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FA Finanzberichterstattung

Sitzung:	FA FB / 10.09.2024 / 12:00 – 13:00 Uhr
TOP:	08 – IASB ED Climate-related and Other Uncertainties in the Financial Statements
Thema:	ED Climate-related and Other Uncertainties in The Financial Statements
Unterlage:	31_08a_Climate_Präs

IASB Project – Climate-related and Other Uncertainties in the F/S



Zeitplan zur Befassung mit diesem Projekt

- IASB **ED** vom Juli 2024 mit Kommentierungsfrist bis **28. November 2024**
- **ASAF**-Befassung am **26./27. September 2024**
- Diskussionen in der FR-TEG und SR-TEG

Projektkonzeption

- Eng gefasstes Projekt
- Keine Änderung der Ansatz- und Bewertungskriterien
- Aber auch BC9: noch offen, ob ggf. IFRS amendments erforderlich sind

IASB Project – Climate-related and Other Uncertainties in the F/S



Bisherige FA NB-Befassung

September 2023

- Unterstützung für eng abgegrenzten Projektumfang
- Konzeptionelle Befassung imt langfristigen Risiken im Allgemeinen (nicht nur klimabezogene Risiken/Unsicherheiten)
- Illustrative Examples und Educational Material können bspw. auf klimabezogene Risiken eingehen
- Wichtiger Aspekt: Wesentlichkeit aus Sicht der Nutzer von Finanzinformationen

November 2023

- In den Beispielen sollte der Fokus nicht auf Wesentlichkeit liegen (entspricht IASB-Entscheidung, zudem PS 2 *Making Materiality Judgements* in Praxis kaum relevant)
- Vorgeschlagene Beispiele ungeeignet (z.B. “Negativ-Meldungen” nicht durchgängig in Praxis, Bsp. bestätigen lediglich gängige Praxis)
- Geeignete Anhaltspunkte für Beispiele: Generalklausel
- Stand-alone Beispiele, keine “walk-through examples”

März 2024

- Diskussion der vorgelegten (*stand-alone*) Beispiele; Ergebnis: Beispiele nicht unbedingt sachgerecht für die Themenstellung
 - “uncertainties” werden nicht übergeordnet, sondern mit Fokus auf *climate-related uncertainties* adressiert
 - Beispiele bestätigen derzeitiges Verständnis der Standard und etablierte Praxis
 - Z.T. ggf. bewusster Auseinandersetzung mit bereits existierenden Anforderungen (z.B. IAS 1.125)
 - Kritisch weiterhin: in Beispielen 1 und 2 ausgedrückte Erwartung in Bezug auf „Negativangaben“

IASB Project – Climate-related and Other Uncertainties in the F/S



- **Ausgestaltung der Beispiele**
 - Fokus auf klimabezogene Beispiele entsprechend der Rückmeldung von Stakeholdern (BC15)
 - Stand-alone Beispiele (BC17)
 - Fokus auf Beispiele mit möglicher Inkonsistenz von (klimarisikobezogenen) Informationen im und außerhalb des Abschlusses (BC19)
 - Beispiele, um Verbindung zu anderen (*general purpose financial*) Informationen, wie etwa Nachhaltigkeitsbericht
 - Beispiele greifen Inhalte auf, die sowohl in Finanz- als auch Nachhaltigkeitsberichterstattung relevant sein könnten (z.B. Beispiele 1 und 2 mit Bezug zu Angaben zu Transitionsplänen gem. IFRS S2; Beispiel 8 zur Disaggregation von Klassen von Sachanlagen)
 - Begrifflichkeiten im Einklang mit IFRS SDS
 - Zusammenarbeit mit ISSB (aber Beispiele nicht auf IFRS SDS begrenzt)
 - Verortung in “Illustrative Examples”: höhere Flexibilität, leicht zugänglich, häufig genutzt – BC43

