

## IAA Comment Template

### [Draft Statement of Intent \(SOI\) for ISAP \[8\]](#) IFRS S2 Climate-Related Disclosures

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

Yes

No

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

Yes

No

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 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.

- *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.*

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

- *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 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.*

- *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.*

5. Please provide the name of the person completing the consultation response, association and email address for further clarifications (if needed).

Name	Vanessa Leung
Organisation	Financial Reporting Council
Type of response	<input type="checkbox"/> Personal <input checked="" type="checkbox"/> Organization

**IMPORTANT:**

Please check if the relevant check boxes are ticked appropriately and save the file renamed with the organization’s or individual’s name (e.g., SOI\_CommentTemplate\_[NAME].Doc).

E-mail the file as an attachment to [SOI.ISAP8.comments@actuaries.org](mailto:SOI.ISAP8.comments@actuaries.org), with “ISAP[8]” in the e-mail header. **Please respond by Wednesday, 23 August 2023.**