



International Actuarial Association
Association Actuarielle Internationale

Actuarial Standard Committee's Report based on the Comments Received on the Draft Statement of Intent (SOI) for the proposed International Standard of Actuarial Practice on IFRS S2 Climate-Related Disclosures (ISAP [8])

Exposure Period: - 23 June 2023 – 23 August 2023

Report to the Executive and Professionalism Committees

Prepared by the Actuarial Standards Committee

25 September 2023

Exposure of Draft Statement of Intent (SOI)

A draft SOI was exposed for comment 23 June 2023 with a comment deadline of 23 August 2023. We received comments from eleven member associations and one Standard Setter. All respondents and a summary of the responses are listed in the [Appendix](#).

A comment template was provided to facilitate content submission. The consultation asked the following three specific questions and provided additional space to provide general comments:

1. Do you agree that an ISAP is needed on IFRS S2 – Climate-Related Disclosures?
2. Are any of the proposed topics inappropriate for inclusion in this ISAP [8]? If yes, please explain why the particular topic should not be included.
3. What other topics should be included in ISAP [8]? Please cover why you would like to see this topic included. If appropriate provide an example to illustrate the concern.

Overview of the Responses Received

Support for developing a model ISAP.

Eleven of twelve member associations and the one regulator who responded to the consultation replied “yes” to question 1, “no” to question 2. The supportive responding member associations were the Deutsche Aktuarvereinigung e.V (DAV), the Singapore Actuarial Society, the Actuaries Institute of Australia, the Hungarian Actuarial Society, the Institute of Actuaries Japan, the Den Norske Aktuarforening Norway, the Actuarial Society of South Africa, the China Actuarial Association, the Canadian Institute of Actuaries and the New Zealand Society of Actuaries. The supportive responding regulator was the Financial Reporting Council (UK).

One member association, the Institute and Faculty of Actuaries responded “no” to question 1. They indicated that they believed that thought leadership and research were the preferred approach to addressing climate change related issues, and indicated concern that a standard would be overreach and impose an unnecessary burden on members.

The ISAP 8 Task Force does not believe there is overreach in the proposed standard as it is directly responding to IFRS S2. In approach, it closely follows the precedent of ISAP 4, which is a standard applicable to actuaries performing work related to IFRS 17.

Our rationale for developing ISAP 8 is as follows. Where we believe that actuaries have the expertise to perform services, a standard serves the purpose of giving stakeholders (and the profession) comfort that the services will be performed in an appropriately consistent and professional manner. It also highlights to stakeholders that the profession believes it has a vital role in performing these services.

As mentioned above, a good precedent to develop an ISAP to support IFRS S2 is IFRS 17. This is an accounting standard on reserving that requires expertise to perform the calculations (but does not require these experts to be actuaries). ISAP 4 is an actuarial standard that lays out the professional standards for actuaries to provide these services, based on a view that the profession believes this is a role that actuaries are competent to perform, and should be performing.

Importantly, this does not replace or reduce the need for educational material or thought leadership. These are complimentary activities, and it is not a choice of one over the other.

Common Themes

The most common theme from responses was the need to ensure that the SOI was updated to reflect the final version of IFRS S2, which was released in June 2023. *This has been done, with only relatively minor changes to the SOI, as the final IFRS S2 was not significantly changed from the previous exposure draft (the most significant changes to IFRS S2 being some moderate relaxation of when quantitative disclosures are required, and some changes to description of required financial metrics).*

A second topic raised by several respondents was a concern that the SOI wording for specific focus topics sighted for inclusion in the standard, by being focussed on topics related to quantitative scenario analysis, was missing broader aspects of IFRS S2 disclosures that actuaries could contribute to (e.g., qualitative analysis, topics related to governance and ERM, topics related to aspects such as transition plans, emissions modeling, etc.). *While the general focus section of the SOI (3.1 b) already indicates that the standard will contemplate all aspects of IFRS S2 (governance, strategy, risk management, and metrics and targets), additional text has been introduced into section 3.2 a on focus topics to make reference to this broader range of topics.*

The TF would note that, even though we anticipate that actuaries will be contributing broadly across all aspects of the IFRS S2 disclosures, the amount of focussed material needed in ISAP 8 (as an actuarial standard) is not likely to be extensive, especially as the role of our standard is to supplement the IFRS S2 standard itself and its supporting literature.

