
IASB–ISSB Joint Meeting

Date	February 2025
Project	Climate-related and Other Uncertainties in the Financial Statements
Topic	Cover paper
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). This paper does not represent the views of the IASB, ISSB or any individual member of either board. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards or IFRS[®] Sustainability Disclosure Standards. The technical decisions of the IASB and the ISSB are made in public and are reported in the IASB[®] *Update* and ISSB *Update*, respectively.

Purpose of the meeting

1. In July 2024, the International Accounting Standards Board (IASB) published the [Exposure Draft](#) *Climate-related and Other Uncertainties in the Financial Statements*. The Exposure Draft proposed eight examples illustrating how an entity applies the requirements in IFRS Accounting Standards to report the effects of climate-related and other uncertainties in its financial statements.
2. The purpose of this meeting is to provide the IASB with a summary of the feedback on the Exposure Draft to help it decide the project's direction in future meetings.
3. In developing the Exposure Draft, the IASB collaborated with members and technical staff of the International Sustainability Standards Board (ISSB) to help strengthen connections between the information an entity provides in its financial statements and the information it provides in other parts of its general purpose financial reports. Therefore, this meeting is also intended to help:
 - (a) the ISSB consider the implications, if any, of the feedback on its work; and

- (b) both boards consider the implications of the feedback on their connectivity-related activities.
4. We are not asking the IASB or the ISSB to make any decisions at this meeting. However, in each paper, we invite IASB and ISSB members’ questions and comments on the feedback.

Structure of agenda papers for this meeting

5. This cover paper includes:
- (a) background (paragraphs 8–14); and
 - (b) feedback overview (paragraphs 15–19).
6. Appendix A to this paper explains how we have described the feedback in comment letters in all the papers for this meeting.
7. In addition to this paper, there are five agenda papers for this meeting:

Agenda papers	Description
<p>Agenda Paper 14A <i>Providing illustrative examples</i></p>	<p>This paper summarises feedback on whether:</p> <ul style="list-style-type: none"> (a) providing examples would help improve the reporting of the effects of climate-related and other uncertainties in the financial statements; and (b) including the examples as illustrative examples accompanying IFRS Accounting Standards is the best vehicle for the examples. <p>This paper also summarises other actions suggested by respondents to the Exposure Draft.</p>
<p>Agenda Paper 14B <i>Approach to developing the examples</i></p>	<p>This paper summarises feedback on the approach to developing the examples, including the selection of requirements and fact patterns illustrated in the examples and the technical content of the examples.</p>

Agenda papers	Description
<p>Agenda Paper 14C <i>Connectivity</i></p>	<p>This paper summarises feedback on connectivity, including how the examples facilitate connected general purpose financial reporting.</p>
<p>Agenda Paper 14D <i>Proposed illustrative examples</i></p>	<p>This paper summarises specific feedback on the illustrative examples proposed in the Exposure Draft (Examples 1–8).</p>
<p>Agenda Paper 14E <i>Transition</i></p>	<p>This paper summarises feedback related to transition and effective date.</p>

Background

8. The following paragraphs summarise the content from paragraphs BC1–BC9 of the Basis for Conclusions on the Exposure Draft.

Objective of the project

9. In March 2023, the International Accounting Standards Board (IASB) added to its work plan a project to explore targeted actions to improve the reporting of the effects of climate-related risks in the financial statements.
10. The IASB decided to work on this project because of strong demand from respondents to its Third Agenda Consultation. These respondents were concerned that information about the effects of climate-related risks in the financial statements was sometimes insufficient or appeared to be inconsistent with information entities provided outside the financial statements, particularly information reported in other general purpose financial reports.
11. After starting its work on the project, the IASB decided to generalise the project’s objective to cover climate-related and other uncertainties. However, the IASB’s

actions on this project focus primarily on climate-related uncertainties to respond to the specific concerns raised by stakeholders.

Research on the nature and causes of concerns

12. The IASB carried out research to understand the nature and causes of the concerns about reporting the effects of climate-related risks in the financial statements. That research highlighted the same concerns the IASB heard from stakeholders during its Third Agenda Consultation. The research also showed that:
- (a) IFRS Accounting Standards are generally sufficient in requiring an entity to disclose information about the effects of climate-related risks in the financial statements. However, entities might face some challenges in applying the Standards.
 - (b) some primary users of general purpose financial reports need information that goes beyond the objective and scope of financial statements. These information needs could be satisfied through other disclosures, such as sustainability-related financial disclosures prepared in accordance with IFRS Sustainability Disclosure Standards.
 - (c) the reporting landscape is evolving, particularly with developments in sustainability reporting, including the work of the ISSB. The process of entities preparing sustainability-related financial information might help inform the application of IFRS Accounting Standards.
 - (d) stakeholders seek timely action to help improve the reporting of the effects of climate-related and other uncertainties in the financial statements.

