



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

2 February 2024

Dear Bruce

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

We are responding to your invitation to comment on Tentative Agenda Decision ('TAD') – *Climate-related Commitments (IAS 37)* on behalf of the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. This response summarises the views of member firms who contributed to our consultation during the comment letter period.

We would like to extend our appreciation to the Committee for engaging in a comprehensive discussion on a matter that is growing in significance for companies that are making commitments pertaining to their carbon footprint. We acknowledge the importance for entities to consider sustainability-related liabilities and related disclosures that comply with the requirements of IFRS® Accounting Standards.

We agree with the Committee's analysis reflected in the TAD. We believe that the TAD reflects the application of the existing principles in IAS 37, 'Provisions, contingent liabilities and contingent assets'.

Although climate-related commitments might not be recognised as provisions in the financial statements at the time when the commitment is made, there are other reporting requirements that might capture these commitments, providing useful information to stakeholders. In particular:

- These commitments might have broader implications for other aspects of financial reporting which will need to be recognised (for example, impairment of assets, useful lives of assets etc).

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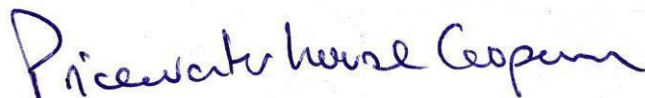
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- Climate-related targets and commitments will be a key component of the IFRS® Sustainability Disclosure Standards and might provide relevant information beyond what is captured in historical financial statements.

We note that the TAD reflects that the Committee will not add a standard-setting project on this topic to the work plan. We agree with that approach, because the International Accounting Standards Board is currently working on amendments to IAS 37, in light of the *Provisions—Targeted Improvements* project, which include an example on climate-related commitments. A key area of judgement related to climate-related commitments is whether a constructive obligation exists; it will be helpful if the International Accounting Standards Board could include some factors that an entity might consider in making this judgement as part of those targeted improvements.

For any questions, please contact me or [Gary Berchowitz](#) (Partner, Global Corporate Reporting Services).

Yours sincerely

A handwritten signature in blue ink that reads "Henry Daubeney". The signature is written in a cursive, flowing style.

Henry Daubeney  
Global Chief Accountant and Head of Reporting