- **Weitere Überlegungen / Maßnahmen des IASB im Prozess**
 - Zusätzliche Angaben zu Schätzungen erforderlich? ... vorläufig, nein
 - Teilaspekte in anderen IASB-Projekten adressiert (cash flow characteristics of financial assets with environmental, social and governance-linked features; bestimmte Verträge über erneuerbare Energien)
 - Abstimmung mit IFRS IC bzgl. Schätzungen von Zahlungsströmen über lange Zeithorizonte ... ausreichend geregelt

IASB Project – Climate-related and Other Uncertainties in the F/S



- Inhalte der Beispiele
 - Example 1-2: Materiality judgements and disclosures of additional information
 - Example 3-7: Assumptions and other sources of estimation uncertainty
 - Example 8: Disaggregation

ED – Example 1



Example 1 – Materiality judgements leading to additional disclosures (IAS 1/IFRS 18)

- **Fact Pattern (Background)**
 - Manufacturer operates in capital-intensive industry, exposed to climate-related transition risks
 - Entity has climate-related transition plan for reduction of GHG emissions over next 10 yrs and discloses information on the transition plan
 - No effect on assets, liabilities, income and expense in reporting period
- **Application**
 - Entity determines that additional disclosure on effect (or lack thereof) of its transition plan would provide material information
 - Without the additional information, user's decisions could be reasonably expected to be influenced by a lack of understanding the effect of the transitional plan on the financial position and financial performance
 - (BC31) Entity considers its specific circumstances, including matters disclosed in other “general purpose financial reports”
 - Entity considered entity-specific qualitative factor and external qualitative factor
 - Basis: IAS 1.31 / IFRS 18.20

Anmerkungen DRSC-Staff

- Geringfügige, gute sprachliche Anpassungen des Beispiels (im Vergleich zu März 2024); Beispiel geht jedoch nicht (mehr) auf den **Zeithorizont** für “effects on financial position and financial performance” (bisher: “*for the current period*”; BC23 nimmt ebenfalls Bezug auf “for the reporting period”)
- Argumentation stellt nunmehr auf Berücksichtigung qualitativer Faktoren für Wesentlichkeitsanalyse ab
- Grundsätzliche Kritik bzgl. Notwendigkeit einer “Negativmeldung” bleibt bestehen

ED – Example 2



Example 2 – Materiality judgements that do not lead to additional disclosures (IAS 1/IFRS 18)

- **Fact Pattern (Background)**
 - Service provider operates in industry with limited exposure to climate-related transition risks
 - Report outside f/s states low level of GHG emissions (with explanations: renewable energy whenever possible, avoidance of high-emission activities)
- **Application**
 - Entity concludes that GHG emissions policy has no effect on recognition and measurement of asset and liabilities and related income and expenses
 - As primary users could not reasonably be expected to be influenced by lack of understanding how GHG policy has affected entity's financial position and performance
 - Entity considers entity-specific qualitative factor (its disclosures outside of f/s) and external qualitative factors (its industry)
 - no additional information needed; Basis: IAS 1.31 / IFRS 18.20

Anmerkungen DRSC-Staff

- Geringfügige Anpassungen des Beispiels (z.B. low emission level instead of “net zero GHG emissions; Streichung des Verweises auf contribution to carbon offset projects in case of unavoidable emissions);
- Grundsätzliche Kritik bzgl. Notwendigkeit einer “Negativmeldung” bleibt bestehen

ED – Example 3



Example 3 – Disclosures of assumptions: specific requirements (IAS 36)

- **Fact Pattern (Background)**
 - Entity's operations result in high amount of GHG emissions
 - Entity is subject to GHG emissions regulation, which require to acquire emission allowances
 - Entity expects such regulation to become more widespread in the future
 - Entity tests CGU X (including a significant amount of goodwill) for impairment
- **Application**
 - Entity has determined that assumptions about future emission allowance costs are key assumptions (CGU X's recoverable amount is most sensitive to)
 - Entity also considers whether a reasonably possible change in the assumption would result in an impairment loss
 - Im Ergebnis sind:
 - ausführliche Angaben gem. IAS 36.134(d)(i)-(ii) erforderlich (zu den Annahmen) und
 - Angaben erforderlich gem. IAS 36.134 (f) bzgl. möglicher Auswirkungen möglicher zukünftiger Änderungen / Impairments

