CURRENT DEVELOPMENTS

Spotlight on IFRS

Q2 2025

kpmg.ca

Quarterly update

KPMG Spotlight on IFRS: The Accounting and Financial Reporting milestones in the quarter ended on June 30, 2025.

Tariffs, counter-tariffs and constantly evolving trade policies continue to create uncertainty and challenges for businesses across a broad range of industries. Rapidly changing policies have posed challenges in preparing estimates, assumptions and projected financial information, increasing complexity in accounting and financial reporting.

Refer to our *Import tariffs – what's the impact on your financial reporting?* webpage for key considerations and resources on the accounting and financial reporting impact of tariffs, and our *Financial reporting in uncertain times* resource centre which features a range of articles, blogs and podcasts to explore the financial reporting impacts of operating in an uncertain environment.

On sustainability reporting, the European Commission's (EC) proposals, aimed to lessen the demands of sustainability reporting, continued to make strides while the International Sustainability Standards Board (ISSB) closed its comment period on proposed practical amendments to ease implementation. In Canada, the Canadian Securities Administrators (CSA) stated that they are pausing development of a new mandatory climate disclosure rule. In the US, President Trump issued an executive order opposing state-level climate initiatives, even as California's climate laws took another step forward.

Companies with a calendar year end will be required to apply the IFRS® Accounting Standards requirements effective from January 1, 2025 as outlined in section *Requirements effective in 2025*. Refer to our *illustrative disclosures* and *disclosure checklist* for our guides to condensed interim financial statements that reflect Accounting Standards effective from January 1, 2025.

Although not effective in 2025, companies should be aware of the new amendments to IFRS 9 and IFRS 7 – *Classification and Measurement of Financial Instruments* and *IFRS 9 – Power Purchase Agreements,* which are effective January 1, 2026. Companies should also be aware of the new Accounting Standards, IFRS 18 *General Presentation and Disclosure* and IFRS 19 *Subsidiaries without Public Accountability: Disclosures,* which are effective January 1, 2027. However, these amendments and new Accounting Standards may require some lead time to prepare for implementation. The latest information on the new amendments and standards are provided in the below sections, *Major projects and new Accounting Standards* and *Other developments.*

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Sustainability reporting update

In this section, we focus primarily on recent significant sustainability disclosure standard setting activities, sustainability-related regulatory updates and the potential impact of sustainability matters on financial statements. Note that this summary may not capture all of the sustainability-related reporting guidance and regulations to which a company may be subject.

Sustainability disclosure standards and regulatory update

ISSB developments

In response to stakeholder feedback, in April 2025 the ISSB proposed targeted amendments aimed at simplifying IFRS S2 *Climate-related Disclosures.* Comments on the proposals were due by June 27, 2025.

The proposed amendments cover the following:

- limiting disclosure of Scope 3 Category 15 greenhouse gas (GHG) emissions to financed emissions as defined in IFRS S2. This change would be particularly relevant for companies with insurance or investment banking activities;
- allowing companies to use global warming potential (GWP) values required by its jurisdictional authorities;
- clarifying circumstances in which a company can use a method other than the GHG Protocol Corporate Standard to measure GHG emissions; and
- enabling a company to use its existing industry-classification system instead of the Global Industry Classification Standard (GICS) when disaggregating financed emissions by industry.

For more information about developments in this area, read our web article *Proposals to simplify IFRS S2.*

Read our *high-level guide* for an overview of transition plan disclosures in accordance with IFRS S2, including key elements of a transition plan and how companies can effectively communicate their transition story in the financial statements.

Canadian developments

CSSB developments

Late in 2024 the Canadian Sustainability Standards Board (CSSB) released its first two Canadian Sustainability Disclosure Standards, CSDS 1 *General Requirements for Disclosure of Sustainability-related Financial Information* and CSDS 2 *Climate-related Disclosures*. The standards are aligned with the IFRS® Sustainability Disclosure Standards with the exception of a later effective date and incremental transition relief.

CSDS 1 and CSDS 2 will be effective for annual reporting periods beginning on or after January 1, 2025, on a voluntary adoption basis in Canada. Canada's provincial and territorial regulators and legislators will determine whether the standards should be mandated, and if so, who will need to apply the standards and over what time frame.

Refer to our *CSSB - Sustainability reporting resource centre* – which features the latest updates specific to the Canadian Sustainability Disclosure Standards.

CSA developments

In April 2025, the CSA made an *announcement* that they are pausing the development of a new mandatory climate disclosure rule and amendments to the existing diversity-related disclosure requirements in an effort "to support Canadian markets and issuers as they adapt to the recent developments in the US and globally." The CSA stated that they will monitor Canadian and international regulatory developments and expect to revisit these projects in future years.

OSFI's Guideline B-15: Climate Risk Management

On February 20, 2025, the Office of the Superintendent of Financial Institutions (OSFI) announced *updates* to Guideline B-15. Key updates include:

- deferring Scope 3 GHG emissions disclosures for all Federally Regulated Financial Institutions (FRFIs) to fiscal 2028 to align with the CSSB Standards;
- clarifying expectations for on-balance sheet and off-balance sheet assets under management; and

- setting the implementation date to disclose Scope 3 GHG emissions for the off-balance sheet component of assets under management to fiscal 2029.

The updates were reflected in the new iteration of the guideline released in March 2025.

Legislation prohibiting "Greenwashing" (Bill C-59)

On June 20, 2024, Bill C-59 became law and amended Canada's Competition Act to introduce anti-greenwashing provisions that aim to enhance the accountability of businesses making environmental and social claims.

In June 2025, the Competition Bureau finalized its *guidelines* on environmental claims designed to help companies comply with the Competition Act when making environmental claims.

US developments

In March 2025, the SEC voted to end its defense of its Climate Rule and notified the court of its decision. In April 2025, the court granted a motion to suspend consolidated cases challenging the SEC's Climate Rule pending clarification from the SEC as to its intentions.

In January and February 2025, several states proposed GHG emissions reporting bills similar (although not identical) to California's. In April 2025, President Trump signed an *executive order Protecting American Energy from State Overreach* which opposes state-level climate-laws, regulations and policies.

For further details on sustainability developments in the US – refer to our *US Quarterly Outlook* publications.

European Union (EU) developments

The EC's *Omnibus package* of proposals, aimed to reduce sustainability reporting and due diligence requirements in the EU, continue to progress.