Other Issues

Several other topics were raised by one or more respondents. In addition to minor wording improvement suggestions, these included the following:

Several suggestions were made that the standard should include case studies, compare practice between industries (e.g., insurance, pensions and energy sectors), address how to collect data and relevant data sources, specific metric development etc. *The TF believes that these topics are beyond the scope of the standard but are excellent topics for an International Actuarial Note (IAN) and other educational material. Indeed, we have two individuals who are liaisons to the task force developing an IAN on climate change.*

It was suggested that principle-based guidance on “financed emissions” (dealt with in B58 – B63 of IFRS S2) should be provided. *Given the importance for the financial sector, and the potential for different approaches on this subject, the standard will include reference to this issue.*

A suggestion that the standard could expand to include guidance on adapting climate scenarios locally: *The ISAP 8 Task Force (TF) believes that coverage of local application is beyond the scope of the ISAP and will be passing the topics that we believe are outside the scope of the standard itself to the IAN group.*

It was noted that relevant knowledge requirements for actuaries working on IFRS S2 disclosures are an important topic that should be covered in the standard. *The TF agrees, and for greater clarity modified the SOI to make it clear that this topic will be covered given IFRS S2 specifically links the requirement to do quantitative disclosures to the entity (and by inference individuals performing the work) to have the appropriate skills and capabilities.*

It was also noted that the specific focus topics did not refer to materiality and proportionality. *While ISAP 8 will have materiality and proportionality sections similar to other published ISAP’s (so the topic will be covered by the ISAP), at this stage the TF has not identified specific topics that would make this a key focus topic worthy of mention in the SOI.*

It was noted that the use of the term “climate related” in the text of the IFRS S2 standard and consequently our SOI rather than “climate change related” could potentially mislead actuaries as to the scope of IFRS S2 and the proposed ISAP 8, even though the definition appendix in IFRS S2 clearly defines “climate related” risk as only “climate change related” risk”. *The TF modified the SOI to clearly state that the scope of climate risk covered by IFRS S2 and the proposed ISAP 8 is “climate change related”.*

It was suggested to indicate that the proposed ISAP 8 is a model standard, and to then describe the process for member associations to adopt the model standard or its contents for application to their members. *The SOI has been modified to reflect this suggestion.*

It was noted that, while our draft SOI was silent on qualitative disclosures as a specific topic, IFRS S2 indicates some specific situations where qualitative disclosures may be needed to supplement or even replace quantitative disclosures. As well, in general there are areas where climate risk assessments may involve risks that are best handled through qualitative disclosures. *The TF has modified the SOI to indicate that certain qualitative disclosures will be a focus topic.*

It was pointed out IFRS S2 Para 19 contains the language “An entity need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the entity determines that: (a) those effects are not separately identifiable; or (b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful”. Guidance on application of this clause to the quantitative work being performed by actuaries would be useful given measurement uncertainty is endemic to many aspects of climate risk modeling. *The TF agrees and has modified the SOI to reflect this as a key item under the uncertainty topic.*

A concern was raised in a couple of responses that the SOI was too open ended in terms of allowing additional topics to be introduced into the ISAP during the drafting stage (for example, under focus topics, 3.2 g in the draft SOI allows “other topics as may subsequently be identified” to be included in the ISAP). *The TF believes that we need to retain the flexibility to add / delete specific focus topics as we go through the drafting, as long as we stay within our general mandate in 3.1. The list of specific focus topics in 3.2 is meant to help readers of the SOI understand the relative focus on different topics that we currently see for the standard, not “lock in” the topic coverage. Therefore, for the final SOI we have added some further text with examples of possible other topics, but have retained the flexibility to adjust topic coverage in the drafting stage.*

Changes to the Draft SOI

The attached proposed final SOI reflects the changes discussed above.

Recommendation

Given the broad support for developing a model ISAP, the ASC asks the Executive Committee to approve the SOI for the Proposed ISAP [8] – IFRS S2 Climate-Related Disclosures, thereby authorising the ASC to develop an exposure draft of the proposed ISAP following the steps in the Due Process.

Appendix

ISAP [8] IFRS S2 Climate-Related Disclosures

Comments Received on the Exposure Draft of the Statement of Intent

Consultation period 22 June 2023 – 23 August 2023

A Statement of Intent (SOI) to issue an International Standard of Actuarial Practice (ISAP) on actuarial services performed in connection with IFRS S2 Climate-Related Disclosures was drafted by the ISAP 8 Task Force of the Actuarial Standards Committee (ASC) of the IAA. The ASC published the draft SOI and invited comments from interested parties. The ASC sought answers to three specific questions and invited general comments as well. A MSWord template was provided to submit comments. The comments received are summarised in this report.

