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# Connectivity webcast series

## Episode 4

*Example—Climate-related commitments*

# Presenters

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# Agenda

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| **Episode 1** | IFRS Standards—Complementary and connected information |
| **Episode 2** | Example—Climate-related risks and impairment of non-financial assets |
| **Episode 3** | Example—Climate-related opportunities and changes in product mix |
| **Episode 4** | Example—Climate-related commitments |

# Housekeeping

The examples:

- provide **basic illustrations** of how **applying IFRS Standards together** results in **complementary and connected information** in an entity's financial statements and in its sustainability-related financial disclosures
- specifically focus on illustrating how information about **current and anticipated financial effects** in sustainability-related financial disclosures expands on and complements the information in the financial statements
- highlight **other** sustainability-related financial **disclosures and requirements** in IFRS Sustainability Disclosure Standards that are of particular interest in the fact patterns discussed in illustrating complementary and connected information

The examples do **not**:

- illustrate the application of all requirements in IFRS Standards that might be relevant in the fact patterns discussed
- provide complete illustrative disclosures

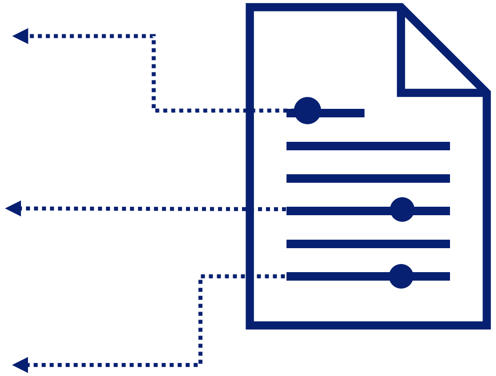
While IFRS Accounting Standards and IFRS Sustainability Disclosure Standards could be applied with different sustainability-reporting standards or different GAAPs, respectively, the examples focus on IFRS Standards applied together

# Structure of the examples

In illustrating complementary and connected information reported in financial statements and in sustainability-related financial disclosures, the examples are presented using a consistent structure

## Financial Statements

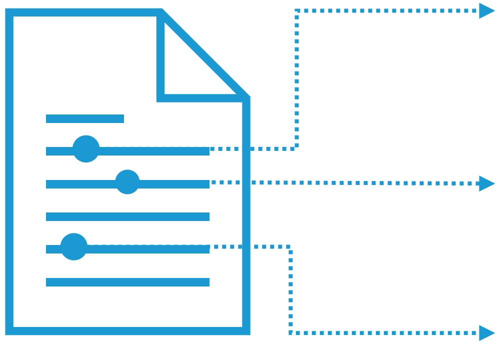
Effects on recognition and measurement



Disaggregated information

Related disclosures

## Sustainability-related Financial Disclosures



Current financial effects

Anticipated financial effects

Other disclosures

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# Example *Climate-related commitments*

IFRS Accounting

# Key facts

In 20X0, an entity publicly states its commitment:

**20X0** **20X5** **20X9**

**by 20X9**

to **reduce** its annual gross Scope 1 and Scope 2 GHG emissions by 60% by modifying its manufacturing methods, including the purchase of energy-efficient equipment

**from 20X9**

to **offset** its remaining Scope 1 and Scope 2 GHG emissions by buying and retiring carbon credits

# Illustrating reported information—20X0—Accounting

## Effects on recognition and measurement

No financial effects in the reporting period

## Disaggregated information

No financial effects about which to provide disaggregated information

## Related disclosures

The entity discloses:

- that its transition plan has no effect on its financial position and financial performance and explains why, if that information is material in the context of the financial statements
- the amount of contractual commitments to acquire property, plant and equipment (if any)

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# Illustrating reported information—20X0—Sustainability

## Current financial effects

The entity explains that its transition plan to address its climate-related risks has not had financial effects in the reporting period

## Anticipated financial effects

The entity discloses information about the planned purchases of energy-efficient equipment and carbon credits and related sources of funding, including quantitative information

## Other disclosures

The entity provides information about its transition plan and its climate target, including:

- how the entity plans to achieve its net emissions target and its gross GHG emissions target
- that its climate target covers gross Scope 1 and Scope 2 GHG emissions and that the entity plans to use carbon credits to offset any remaining such emissions

To note

An entity need not provide quantitative information about anticipated financial effects if the entity does not have the skills, capabilities or resources to provide that quantitative information

# Illustrating reported information—20X5—Accounting

## Effects on recognition and measurement

Energy-efficient equipment is recognised as an asset and depreciated over its useful life

## Disaggregated information

An entity disaggregates information about energy-efficient equipment if that information is material in the context of the financial statements

## Related disclosures

The entity discloses the purchases of equipment as additions to each class of property, plant and equipment as part of their carrying amount reconciliation

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# Illustrating reported information—20X5—Sustainability

## Current financial effects

The entity discloses information about purchases of the energy-efficient equipment, the carrying amount of that equipment and related depreciation expense

## Anticipated financial effects

The entity discloses information about the planned purchases of energy-efficient equipment and carbon credits and related sources of funding, including quantitative information

## Other disclosures

The entity discloses information about the transition plan and the climate target, including information about:

- the progress in executing the transition plan
- its performance against its target
- the planned use of carbon credits, including information about the credibility and integrity of those credits

To note

An entity need not provide quantitative information about anticipated financial effects if the entity does not have the skills, capabilities or resources to provide that quantitative information

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