Under the proposals, only large companies with more than 1,000 employees would be in the scope of the Corporate Sustainability Reporting Directive (CSRD) and therefore required to report under the European Sustainability Reporting Standards (ESRS), which the EC estimates would decrease the number of companies in scope by approximately 80%. Discussion on the proposed scoping change is underway with co-legislators and the European Parliament is scheduled to vote on proposals in October 2025.

Under the 'Stop the clock' proposal, now published in the EU's Official Journal and pending transposition by Member States, mandatory ESRS reporting for second and third wave companies will be postponed by two years. Refer to our web article *EU releases Omnibus proposals* for more details on the proposals.

The simplification of ESRS project, designed to reduce disclosure requirements, will be the topic of a public consultation expected in to happen in August 2025. The deadline for the European Financial Reporting Advisory Group (EFRAG) to present draft amendments to the EC is October 31, 2025.

The EC is also working to simplify the EU Taxonomy and proposing amendments to decrease the number of companies in scope of the EU Taxonomy. Public consultation on the matter ended in March 2025 and amendments have been made to the delegated acts. Refer to our web article *New amendments simplify EU Taxonomy* for more details.

On July 11, 2025, the EC adopted *'quick-fix' amendments* to allow first-wave companies reporting under ESRS to continue applying phase-in reliefs until fiscal 2027. The amendments will apply for 2025 reporting periods. Refer to our web article *Quick fix amendments to ESRS* for more details.

Sustainability in the financial statements

Climate change is driving broader stakeholder scrutiny of financial reporting, with regulators, investors and the public focusing on how companies report on climate-related matters including net-zero commitments, emissions and green schemes. As they are demanding clarity about climate, KPMG has launched its *Clear on climate reporting hub* to provide insights and guidance to help companies and their stakeholders understand how to be clear on climate in financial reporting.

The hub includes:

- *high-level guidance* on the actions companies need to take;
- FAQs to help identify the potential financial statement impacts of various transactions and arrangements; and
- videos and podcasts that explore the issues further – including by sector.

Climate-related disclosures in the financial statements

As the impact of climate change intensifies, investors and regulators are increasingly seeking greater transparency of climate-related information in financial statements.

Accounting Standards do not refer explicitly to climate-related risks or climate-related matters, but they implicitly require relevant disclosures in the financial statements when climate-related matters considered in preparing the financial statements are material. Therefore, companies are required to consider materiality carefully in deciding what information to provide about these matters. Information may be material even though there is no current-period financial impact.

In March 2023 the International Accounting Standards Board (IASB) added a narrow-scope *maintenance project* to its work plan to explore how companies can provide better information about climate-related risks in their financial statements. This project was initiated in response to feedback received on the IASB's most recent Agenda Consultation, and also builds on educational materials published by the IASB in 2020, and republished in *July 2023*. In September 2023, the IASB decided that the objective of the project is to explore whether and, if so, how targeted actions could improve the reporting of financial information about climate-related and other uncertainties in the financial statements.

The IASB published an exposure draft in July 2024, which proposes eight examples illustrating how a company applies the requirements in the Accounting Standards to report the effects of climate-related and other uncertainties in its financial statements. The IASB's proposed examples aim to:

- improve transparency of information in financial statements; and
- strengthen the connection between financial statements and other parts of a company's reporting, such as sustainability disclosures.

The eight illustrative examples focus on areas such as materiality judgements, disclosures about assumptions and estimation uncertainties, and disaggregation of information. The principles and requirements illustrated in these examples apply equally to other types of uncertainties beyond climate-related uncertainties.

Project updates in Q2 2025

The exposure draft comment period closed on November 28, 2024 and the IASB continued to discuss feedback on the exposure draft at its April, May and June 2025 meetings.

At its June 2025 meeting, the IASB tentatively decided to proceed with issuing illustrative examples 1 to 4 and 6 to 8 in the exposure draft as illustrative examples accompanying Accounting Standards, and not to proceed with issuing illustrative example 5. The IASB also tentatively decided to retain the project's current objective and develop no additional examples.

The IASB tentatively agreed to clarify that the illustrative examples will not have an official effective date. However, it expects entities to be given adequate time to implement changes to the disclosures in their financial statements as a result of the issuance of the illustrative examples. The IASB also tentatively decided to consider further work to facilitate connected financial reporting at its decision-making meeting on the Fourth Agenda Consultation.

The IASB decided to begin the balloting process for the illustrative examples, which are expected to be issued in October 2025.

Information about project updates is available on the IASB's *Climate-related and Other Uncertainties in the Financial Statements project page*.

For additional information about the potential financial statement impacts from climate-related risks, refer to our *web article*.

The impact of climate-related matters on impairment testing of non-current assets

Climate-related matters can have a significant impact on the impairment testing of non-current assets. As such, investors and regulators are increasingly seeking more robust disclosures that explain whether and how they are reflected in the recoverable amount.

Companies should connect assumptions used in the impairment test and information provided outside the financial statements, such as other parts of the annual report. When there are inconsistencies between the information in the front part of the annual report and the assumptions used to calculate the recoverable amount, companies may need to be clear on the reason for the difference.

In addition, if there is a high level of estimation uncertainty, such as future carbon prices, then additional disclosures, such as sensitivity analyses, may be required.

For additional information on the impact of climate-related matters on impairment testing of non-current assets and how to drive clarity in the financial statements, refer to our *web article*.

Major projects and new Accounting Standards

Presentation and disclosure in financial statements

In April 2024, the IASB issued a new Accounting Standard, IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will replace IAS 1 *Presentation of Financial Statements*.

It is important to note that this new Accounting Standard does not add or change any recognition or measurement requirements - in other words, companies' net profit will not change. So what does this mean for companies' financial reporting? What will change is how they present their results on the face of the income statement and disclose information in the notes to the financial statements. In summary, there are three primary elements of IFRS 18 that will change the way companies present and disclose their financial performance:

- A more structured income statement:
  - It introduces two new formally defined and required subtotals on the face of the income statement – 'operating profit' and 'profit or loss before financing and income tax'. However, companies providing financing to customers as their *only* main business activity (e.g., banks) typically do not present the latter subtotal.
  - All companies are required to classify income and expenses into three new distinct categories based on a company's main business activities – operating, investing and financing. Categories for income tax expense and profit or loss from discontinued operations remain as separate categories.
  - Operating expenses are analyzed directly on the face of the income statement – classified either by nature, by function, or on a mixed basis. Any items presented by function require more detailed disclosures about their nature in the notes.
- Management-defined performance measures (or MPMs) are now disclosed and subject to audit:
  - MPMs are defined as a subtotal of income and expenses used in public communications outside of the financial statements to communicate management's view of an aspect of the company's financial performance as a whole. As such, while there may be some overlap with a company's previous non-GAAP measures, MPMs and non-GAAP measures are not the same thing. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under the Accounting Standards.
- New guidance regarding when additional disaggregation is needed for items presented on the face of the primary financial statements or in the notes:
  - IFRS 18 includes enhanced guidance on how companies group information in the financial statements. IFRS 18 also mandates meaningful descriptions for line items. Therefore, companies are discouraged from labelling items as 'other'.