Anmerkungen DRSC-Staff

- Neuer Titel des Beispiels (bisher "Value in use calculation and disclosures")
- Grds. Kritik an Illustration des bisherigen Verständnisses von IAS 36 und somit (lediglich) Bestätigung etablierter Praxis
- Verweis auf notwendige Prüfung von IAS 1.31 und IAS 1.125 ist – im Vergleich zur Version von März 2024 – entfallen (IASB verweist dafür auf Example 4 und Example 6, vgl. BC35 ff.)

ED – Example 4



Example 4 – Disclosure of assumptions: general requirements (IAS 1/IAS 8)

- **Fact Pattern (Background)**
 - Entity operates in capital-intensive industry, exposure to climate-related risks that may affect ability to recover carrying amount of some non-current assets (belonging to a CGU without goodwill or intangible assets with indefinite lives)
 - No impairment loss determined, based – inter alia – on climate-related assumptions (such as: legal, regulatory developments, consumer demand, commodity prices, and GHG emission allowance costs)
- **Application**
 - IAS 36: no disclosure needed due to CGU having no goodwill or intangible assets with indefinite lives
 - Consideration of IAS 1.125 (neu: IAS 8.31A): disclosures necessary, if there are assumptions / uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year
 - Entity considered various factors, such as:
 - ❖ Size of CGU's carrying amount: small adjustments might still be material
 - ❖ Subjectivity and complexity of judgements management made in determining assumptions: highly uncertain future events
 - ❖ Risk that new information / developments in next financial year might result in different assumptions: frequent new climate-related developments
 - ❖ Sensitivity of CGU's carrying amount to changes in assumption: highly sensitive to climate-related assumptions
 - Disclosures are necessary on assumptions and nature / carrying amount of non-current assets

Anmerkungen DRSC-Staff

- Wenige sprachliche, keine inhaltlichen Änderungen im Vergleich zu März 2024
- Grds. Kritik: Example 4 bestätigt bisheriges Verständnis von IAS 1.125 und somit (lediglich) die etablierte Praxis

ED – Example 5



Example 5 – Disclosure of assumptions: additional disclosures (IAS 1/IFRS 18)

- **Fact Pattern (Background)**
 - Entity operates in jurisdiction whose governance has announced regulation that would restrict entity's ability to operate and generate profits in that jurisdiction in the future
 - Could significantly affect profitability, ability to recover carrying amount of deferred tax assets (unused tax losses)
 - Highly uncertain when announced regulations would be effective; not before 18 months (beyond end of next financial year)
 - IAS 12.36: entity recognizes deferred tax asset for the full amount which will be utilised before new regulation will begin to apply
- **Application**
 - Entity determines that assumption is unlikely to change next financial year (b/c timing of government discussions); therefore no disclosure required in IAS 1.125 (on assumptions that have a significant risk of resulting in material adjustments to carrying amount)
 - However, consideration of additional disclosures according to IAS 1.31:
 - ❖ other disclosures are insufficient to understand impact of announced regulation
 - ❖ Disclosure in accordance with IAS 1.31 necessary to understand impact of announced regulation at the end of the reporting period (disclosure on assumption of beginning of regulation)

Anmerkungen DRSC-Staff

- Gute sprachliche Änderungen und Konkretisierungen/Ergänzungen von Fact Pattern und Application; keine inhaltlichen Änderungen im Vergleich zu März 2024
- Grds. Kritik: Example 5 bestätigt bisheriges Verständnis von IAS 1.31 und somit (lediglich) die etablierte Praxis

ED – Example 6



Example 6 – Disclosure about credit risk (IFRS 7)

