

5 February 2024

Bruce Mackenzie
Chair
IFRS Interpretations Committee
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Via online submission: www.ifrs.org

Dear Bruce

Tentative Agenda Decision: Climate-related Commitments (IAS 37)

Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia represent over 300,000 professional accountants who work in diverse roles across public practice, commerce, industry, government and academia throughout Australia, New Zealand and internationally. We welcome the opportunity to provide feedback on the above Tentative Agenda Decision (the TAD) and make this submission on behalf of our members and in the public interest.

We agree that the thought process, rationale and conclusions are appropriate for the specific fact pattern set out in the TAD. We also recommend that the IFRS Interpretations Committee highlight the matters raised in the request for consideration more broadly by the IASB in its [Provisions—Targeted Improvements](#) and [Climate-related and Other Uncertainties in the Financial Statements](#) projects.

Whilst the TAD may appear to be right outcome based on the current requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (IAS 37), the linkages between financial reporting and climate reporting need to be considered comprehensively to ensure there is alignment between the outputs from each of these frameworks. This will include the accounting requirements arising from IAS 37, amongst other IFRS Accounting Standards, and the corresponding climate-related financial disclosures. In particular, we note that IAS 37 was published more than 25 years ago and was presumably not developed to adequately address provisions, or contingent liabilities, that may arise from climate-related risks.

We believe it would be useful for IFRS Interpretations Committee to highlight the following for consideration by the IASB in those relevant projects:

- Disclosure of a contingent liability in relation to a climate-related commitment.
- Application guidance to assist with determining whether the facts of the entity's commitment, and the circumstances surrounding it, meets the definition of a constructive obligation.
- Illustrative examples providing variations on the circumstances surrounding the entity's commitment to clarify when it meets the definition of a constructive obligation.
- Measurement of a provision arising from a climate-related commitment.

Should you have any questions about the matters raised in this submission or wish to discuss them further, please contact either Amir Ghandar (CA ANZ) at amir.ghandar@charteredaccountantsanz.com or Tiffany Tan (CPA Australia) at tiffany.tan@cpaaustralia.com.au.

Yours sincerely

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