



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

Western India Regional Council

WIRC/ICAI/ 10953/2025

2 January 2025

The Secretariat
Accounting Standards Board
The Institute of Chartered Accountants of India
ICAI Bhawan, P.B. No.7100, Indraprastha Marg,
New Delhi- 110 002, India.

Dear Sir/Madam,

Please find attached comments of **Exposure Draft on Due Process Handbook issued by the IFRS Foundation** for comments.

Kindly take the same on record.

Regards,

CA. Ankit Rathi
Chairman - WIRC of ICAI



Feedback on Proposed Amendments to the IFRS Foundation Due Process Handbook (December 2024)

1. General Observations:

We commend the IFRS Foundation for its commitment to transparency, inclusivity, and adaptability in the standard-setting process. The proposed amendments in the 2024 Exposure Draft represent a significant step toward integrating the ISSB into the Handbook, enhancing stakeholder engagement, and improving the overall quality of financial and sustainability reporting. However, certain areas merit further attention to maximize the impact and inclusiveness of the amendments.

2. Specific Feedback:

A. Integration of ISSB and Enhancing Connectivity

- The proposal to formalize the ISSB's due process within the Handbook is a welcome move, as it ensures consistency across financial and sustainability reporting standards.
- The addition of Annex B for SASB Standards is essential for clarity, but we suggest more explicit guidance on how the ISSB's processes will be aligned with those of the IASB in areas requiring cross-board collaboration.
- The focus on connectivity between IASB and ISSB through shared projects and joint meetings is commendable. However, mechanisms to monitor and report the effectiveness of this connectivity should be incorporated.

B. Stakeholder Awareness and Engagement

- Underrepresentation of MSMEs:

The lack of sufficient awareness and engagement among MSMEs remains a critical challenge. MSMEs often view IFRS standards as complex and less relevant, which undermines the broader goal of improving global reporting quality.

- We recommend targeted outreach to MSMEs, including:
- Simplified summaries of exposure drafts.
- Sector-specific consultations and illustrative examples.
- Collaboration with industry associations and local regulators to engage MSMEs effectively.
- Capacity-building initiatives for MSMEs, including training and financial support, could significantly enhance participation.

- Feedback Mechanisms:

- While the Handbook emphasizes public consultation, there is a need to measure and report the effectiveness of these efforts, particularly in regions or sectors with traditionally low participation rates.
- Leveraging technology (e.g., virtual consultations, interactive platforms) can help bridge gaps in accessibility.



C. Post-Implementation Reviews (PIRs)

- The clarified objectives and flexible timelines for PIRs are a positive development. However, we recommend:
- A structured framework to ensure that issues identified during PIRs, particularly those affecting underrepresented groups like MSMEs, are prioritized for resolution.
- Publishing detailed metrics on PIR outcomes to enhance transparency and accountability.

D. Addressing Delayed Improvements

- The Exposure Draft does not adequately address the concern of delayed amendments to standards in critical areas. We recommend:
- A more proactive approach to identifying and addressing gaps, such as:
- Regular monitoring of evolving trends and stakeholder challenges.
- A faster process for minor but impactful amendments under the "Annual Improvements" framework.
- Enhanced communication about why certain issues remain unresolved over long periods to maintain stakeholder trust.

E. Due Process Oversight

- The role of the DPOC in monitoring due process is well-structured, but its independence could be further strengthened by considering periodic external reviews of its activities.
- Transparency in DPOC activities, such as publishing more detailed reports on compliance and stakeholder concerns, would enhance confidence in the process.

3. Recommendations for Improvement

1. Increase Stakeholder Awareness:
 - a. Develop plain-language summaries and illustrative examples to improve accessibility.
 - b. Use digital platforms to expand outreach and consultation efforts, particularly for MSMEs.
2. Enhance Reporting:
 - a. Publish detailed feedback metrics for PIRs, including the number of stakeholders engaged, geographical distribution, and areas requiring further attention.
3. Address Underrepresented Sectors:
 - a. Introduce specific initiatives to engage MSMEs and stakeholders from developing regions.
4. Proactive Standard Maintenance:
 - a. Establish a mechanism to regularly evaluate areas of potential improvement and address long-standing issues more efficiently.

4. Conclusion

The 2024 Exposure Draft represents meaningful progress, but achieving the IFRS Foundation's broader objectives requires a more inclusive approach to stakeholder engagement, particularly for underrepresented groups like MSMEs. We believe incorporating these recommendations will strengthen the impact and adoption of the proposed amendments, ensuring a truly global and practical standard-setting framework.

Thank you for considering our feedback. We look forward to the continued evolution of the IFRS Foundation's processes and its contributions to improving global financial and sustainability reporting.