IFRS 18 is effective from January 1, 2027 and applies retrospectively. Early application is permitted. Companies are encouraged to monitor the evolution of the Accounting Standard and stay informed of communications from regulatory bodies as the effective date approaches.

Thus far in Canada, the Ontario Securities Commission and the Alberta Securities Commission have commented in their respective Corporate Finance 2024 annual reports on the interaction between MPMs and non-GAAP measures (as defined by securities law). Both regulators suggest that companies consider the non-GAAP measures currently disclosed outside the financial statements, because if those measures meet the definition of an MPM they will be included in the financial statements and subject to audit under IFRS 18.

Canadian stakeholders have started considering aspects of IFRS 18, including the assessment of whether various non-GAAP measures currently disclosed outside the financial statements meet the definition of an MPM, which is expected to be a challenging and time-consuming process. Companies are encouraged to read the May 14, 2025 IFRS Accounting Standards Discussion Group (IDG) *meeting report* for a summary of discussions held by the IDG on factors to consider when assessing whether a subtotal of income and expenses meets the definition of an MPM, illustrated through a series of examples.

Read our *web article* and our *high-level guide* that provide an overview of the new Accounting Standard. Our *First Impressions* publication provides our detailed insights and comprehensive analysis, with illustrative examples.

Reducing disclosures for subsidiaries

IFRS 19 *Subsidiaries without Public Accountability: Disclosures* was issued by the IASB in May 2024. It is a voluntary standard that applies to subsidiaries without public accountability, but whose parents prepare consolidated financial statements under the Accounting Standards.

For in-scope companies, IFRS 19 simplifies disclosures on various topics, including leases, exchange rates, income taxes, statement of cash flows, etc.

Although the effective date of IFRS 19 is January 1, 2027, the application of the Accounting Standard is optional, even if a company is in the scope. Early adoption is also permitted.

However, the effective date is caveated with some important comments:

- The current version of IFRS 19 does not reflect reduced disclosure requirements for any of the newer changes made to the Accounting Standards since February 28, 2021. The IASB issued a 'catch-up' exposure draft in July 2024 to consult on reducing the disclosure requirements from new Accounting Standards and amendments issued between February 2021 and May 2024; and
- Companies should monitor updates and communications from regulatory bodies pertaining to the application of IFRS 19. On the application of IFRS 19 in filings with the SEC, companies that may meet the IFRS 19 eligibility requirements also need to be aware of additional disclosures that may be required for financial statements that are intended for use by investors in the US public capital markets. In Canada, the Ontario Securities Commission has commented in its *Corporate Finance 2024 Annual Report* that in certain situations, if the acceptability or application of IFRS 19 in a securities regulatory filing is unclear, companies and their advisors are encouraged to consult with staff in advance of filing financial statements that apply IFRS 19.

The IASB will begin the balloting process for the prospective amendments to IFRS 19, with the plan to issue them in the second half of 2025. No decisions or updates were made in Q2 2025.

Information about project updates is available on the IASB's *Updating IFRS 19 Subsidiaries without Public Accountability: Disclosures* *project page*. Read our *web article* which provides an overview of the new Accounting Standard including some FAQs.

Update on rate-regulated activities project

Some companies are subject to regulations that say how much and when they can charge their customers. Although some national accounting bodies provide specific guidance on accounting for the effects of rate regulation, Accounting Standards do not contain any equivalent comprehensive guidance. IFRS 14 *Regulatory Deferral Accounts* provides only temporary relief to first-time adopters of the Accounting Standards that are subject to rate regulation.

Companies use different accounting models to report the effects of this rate regulation. Some of these models reflect incomplete information about how rate regulation affects a company's underlying financial position, performance, and cash flows.

In January 2021, the IASB published its exposure draft *Regulatory Assets and Regulatory Liabilities*. The exposure draft proposes a new accounting model under which a company subject to rate regulation that meets the scope criteria would recognize regulatory assets and liabilities. This accounting model would align the total income recognized in a period under the Accounting Standards with the total allowed compensation the company is permitted to earn by the rate regulator, often reducing reported volatility in financial performance.

The key proposal in the exposure draft is that a company that is subject to rate regulation should report in its financial statements the total allowed compensation it is permitted to earn by the rate regulator for goods and services supplied in the period.

To achieve this, the exposure draft proposes an 'overlay' approach under which a company would, first, continue to apply the requirements of existing Accounting Standards – for example, to recognize and measure revenue from contracts with customers. Then, a company would recognize:

- a regulatory asset – when it has an enforceable present right to add an amount in determining the regulated rate to be charged to customers in future periods; and

- a regulatory liability – when it has an enforceable present obligation to deduct an amount in determining the regulated rate to be charged to customers in future periods.

Movements in regulatory assets and liabilities would give rise to regulatory income and expense. Broadly speaking, the total revenue recognized under existing Accounting Standards plus regulatory income minus regulatory expense under the proposed new Accounting Standard would align with the total allowed compensation determined by the rate regulator.

The company would present regulatory income minus regulatory expense separately in the statement of financial performance, immediately below revenue. Regulatory assets and liabilities would be presented separately from other assets and liabilities.

It is possible that some companies in the utility sector would not meet the scope criteria, whereas some outside the utility sector would be captured. A company will fall within the scope of the proposals if it meets the following conditions:

- the company is a party to a regulatory agreement;
- the regulatory agreement determines the regulated rate that the company can charge for goods or services supplied to its customers; and
- the regulated rate is determined in a such a way that some or all the total allowed compensation for goods or services supplied in one period is charged to customers in a different period.

