

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Toronto, Canada

Meeting Date: December 5–8, 2023

Agenda Item 6

For:

☐ Approval

☒ Discussion

☐ Information

CLIMATE-RELATED DISCLOSURES

Project summary	The project objective is to support global action to combat climate change by providing principles for public sector climate-related disclosures that provide information for improved decision-making and accountability.	
Project staff lead	<ul style="list-style-type: none"> Celine Chan, Senior Manager 	
Climate Topic Working Group members	<ul style="list-style-type: none"> Ian Carruthers, IPSASB Chair (Topic Working Group Chair) Caroline Clark-Maxwell, International Sustainability Standards Board Lisa French, Canadian Sustainability Standards Board Max Greenwood, HM Treasury Lisa Kelsey, New Zealand External Reporting Board Miguel Perez Ludena, GRI Liang Yang, IPSASB Member 	
Meeting objectives	Topic	Agenda Item
Project management	Climate-related Disclosures: Exposure Draft Dashboard	6.1.1
	Instructions up to Previous Meeting	6.1.2
	Decisions up to Previous Meeting	6.1.3
	Climate-related Disclosures: Project Roadmap	6.1.4
Decisions required at this meeting	Objective and Scope of Disclosures: Impacts, Risks and Opportunities	6.2.1
	Conceptual Foundations: Steps to Reporting	6.2.2
	Conceptual Foundations: Assessing Materiality	6.2.3
	Governance, Strategy, and Impacts and Risk Management – Breakout Session Discussion	6.2.4
Other supporting items	[Draft] IPSASB ED SRS X, Climate-related Disclosures	6.3.1
	Definitions: Impacts, Risks and Opportunities	6.3.2
	Steps to Reporting: GRI, ISSB and EFRAG Guidance	6.3.3

**CLIMATE-RELATED DISCLOSURES:
EXPOSURE DRAFT DASHBOARD**

Topic	Past Meetings	Sept 2023	Dec 2023	Mar 2024	June 2024	Sept 2024
Project Management	✓					
Review and Approval of ED						
Climate-related Disclosures – Authoritative Text						
Objective & Scope						
Definitions						
Conceptual Foundations						
• Materiality						
Governance						
Strategy						
Risk and Impacts Management						
Metrics and Targets						
General Requirements						
Application Guidance						
Climate-related Disclosures – Non-Authoritative Text						
Basis for Conclusions						
Implementation Guidance						

Legend	
✓	Task Completed
	Planned IPSASB Discussion
	Page-by-page Review

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
September 2023	1. Revise the definition of operational model and review the proposed definition for value chain.	1. Definitions of operational model and value chain updated in draft Standard. See Agenda item 6.3.1 .
June 2023	1. Publish the final approved Climate-related project brief along with the press release approved by the Board.	1. Project brief and press release issued on June 14, 2023.
	2. Establish a Climate-related Topic Working Group to provide climate-related expertise and advice to support delivery of the project.	2. Climate topic working group established and will begin meeting October 2023.
	3. Establish a Sustainability Reference Group to provide advice on overall sustainability reporting standards development.	3. Sustainability Reference Group established and will have its first meeting October 2023.
March 2023	1. Develop a project brief for Climate-related disclosures project, drawing upon concepts and guidance from the Consultation Paper Advancing Public Sector Sustainability reporting guidance and feedback received from constituents, IPSASB Conceptual Framework, the IFRS Sustainability Standards and GRI Standards while giving careful consideration of public sector specific needs.	1. Project brief developed and was presented to the Board in June 2023.
	2. Update the sustainability slide deck and circulate to members between meetings, to reflect the scoping framework decided in March 2023.	2. Sustainability slide deck updated and circulated to members on March 27, 2023.
March 2022	1. All instructions provided up until March 2022 were reflected in the Consultation Paper on Advancing Public Sector Sustainability Reporting	1. All instructions provided up until March 2022 were reflected in the Consultation Paper on Advancing Public Sector Sustainability Reporting