Actions taken by the IASB

13. Based on this research, the IASB decided to take several actions to help improve the reporting of the effects of climate-related and other uncertainties in the financial

statements. The IASB focused on actions it could complete in a timely manner to respond to stakeholders' needs. Specifically, the IASB is taking actions to help:

- (a) *improve the application of IFRS Accounting Standards*—the Exposure Draft includes the IASB's proposal to provide examples illustrating how applying the requirements in IFRS Accounting Standards results in an entity disclosing information about the effects of climate-related and other uncertainties in the financial statements.¹
 - (b) *raise awareness of the requirements in IFRS Accounting Standards*—the IASB has improved the accessibility of supporting materials about reporting the effects of climate-related and other uncertainties in the financial statements. For example, educational materials translated into various languages are now available on the [project page](#) on the IFRS Foundation website. The IASB is also exploring other ways to raise awareness of the requirements in IFRS Accounting Standards.
 - (c) *strengthen connections*—the IASB is collaborating with members and technical staff of the ISSB to help strengthen connections between the information an entity provides in its financial statements and the information it provides in its sustainability-related financial disclosures.
14. The IASB also took other actions, including exploring whether to clarify or enhance requirements to disclose information about accounting estimates and addressing specific climate-related matters in other projects on its working plan.

¹ In addition, the IFRS Interpretations Committee considered a question about how an entity accounts for commitments to reduce or offset its greenhouse gas emissions. See [Agenda Decision Climate-related Commitments \(IAS 37 Provisions, Contingent Liabilities and Contingent Assets\)](#).

Feedback overview

Overview of respondents

15. The IASB received 125 comment letters by the comment letter deadline.² The charts below group the responses by type of respondent and geographical region:

Chart 1— Respondents by type of respondent³

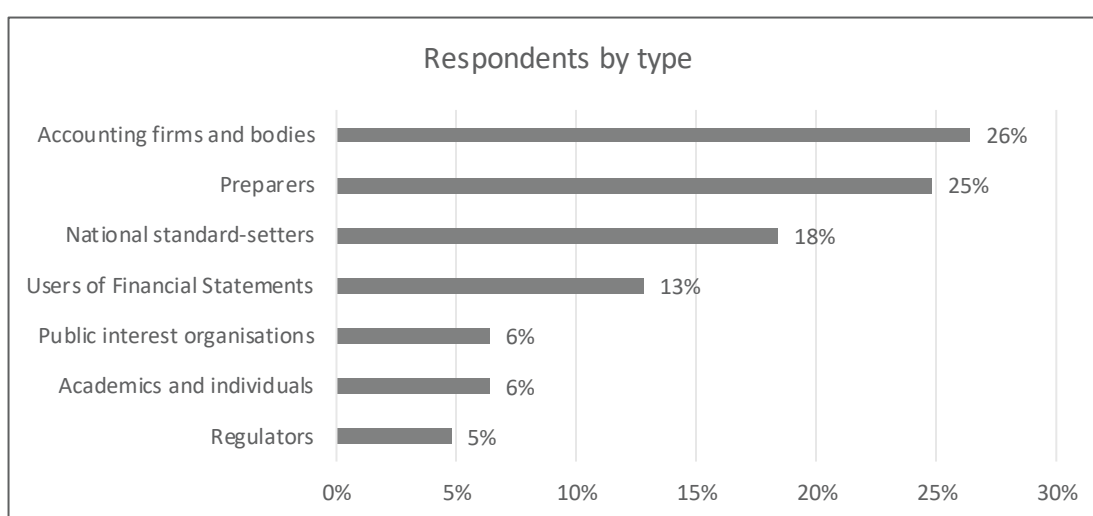
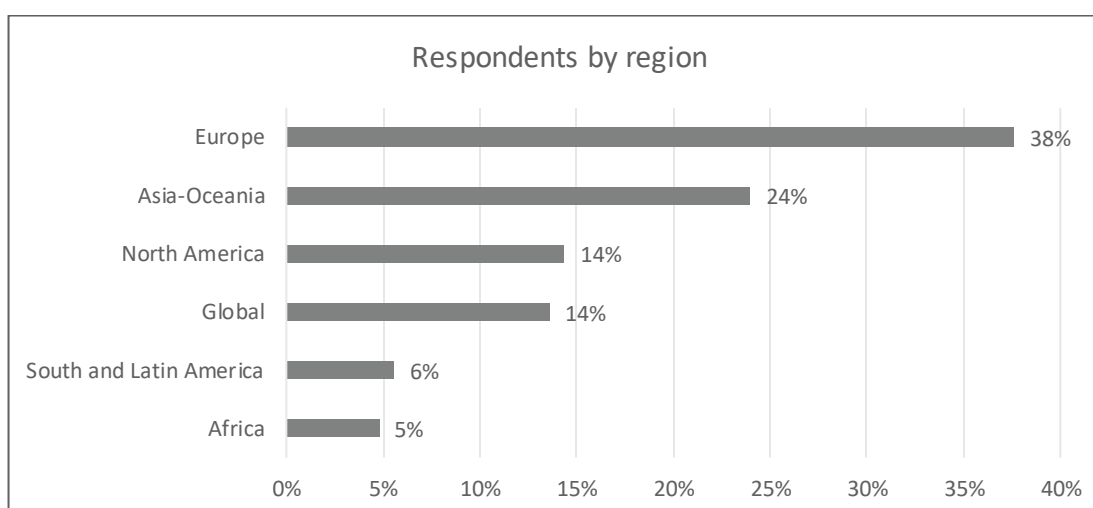