- **Fact Pattern (Background)**
 - Financial institution provides range of products to different types of customers
 - FI identifies two portfolios of loans to customers that are exposed to climate-related risks:
 - Loans to agricultural customers, here climate-related events such as droughts could affect ability to repay loans
 - Loans to corporate real estate customers that are secured by properties located in low-lying areas subject to flood risk
- **Application**
 - Entity considers in decision to disclose information according to IFRS 7.35A-38:
 - ❖ Size of portfolio affected by climate-related risks relative to overall lending portfolio
 - ❖ Significance of effects of climate-related risks on exposure to credit risk compared to other factors affecting that risk (depend on loan maturities, nature, likelihood and magnitude of climate-related risks)
 - ❖ External climate-related qualitative factors that make information more likely to influence primary users of financial statements, such as climate-related market, economic, regulatory and legal developments
 - Entity discloses in accordance with IFRS 7.35A-38, among others ...
 - ❖ Credit risk management practices related to climate-related risks, relation to recognition & measurement of ECL
 - ❖ How is climate-related risk considered to determine if credit risk has significantly increased since initial recognition
 - ❖ How does it affect grouping if ECL is measured on a collective basis
 - ❖ ...

Anmerkungen DRSC-Staff

- Wenige Anpassungen, keine inhaltlichen Änderungen im Vergleich zu März 2024
- Grds. Kritik: Example 6 bestätigt bisheriges Verständnis von IFRS 7.35A-38 und somit die etablierte Praxis

ED – Example 7



Example 7 – Disclosures about decommissioning and restoration provisions (IAS 37)

- **Fact Pattern (Background)**
 - Petrochemicals manufacture with plant decommissioning and site restoration obligations
 - Costs are omitted in plant decommissioning and restoration provision due to the discounting effect (expectation to use facilities for an extremely long time, present value of costs is immaterial)
 - However: costs to settle the obligations will be high and there is an increasing risk to close some of the facilities earlier than expected “because of efforts to transition to a lower-carbon economy”.
- **Application**
 - IAS 37.85: entity concludes that information is material, because there is a significant risk that entity will be required to settle obligations earlier than expected and outflows will then be high in magnitude
 - Therefore, disclosure of:
 - Brief description of nature of plant decommissioning and restoration obligations and expected timing
 - Indication of uncertainties about amount / timing; major assumptions on future events

Anmerkungen DRSC-Staff

- Gute Konkretisierung des Sachverhalts, indem das zunehmende Risiko des zeitigeren Fälligwerdens der hohen Rückbauverpflichtung aufgenommen wird; fraglich ist ggf. *wessen* „efforts to transition to a lower-carbon economy“ hier zugrunde gelegt werden und wie konkret diese bereits ausgestaltet sind (Abgrenzung zu Bewertungsanpassung)
- Grds. Kritik bleibt: Example 7 bestätigt bisheriges Verständnis von IAS 37 und somit (lediglich) die etablierte Praxis

ED – Example 8



Example 8 – Disclosure of disaggregated information (IFRS 18)

- **Fact Pattern (Background)**
 - Entity owns two types of PPE with long useful lives: (1) PPE resulting in high amounts of GHG emissions and (2) “alternative” PPE of the same class with lower GHG emissions; high-emission PPE is used for a large part of its operations
 - entity operates in industry with high exposure to climate-related transition risks
 - Two types of PPE make up a large portion of entity’s total assets
 - High-emission PPE and alternative PPE have significantly different vulnerabilities to climate-related transition risks
- **Application**
 - Disaggregation principle in IFRS 18.41 et seq.:
 - Disaggregation on basis of characteristics that are not shared whenever resulting information is material
 - Entity determines that two types of PPE have sufficiently dissimilar climate-related risk characteristics
 - Basis: IFRS 18.41 f. and B110, Information in IAS 16.73 (for each class of PPE) separate for two types of PPE

Anmerkungen DRSC-Staff

- Geringfügige, gute sprachliche Anpassungen
- Grundsätzliche Kritik bzgl. Bestätigung der bisherigen Praxis bleibt bestehen

Fragen an den FA NB



Question 1 – Providing illustrative examples

The IASB is proposing to provide 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 IASB expects the examples will help to improve the reporting of these effects in the financial statements, including by helping to strengthen connections between an entity's general purpose financial reports.

