
Buenos Aires, Argentina, April 8, 2022

**IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom**

REF: IFRS IC Tentative Agenda Decisions reached in the February 1, 2022 meeting

Dear Board Members,

The "Group of Latin American Standards Setters"¹ (GLASS) appreciates the opportunity to comment on the Tentative Agenda Decisions (TAD) reached by the IFRS IC during its meeting on February 01, 2022, which included the following topic:

- **Negative Low Emission Vehicle Credits (IAS 37)**

This response summarizes the points of view of the members of the different countries that comprise GLASS, pursuant to the following due process.

Due process

The discussions regarding the Tentative Agenda Decision (TAD) of IFRS IC were held within a specified Permanent Technical Commission (PTC) created in December 2020. All GLASS country-members had the opportunity to appoint at least one member to participate in this PTC. Each standard setter represented in GLASS has undertaken different tasks in their respective countries (e.g., surveys, internal working groups). All results were summarized, and this summary was the platform for GLASS discussion process.

GLASS discussed the different points of view included in the summary through emails exchanged among its members. In those emails GLASS developed a final document on the basis of the consensual responses and the technical points of view of its members. Finally, the GLASS document was submitted to and approved by the GLASS Board.

Comments:

GLASS agrees that, in the situation described, the essential aspect is that an entity does not have a liability pursuant to IAS 37, when there exists a "realistic" alternative of accepting a non financial sanction (such as leaving a market) without having to acquire positive credits in any of its alternative forms (purchase in the market or own generation). Otherwise, there will be an obligation, which can be either legal or constructive, that constitutes a liability in accordance with IFRS.

IAS 37 contains sufficient references and concepts to analyze the requirements that obligations must meet to be recognized as liabilities, both for their recognition and for their measurement, an aspect that is not contemplated in the consultation on which the Commission issued its TAD.

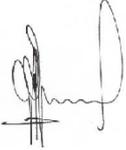
GLASS also agrees that it is not necessary for the topic to be included as an agenda item for the IASB and that it is appropriate to specify through the Agenda Decision (AD) procedure a response on the reasoning to be used, and therefore the description of the proper application of the accounting treatment that should be given to the subject.

¹ The overall objective of the Group of Latin American Accounting Standard Setters (GLASS) is to present technical contributions with respect to all Exposure Drafts, Requests for Information and Discussion Papers issued by the IASB and Tentative Agenda Decisions issued by the IFRS IC. Therefore, GLASS aims to have a single regional voice before the IASB. GLASS is constituted by: Argentina (Chairman), Bolivia, Brazil (Vice Chairman), Chile (Board), Colombia (Board), Costa Rica (Board), Dominican Republic, Ecuador, Guatemala, Honduras, Mexico (Board), Panama, Paraguay, Peru (Board), Uruguay (Board) and Venezuela (Board).

Contact

If you have any questions about our comments, please contact glenif@glenif.org.

Sincerely yours,



Jorge José Gil
Chairman
Group of Latin American Accounting Standard Setters (GLASS)