Chart 2— Respondents by geographical region



² As at the date of posting this agenda paper, the IASB received four comment letters after the comment letter deadline.

³ Public interest organisations include non-governmental and not-for-profit organisations and charities.

Summary of feedback

16. The following is a high-level summary of feedback:
- (a) most respondents generally agree that providing examples would help improve the reporting of the effects of climate-related and other uncertainties in the financial statements. Most respondents also agree with including the examples as illustrative examples accompanying IFRS Accounting Standards.
 - (b) most respondents generally agree with the IASB's approach to developing the examples, including the selection of requirements and the fact pattern illustrated in the examples. However:
 - (i) many respondents comment or make suggestions on particular aspects of the approach to developing examples. In particular, they comment on the balance between examples on climate-related uncertainties and examples on other uncertainties, and on the need for additional examples or illustrations.
 - (ii) many respondents disagree with particular aspects of the technical analysis or make specific suggestions on some of the examples. In particular, most respondents comment on Example 1 and 2 and express mixed views about whether the IASB should proceed with these examples.
 - (c) many respondents comment on connectivity. Although some respondents say that the examples will be helpful in strengthening connections between the information an entity provides in financial statements and the information it provides in sustainability disclosures, most respondents say more should be done to improve connectivity in general purpose financial reports and address inconsistencies that might appear to exist between those reports.
17. Agenda Papers 14A–14E provide further information about the feedback.

Summary of outreach activities

18. During the comment period, we undertook a series of outreach activities, including:
- (a) engaging with the IASB’s consultative groups—specifically, we met with the Accounting Standards Advisory Forum (ASAF), Capital Markets Advisory Committee (CMAC), Global Preparers Forum (GPF) and the IFRS Interpretations Committee. Our [project page](#) includes links to the summaries of these meetings.
 - (b) one-to-one meetings with various stakeholders, including regulators, accounting firms and bodies, preparers and users of financial statements.
19. The purpose of these meetings was to explain, respond to questions and discuss preliminary feedback on the proposals in the Exposure Draft. The preliminary feedback discussed in these outreach meetings is broadly in line with the overall feedback in the comment letters.

Appendix A—How we describe feedback in the comment letters

Quantifying feedback

- A1. The papers for this meeting use the following terms to describe the extent of feedback:

Term	Extent of response among respondents
Almost all	all except a very small minority
Most	a large majority, with more than a few exceptions
Many	a small majority or large minority
Some	a small minority, but more than a few
A few	a very small minority

- A2. The IASB received feedback on all aspects of the Exposure Draft. However, not all respondents commented on all aspects of the Exposure Draft. When using the terms described in paragraph A1 to quantify respondents’ comments on a topic, these terms are, unless otherwise stated, defined by reference to the number of respondents who commented on that topic. For example, if we say that ‘most’ respondents commented on an aspect of an example, we mean ‘most’ of the respondents that *specifically commented* on that particular example.

Identifying patterns in stakeholder types and geographies

- A3. In describing feedback from respondents, we have identified instances in which we received different messages from specific stakeholder types or from specific geographic regions. If we have not identified the feedback as coming from particular stakeholder types or geographies, that means we received similar feedback from different stakeholders types or geographies or there was no clearly identifiable pattern in the feedback.

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- A4. For simplicity, we refer to accounting firms and bodies as ‘accountants’, national standard-setters as ‘standard-setters’, and users of financial statements as ‘users’ in the papers for this meeting.

References to requirements in IAS 1 and IFRS 18

- A5. For simplicity, the papers for this meeting refer only to the requirements in IFRS Accounting Standards before IFRS 18 *Presentation and Disclosure in Financial Statements* becomes effective, with the exception of comments on Example 8 which illustrate requirements introduced by IFRS 18.

Individual comments and drafting suggestions

- A6. The papers for this meeting provide a high-level summary of feedback on the Exposure Draft and therefore focus on the main themes and messages coming out of the feedback. Therefore, these papers do not include all specific drafting suggestions or individual comments from respondents.