



1 August 2024

To: **Members of the Hong Kong Institute of CPAs**
All other interested parties

INVITATION TO COMMENT ON THE IASB EXPOSURE DRAFT Climate-related and Other Uncertainties in the Financial Statements

Comments to be received by 17 October 2024

The Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (Institute) is seeking comments on the International Accounting Standards Board (IASB) Exposure Draft *Climate-related and Other Uncertainties in the Financial Statements*. The Exposure Draft is available on the Institute's website:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Open-for-comment-documents/fred>

In response to strong demand from stakeholders particularly from investors, the IASB developed eight illustrative examples¹ to illustrate how companies apply IFRS Accounting Standards when reporting the effects of climate-related and other uncertainties in their financial statements. Stakeholders expressed concerns that information about climate-related uncertainties in financial statements was sometimes insufficient or appeared to be inconsistent with information provided outside the financial statements. To respond to these concerns, the IASB's proposed examples aim to:

- improve transparency of information in financial statements; and
- strengthen the connection between financial statements and other parts of a company's reporting, such as sustainability disclosures.

The illustrative examples focus on areas such as materiality judgements, disclosures about assumptions and estimation uncertainties, and disaggregation of information. The principles and requirements illustrated in these examples apply equally to other types of uncertainties² beyond climate-related uncertainties.

The illustrative examples do not add to or change the requirements in IFRS Accounting Standards. Instead, they provide guidance on how the requirements in the Standards should be applied to provide investors with better information about climate-related risks and other uncertainties.

The FRSC invites your comments on the Exposure Draft by **17 October 2024** to allow your comments to be considered in developing its response to the IASB. Comments should be supported by specific reasoning and should be submitted in written form.

¹ *Illustrative examples are non-mandatory guidance that accompany IFRS Accounting Standards. Their purpose is to illustrate how the requirements in the Standards apply to particular fact patterns.*

² *Other uncertainties include economic, regulatory, technological, societal and environmental uncertainties.*

Comments may be sent by mail, fax or e-mail to:

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Comments will be acknowledged and may be made available for public review unless otherwise requested by the respondent.