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
September 2023	1. The Board decided that Climate-related Disclosures should be developed based on the process including: <ul style="list-style-type: none"> building off of IFRS S2 and GRI climate-related topic standards, leveraging sustainability expertise through the IPSASB's education sessions, and drawing on the discussions in the IPSASB Sustainability Reference Group and the Climate Topic Working Group. 	N/A
	2. The Board decided that the terms and definitions recommended for operational model, GPFRs, primary users of GPFRs, and reporting entity, were appropriate subject to refinement to reflect its instructions.	N/A
June 2023	1. The Board decided unanimously to move forward with the development of guidance on Climate-related Disclosures.	N/A
	2. The Board decided that sustainability reporting pronouncements should be issued as authoritative standards that should be separate from the current suite of IPSAS.	N/A
	3. The Board approved the Climate-related disclosures project brief by a vote.	N/A
March 2023	1. The Board decided to move forward with scoping the potential initial sustainability reporting projects using a framework based on: <ul style="list-style-type: none"> Consultation Paper on Advancing Public Sector Sustainability Reporting Guidance and feedback received from constituents; IPSASB Conceptual Framework as it relates to objectives, users and information needs; IFRS Sustainability Standards; and GRI Standards. 	N/A
December 2022	1. The Board decided to commence scoping and research work on potential public sector sustainability reporting projects pending securing the resources needed to begin guidance development.	N/A
March 2022	1. All instructions provided up until March 2022 were reflected in the Consultation Paper on Advancing Public Sector Sustainability Reporting	N/A

SUSTAINABILITY REPORTING PROJECT ROADMAP

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
March 2022	1. Approve Consultation Paper
May 2022 – September 2022	1. Document Out for Comment
October 2022	1. Preliminarily Review of Responses
December 2022	1. Review of Responses to Consultation Paper 2. Discussion of Issues
June 2023	1. Approval of Climate-related disclosures Project Brief
September 2023	1. Review project plan and roadmap
December 2023	1. Review [draft] ED sections: Objective, Scope and Conceptual Foundations 2. Page flip
March 2024	1. Review [draft] ED: Governance, Strategy, Impacts and Risk Management 2. Page flip
June 2024	1. Review [draft] ED: Metrics and Targets, Implementation Guidance 2. Page flip
H2 2024	3. Approval of ED

Objective and Scope: Climate-related Impacts, Risks and Opportunities

Question

1. Does the Board agree with the Climate Topic Working Group (CTWG) recommendations on drafting of the objective and scope of the Climate-related Disclosures Standard?

Recommendations

2. The CTWG recommends including impacts, risks and opportunities in the objective and scope of reporting as drafted in [Agenda Item 6.3.1](#) which:
 - a) Aligns the definitions of climate-related impacts, climate-related risks and climate-related opportunities with GRI Standards and IFRS Sustainability Disclosure Standards;
 - b) Adapts the scope of risks and opportunities for the public sector to be related to an entity's service delivery and financial commitments, aligned with RPG 1's definition of fiscal sustainability.

Background

3. In response to IPSASB's Consultation Paper (CP), *Advancing Public Sector Sustainability Reporting*, respondents expressed the view that public sector sustainability reporting users information needs are broader than investor needs, and it was emphasized a multistakeholder approach should be taken. This aligns with the IPSASB Conceptual Framework that defines users of general purpose financial reports (GPFRs) as service recipients and resource providers, and the objectives of GPFRs as being for decision-making and accountability purposes.
4. The IPSASB responded to this call from constituents by incorporating a broadened scope in its project brief. Specifically, paragraph 5.1 of the project brief states: "The scope of this project is to develop climate-related disclosure requirements for reporting entities, as defined in the Conceptual Framework, by leveraging international sustainability reporting guidance as it relates to:
 - a) Climate-related impacts an entity can have on the economy, environment and people;
 - b) Climate-related risks the entity is exposed to, including but not limited to, physical and transition risks; and
 - c) Climate-related opportunities available to the entity."
5. Staff explored the concepts and relationships between impacts, risks and opportunities to better understand and consider how appropriate the concepts are for a public sector climate-related disclosures and how they would be reflected in the draft Standard.
6. In accordance with the process to developing sustainability standards agreed upon by the Board in September 2023, staff built off of existing international sustainability guidance, leveraged expertise from the Sustainability Reference Group (SRG) and CTWG, as well as experts through education sessions.
 - a) Staff presented recommendations on the concepts, relationships and approach to the IPSASB SRG in its inaugural meeting that was held virtually on October 4, 2023.
 - b) Based on advice from the SRG, staff worked through and discussed these in further detail together with the CTWG at the October 18 and November 6, 2023 meetings to develop the final proposal.

