



International Organization of Securities Commissions  
Organisation internationale des commissions de valeurs  
Organização Internacional das Comissões de Valores  
Organización Internacional de Comisiones de Valores  
المنظمة الدولية لهيئات الأوراق المالية

5 February 2024

Mr. Bruce Mackenzie  
Chair of the IFRS Interpretations Committee  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London E14 4HD  
United Kingdom

**Our Ref:** 2024/O/C1/IASB/PM/173

**RE: Tentative Agenda Decision: Climate-related Commitments**

Dear Mr. Mackenzie,

The International Organization of Securities Commissions (“IOSCO”) Committee on Issuer Accounting, Audit and Disclosure (“Committee 1”) thanks you for the opportunity to provide our comments on the IFRS Interpretations Committee (“IFRS IC”) tentative agenda decision, *Climate-related Commitments* (“TAD”).

IOSCO is committed to promoting the integrity of the international markets through promotion of high-quality accounting standards, including rigorous application and enforcement. Members of Committee 1 (“members” or “we”) seek to further IOSCO's mission through thoughtful consideration of accounting and disclosure concerns and pursuit of improved transparency of global financial reporting. The comments we have provided herein reflect a consensus among the members of Committee 1 and are not intended to include all the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions.

We appreciate the IFRS IC addressing this topic to support preparers in their application of the requirements in International Accounting Standard No. 37 (IAS 37), *Provisions, Contingent Liabilities and Contingent Assets* for the fact pattern submitted and believe doing so can support more consistent application of IAS 37, which is a shared goal of Committee 1.

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Overall, we support the IFRS IC's decision not to add a standard-setting project to the work plan for the reasons cited in the TAD. We believe existing IFRS Accounting Standards provide an adequate basis for an entity to apply the requirements in IAS 37.

We agree with the TAD's conclusion that an entity's commitment, in and of itself, to reduce or offset its greenhouse gas emissions does not automatically result in the recognition of a provision in accordance with IAS 37 even when the commitment gives rise to a constructive obligation.

To help an entity determine whether it has a constructive obligation, it would be helpful for the TAD to include aspects from paragraph 22 and 23 of [IASB Staff Agenda Paper 2 Climate-related Commitments \(November 2023\)](#) including examples of potential factors that might affect management's conclusion.

We appreciate, as noted in the TAD, that in reaching a conclusion on whether to recognize a provision in accordance with IAS 37 for an entity's commitment to reduce or offset its greenhouse gas emissions, the entity's specific facts and circumstances must be considered, and management would apply judgement to reach a conclusion considering those specific facts and circumstances. When material, we would expect disclosure of such judgements, allowing an investor to understand the effect of those judgements on the application of the entity's accounting policies.

Considering the increasingly relevant nature of this topic, we are supportive of the IASB continuing to explore what additional non-authoritative resources, including supplementary illustrative examples or educational material, could be developed to support consistent application for fact patterns with climate-related commitments.

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We appreciate your thoughtful consideration of the views provided in this letter.

If you have any questions or need additional information, please do not hesitate to contact Jonathan Wiggins, Chair of the Accounting Subcommittee of Committee 1 at +1 202-551-3694 or me. In case of any written communication, please mark a copy to me.

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Yours sincerely,

*Paul Munter*

Paul Munter

Chair  
Committee on Issuer, Accounting, Audit and Disclosure  
International Organization of Securities Commissions

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