List of commenters:

	Submitted By	Date Received
1.	Deutsche Aktuarvereinigung e.V. (DAV)	9 August 2023
2.	Singapore Actuarial Society	14 August 2023
3.	Actuaries Institute of Australia	15 August 2023
4.	Hungarian Actuarial Society; Markup of SOI	22 August 2023
5.	Institute of Actuaries Japan	22 August 2023

6.	Den Norske Aktuarforening, Norway	22 August 2023
7.	Actuarial Society of South Africa	22 August 2023
8.	China Actuarial Association	23 August 2023
9.	Casualty Actuarial Society	23 August 2023
10.	Financial Reporting Council (UK)	23 August 2023
11.	Canadian Institute of Actuaries	23 August 2023
12.	Institute and Faculty of Actuaries	28 August 2023
13	New Zealand Society of Actuaries	5 September 2023

The consultation questions and responses are summarised below:

Question 1: Do you agree that an International Standard of Actuarial Practice (ISAP) is needed on IFRS S2 Climate-Related Disclosures?

	Commenter	Response
1.	Deutsche Aktuarvereinigung e.V. (DAV)	Yes
2.	Singapore Actuarial Society	Yes
3.	Actuaries Institute of Australia	Yes

4.	Hungarian Actuarial Society;	Yes
5.	Institute of Actuaries Japan	Yes
6.	Den Norske Aktuarforening, Norway	Yes
7.	Actuarial Society of South Africa	Yes
8.	China Actuarial Association	Yes
9.	Casualty Actuarial Society	Yes
10.	Financial Reporting Council (UK)	Yes
11.	Canadian Institute of Actuaries	Yes
12.	Institute and Faculty of Actuaries	No
13.	New Zealand Society of Actuaries	Yes

Question 2: Are any of the proposed topics inappropriate for inclusion in ISAP [8]?

	Commenter	Response
1.	Deutsche Aktuarvereinigung e.V. (DAV)	No
2.	Singapore Actuarial Society	No
3.	Actuaries Institute of Australia	No

4.	Hungarian Actuarial Society;	No
5.	Institute of Actuaries Japan	No
6.	Den Norske Aktuarforening, Norway	No
7.	Actuarial Society of South Africa	No
8.	China Actuarial Association	No
9.	Casualty Actuarial Society	No
10.	Financial Reporting Council (UK)	No
11.	Canadian Institute of Actuaries	No
12.	Institute and Faculty of Actuaries	For the reasons stated in section 4, it is the IFoA view that public interest focused non mandatory guidance, thought leadership and research initiatives are the most effective means to support members performing work related to IFRS S2 disclosure requirements for identifying, measuring and disclosing climate related risks and opportunities. This is particularly in recognition of the fact that topics may extend beyond those normally considered to be “typical” actuarial work, thus challenging to define in a fast-changing area of scientific understanding.
13.	New Zealand Society of Actuaries	No

Question 3: What other topics should be included in ISAP [8]?

	Commenter	Response
1.	Deutsche Aktuarvereinigung e.V. (DAV)	We have no suggestions for further topics to be included in ISAP8 except for those necessary updates mentioned in our response to question 4. Below.
2.	Singapore Actuarial Society	<ul style="list-style-type: none"> - Additional guidance on adapting climate scenarios locally, with user cases and cases studies of a few selected/sample countries - Cross comparison of recommendation and guidance with the practice of other key industries, including energy sectors
3.	Actuaries Institute of Australia	<p>These areas could be covered to provide actuaries more clarity, but we note the Transition Implementation Group on IFRS S1 and IFRS S2 may cover some of these issues.</p> <ul style="list-style-type: none"> - Relevant Knowledge Requirements <ul style="list-style-type: none"> ○ Para 20 of ISSB S2 says “an entity need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the entity does not have the skills, capabilities or resources to provide that quantitative information”. ○ The ISAP could outline relevant knowledge requirements (like para 2.1. of ISAP 4) to assist actuaries working in this area. ○ This section could also comment on areas where knowledge should be built in collaboration with other disciplines and authorities. - Determination of the need, or not, to provide quantitative information <ul style="list-style-type: none"> ○ Para 19 of ISSB S2 details that ‘An entity need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the entity determines that: (a) those effects are not separately identifiable; or (b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful. ○ Guidance on actuaries work under these clauses would be helpful - More balanced coverage of all quantitative areas of S2 in which actuaries are likely to be involved