Analysis

7. The scope and approach of GRI Standards and IFRS Sustainability Disclosure Standards are different:
 - a) GRI standards provide guidance for reporting on impacts that an entity can have on the economy, environment and people.
 - b) IFRS Sustainability Disclosure Standards provide guidance for reporting on risks and opportunities that could affect the entity's cash flows, its access to finance or cost of capital.
8. In building off these two different sets of standard and to address the call for a broader multi-stakeholder approach from respondents to the CP, staff consulted with the SRG to seek advice from the experts on this group and discussed proposals in detail with the CTWG.
9. Overall, SRG members supported the proposal that the broader scope of public sector sustainability reporting should include impacts, risks and opportunities. SRG members reiterated the importance of reporting on the broader impacts of the public sector given the role of the government and the influence beyond its own activities. SRG members also noted the need for reporting on risks and opportunities aligned with ISSB guidance for the private sector given that sovereign bonds make up 40% of the global bond market.
10. CTWG members also supported the proposal that the scope of public sector sustainability reporting should include impacts, risks and opportunities. CTWG members acknowledged that though there are different approaches, a clear articulation of the scope and concepts could support bringing these approaches together.
11. Similarly, some presenters at the October check-in education session noted that financial information is useful to investors and non-investors in understanding impacts and vice versa, and it can be beneficial to provide disclosures on impacts, risks and opportunities together.

Alignment of definitions

12. Although impacts, risks and opportunities have a plain language meaning, they carry specific meaning in sustainability reporting frameworks and standards. Therefore, it is critical to clearly articulate what these concepts mean and what is in scope for the IPSASB Climate-related disclosures standard.
13. SRG members re-emphasized the importance of alignment with the private sector as sovereign bonds make up 40% of the bond market. And this need for alignment was echoed by practitioners at the October check-in education session as it significantly benefits / supports preparers and users when concepts are aligned and there is collaboration between standard setters.
14. Based on this need for alignment with other standards, staff proposed definitions for climate-related impacts and climate-related risks and opportunities based on GRI and IFRS Standards, and CTWG recommendations, to maintain consistency and understanding of concepts (see [Agenda item 6.3.2](#) for comparison of the proposed definition against GRI and IFRS standards).
15. However, public sector adaptations to the guidance will be needed to implement these definitions. Staff considered adaptations to the scope of each of impacts, risks and opportunities.

Assessment of Public sector modifications

Risks and Opportunities

16. IFRS S2 defines risks and opportunities as those that could have an effect on the entity's cash flows, its access to finance or cost of capital:

*This Standard requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to **affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.** For the purposes of this Standard, these risks and opportunities are collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to **affect the entity's prospects**' (IFRS S2.2)*

17. The CTWG recommends this requires public sector modification as public sector entities are also accountable to service recipients in addition to resource providers, and the information provided in GPFRs extend beyond financial position, performance and cash flows in accordance with the IPSASB Conceptual Framework.
18. For the public sector, the CTWG propose expanding the scope of risks to **an entity's service delivery and financial commitments** both now and in the future, which is aligned with the definition of fiscal sustainability in RPG 1. In this way, public sector entities' service obligations should also be considered in its processes of identifying and managing climate-related impacts, risks and opportunities.

Impacts

19. GRI defines impacts in relation to the effects an entity can have on the economy, environment and people. These three aspects reflect the three pillars of sustainable development according to the World Commission on Environment and Development's 1987 Brundtland Report "Our Common Future". They can be interpreted broadly and therefore staff considered whether this requires adaptation.
20. CTWG members supported the broader scope of impacts relating to the entity's effects on the economy, environment, and people being considered. More specifically, climate-related impacts, such as GHG emissions can directly affect the economy, environment and people. It would be difficult to ring fence an entity's impacts within its jurisdiction or remit. For example, GHG emissions would be difficult to ring fence or create direct linkages to such a boundary. Rather, to support the identification of impacts, the language and guidance from ISSB around those that can be "reasonably expected to affect" could be applied to impacts as well in the draft IPSASB standard.