The proposed standard provides some guidance for these conditions. If a company meets these criteria, then it would be required to apply the accounting model in the exposure draft. Unlike the approach in IFRS 14, the new accounting model would not be optional.

Companies covered by the proposals that did not apply IFRS 14 would recognize new assets and liabilities and new items of income and expense. The impact on financial performance will depend on the facts and circumstances of the company but common cases would include the following:

- If recognition of income under the Accounting Standards previously lagged total allowed compensation permitted by the regulator, then a company would see an increase in net assets on transition to the new standard.
- If a company previously experienced material short-term timing differences between recognition of income under the Accounting Standards and total allowed compensation permitted by the regulator, volatility in reported earnings would be reduced.

Companies that applied IFRS 14 would transition to the new requirements. There is no option to automatically carry forward existing IFRS 14 accounting. In July 2024, the IASB confirmed that sufficient consultation and analysis were undertaken to begin the balloting process.

The IASB tentatively decided that the standards will be effective from January 1, 2029, with earlier application permitted.

Project updates in Q2 2025

The IASB discussed at its May 2025 meeting sweep issues identified in drafting the proposed new Accounting Standard and made the following tentative decisions that the Accounting Standard would:

a) Not require a minimum interest rate;

b) Require an entity to disclose quantitative information regarding the expected timing of the recovery of regulatory assets and fulfilment of regulatory liabilities; this information would be required to be further disaggregated between regulatory assets and regulatory liabilities for which the regulatory agreement i) provides or charges a regulatory interest rate; and ii) does not provide or charge a regulatory interest rate;

c) Require an entity to provide quantitative information described as part of requirement b) using undiscounted cashflows and assumptions regarding the timing of future cash flows which are consistent in each period;

d) Clarify that assumptions on market variables used in estimated future cash flows i) should align with observable market prices as of the measurement date; and ii) should exclude the effects of potential future changes in market variables;

e) Provide transitional requirements for interim financial statements; and

f) Not require disclosures to be provided on whether an entity receives regulatory returns on an asset that is not yet available for use.

In June 2025, the Due Process Oversight Committee (DPOC) met to have an initial discussion of the due process lifecycle to determine if re-exposure of the Accounting Standard is required. The DPOC has not yet made a final decision on re-exposure and will consider this issue, along with additional feedback from a stakeholder, at a future date. Subject to the decision on re-exposure on by the DPOC, the IASB expects to publish the new Accounting Standard in the second half of 2025. Information about project updates is available on the IASB's *Rate-regulated Activities* project page.

Read our *web article* and *New on the Horizon* publication which contain detailed analysis and insights.

Update on financial instruments projects

Financial instruments with characteristics of equity

IAS 32 *Financial Instruments: Presentation* sets out how an issuer distinguishes between a financial liability and equity and works well for many, simpler financial instruments. However, classifying more complex financial instruments under IAS 32 – e.g. those with characteristics of equity – can be more challenging, leading to diversity in practice.

In June 2019, the IASB released a discussion paper to respond to those challenges. After considering the feedback received on that discussion paper, the IASB has developed proposals meant to instead clarify and improve IAS 32's classification principles and requirements without undertaking an entire re-write of the Accounting Standard, and to add additional disclosure requirements to meet the requests of users.

The IASB issued its exposure draft in December 2023, which included proposals to address the following key areas:

- how to apply the 'fixed-for-fixed' condition;
- when to reclassify instruments between equity and financial liabilities;
- how to reflect contingent settlement provisions in the classification of a financial instrument;
- how to account for obligations to purchase 'own equity' instruments;
- whether and when laws or regulations affect the presentation of a financial instrument;
- what factors to consider in determining whether a shareholder's right to decide can be treated as that of the issuing company.

Some companies could see changes in the classification of their financial instruments under the proposals. The proposals are retrospective, with restatement of the most recent comparative period. Additional transition provisions are also included in the exposure draft.

Project updates in Q2 2025

The IASB met in June 2025 to discuss potential changes to the presentation and disclosure requirements proposed in the exposure draft in response to feedback from stakeholders.

Proposed amendments – Presentation of equity instruments

In relation to IFRS 18, the IASB tentatively decided:

- To require an entity to separately present, in the statement of profit or loss, the profit or loss attributable to ordinary shareholders, participating rights holders and non-participating rights holders.
- To require an entity to classify equity instruments based on the holders' contractual rights to profit or loss participation as at the reporting date. If an equity instrument includes both participating and non-participating rights, the instrument will have amounts included in the line items for both participating and non-participating rights holders.
- To retain the existing definition of 'ordinary share' from IAS 33 *Earnings per Share* and the Glossary to the Accounting Standards and add definitions for 'participating rights' and 'non-participating rights'.

The IASB tentatively decided to withdraw the proposed presentation requirements in the exposure draft related to the statement of financial position and the statement of changes in equity. Instead, the IASB tentatively decided to add disclosure requirements to IFRS 7 and IFRS 18 to enable users to understand the link between equity instruments, attribution of profit or loss and declared and accumulated undeclared dividends, as well as the terms and conditions of equity instruments with participating rights (without debt-like features) that impact the cash flows.

Proposed amendments – Disclosures

The IASB tentatively decided to retain the proposed disclosure requirements related to:

- the objective, scope and general principles, subject to:
  - Including 'puttable instruments and obligations arising on liquidation' that are classified as equity instruments in the scope of some IFRS 7 disclosure requirements;
  - Permitting cross-referencing by adding references to proposed disclosure requirements in IFRS 7 paragraph B6; and
  - Providing application guidance on grouping financial instruments by class.
- the nature of claims against an entity, subject to:
  - Requiring the disclosure to be based on the nature of claims at the reporting date, rather than on liquidation

; and

- Clarifying that the disclosure requirements apply to non-derivative financial liabilities and equity instruments issued by the entity.

- terms and conditions, subject to:
  - Removing the requirement to disclose the initial allocation between liability and equity components for compound instruments;
  - Excluding certain financial liabilities with equity-like characteristics from the scope of the terms and conditions disclosure requirements; and
  - Combining the disclosure requirements on an instrument's priority on liquidation with the nature of claims, and limiting them to terms and conditions and intra-group arrangements that could affect or change the nature of financial instruments.
- the maximum dilution of ordinary shares, subject to:
  - Clarifying that off-balance-sheet commitments are within the scope;
  - Requiring disclosure when the number of shares in share buy-back arrangements is unknown due to a capped maximum spend; and
  - Adding examples of terms and conditions that can be disclosed to help users understand both the extent and likelihood of maximum dilution of ordinary shares.