		<ul style="list-style-type: none"> ○ The topics in the Statement of Intent, disproportionately focussed on climate scenario analysis. A number of majors area of S2 were not covered e.g. GHG emissions measurement and reporting, the financial position of the firm, Transition plans and carbon offsets. To better support actuaries performing work related to IFRS S2, topics could be expanded to include these topics. ○ For example, Transition plans are a core area of ISSB S2 and many country-level climate related accounting and regulatory frameworks which should be covered in the ISAP. The actuarial skill set, in particular the principles of actuarial experience reviews, lend themselves well to setting a long-term transition plan; tracking actual experience/performance relative to a plan; attributing any differences to key drivers; and adjusting the plan based on experience.
4.	Hungarian Actuarial Society;	<p>Please cover why you wish guidance in this area and if appropriate provide an example to illustrate the issue. Please note that the ISAP is not intended to address unique, country-specific issues. Member associations and local actuarial standard setting organizations could address such issues by providing additional guidance to their members as the ISAP is adopted, or adding such additional guidance within the local adaptation of the ISAP.</p> <p>In 3.2 (b) (i), also mention likelihood (see the commented version). IFRS S2 17(b)(i) is a key requirement from an actuarial perspective.</p> <p>In 3.2 (d) narrows down the scope to Enterprise value in an insurance context. It seems too narrow and could be broadened to any context where actuarial services are applied.</p>
5.	Institute of Actuaries Japan	Nothing now.
6.	Den Norske Aktuarforening, Norway	No comment
7.	Actuarial Society of South Africa	<p><u>AE: Guidelines for Conducting Materiality Assessments</u></p> <p>Special consideration could be given to the development and implementation of principles to conduct materiality assessments. These assessments will determine which risks are deemed significant and material, in accordance with the definitions provided in IFRS S1 and S2. A helpful framework to be considered within this context could be the application</p>

		<p>guidance provided by EIOPA for the inclusion of materiality assessment within the ORSA process.</p> <p>In addition, IFRS S1 and S2 may necessitate the disclosure of items that are not obviously material or tied to a quantitative impact. For example, the ISSB has cited a situation where it becomes a material piece of information for a specific asset class or financed emission to have low estimated carbon emissions when a high estimation was anticipated. Consequently, principles that facilitate the identification of qualitative material aspects for disclosure – especially those that are not immediately apparent – would provide valuable guidance for those preparing IFRS S2 disclosures.</p> <p><u>AE: Addressing Items with High Uncertainty</u></p> <p>The ISSB is currently exploring how disclosures related to TNFD (encompassing biodiversity, ecosystems, and ecosystem services) could be incorporated into IFRS Standard S2. The integration of risks related to both nature and climate appears to be an area fraught with considerable uncertainty.</p> <p>A thorough investigation into these areas would be beneficial, with an emphasis on identifying aspects where significant work is required to develop clear guidance. In instances where research or guidance is lacking, the formulation of principles to be adhered to would provide valuable assistance to those preparing IFRS S2 disclosures.</p> <p><u>AE: Alignment with Other Climate-Related Requirements</u></p> <p>Understanding how climate-related disclosures in IFRS S2 can align with other regulatory requirements could be beneficial to actuaries. The ISAP can comment on whether existing calculations and investigations on climate related risks can be made consistent with IFRS S2 or vice versa, and if such alignment is appropriate. An example is the inclusion of climate risks in the ORSA. Where work can fulfill multiple requirements, this efficiency could be highlighted. Identifying these connections may lead to a streamlined approach, ensuring both compliance and consistency in managing climate-related risks</p>
8.	China Actuarial Association	3.1. Provide more acquisition channels of climate data and clarify the review criteria for data quality.