Decision Required

21. Does the IPSASB agree with the [recommendation](#)?

Conceptual Foundations: Steps to Reporting

Question

1. Does the Board agree with the CTWG recommended guidance for steps to determining material information in [draft] ED SRS X, Climate-related Disclosures?

Recommendation

2. CTWG recommend the steps to reporting include (i) understanding the entity's context, (ii) identifying climate-related impacts, risks and opportunities and (iii) determining material information, for which guidance is based on IFRS S1 and GRI 3.

Background

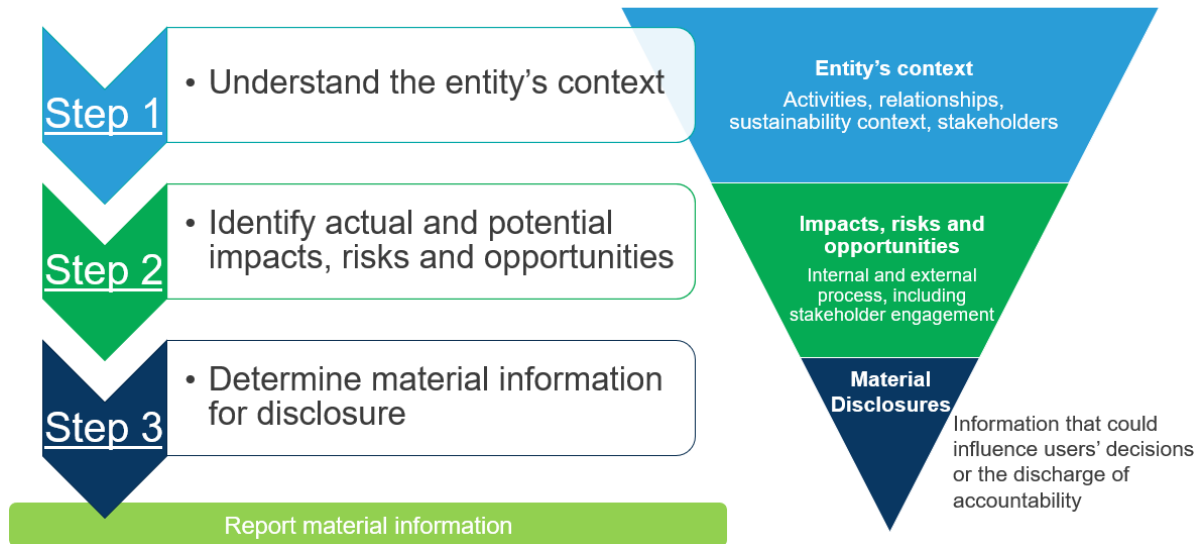
3. There are varying approaches and guidance to determining material information, topics or matters across different sustainability standards as seen at the October 26 Board education session from ISSB, GRI and EFRAG. [See Agenda Item 6.3.3](#) for a recap of the various approaches.
4. Staff explored the different approaches and underlying principles to better understand and consider the appropriate approach for the public sector climate-related disclosures in light of the scope determined as per [Agenda Item 6.2.1](#).
5. In accordance with the process for developing sustainability standards agreed upon by the Board in September 2023, staff built off existing international sustainability guidance, and leveraged expertise from the Sustainability Reference Group (SRG) and CTWG, as well as experts through education sessions.
 - a) Staff presented a high-level proposed approach to steps to reporting to the SRG in its inaugural meeting that was held virtually on October 4, 2023.
 - b) Based on SRG advice, staff worked through and discussed the proposed steps to reporting and draft Standard in detail together with the CTWG at the October 18 and November 6, 2023 meetings to develop the final proposal.
6. Following is a discussion of the analysis to developing the steps to reporting for public sector climate-related reporting. Materiality is separately discussed in [Agenda Item 6.2.3](#).

Analysis

7. As presented in the October 26 education session, there are differences in approaches to determining material information for reporting. Therefore, although there are challenges to bringing the different frameworks together, there are also commonalities and relevant concepts in each. Building on these would address the need for consistency across standard setters that practitioners and SRG members highlighted.

