

## Comments On Exposure Draft

### Exposure Draft on Provisions—Targeted Improvements - Proposed amendments to IAS 37 issued by the IASB

#### 1. Further Clarification of Key Terms

- Liability Definition: Expand on how the updated liability definition applies in diverse practical scenarios. This could include additional illustrative examples, particularly for complex obligations like decommissioning or multi-jurisdictional levies.
- Costs to Settle Provisions: Provide more granular guidance on what constitutes "incremental costs" and "directly related costs" to improve uniform application

#### 2. Flexibility in Discount Rate Requirements

- While a risk-free discount rate enhances consistency, consider allowing adjustments for risk factors in certain cases. This would better align the discount rate with the actual economic environment and risk profile of specific obligations
- Require disclosures on the rationale for the selected discount rate beyond its nominal value, ensuring more transparency for investors

#### 3. Illustrative Guidance on Transition

- Provide more detailed examples of how to apply the retrospective adjustments, especially for entities transitioning with significant legacy provisions. This would reduce implementation challenges and ensure comparability between reporting periods

#### 4. Enhanced Disclosures

- Mandate disclosures about the approach for determining provision costs, especially in complex or judgment-heavy scenarios. This would provide users with greater insight into management's assumptions and decision-making processes