		<p>Various non-traditional actuarial areas are covered in IFRS S2 requirements. However, the relevant data of climate change is limited. Assumptions and corresponding estimations are strongly relied on data adequacy and reliability when performing quantitative risk analysis. Therefore, we suggest that ISAP [8] provides more acquisition channels for the climate data and clarify the review criteria for data quality.</p> <p>3.2. Include summaries on how climate risks can affect risks of insurance institutions.</p> <p>With the climate change been evolving and intensifying, insurance industry has not developed mature understanding and valuation method of climate risks. For example, there is still no clear quantitative analysis methods for insurance companies to connect their financial performance and cash flows with climate data. We suggest that ISAP [8] clarify the connection between climate-related risks (including physical risks and transition risks) and insurance institution risks (such as market risk, credit risk, insurance risk, etc.), which will be the foundation for actuarial modelling and subsequent analysis</p> <p><i>Example 1:</i> In the industry-based guidance section, the IFRS S2 requires insurance institutions to disclose multiple metrics of climate-related insurance products and physical risks (such as “Net premiums written related to energy efficiency and low carbon technology” and “Problem Maximum Loss (PML) of insured products from weather-related natural catastrophes”). Although actuaries already have basis for calculating the required metrics through construction and analysis of catastrophe models, more support and guidance are still needed to form complete computational logic and mature methodology.</p> <p><i>Example 2:</i> For insurance institutions, the calculation of financed emissions is complex as it involves multiple assets, industries and geographics. It requires professionals with data modelling skills, such as actuaries, to participate in the relevant quantitative work. Compared to the banking industry, insurance industry has limited guidance on the financed emissions calculation. It is recommended that ISAP [8] can provide principle-based guidance on methodology and implementation paths for financed emissions considered in asset allocation process of insurance institutions.</p> <p>3.3. Provide baseline scenarios and interpretation methods for different businesses.</p> <p>The IFRS S2 requires insurance companies to perform climate-related scenario analysis with</p>
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		<p>appropriate methodologies. However, actuaries have limited experience and knowledge for non-traditional actuarial fields at current stage. We suggest that, for different business types of insurance companies (such as insurance business, investment business, etc.), ISAP [8] provides corresponding baseline scenarios including how to set assumptions based on companies’ business characteristics. This will provide a guidance for insurance companies to conduct scenario analysis according to their own situations.</p> <p><i>Example 1:</i> According to IFRS S2 paragraphs B8, B14, B15, companies should determine appropriate approaches for climate-related scenario analysis. So it is suggested to provide specific guidance on how to determine the quantitative, qualitative and combined scenario analysis method for different insurance business types in the SOI subsection 3.2.a Development of climate-related scenario analysis</p> <p><i>Example 2:</i> It is suggested to provide guidance in SOI subsection 3.2.a Development of climate-related scenario analysis on impact analysis methods (both quantitative and qualitative) for the macro assumptions under climate-related risk scenarios, which affect both insurance business and investment assets of insurance companies. For example, how the climate change and related macroeconomic scenarios can affect the incident rate of property insurance, life insurance and health insurance. And the effects on returns and defaults of various investment assets, such as the fixed income, the equity and the real estate.</p> <p>3.4. Provide an instructional template for related disclosure. We suggest that, for the climate-related disclosure, ISAP [8] provides corresponding instructional templates, including provisions and guidance for the implementation rules of quantitative and qualitative disclosure. This will increase the comparability between different insurance companies.</p> <p><i>Example 1:</i> The IFRS S2 indicates that an entity does not need to provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the entity lacks the relevant skills, there are significant uncertainties in the assessment process or those effects are not separately identifiable (see paragraphs 19-21). These descriptions involve many judgements and can have a substantial impact on the disclosure, it is suggested that further guidance on the principle of “do not provide quantitative information judgement” can be provided by the SOI.</p>
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		<i>Example 2:</i> Suggested to clarify the relationship between climate-related disclosure metrics and key actuarial/financial metrics, such as capital measurement, margin of risk and risk discount rate. And consider the relationship between IFRS S2 and other technical standards, such as IFRS 9 and IFRS 17 (such as how to consider ESG risks in the judgement of credit risk events in IFRS 9, and risk adjustment in IFRS 17).
9.	Casualty Actuarial Society	No comment
10.	Financial Reporting Council (UK)	<ul style="list-style-type: none"> • One of the specific focus topics could include considerations of qualitative analyses to supplement quantitative climate resilience work undertaken. This could include, for example, qualitative considerations around whether organizations could be exposed to legal and regulatory risks such as lawsuits, fines, and penalties arising from parties who have suffered loss and damage from climate change. Such considerations may be appropriate if organizations have not put in place processes to pro-actively identify and minimize potential future litigation risks and/or those processes are not considered sufficiently robust. • A specific focus topic could highlight climate resilience considerations for pension scheme actuaries working with defined benefit pension schemes, recognizing jurisdictional differences that exist. For some jurisdictions, such as the UK, this might involve consideration of climate resilience in relation to TCFD disclosures, as these are prepared by the Scheme Trustees. In other jurisdictions, it might be possible for actuaries to perform more direct modelling to check the resilience of the Scheme’s investment strategy and/or the resilience of the Scheme’s funding strategy.
11.	Canadian Institute of Actuaries	<p>We support the development of ISAP 8 to increase actuaries’ credibility and consistency in work related to climate disclosure requirements. We agree that actuaries are well positioned to perform work related to identifying, measuring and disclosing climate-related risk and opportunities.</p> <p>In addition to climate scenario analysis, there are many other components of IFRS S2 “Climate-related Disclosures” that we believe actuaries can provide support, including but not limited to:</p> <ul style="list-style-type: none"> • Integration of climate risk into enterprise risk management frameworks, especially from an Own Risk and Solvency Assessment standpoint.