8. The process summarized in the diagram below attempts to synthesize the guidance across IFRS S1 and GRI with an aim to balance the nuances of different approaches in a coherent, applicable manner:

Steps to reporting



9. This process primarily aligns with IFRS S1 but layers in GRI guidance on impacts, understanding the entity's context and engaging stakeholders.

Step 1 Understand the Entity's Context

10. Step 1 is based on the first step in GRI 3 to determining material topics which provides guidance on considering the entity's activities, relationships, stakeholders and context.
11. The CTWG proposes this approach as an important step to include for the public sector given the broad reach and context of the public sector. It is important for entities to understand their own activities, relationships, stakeholders, as well as the broader sustainability context including, for example, national targets and commitments that a subnational entity contributes to.

Step 2 Identify Actual and Potential Impacts, Risks and Opportunities, and Step 3 Determine Material Information

12. Steps 2 and 3 mirror IFRS S1 guidance on (i) identifying risks and opportunities and then (ii) determining material information related to the identified risks and opportunities. Additional guidance from GRI is added to provide guidance on the identification of impacts.
13. The CTWG propose these two steps, which align with the IFRS S1 approach:
- The purpose of the process is to determine material information for reporting. GRI Standards provide a process for identifying topics rather than for identifying material information to externally report. Once topics are identified, an entity would then look to the related Topic Standards for disclosure requirements. GRI does not define materiality.
 - ISSB aligns its definition and guidance on materiality with that of the IASB. The concepts underlying materiality between IASB and IPSAS are comparable. For both standard setters,

materiality requires judgments about information from a quantitative and qualitative perspective. This is reflected in guidance on steps 2 and 3.

14. In addition, guidance on impacts and engaging stakeholders is needed for the public sector.
 - a) Guidance on impacts is based on GRI 1 *Foundation 2021*. In addition, application guidance provides explanations and descriptions of the relationship between impacts, risks and opportunities (see [Agenda Item 6.3.1](#) paragraphs B.AG10-14) to support an entity's identification of impacts, risks and opportunities. This application guidance is based on GRI and IFRS S1.
 - b) Guidance on engaging stakeholders is based on GRI 3 *Material Topics 2021*. Given the demand for a multistakeholder approach in public sector reporting, this is an important process for an entity to follow to identifying its impacts.

Decision Required

Does the IPSASB agree with the [recommendation](#)?

Conceptual Foundations: Materiality

Question

1. Does the Board agree with the CTWG recommended definition and guidance for materiality in [draft] ED SRS X, Climate-related Disclosures?

Recommendations:

2. CTWG recommend:
 - a) Aligning the definition of materiality for sustainability purposes with the IPSASB Conceptual Framework (CF); and
 - b) Providing application guidance to address characteristics of sustainability information, aligned with guidance in IFRS S1 and GRI 3.

Background

3. There is currently an ongoing debate on materiality in sustainability reporting and the various new terms, including double materiality, impact materiality, financial materiality, dynamic materiality to name a few.
4. Staff explored the different approaches to materiality to better understand and consider the appropriate approach for the public sector climate-related disclosures in light of the scope determined as per [Agenda Item 6.2.1](#).
5. In accordance with the process for developing sustainability standards agreed upon by the Board in September 2023, staff built off existing international sustainability guidance, leveraged expertise from the Sustainability Reference Group (SRG) and CTWG, as well as experts through education sessions.
 - a) Staff presented a high-level definition of materiality to the SRG in its inaugural meeting that was held virtually on October 4, 2023 and received support for focusing on user needs.
 - b) The Board received an education session on materiality from the ISSB, GRI, EFRAG and practitioners on October 26, 2023 that provided greater insight on the different definitions and approaches to materiality.
 - c) Based on SRG advice, staff worked through and discussed the definition for materiality in detail and related application guidance with the CTWG at the October 18 and November 6, 2023 meetings to develop the final recommendation.

Analysis

6. The external speaker from New Zealand's External Reporting Board (XRB), shared her experience with setting sustainability standards for the private sector at the XRB at the September 2023 Board meeting. She advised the IPSASB that people can go round and round debating materiality terms. However, the issues involved in developing an approach to sustainability reporting will be much more important than defining materiality itself.
7. SRG members advised that the focus of materiality should be on public sector users. This was echoed in the October 26 education session where practitioners also emphasized that materiality is

driven by stakeholders'/users' needs and ultimately requires professional judgement given it is highly entity specific.

