

Shareholder opposition to IFRS 8 is global

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The [International Corporate Governance Network](#) has expressed its concern about IFRS 8. It has said in a [letter](#) that:

IFRS 8 as currently drafted carries a heavy implication that management processes and decisions alone are sufficient to secure sufficiency in financial reporting.

By specifically referring to management, rather than boards, IFRS 8 is perhaps as much a corporate governance standard as an accounting standard. If there is any risk that with IFRS 8, financial reporting can amount to a "paper passing" exercise decided by management under the sanctity of IFRS 8, then the matters should be addressed by the EU in adopting IFRS 8, but hopefully the issue could also be addressed by the IASB as well.

The risk with IFRS 8 is not about strong companies, but about those that have management who are not delivering, or have something to hide, which could then be passively assented to by non-executives and auditors due to the prescription of the standard allowing it.

When the letter is signed by the head of equities at Calpers you know IFRS 8 is in trouble. [Calpers](#) is the California Public Employees' Retirement System. In May 2007, it owns \$240 billion worth of stock, bonds, funds, private equity and real estate. It is the largest pension fund in the United States.

I think someone should be listening. As I say in Accountancy Age today (no link yet):

This is about more than IFRS 8. What is happening here is a question of whose interests accounts are prepared for and what exactly accounting standards are meant to do.