Proposed amendments – Disclosures for eligible subsidiaries

The IASB tentatively decided to retain the proposed disclosure requirements for eligible subsidiaries related to the nature of claims against a subsidiary and the terms and conditions, updated for:

- Changes set out in *Proposed amendments – Disclosures* section above; and
- A clarification that compound financial instruments are within scope of the terms and conditions disclosures.

The IASB tentatively decided to add new IFRS 19 disclosure requirements similar to those to be added to IFRS 7 and IFRS 18 set out in *Proposed amendments – Presentation of equity instruments* section above.

Timing of issuing the proposed amendments related to presentation and disclosures

The IASB tentatively decided not to expedite the issuance of the amendments related to presentation and disclosures prior to those relating to classification and other disclosures.

Information about project updates are available on the IASB's *Financial Instruments with Characteristics of Equity* *project page*. For additional information on this project, refer to our *web article*.

Dynamic risk management

Although IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 9 *Financial Instruments* provide models for macro hedge accounting, these contain restrictions that limit companies' ability to reflect some common dynamic risk management (DRM) activities in their accounting (i.e., when the risk position being hedged changes frequently and is hedged by an open portfolio of changing assets and liabilities). Moreover, some of these models deal specifically with interest rate risk management rather than other types of risk. Without an accounting model that reflects the broader use of DRM activities, some have asserted that it can be difficult to faithfully represent these activities in financial statements.

As such, the project's objective is for financial statements to better capture how a company's DRM activities impact the amount, timing and uncertainty of cash flows, and provide more transparency to investors by connecting the link between management and financial reporting. The IASB has identified the following six key elements of the DRM model, designed to capture the key decisions and activities of risk managers:

- risk management strategy and target profile;
- current net open risk position;
- risk mitigation intention and benchmark derivatives;
- designated derivatives;
- retrospective assessment and unexpected changes; and
- measurement of the DRM adjustment.

The project was added to the standard-setting program in May 2022, and the IASB continued to redeliberate the proposals at its 2024 meetings. No decisions or updates were made in Q2 2025. The IASB is working toward publishing an exposure draft which is expected to be issued in Q4 2025.

The discussion paper and information about project updates are available on the IASB's Dynamic Risk Management *project page*.

Other developments

Uncertain times – The impact of tariffs on financial reporting

Ongoing developments in tariffs between the US and Canada continue to pose significant financial and operational challenges for Canadian businesses, including increased supply chain disruptions, rising costs and price volatility.

The uncertainty surrounding the applicability and duration of the tariffs may give rise to various accounting and financial reporting implications in areas, including:

- revenue from contracts with customers;
- net realizable value of inventory;
- impairment of non-current assets (including goodwill) and financial assets;
- fair value measurement;
- onerous contracts; and
- going concern.

As tariffs continue to evolve, companies should continue to monitor regulatory changes and assess how changes in circumstances may affect their financial reporting.

Refer to our *Import tariffs – what's the impact on your financial reporting?* webpage for key considerations and resources on the impact of tariffs and counter-tariffs across a broad range of financial reporting topics and our *Financial reporting in uncertain times* resource centre for guidance on the financial reporting impacts of operating in changing environments.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

The IASB has issued amendments to IFRS 9 and IFRS 7 in May 2024. These amendments related to classification of financial assets and accounting for cash transfers to respond to feedback received from a post-implementation review (PIR) of the classification and measurement requirements in IFRS 9.

Amendments to IFRS 9 - Classification of financial assets

Over the past years, questions have arisen regarding how to classify some financial assets, especially on the application of the solely payments of principal and interest (SPPI) test. The amendments to IFRS 9 address the classification of the following financial assets:

- financial assets with contingent features such as ESG linked features;
- financial assets with non-recourse features; and
- contractually linked instruments (CLIs).

The amendments introduced additional disclosure requirements for the following:

- investments in equity instruments that are measured at fair value through other comprehensive income; and
- financial instruments with contingent features.

Classifying financial assets with an ESG-linked feature

The amendments clarify how a company would assess the SPPI condition for the contractual cash flows arising from a financial asset with contingent features.

The amendments address a specific call for clarification on whether contractual cash flows of some financial assets with an ESG-linked feature – e.g. a feature that adjusts the interest rate on an asset by a specified number of basis points depending on whether the borrower achieves a pre-determined ESG or sustainability-related target(s) – represent SPPI, which is a condition for measurement at amortized cost. The new amendments introduce an additional SPPI test which applies to all contingent features, not just ESG-linked features.

Under the amendments, financial assets with contingent features that are not directly related to a change in basic lending risks or costs (for example, where the cash flows change depending on whether the borrower meets an ESG target) could now meet the SPPI criteria, as long as the following conditions are met:

- The contractual cash flows, both before AND after the contingent event meet the SPPI criterion;

- The contractual cash flows are NOT significantly different from an identical financial asset without such a contingent feature.

Financial assets with non-recourse features

The amendments include clarifications on determining whether a financial asset is non-recourse such that it is primarily exposed to an underlying asset's performance risk rather than the debtor's credit risk. The amendments clarify the requirement to look through to the underlying assets or cashflows to determine whether the financial asset qualifies as SPPI by providing a list of factors to consider.

Classifying CLIs

To address questions on applying the SPPI requirements to CLIs, the amendments clarify their key characteristics and how they differ from financial assets with non-recourse features.

Disclosures on investments in equity instruments

The amendments require additional disclosures for equity instruments that are measured at fair value and whose gains or losses are presented in other comprehensive income. Companies would be required to disclose the change in the fair value separately related to (1) investments derecognized during the reporting period and (2) investments held at the end of the reporting period.

There is no change to the measurement or presentation requirements for such investments in equity instruments.

Disclosures on financial instruments with contingent features

The amendments require companies to provide additional disclosures for all financial assets and financial liabilities that:

- have contingent features that are not directly related to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

For such financial instruments, companies should disclose:

- a qualitative description of the nature of the contingent event;
- quantitative information about the possible changes to contractual cash flows; and
- the gross carrying amount of financial assets and the amortized cost of financial liabilities that are not measured at fair value through profit or loss.

