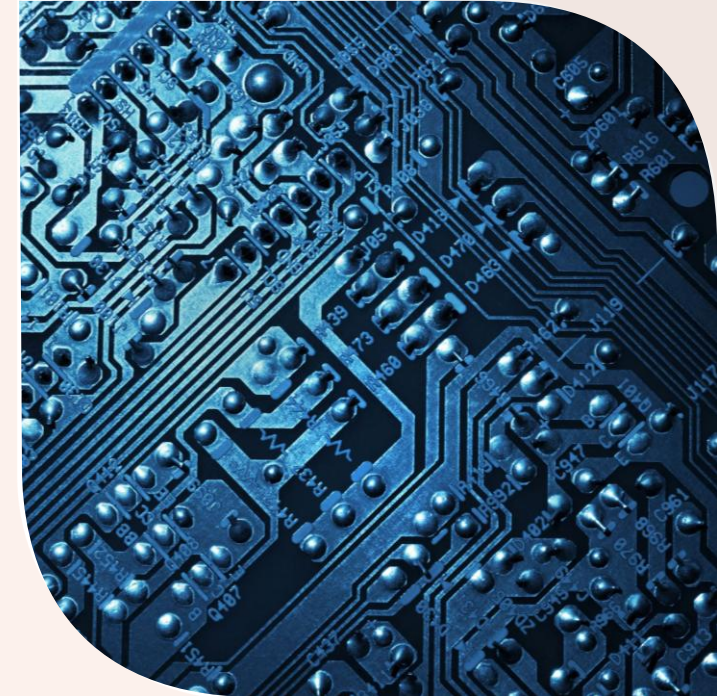


# EFRAG DCL IFRS Foundation Due Process Handbook

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## OVERVIEW

- Timeline consultation
- Main messages
  - Financial reporting
  - Sustainability reporting
- Questions to constituents
- Additional comment



# Timeline consultation and access to document

## DCL publication

## Public consultation

- Comments by 24 March
- Includes consultations of SR and FR TEG, SRB and FRB
- [Link](#)

## Processing feedback

- From 24 till 27 March

## Approval Admin Board

## Written procedure

- 28 March 2025



# Main comments Financial reporting

# Financial reporting topics

## Workplan

- Imbalance between possibility of constituents to add topics to the agenda (or prioritise) and the possibility of the board to remove topics from the agenda or deprioritise
  - Request to move from simple to supermajority for initiating, pausing or retiring major projects
  - Role of prioritisation framework to be clarified in the Handbook, including interaction with periodic agenda consultation

## Length of comment periods

- The use of 180, 270 or 360 days comment periods should not be excluded when complexity is significant, field testing is needed and timing allows

## Educational material

- Proposal to develop criteria distinguishing between educational material (not exposed to public feedback) and guidance (exposed to public feedback)

# Financial reporting topics

## Post-Implementation Review (PIR)

- Current role of PIRs is more to identify fatal flaws instead of learning from application experience => PIR should be more forward looking
  - Handbook does not describe criteria for what constitutes a major amendment to a Standard
  - Disagreement with the proposed deletion of the possibility to initiate a PIR in response to standard setters
  - Proposal to publish a tentative schedule for a PIR when publishing a standard.
  - Cost-benefit balance may change over time
  - There is no regulation of the possibility that the board in the PIR may conclude that a Standard should be withdrawn (a negative conclusion)
- Issues raised in PIRs to be reviewed cumulatively across standards => criteria for further actions after a PIR to be revised
- No clarity between the objectives of the PIR and the conditions for considering taking actions as a result of the feedback received during the PIR

# Financial reporting topics

## Interpretations Committee

- Request for improved centralising of aspects related to the Interpretations Committee in one chapter
- Use of same criteria questioned to develop narrow-scope amendments and IFRS Interpretation
- When matter is submitted by international or regional bodies of standard setters, security regulators or standard enforcers there should be a rebuttable presumption that it is widespread
- In cases where a standard is clear but does not provide useful information, Interpretations Committee should be able to request the board for standard setting activities
- Following a recommendation to IASB to develop narrow scope amendments, the Interpretations Committee should resume its work, if the item is not added to workplan within a reasonable timeframe

## Financial reporting topics

### Interpretations Committee

- Handbook does not cover amendments or consequential amendments to IFRC Interpretations
- Procedures for withdrawal or amendment of an agenda decision is not covered in the Handbook
- Concern raised about the reason behind removing the word «freely» in making draft interpretations available
- Handbook should be clearer on whether any steps of the decision process for objecting an Interpretation should be public.



## Financial reporting topics

### Specific comments

- Significant changes in the re-deliberation phase require feedback from constituents - to assess their interaction.
- Need to clarify what minimum sharing of information is and the conduction of consultation necessary to fulfil the boards' obligations toward ASAF, SSAF and international and regional bodies as well as jurisdictional standard setters.





## Main comments Sustainability reporting

## Sustainability reporting topics

### Need for development of a conceptual framework dedicated to sustainability reporting

- Repetition of earlier message shared with ISSB
- Current references in Handbook may lead to a wrongful interpretation that the Conceptual Framework deals with both financial and sustainability reporting

### Connectivity to be considered when deciding upon new IFRS Standards

- Need for processes to clearly define reporting boundaries between financial statements, sustainability reports and other reports
- Clarification of which board takes lead in issues affecting connectivity



# Sustainability reporting topics

## SASB Standards and SASB Standards Taxonomy

- These are not part of the overall due process requirements => rely on a separate and simplified due process
- This raises concerns about
  - Application of principles of transparency, full and fair consultation and accountability
  - Integration in the technical work plan
  - Updating of standards through packages or minor improvements
  - Subjection to the post-implementation review process
  - Application of an effects analysis
- ISSB ratifies EDs or amendments to SASB standards based on advice of three to five ISSB members
  - meeting privately
- SSAF not consulted on integration of SASB in the IFRS framework

## Sustainability reporting topics

### Need for introduction of an Interpretations Committee for sustainability reporting

- Does currently not exist, as it is reasoned Transition Working Groups (TWG) fill this void, however these have no similar due process
- Sustainability standards less mature than financial counterparts, development of global baseline

### Educational material

- Reliance on the external perspective, a new concept introduced in the ISSB educational material on materiality has not been exposed to public feedback





# Questions to Constituents

## Questions to constituents

- Do you agree with the need for developing an Interpretations Committee for sustainability reporting?
- Do you agree with the proposal to publish a tentative schedule for a PIR when releasing a standard, or would you prefer a different approach such as required start of the PIR after a predefined number of years of application?





Additional comment

## Forthcoming amendment to IFRS S2 allowing to omit Scope 3

- Doubtful that such a change can be seen as a «narrow-scope amendment» or «maintenance project»
- Inclusion of insurers are a fundamental aspect of climate reporting for financial institutions
- EFRAG expects calculation methodologies to evolve => consider including in Handbook a temporary option for reconsidering a measure



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- A possible panellist position in EFRAG's events
- A possible EFRAG representation in the entities' events
- Use of “**Friend of EFRAG**” logo



### How to apply?

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