8. Based on SRG advice, staff looked to the IPSASB CF as a basis for public sector concepts including users and objectives and considered the applicability of materiality as defined in the CF for sustainability reporting.
 - a) **Users of public sector general purpose financial reports** include service recipients and their representatives and resource providers and their representatives according to the CF. This is a broader, multistakeholder approach that goes beyond investors and is aligned with what constituents called for and SRG members advised for public sector sustainability reporting.
 - b) **Objectives of reporting** are to support users in evaluating information for decision-making and accountability purposes. This also extends beyond the private sector focus on decision making solely for capital allocation purposes. The principles of decision-making and accountability equally apply to sustainability reporting as with financial reporting for the public sector because of the need for accountability from a public interest perspective.
 - c) **Connectivity** between financial and sustainability reporting is supported by aligning definitions of materiality across suites of reporting standards.
9. CTWG members agreed that the IPSASB CF definition of materiality, users and objectives appropriately addresses sustainability reporting for the public sector and supported alignment of materiality with the CF. Therefore, the CTWG recommend that materiality as defined in the CF is apt for sustainability reporting.
10. Following is a comparison of the proposed definition against the definitions in the IPSASB CF and IFRS S1.

IPSASB Conceptual Framework ¹	IPSASB SRS X, Climate-related disclosures	IFRS S1
3.32 Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that users make on the basis of the entity's general purpose financial reports prepared for that reporting period.	B9 In the context of climate-related disclosures, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity's general purpose financial reports prepared for that reporting period.	18 In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.

¹ This reflects the latest updates to Chapter 3 of the IPSASB CF which incorporates the latest IASB amendments. Further discussions on materiality as it relates to IPSAS 1 and/or Annual Improvements will be discussed separately in March 2024.

11. Though, on the face of it, this proposal may sound like adopting 'single materiality' or only financial materiality, given the broader definition of users and objectives, it can encompass all types of information that can influence the discharge of accountability or the decisions that service recipients and resource providers make.
12. As noted by the external speaker from EFRAG, in the October 26 education session, financial information is useful for both investors and non-investors to understand impacts, and vice versa. In this way, regardless of whether information is financial in nature or related to impacts, risks or opportunities, it may be useful for users and so, the definition of materiality based on user needs may equally apply to all types of information.
13. Therefore, an important focus in IPSASB's sustainability guidance should be on how materiality applies to and should be assessed for different types of information.
14. This guidance is provided for in draft application guidance reviewed by the CTWG. It focuses specifically on how to assess materiality for information which differs from traditional financial reporting information, including judgments around qualitative information and prospective future information. This draft guidance is primarily based on IFRS S1 and GRI 3.

Decision Required

Does the IPSASB agree with the [recommendation](#)?

Governance, Strategy, and Impacts and Risk Management — Breakout Session Discussion

Purpose

1. This paper provides background and questions for IPSASB members to consider in preparation for breakout group discussions during the December meeting.
2. The purpose of the breakout session discussion is to enable IPSASB members to provide preliminary feedback on public sector specific issues to assist staff in continuing to progress the development of the draft IPSASB ED SRS X, *Climate-related Disclosures* over Q1 2024

Background

3. In Q1 2024, the next sections of the draft Standard (Governance, Strategy, Impacts and Risk Management) will be developed by staff through the CTWG to be presented to the Board for discussion and review.
4. In advance of developing these sections, Board members will have an opportunity to provide input and share their thoughts and insights on public sector specific similarities and differences in these areas that will support and feed into consideration of the issues and the drafting which will be presented for formal discussion and review by the Board in March 2024.