		<ul style="list-style-type: none"> • Development of climate risk mitigation strategies both from a corporate standpoint (e.g., product design, underwriting practice) and a broader societal standpoint (i.e., capital allocation to fund climate mitigation initiatives). • Support organizational climate strategies through the development of “climate-wise” products, underwriting practices and new approaches to pricing and reserving activities. • Development of climate adaptation strategies. <p>In addition, actuaries will likely expand their practices to support non-typical work such as greenhouse gas emissions calculations, including finance and insurance associated emissions (i.e., Scope 3 emissions), and target setting. Actuaries’ analytical and forecasting skills will prove valuable for companies in ensuring those targets are met, and thus strengthening their stakeholders’ confidence.</p> <p>We recognize that scenario analysis is an area that urgently requires guidance but would like ISAP 8 to highlight that there are other areas where actuaries can contribute.</p>
12.	Institute and Faculty of Actuaries	The IFoA does not propose any topics for inclusion for the reasons given.
13.	New Zealand Society of Actuaries	No comment

Question 4: Please use this space for any additional comments not covered above.

	Commenter	Response
1.	Deutsche Aktuarvereinigung e.V. (DAV)	In general, we agree with the SOI as proposed. In our view, the goal of ISAP8 to have a “well-defined purpose and a narrow scope to support actuarial work in relation to the IFRS S2 climate-related disclosures” as mandated by the Executive Committee of the IAA has been achieved. In particular, we welcome the proposed mandate to limit the scope of ISAP8 to IFRS S2, including IFRS S1 to the extent it is relevant to work performed in relation to IFRS S2. However, we have the following comment on the “Background” section: The SOI is currently based on the March 2022 Exposure Drafts of IFRS S1 and IFRS S2. The SOI states in the “Background” section: “Updates,

		<p>as deemed necessary, will be considered to the final SOI based upon the final versions of IFRS S1 and IFRS S2.” Given that the ISSB has published the final standards IFRS S1 and IFRS S2 in the meantime, we suggest to limit the updates to the SOI not “as deemed necessary” but to generally leave the content of the SOI except for the following:</p> <ul style="list-style-type: none"> • Necessary updates due to changes in the content of the IFRS Sustainability Disclosure Standards (e.g., “enterprise value” is not used anymore in the final ISSB standards). • Necessary updates of a structural nature (e.g., updating references in the SOI to particular sections such as references like “IFRS S2 paragraph 15”).
2.	Singapore Actuarial Society	No comment
3.	Actuaries Institute of Australia	<p>Globally the area of climate related financial disclosures is rapidly evolving. For example, data availability, best practice in the application of climate-related scenario analysis for entities, third party providers methodologies, are all still evolving. The ISAP should be principles based and reviewed regularly to ensure it remains appropriate.</p>
4.	Hungarian Actuarial Society;	<p>See the attached commented version of the draft SOI for specific comments. Most of them are intended to be non-substantial improvements of the text (e.g. creating a higher level of consistency between the draft and other relevant IAA documents); however, there are a few substantial comments as well detailed under Point 3 and below:</p> <p>Using “may” in the stem of 3.2 seems too vague for the purpose of the SOI. Perhaps it should say: “Specific focus topics shall include subject to the final versions of IFRS S1 and S2”</p> <p>Similarly, 3.2 (g) seems too vague, too. Future substantial changes to the scope should be avoided (i.e. any substantial change would require an amended SOI); what should be allowed is to change the scope in relation to any changes in the final S1 and S2 compared to the drafts.</p>

