentation, including:</p> <ul style="list-style-type: none"> • The UKEB Due Process Handbook and other organisations' due process requirements; • IFRS Due Process Oversight Committee (DPOC) papers, presentations, and meetings, including the Exposure Draft (ED); and • Other standard-setters' views.

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Outreach

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Outreach activities [Handbook 5.10 to 5.12 and A4 to A8]	Mandatory	Evidence of consultation	<p>Complete:</p> <p>Outreach activities focused on:</p> <ul style="list-style-type: none"> • Circulating the list of issues to be included in the UKEB Comment Letter, via email, to the members of the UKEB advisory and working groups. • Highlighting the project at scheduled meetings of the UKEB advisory groups. • Discussing the list of issues to be included in the UKEB Comment Letter with UK and international bodies with an interest in this project, including Government and regulators. <p>The Feedback Statement summarises feedback on the UKEB's Points proposed for inclusion in the UKEB Comment Letter.</p>

Draft Comment Letter (DCL)

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
DCL published for comment (mandatory unless impracticable) [Handbook paragraphs 5.13 to 5.17 and A4(d)]	Mandatory	Comment period set for responses to DCL	Complete: The Points proposed for inclusion in the UKEB Comment Letter was published for consultation, for two weeks, on 4 March 2025 (comment period deadline: 18 March 2025). This was in place of a DCL.
	Mandatory	Review and approval at a UKEB public meeting	Complete: The Points proposed for inclusion in the UKEB Comment Letter was reviewed and approved at the Board meeting on 27 February 2025 , subject to amendments suggested at that meeting. This was in place of a DCL.
	Mandatory	DCL published on website for public consultation	Complete: The Points proposed for inclusion in the UKEB Comment Letter was published on the UKEB website for public consultation on 4 March 2025 (comment period deadline: 18 March 2025). This was in place of a DCL.

Project finalisation and project closure

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Final Comment Letter (FCL) [Handbook paragraph 5.18 and A4(d)]	Mandatory	Public responses to DCL considered and published on website	Complete: The UKEB did not receive any written responses to the Points proposed for inclusion in the UKEB Comment Letter document. Verbal responses, provided at the advisory group meetings were assessed and reflected, as appropriate, in the FCL and summarised in the Feedback Statement.
	Mandatory	FCL approved by the UKEB in public meeting	Pending: A draft of the FCL will be presented to the Board, for approval, at its 28 March 2025 public meeting.
	Mandatory	FCL submitted to the IASB and posted on UKEB website	Pending: Following Board approval, the FCL will be submitted to the IFRS Foundation's Due Process Oversight Committee (DPOC) and posted on the UKEB website.
Feedback Statement [Handbook 5.19 to 5.22 and A9 to A11]	Mandatory	Feedback Statement approved for publication by the UKEB in a public meeting	Pending: A draft of the Feedback Statement will be presented to the Board, for approval, at its 28 March 2025 public meeting.
	Mandatory	Feedback Statement published on the UKEB website	Pending: Following Board approval, the Feedback Statement will be published on the UKEB website.

Due Process Compliance Statement (DPCS) [Handbook 5.23 to 5.26 and A12 to A14]	Mandatory	DPCS approved by the UKEB in public meeting	Pending: A draft DPCS will be presented to the Board, for approval, at its 28 March 2025 public meeting. A final DPCS will be presented for noting at the Board's May 2025 meeting.
	Mandatory	DPCS published on the UKEB website	Pending: Following Board approval, the final version of the DPCS will be published on the UKEB website after the Board's May 2025 meeting.

Ongoing communications

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Public Board meetings [Handbook 4.10]	Mandatory	UKEB public meetings held to discuss technical project	Complete: The Board approved the PIP at its meeting on 27 February 2025 . Pending: The FCL, Feedback Statement and Draft DPCS will be presented for approval by the Board at the meeting on 28 March 2025.
Secretariat papers [Handbook 4.20]	Mandatory	Board meeting papers posted and publicly available usually no later than 5 working days before a Board meeting.	Complete: The UKEB's meeting papers were published on the UKEB website 5 working days before the public meetings. Meeting minutes and recordings were made publicly available via the UKEB website.

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project webpage [Handbook 4.25(b)]	Mandatory	Project webpage contains a project description with up-to-date information on the project.	Complete: The project webpage has been updated regularly on a timely basis.
Subscriber Alerts [Handbook 4.24]	Optional	Evidence that subscriber alerts have occurred	Complete: Subscribers were alerted via email 5 days before each Board meeting, with links to the agenda, papers and the option to dial in to observe the discussion.
News Alerts [Handbook 4.24]	Optional	News Alert to announce publication of key documents	Complete: A News Alert was published on 5 March 2025 advising that the PIP for this project had been approved and providing a link to the Points proposed for inclusion in the UKEB Comment Letter document. A link to the document was sent out to the members of the UKEB advisory and working groups. Pending: A News Alert will be published alerting stakeholders to the FCL.

Conclusion

This project does not respond to a paper issued by either the IASB, ISSB or IFRIC. Therefore, it is not specifically covered by the UKEB's Due Process Handbook.

However, this project complies with the applicable due process requirements for technical influencing projects, as set out in the December 2022 Handbook, with one slight variation: the UKEB did not publish a Draft Comment Letter (DCL). Instead, the Board agreed a list of the main points to be proposed for inclusion in the Comment Letter.

There was no formal outreach via the publication of a DCL. The list of issues proposed for reference in the UKEB Comment Letter was published on the UKEB website project page, highlighted to stakeholders via a News Alert, and emailed to members of the UKEB advisory and working groups for comments and views.

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