Key Issues identified in the Climate-related Disclosures Project Brief

5. Key overarching issues identified in the project brief approved in June included the need for a multistakeholder perspective and the need to address the unique role of public sector entities, such as government as a policy setter and regulator.
6. Initial issues relating to the Governance, Strategy, Impacts and Risk Management sections as identified in the project brief approved in June 2023 included:
 - a) Governance
 - Consider differences in structure of governing bodies and legislative frameworks in public sector, and
 - Consider other adaptations for public sector, such as:
 - Guidance for different levels of government;
 - Additional guidance from GRI, such as composition and nomination of governing body members; or
 - Adapting level of disclosure around remuneration or controls.
 - b) Strategy
 - Consider disclosures or guidance needed for public sector entities that set policy and regulations, and how their strategies address climate-related impacts, risks and opportunities, including climate adaptation, mitigation and just transition plans; and
 - Consider climate-scenario analysis guidance for public sector entities.
 - c) Impacts and Risk Management

- Consider how risks and the risk management processes differ between public and private sector, and
- Consider the need to expand IFRS S2 disclosures beyond risk management processes and consider additional disclosures or guidance relating to the entity's actions, policies and commitments to address and manage the impacts, risks and opportunities identified.

Breakout group discussions

7. At the December 2023 meeting, the IPSASB, Technical Advisors, and Observers will be allocated to a breakout group to discuss the next sections of the draft Standard. Insights from the breakout groups will be reported back in session to the IPSASB and will be used by staff to develop material for consideration and consultation with the SRG and to develop proposals with the CTWG to ensure Board input is incorporated into the development of the next sections of the Standard in Q1 2024.
8. Each breakout group will discuss all three sections (i.e., Governance, Strategy, Impacts and Risk Management).
9. Additional details on breakout groups will be provided in person at the December 2023 IPSASB meeting.

Preparation for breakout group discussions

10. The following sections of [IFRS S2](#) should be reviewed in advance of scheduled plenary time to support constructive discussions with other Board members and Technical Advisers in breakout groups:
 - a) Governance (para 5-7);
 - b) Strategy (para 8-23 and B1-B18); and
 - c) Impacts and Risk Management (para 24-26).
11. [GRI Standards](#) follow a different structure from IFRS S2. Staff have reviewed GRI guidance to consider if there are elements that may be needed in addition to IFRS S2 as public sector amendments for IPSASB's Climate-related Disclosures ED and there was no significant additional guidance identified. For your reference, staff reviewed the following sections from the GRI Standards:
 - a) GRI 2 General Disclosures, Disclosures 2-9 to 2-28 related to governance and strategy;
 - b) GRI 3 Material Topics, Disclosure 3-3 Management of material topics;
 - c) GRI Economic Performance, Disclosure 201-2 Financial implications and other risks and opportunities related to climate change; and
 - d) GRI Climate Change, Disclosures CC-1 and CC-2 of the GSSB's [exposure draft of a new climate change standard](#).

Questions

12. As noted above, each breakout group will discuss all the three sections. While discussions will be fluid, key feedback reported back to the IPSASB in session will be based on the following questions:

Governance

- How are public sector governance structures and bodies similar to private sector governance structures?
- How are public sector governance structures and bodies different from private sector governance structures? What adaptations would therefore be needed for the public sector context?

Strategy

- How is public sector strategy similar to private sector strategies?
- How is public sector strategy different from private sector strategies? What adaptations would therefore be needed for the public sector context?
- To what extent would the public sector's roles as regulator and policy setter need to be addressed? If so, how?

Impacts and Risk Management

- How may public sector risk management processes be similar to the private sector?
- How may public sector risk management processes differ from the private sector? What adaptations would therefore be needed for the public sector context?

13. In considering the above questions, it will be helpful to:
- a) Be specific about the nature of similarities and differences between the public and private sectors and provide specific examples that will add to or change the guidance required for the public sector.
 - b) Be specific about adaptations needed in drafting, including how these should be articulated in your view.

Supplemental Material (FOR INFORMATIONAL PURPOSES ONLY)

14. Additional material available to support preparation by Board Members and Technical Advisors for breakout group discussions:
- a) IFRS S2 Webinars and Materials - <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/?language=%2Fcontent%2Fcq%3Atags%2Fifrs%2Flocalisation%2Flanguage%2Fspanish&year=all&issue-type=all#sustainability-standards>

DRAFT IPSASB ED SRS X, CLIMATE-RELATED DISCLOSURES

1. [draft] IPSASB ED SRS X, Climate-related Disclosures referenced in [Agenda Item 6.3.1](#) is posted separately for easier readability.