Amendments to IFRS 9 - Accounting for payments

The question on when to recognize or derecognize a trade receivable or payable when it is settled using a payment system seems relatively simple on the surface. However, it has generated a significant amount of debate because there is diversity in practice for both the receivable and payable sides of the transaction.

Following the amendments to IFRS 9, companies that recognize or derecognize financial assets or financial liabilities on the payment initiation date could see a change to their accounting as a general requirement is added that really reiterates the following requirements:

- financial instruments are recognized when a company becomes a party to a contract;
- a financial asset is derecognized when rights to the cash flows expire, or the asset is transferred; and
- a financial liability is derecognized when it is settled, which is the date on which the liability is extinguished.

However, the amendments allow an exception that would apply only for financial liabilities. The exception would allow a company to derecognize a financial liability before the settlement date, when it uses an electronic payment system and, after initiating the payment:

- it has no practical ability to withdraw, stop or cancel the payment instruction;
- it has no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Note that the exception does not apply to payments by cheques. Companies can choose to apply the exception for electronic payments on a system-by-system basis. Given the widespread use of electronic payment systems and the variety of terms, determining whether the exception criteria are met for each one may require significant time and effort. If the derecognition exception criteria are not met, determining the settlement date may also present challenges and companies may be required to change their existing systems and processes.

The amendments will be effective from January 1, 2026. Companies can early adopt all these amendments or can separately early adopt only the SPPI assessment and its related disclosures.

For more information, refer to our web articles – *Classification of financial assets* and *Accounting for electronic payments*.

Amendments to IFRS 9 – Power purchase agreements

Nature-dependent electricity contracts, often referred to as Power Purchase Agreements ("PPA"), help companies secure electricity supply from renewable sources such as wind and solar power. Under these contracts, the amount of electricity produced can fluctuate due to unpredictable factors such as weather conditions. In light of the increased use of PPAs and common challenges faced by companies entering into such contracts, the IASB observed that existing accounting standards may not adequately capture the impact of these contracts on a company's financial performance and cash flows. The IASB also noted that application questions were also raised for purchases of renewable energy through virtual PPAs.

On December 18, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 which include the following:

- clarification on the application of the own-use exemption for purchasers of PPAs;
- the ability to apply hedge accounting using a PPA as a hedging instrument, subject to certain conditions; and
- new disclosure requirements aimed to help investors gain a better understanding of the effect of PPAs on a company's financial performance and cash flows.

Note that the amendments only apply to PPAs in which a company is exposed to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions.

Application of the own-use exemption for purchasers of PPAs

It is not always clear whether a company that purchases electricity through PPAs can apply the own-use exemption under IFRS 9. If the own-use exemption does not apply, PPAs would need to be accounted for as derivatives measured at fair value through profit or loss (FVTPL), which can potentially create significant volatility in the income statement.

To apply the own-use exemption to a physical PPA, the current IFRS 9 standards require companies to assess whether the contract is for receipt of electricity in line with the company's expected purchase or usage requirements. Due to the unique characteristics of electricity (including the difficulty to store it) and its market structure, a company may not be able to use the electricity within a short period and the electricity may have to be sold back to the market. While this occurs due to the market structure and not from price fluctuations, it has been unclear as to whether a company can apply the own-use exemption under existing requirements.

The amendments allow a company to apply the own-use exemption to certain PPAs if the company has been, and expects to be, a net-purchaser of electricity for the contract period.

The amendments apply retrospectively using facts and circumstances at the beginning of the reporting period of initial application (without requiring prior periods to be restated).

Hedge accounting requirements for purchasers and sellers of PPAs

Virtual PPAs and PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL. Applying hedge accounting could help companies to reduce profit or loss volatility by reflecting how these PPAs hedge the price of future electricity purchases or sales.

Buyers and sellers of PPAs face challenges when applying cash flow hedge accounting under IFRS 9 because of a mismatch between the fair value of the hedging instrument (PPA) and the hedged transaction, which could lead to the hedging relationship not qualifying for hedge accounting.

Subject to certain conditions, the amendments permit companies to designate a variable nominal volume of forecasted sales or purchases of renewable electricity as the hedged transaction, rather than a fixed volume based on highly probable estimates. This would facilitate an economic offset between the hedging instrument and the hedged transaction, enabling companies to apply hedge accounting.

The amendments apply prospectively to new hedging relationships on or after the date of initial application. They also allow companies to discontinue an existing hedging relationship if the same hedging instrument is designated in a new hedging relationship applying the amendments.

New disclosure requirements

The amendments also require disclosures of further information such as:

- contractual features exposing the company to variability in electricity volume and risk of oversupply;

- estimated future cash flows from unrecognized contractual commitments to buy electricity in appropriate time bands;
- qualitative information about how the company assessed whether a contract might become onerous; and
- qualitative and quantitative information about the costs and proceeds associated with purchases and sales of electricity, based on the information used to determine whether the company is a net-purchaser of electricity for the contract period.

The amendments will be effective from January 1, 2026, with earlier application permitted.

Refer to our *web article* and IASB's *Power Purchase Agreements* *project page* for more details.

Global minimum top-up tax under BEPS 2.0

Many countries have amended their local laws to introduce a global minimum top-up tax as part of the international tax reform – which incorporates both Pillar One and Pillar Two amendments.

For many jurisdictions Pillar Two amendments were effective commencing January 1, 2024, however, the development and implementation of these rules is complex and different countries are still at different stages of implementing the legislation. Therefore, companies will need to continuously monitor the status of Pillar Two implementation to determine how to reflect the current top-up tax and what information to disclose. Refer to our *web article*, *illustrative disclosures*, and *disclosure checklist* for information on key issues on the accounting, presentation and disclosure impacts of Pillar Two taxes.

Update on GloBE in Canada

In Canada the income inclusion rule and the domestic minimum top-up tax, which is intended to be a qualified domestic minimum top-up tax as defined in the GloBE Model Rules, applied to fiscal years of qualifying multinational groups beginning on or after December 31, 2023.

On August 12, 2024, draft legislation related to the new *Global Minimum Tax Act* including new provisions for the Undertaxed Profits Rule (UTPR) was released for public consultation. The legislative process is ongoing; however, based on the draft legislation it is intended that these rules will apply to fiscal years of qualifying multinational groups beginning on or after December 31, 2024. The consultation period ended on September 11, 2024.

For additional information on the administrative and legislative developments in jurisdictions around the world related to the implementation of Pillar Two please refer to *BEPS 2.0: state of play* and our *web article*.

