

Feb. 1, 2024

IFRS Interpretations Committee
7 Westferry Circus,
Canary Wharf
London E14 4HD
United Kingdom

RE: IFRS IC Tentative Agenda Decision – Climate-related Commitment (IAS 37)

Dear Colleagues,

The Saudi Organization for Chartered and Professional Accountants (SOCPA) welcomes the opportunity to offer its views on the above Tentative Agenda Decision (TAD) discussed by the IFRS Interpretations Committee (the IFRS IC) in November 2023. SOCPA supports the IFRS IC's work and efforts to bring consistency in the application of IFRS Standards and appreciates the IFRS IC's rapid response to submissions it receives.

SOCPA agrees that whether an entity's statement of commitment to reduce and offset its greenhouse gas emissions would create a constructive obligation depends on the facts of the statement and the circumstances surrounding it. However, according to the fact patterns of the inquiry, we believe the entity does not need to recognise a provision when it makes the statement at that time as the constructive obligation is not a present obligation as a result of a past event.

SOCPA also agrees that whether a constructive obligation satisfies the probable outflows criterion depends on the nature of the actions required to be carried out by the entity to settle it. For example, the entity may not suffer a net outflow of resources if it receives resources in exchange for the expenditure incurred and therefore it will not have to fulfill the probable outflows criterion.

Based on the above, SOCPA agrees with the Committee's decision not to add a standard-setting project to the work plan and to publish a tentative agenda decision instead.

Please feel free to contact Dr. Abdulrahman Alrazeen at (razeena@socpa.org.sa) for any clarification or further information.

Sincerely,



Dr. Ahmad Almeghames

SOCPA Chief Executive Officer