Paragraphs BC1–BC9 of the Basis for Conclusions further explain the IASB's rationale for this proposal.

- (a) Do you agree that providing examples would help improve the reporting of the effects of climate-related and other uncertainties in the financial statements? Why or why not? If you disagree, please explain what you would suggest instead and why.

The IASB is proposing to include the examples as illustrative examples accompanying IFRS Accounting Standards instead of publishing them as educational materials or including them in the Standards.

Paragraphs BC43–BC45 of the Basis for Conclusions further explain the IASB's rationale for this proposal.

- (b) Do you agree with including the examples as illustrative examples accompanying IFRS Accounting Standards? Why or why not? If you disagree, please explain what you would suggest instead and why.

Bisherige Diskussion des FA FB

- **Agree** that examples can be a useful tool for enhancing understanding of and disclosures on uncertainties
- **Agree** to include examples in Illustrative examples

Fragen an den FA FB

- Werden Beispiele nicht nur als sinnvoll, sondern auch als ausreichend angesehen? Ggf. Ergänzung innerhalb der IFRS erforderlich?

Fragen an den FA NB



Question 2 – Approach to developing illustrative examples

Examples 1–8 in this Exposure Draft illustrate how an entity applies specific requirements in IFRS Accounting Standards. The IASB decided to focus the examples on requirements:

- (a) that are among the most relevant for reporting the effects of climate-related and other uncertainties in the financial statements; and
- (b) that are likely to address the concerns that information about the effects of climate-related risks in the financial statements is insufficient or appears to be inconsistent with information provided in general purpose financial reports outside the financial statements.

Paragraphs BC10–BC42 of the Basis for Conclusions further explain the IASB’s overall considerations in developing the examples and the objective and rationale for each example.

Do you agree with the IASB’s approach to developing the examples? In particular, do you agree with the selection of requirements and fact patterns illustrated in the examples and the technical content of the examples?

Please explain why or why not. If you disagree, please explain what you would suggest instead and why.

Bisherige Diskussion des FA FB

- **Agree** with the approach, to use examples that are most relevant for effects of climate-related and other uncertainties
- **Do not agree entirely** with selection of examples, as these should not only focus on climate-related aspects only, but include aspects of other uncertainties
- **Do not agree entirely** with all fact patterns and technical content
- See feedback on examples

Fragen an den FA FB

- Wie könnten “Other uncertainties” in den Beispielen konkret adressiert werden?
- Gibt es einschlägige Fragestellungen aus der Praxis?
- Gibt es Vorschläge für Änderungen der Fact Patterns, bspw. in Beispiel 1 und 2 (Wesentlichkeit)

Fragen an den FA NB



Question 3 – Other comments

Do you have any other comments on the Exposure Draft?

Zusätzlich in BC9 aufgeworfene Frage / Option:

- Disclosure of information about accounting estimates – research did not reveal enough evidence or consensus among stakeholders
- Feedback to this ED will help the IASB determine whether **any other actions, including amending IFRS Accounting Standards**, might be necessary.

Bisherige Diskussion des FA FB

- General impression that examples depict fairly simple fact patterns and the findings seem to be the general understanding of IFRS already;
- Question of additional value of such examples

Fragen an den FA FB

- Werden mögliche Änderungen an den IFRS als sinnvoll angesehen? Ggf., welche?
- Sollten Angaben zu Schätzungen ausgeweitet werden? / Beispiele dazu aufgenommen werden?
- Welche weiteren Aspekte sollen aufgegriffen werden?