Applying the equity method

To address longstanding application questions on equity accounting under IAS 28 *Investments in Associates and Joint Ventures*, the IASB is proposing to amend the standard in its exposure draft published in September 2024.

The proposed changes to IAS 28 cover a number of different areas, including:

- initial measurement of cost when an existing investment becomes an equity-accounted investee;
- accounting for changes in an investor's interest when the investee continues to be accounted for under the equity method;
- accounting for the purchase of an additional interest in the investment when the investor has reduced its interest to zero due to losses;
- recognition of full gains or losses from all 'upstream' and 'downstream' transactions with equity-accounted investees;
- inclusion of deferred tax in the investment's carrying amount on initial recognition of the investment;
- measuring contingent consideration at fair value; and
- impairment of the investment would be assessed based on the fair value compared to the carrying amount of the investment.

The proposals also result in several new disclosure requirements, including:

- a reconciliation of the carrying amount of equity-accounted investments detailing the reconciling items;
- gains or losses from other ownership changes and downstream transactions; and
- information on any contingent consideration arrangements.

The proposals would apply prospectively, except for the recognition of gains and losses on transactions with equity-accounted investees, which would be applied retrospectively.

Project updates in Q2 2025

The comment period on the exposure draft closed on January 20, 2025. The IASB discussed feedback received and at its June 2025 meeting made the following decisions:

- to keep the project's objectives unchanged;
- to consider additional application questions to the project's scope only if they can be resolved in a timely manner and would not result in re-exposure of the proposals in the exposure draft;
- to start the redeliberation of proposals in the exposure draft; and
- to not add a project on a fundamental review of the equity method in the request for information on its Fourth Agenda Consultation.

Refer to our *web article* and IASB's *Equity Method project page* for more details.

Business combinations – Disclosures, goodwill, and impairment

In response to investors' requests for improved information on business combinations (as defined in the Accounting Standards) and concerns over the impairment tests under IAS 36 being costly and complex, in March 2024, the IASB issued its exposure draft *Business Combinations – Disclosures, Goodwill and Impairment*.

The proposed changes to IFRS 3 *Business Combinations* would:

- result in companies providing information to investors about the performance of an acquisition by requiring both quantitative and qualitative information about expected synergies – e.g. total revenue synergies – as well as information on the benefits expected start date and their duration.
- allow investors to directly assess the performance of acquisitions, rather than using goodwill impairment as a proxy indicator.

The proposals would also result in increased disclosures for 'strategic' business combinations including disclosure of specific acquisition-date key objectives and related targets and progress to meeting those targets in the acquisition year and subsequent periods.

While the proposals do not reintroduce an amortization model for goodwill, the proposed changes to the IAS 36 value-in-use testing requirements aim to simplify and clarify the impairment test.

Project updates in Q2 2025

The exposure draft comment period closed in July 2024 and the IASB is in the process of redeliberating the proposals.

At its May 2025 meeting, the IASB made tentative decisions with respect to the disclosure requirements for combined entity information for the contribution of an acquired business, notably:

- withdrawing the proposal to specify that combined entity information is an accounting policy; and
- adding a requirement for an entity to disclose the basis on which it has prepared combined entity information.

The IASB also discussed several other matters in relation to the proposals but has tentatively decided to retain the proposals to:

- explain the purpose of the requirement for combined entity information;
- not to provide application guidance on how to prepare combined entity information for the contribution of an acquired business;
- specify that the amount of profit or loss is the amount of operating profit or loss defined in IFRS 18;
- replace the requirement to disclose the primary reasons for a business combination with a requirement to disclose the strategic rationale for a business combination;
- improve the quality of information an entity discloses about pension and financing liabilities assumed by making minor wording revisions and incorporating pension and financing liabilities into the IFRS 3 Illustrative Examples; and
- delete the disclosure requirements in IFRS 3 related to acquired receivables, subsequent deferred tax adjustments and subsequent material gains or losses.

The IASB also tentatively decided to make no changes to the existing proposed disclosure objectives, which will guide its future redeliberations on the proposed performance and expected synergy disclosure requirements.

At its June meeting, the IASB discussed the proposed exemption from some of the disclosure requirements in the exposure draft and considered the situations to which that exemption would apply and how the exemption would be applied. No decisions were made at this meeting.

The IASB will continue redeliberating the proposals at future meetings.

For more information, refer to our *web article*, and also refer to IASB's *Business Combinations—Disclosures, Goodwill and Impairment* *project page*.

Amendments to IAS 37 – Provisions

To address the challenges companies are encountering when accounting for provisions, the IASB is proposing to clarify the related requirements in IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and withdraw related interpretations, including IFRIC 21 *Levies*.

The IASB issued its exposure draft in November 2024, which included proposals to address the following three key areas:

- how to determine if a present obligation exists and when to recognize a provision;
- which costs to include in measuring a provision; and
- which discount rate to use in discounting a long-term provision.

When to recognize a provision

One of the challenges in applying IAS 37 is determining when to recognize a provision, specifically how to determine if a company has a present obligation and what constitutes a 'past event'. These questions have become more prominent with the rise of climate-related commitments and threshold-based obligations. In response, the proposals to amend IAS 37 include:

- three new tests to determine whether a present obligation exists, including:
  - *Obligation test*: does the company have an *obligation*?
  - *Transfer test:* is the obligation to *transfer* an economic resource?; and
  - *Past event test*: is it a present obligation as a result of a *past event*?
- specific guidance for threshold-based obligations; and
- new illustrative examples to replace IFRIC 6 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment* and IFRIC 21.

Under the proposals, companies may need to start recognizing some provisions sooner if they expect to exceed a specific threshold. This would require management to make new judgements.

Costs to include in measuring a provision

IAS 37 does not provide specific guidance on which costs to include in measuring a provision, leading to varying approaches across companies. Under the proposals, a company would include all direct costs when measuring any provision. These costs would include:

- incremental costs; and
- an allocation of other costs that relate directly to settling the obligation.

The proposals may cause some provisions that are currently measured using incremental costs to become larger. As such, companies may need new processes to identify all direct costs, as well as an allocation method.

Discount rate to be used when discounting a long-term provision

The approach to determining the discount rate for long-term provisions varies between companies due to the lack of detailed guidance under IAS 37. Consequently, some companies use a risk-free rate, while others adjust the rate for non-performance or their own credit risk.

