

Request for proposals: Accounting for Climate supplementary papers

The Climate Disclosure Standards Board (CDSB) is looking for technical accounting support in developing additional guidance on integrating climate-related matters into financial reporting.

Context

In late 2020, CDSB developed guidance on [Accounting for climate: Integrating climate-related matters into financial reporting](#). This built on papers produced by the IASB and IFRS Foundation which explained that material climate-related matters should be reflected in financial reporting by companies. The guidance, developed by the CDSB with support from its [Climate Accounting Standards Group](#), was published to support financial reporting preparers in considering how climate-related matters should factor in the preparation of financial statements.

The guidance answered two main questions:

1. Are climate-related matters relevant to financial reporting?
2. How should climate-related matters be factored into a company's financial reporting?

On the second question, four standards that had been identified by the IASB and IFRS Foundation as relevant from a climate perspective were considered:

- IAS 1 *Presentation of Financial Statements*
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
- IAS 36 *Impairment of Assets*
- IAS 16 *Property, Plant and Equipment*

For each of these standards, the key considerations in relation to climate were outlined and supported with illustrative examples to demonstrate the accounting matters that would need to be considered and the resulting disclosure implications.

With the December 2020 Guidance being positively received by the market, CDSB is now looking to develop further supplementary guidance to address additional accounting standards where consideration of climate may be relevant, for which technical accounting support is required. Further details about the project are outlined below.

Objectives

As part of the next steps to advance the integration of climate-related matters into financial reporting, CDSB's objectives are to:

- continue to drive the message on the need to consider and reflect climate-related matters into financial reporting;
- continue to support preparers in this area through the development of guidance, as expectations by investors, standard setters and auditors grows; and
- support the IFRS Foundation as it continues to bridge the gap between climate-related reporting (which could be applied to other sustainability matters) and financial reporting through the development of practical guidance, envisaged via an ISSB Application Guidance / standard, supporting the connectivity interpretation between IFRS ISSB Climate Standard and existing IASs / IFRSs.

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Required deliverables

1. Overall

- Develop content for two supplementary papers addressing the accounting and disclosure considerations in relation to climate for additional accounting standards.
- Content to follow the structure was used in the original Accounting for Climate guidance:
 - Outlining and discussing the key accounting and disclosure matters that preparers need to be aware of and consider from a climate perspective; and
 - Developing approximately one to three illustrative examples for each standard, as required, to practically illustrate the accounting matters that preparers should consider and the resulting disclosures that would be expected.

2. Supplementary paper 1

The first supplementary paper will cover those standards identified as relevant from a climate perspective by the IASB / IFRS Foundation that were not covered in the original guidance:

- IAS 2 *Inventories*
- IAS 12 *Income Taxes*
- IFRS 7 *Financial Instruments: Disclosures*
- IFRS 9 *Financial Instruments*
- IFRS 13 *Fair Value Measurement*
- IFRS 17 *Insurance Contracts*

3. Supplementary paper 2

The second supplementary paper will cover additional standards that were not highlighted by the IASB / IFRS Foundation, but may be particularly relevant from a climate-perspective. The final list of standards is **still to be agreed**, but will likely include:

- IFRS 2 *Share-based Payment*
- IAS 19 *Employee Benefits*
- IAS 41 *Agriculture*
- IFRS 6 *Exploration for and Evaluation of Mineral Resources*
- IFRS 15 *Fair Value Measurement*
- IFRS 16 *Insurance Contracts*

Process and timeline

The service provider will be responsible for drafting the technical content for the two supplementary papers as outlined in the Required deliverables, but can draw on input / support from the CDSB team and relevant members of the climate accounting standards group.

The draft supplementary papers will need to go through a review process by CDSB and its climate accounting standards group for comments and feedback, which are to be addressed by the service provider with support from CDSB.

CDSB will be responsible for the ultimate publication for the papers (including formatting and design work). The contribution of the service provider will be appropriately recognised (for example, through joint branding) and this can be agreed.

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Supplementary paper 1 is to be published by July 2021.

Supplementary paper 2 is to be published after August 2021 – target of October 2021, but this can be agreed.

To submit a proposal

Please provide your proposal, including a draft timeline and breakdown of costings, to sundip.jadeja@cdsb.net by **31 May 2020**. We would be very happy to organise a pre-proposal call to answer any questions before 28 May 2020.

The project should commence as soon as possible.

Additional information

The Climate Disclosure Standards Board is part of CDP Worldwide, registered charity number 1122330, a company limited by guarantee 05013650 and its wholly owned subsidiary CDP operations Ltd company registration number 06602534, headquartered at CDP Worldwide, 4th Floor 60 Great Tower Street, London, EC3R 5AZ

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