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## Accounting Standards Advisory Forum meeting

Date **May 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 Accounting Standards Advisory Forum (ASAF). This paper does not represent the views of the International Accounting Standards Board (IASB) or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS<sup>®</sup> Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB<sup>®</sup> *Update*.

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### Accounting Standards Advisory Forum, May 2025, Agenda Paper 1

This paper was discussed at the International Accounting Standards Board's (IASB's) May 2025 meeting as Agenda Paper 14. The agenda papers referred to in this paper are the other agenda papers for the IASB's May 2025 meeting.

## 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*.
2. 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. The comment period on the Exposure Draft ended on 28 November 2024.
3. In February 2025, the IASB discussed a summary of the feedback on the Exposure Draft in a joint meeting with the International Sustainability Standards Board (ISSB).

4. In April 2025, the IASB discussed a plan for completing the project and possible responses to stakeholders' main concerns about Examples 1 and 2. A summary of the main themes from that discussion is included in Agenda Paper 14D for this meeting.
5. The purpose of this meeting is to provide the IASB with the staff's preliminary analysis of the feedback on the Exposure Draft. We are not asking the IASB to make any decisions at this meeting. However, comments from IASB members on all aspects discussed in the papers for this meeting will help us develop our recommendations for the direction of this project.

## Structure of agenda papers for this meeting

6. In addition to this cover paper, there are eight agenda papers for this meeting:

| Agenda papers   | Description  |
|---|--|
| <b>Agenda Paper 14A</b><br><i>Providing illustrative examples</i>     | <p>This paper includes our analysis of feedback on whether:</p> <ul style="list-style-type: none"> <li>(a) providing examples would help improve the reporting of the effects of climate-related and other uncertainties in the financial statements; and</li> <li>(b) including the examples as illustrative examples accompanying IFRS Accounting Standards is the best vehicle for the examples.</li> </ul> <p>This paper also analyses other actions suggested by respondents to the Exposure Draft.</p> |
| <b>Agenda Paper 14B</b><br><i>Approach to developing the examples</i> | <p>This paper includes our analysis of 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>   |
| <b>Agenda Paper 14C</b><br><i>Connectivity</i>                        | <p>This paper includes our analysis of feedback on connectivity, including how the examples facilitate connected general purpose financial reporting.</p>  |

| Agenda papers   | Description  |
|---|--|
| <b>Agenda Papers 14D–14F</b><br><i>Proposed illustrative examples</i> | These papers include our analysis of specific feedback on the illustrative examples, specifically: <ul style="list-style-type: none"> <li>(a) Agenda Paper 14D covers Examples 1–2;</li> <li>(b) Agenda Paper 14E covers Examples 3–5; and</li> <li>(c) Agenda Paper 14F covers Examples 6–8.</li> </ul> |
| <b>Agenda Paper 14G</b><br><i>Draft illustrative examples</i>         | This paper illustrates a possible drafting of the examples incorporating the changes discussed in the other papers for this meeting.   |
| <b>Agenda Paper 14H</b><br><i>Transition</i>                          | This paper includes our analysis of feedback related to transition and effective date.   |

7. For ease of reference, the agenda papers for this meeting reproduce with limited modifications the summary of feedback included in the papers for the February 2025 IASB–ISSB joint meeting.
8. Appendix A to this paper explains how we have described the feedback in comment letters in all the papers for this meeting.

## Summary of staff’s preliminary recommendations

9. The staff’s preliminary recommendations are that the IASB:
  - (a) proceed with issuing the examples proposed in the Exposure Draft, with the exception of Example 5, and include them as illustrative examples accompanying IFRS Accounting Standards (*see Agenda Papers 14A and 14D–14F*);
  - (b) retain its approach to developing the examples, but make changes to the examples to address specific concerns raised by respondents (*see Agenda Paper 14B*);

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- (c) retain the project's objective of covering climate-related and other uncertainties and develop no additional examples (*see Agenda Paper 14B*);
  - (d) seek feedback as part of its Fourth Agenda Consultation on the priority of additional work to facilitate connected financial reporting (*see Agenda Paper 14C*); and
  - (e) group the examples and publish them as a single document in addition to including them as illustrative examples accompanying IFRS Accounting Standards (*see Agenda Paper 14A*).

## Other information

10. [Agenda Paper 14](#) for the February 2025 IASB–ISSB joint meeting provides the following information that has not been repeated in the papers for this meeting:
  - (a) information about the background for the project;
  - (b) an overview of the feedback on the Exposure Draft; and
  - (c) a summary of outreach activities.

## Next steps

11. We expect to provide our final recommendations and ask the IASB to decide the project direction at its June 2025 meeting.

## 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.

- 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.

### ***Connectivity terminology***

- A6. In commenting on connectivity, respondents used various terms to refer to sustainability-related disclosures. In some cases, respondents referred to disclosures prepared applying a specific framework—for example, some referred to sustainability-related financial disclosures prepared applying IFRS Sustainability Disclosure Standards. However, in many cases it is unclear whether respondents referred to sustainability-related disclosures prepared applying a specific framework or sustainability-related disclosures in general.
- A7. The papers for this meeting use the term ‘sustainability disclosures’ to refer to comments that appear to refer to sustainability-related disclosures in general and use more specific terms when the feedback appears to be more specific about the framework used to prepare these disclosures.

### ***Individual comments and drafting suggestions***

- A8. 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.