The IASB proposes to use a risk-free discount rate in measuring a long-term provision and make no further adjustments made. Depending on the company's current accounting policy, some provisions may become larger.

The exposure draft also proposes to add disclosure of the discount rates used in measuring the provision.

Project updates in Q2 2025

The exposure draft comment period closed on March 12, 2025 and the IASB discussed feedback received at the June 2025 meeting. No decisions or updates were made in Q2 2025.

Project updates and the exposure draft are available on the IASB's *Provisions—Targeted Improvements* *project page*. Refer to our *web article* and *talkbook* to understand the potential changes and their impact on your company's provisions.

IFRS Interpretations Committee agenda decisions

Companies applying Accounting Standards are required to reflect the explanatory material included in final agenda decisions made by the Committee. Bookmark our IFRIC agenda decisions *web page* to keep up to date with the latest discussions.

March 2025 final agenda decision

At the March 2025 meeting, the Committee voted to finalize on the following agenda decisions that were published in the March 2025 IFRIC Update:

- Guarantees issued on obligations of other entities;
- Recognition of revenue from tuition fees (IFRS 15); and
- Recognition of intangible assets from climate-related expenditure (IAS 38 *Intangible Assets*).

The IASB agreed to publish the agenda decisions in its April 2025 meeting.

A summary of the agenda decisions is available on the Committee's March 2025 IFRIC Update *web page*.

June 2025 final agenda decision

At the June 2025 meeting, the Committee considered feedback on the tentative agenda decision previously published in the November 2024 IFRIC Update (refer to *web page*) with regards to applying IAS 29 *Financial Reporting in Hyperinflationary Economies* to identify when an economy becomes hyperinflationary, and concluded on its discussions on the agenda decision. The IASB will consider the agenda decision on the item at its July 2025 meeting.

A summary of the agenda decision is available on the Committee's June 2025 IFRIC Update *web page*.

Requirements effective in 2025

The below are amendments to Accounting Standards effective for annual reporting periods beginning on or after January 1, 2025.

Lack of exchangeability (Amendments to IAS 21)

Under IAS 21 *The Effects of Changes in Foreign Exchange Rates*, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, one currency cannot be exchanged into another when a government imposes controls on capital imports and exports, and market participants are unable to buy and sell currency at the official exchange rate. This can have a significant accounting impact for companies in affected jurisdictions.

In 2023, the IASB amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

The amendments apply for annual reporting periods beginning on or after January 1, 2025, with early application permitted.

For more information about the amendments, refer to our *web article*.

Appendix 1: Accounting Standards effective in 2026 and beyond

A reminder of standards and amendments to published standards not yet effective, but available for early adoption are listed in this table.

Effective for periods beginning on or after	Standards and amendments	KPMG's guidance
Newly effective standards		
January 1, 2026	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	*Financial assets with ESG-linked features* ***Web article*** *Settlement of financial liabilities by electronic payments* ***Web article***
	Annual Improvements to IFRS Accounting Standards (includes Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7)	***Web article***
January 1, 2027	Presentation and Disclosure in Financial Statements (IFRS 18)	***Web article***
	Subsidiaries without Public Accountability: Disclosure (IFRS 19)	***Web article***
NA*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	

** The IASB has decided to defer the effective date for these amendments indefinitely. Adoption is still permitted.*

Appendix 2: IASB work plan

These tables are intended to act as an outlook of current IASB projects that may impact your financial statements in the future. More information about the projects is available on the IASB's *work plan page*.

Standard-setting projects	Next milestone	Expected date	KPMG's guidance
Business Combinations—Disclosures, Goodwill and Impairment	Decide Project Direction	2026	*Web article*
Dynamic Risk Management	Exposure Draft	Q4 2025	
Financial instruments with Characteristics of Equity	Final Amendments	2026	*Web article*
Rate-regulated Activities	Accounting Standard	Q4 2025	*Web article*
Equity Method	Decide Project Direction	Q4 2025	*Web article*

Research projects	Next milestone	Expected date	KPMG's guidance
Amortised Cost Measurement	Exposure Draft	2026	
Intangible Assets	Decide Project Direction	2026	
Post-implementation Review of IFRS 16 Leases	Request for Information Feedback	H1 2026	
Statement of Cash Flows and Related Matters	Decide Project Direction	Q4 2025	

Maintenance projects	Next milestone	Expected date	KPMG's guidance
Translation to a Hyperinflationary Presentation Currency (IAS 21)	Final Amendment	Q4 2025	*Web article*
Updating IFRS 19 Subsidiaries without Public Accountability: Disclosures	Final Amendment	August 2025	*Web article*
Climate-related and Other Uncertainties in the Financial Statements	Final Illustrative Examples	Q4 2025	*Web article*
Provisions—Targeted Improvements	Decide Project Direction	Q4 2025	*Web article*

Application questions	Next milestone	Expected date	KPMG's guidance
Assessing Indicators of Hyperinflationary Economies (IAS 29)	Tentative Agenda Decision Feedback	June 2025	*Web article*

Application questions	Next milestone	Expected date	KPMG's guidance
Determining and Accounting for Transaction Costs (IFRS 9)	Tentative Agenda Decision Feedback	Q4 2025	
Embedded Prepayment Option (IFRS 9)	Tentative Agenda Decision Feedback	Q4 2025	
Updates to Committee's agenda decisions for IFRS 18	Tentative Agenda Decision Feedback	Q4 2025	

IFRS Foundation governance projects	Next milestone	Expected date	KPMG's guidance
Fourth Agenda Consultation	Request for Information	Q4 2025	

Appendix 3: ISSB work plan

These tables are intended to act as an outlook of current ISSB projects that may impact your financial statements in the future. More information about the projects is available on the ISSB's *work plan page*.

IFRS Sustainability standard-setting projects	Next milestone	Expected date	KPMG's guidance
Enhancing the SASB Standards	Exposure Draft Feedback	Q4 2025	
Amendments to the IFRS S2 Industry-based Guidance	Exposure Draft Feedback	Q4 2025	

IFRS Sustainability research projects	Next milestone	Expected date	KPMG's guidance
Biodiversity, Ecosystems and Ecosystem Services	Decide Project Direction	Q4 2025	
Human Capital	Decide Project Direction	Q4 2025	

IFRS Sustainability maintenance projects	Next milestone	Expected date	KPMG's guidance
Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)	Exposure Draft Feedback	Q4 2025	

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