5.	Institute of Actuaries Japan	No comment
6.	Den Norske Aktuarforening, Norway	No comment
7.	Actuarial Society of South Africa	The other items noted in the SOI, not mentioned above, seem reasonable and comprehensive.
8.	China Actuarial Association	Some specific references for the IFRS S2 in the SOI changed in the official draft which was published on June 2023. Attentions should be paid to the possible impact of these changes on the SOI.
9.	Casualty Actuarial Society	We prefer that the term “change” be inserted between the words “climate” and “related” wherever they appear in the document (i.e., “climate change-related”). “Climate-related” risk encompasses a much wider range of risks (e.g., auto accidents caused by heavy rain, related to climate, but not necessarily climate <u>change</u>) than should be properly considered in this SOI/ISAP.
10.	Financial Reporting Council (UK)	<ul style="list-style-type: none"> • The draft SOI, section 1, second paragraph, states: “While IFRS S1 outlines general requirements for disclosures of sustainability-related financial information, IFRS S2 sets out specific requirements for identifying, measuring, and disclosing climate-related risks and opportunities to be included in general purpose financial statements.” We believe this sentence should read “general purpose financial reports” (i.e., which includes wider narrative reporting like management commentary or strategic reports), rather than “general purpose financial statements” (i.e., which is just restricted to actual financial statements and notes). • The draft SOI, section 3, second paragraph, states: “The proposed ISAP will apply to work performed by actuaries for all entities but may include additional requirements related to entities in the IFRS S2 defined “Financials” sector (IFRS S2 categories B15-B19 of Appendix B “Industry-based disclosure requirements”, which is an integral part of the standard with the same authority as the other

		<p>parts of the standard).” We suspect this paragraph references the March 2022 version of the IFRS S2 ED as the reference to B15-B19 of Appendix B “Industry-based disclosure requirements” is out-of-date. Appendix B is not required now. There are specific requirements for financed emissions and these requirements were brought into the body of the standards - see IFRS S2 paragraph 29 (a) (vi) (2) and B58-63.</p> <ul style="list-style-type: none"> • There is no visibility in the draft SOI of the extent to which proportionality and materiality should be considered by practitioners. This would apply both to the extent of the analysis carried out by practitioners and their subsequent communications. • In considering climate resilience, the standard could highlight the usefulness and value of reverse stress testing. • Paragraph 3.2 a) (iv) on ‘macro assumptions’ suggests a prescriptive tone might be adopted to the standards, as it seems to an exhaustive list of macro assumptions would be developed. We suggest a principles-based approach would be more appropriate as providing an exhaustive list runs the risk that practitioners use this list as a checklist and neglect to consider wider relevant and material risks. For information, please refer to TAS 100 v2.0 Principle 1 (Risk Identification) and the associated provisions and application statements for an example of possible wording that could be used. • The standard could include reference to limitations in the work carried out and a description within the related documentation of how limitations have been addressed.
11.	Canadian Institute of Actuaries	No comment
12.	Institute and Faculty of Actuaries	<p>The IFoA consulted on this issue in 2021 and published a consultation feedback document following extensive engagement in April 2022. The IFoA also published a Risk Alert in April 2022 on the same topic and is committed to an extensive engagement and thought leadership programme over what the IFoA considers to be the greatest challenge of our time. We are pleased to share our most recent publications on this important topic Climate Scenario Modelling plus new biodiversity statement as part of a range of materials available in the IFoA’s sustainability hub. This resource also includes our May 2023 response to the</p>

		<p>FCA's discussion paper on the topic. You may also find the July 2023 FRC thematic review on climate related metrics and targets useful.</p> <p>It is the IFoA's current view that engagement on this fast evolving issue is most effectively achieved by thought leadership and research initiatives such as these. It is not currently persuaded that formal regulatory intervention is the most effective method of positive intervention in what is already a heavily regulated area. In saying this, the IFoA is mindful that IFRS S2 Climate-related Disclosures, which the proposed ISAP is intended to support, imposes obligations on entities. The IFoA takes the view that imposing regulatory obligations on its individual members, to compel those persons to directly influence entity behaviour, may be disproportionate in some circumstances and outside of the sphere of authority for some members. The IFoA's Regulatory Board continues to keep the issue under close review.</p>
13.	New Zealand Society of Actuaries	No Comment