Definitions: Impacts, Risks and Opportunities

Following is a comparison of the proposed definitions of climate-related impacts, risks and opportunities for IPSASB Climate-related Disclosures against guidance in GRI 1 *Foundation*, IFRS S1 *General requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

IPSASB ED SRS X Climate-related disclosures	Current International Standards	Comments
<u>Climate-related Impacts</u> refer to the effects an entity has or could have on the economy, environment and people ² .	In the GRI Standards, impact refers to the effect an organization has or could have on the economy, environment, and people, including effects on their human rights, as a result of the organization's activities or business relationships. (<i>GRI 1</i>)	Staff propose aligning the definition for climate-related impacts in IPSASB SRS X with the GRI definition.
<u>Climate-related risks and opportunities</u> refers to the potential negative and positive effects, respectively of climate change on an entity. Climate-related risks may include climate-related physical risks and transition risks, as well as other public sector risks such as policy leadership, value for money, accountability and coordination and delivery risk ³ . Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.	<u>Climate-related risks and opportunities</u> Climate-related risks refers to the potential negative effects of climate change on an entity. These risks are categorised as climate-related physical risks and climate-related transition risks. Climate-related opportunities refers to the potential positive effects arising from climate change for an entity. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity. (<i>IFRS S2</i>)	IFRS S2 defines climate-related risks and opportunities together. Staff propose aligning the definition for climate-related impacts in IPSASB SRS X with IFRS S2 with public sector modifications for additional public sector specific climate change risks ³ .

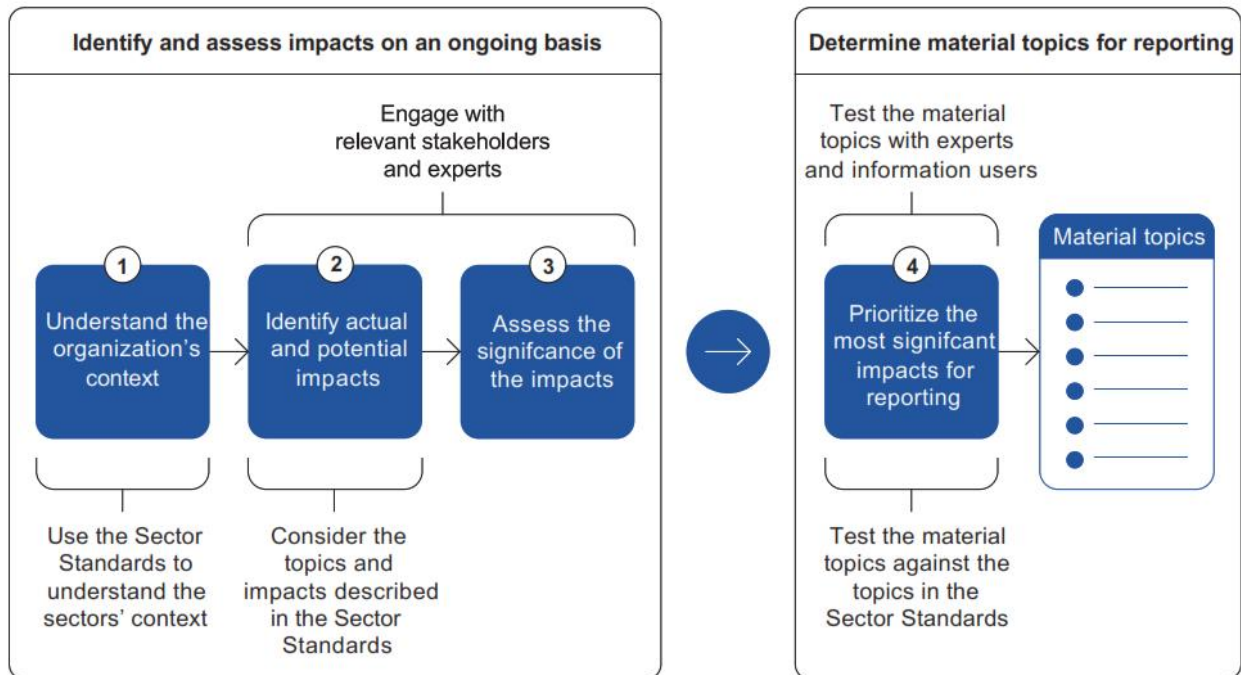
² Staff propose to include the scope of the economy, environment and people consistent with GRI given these reflect the three pillars of sustainable development based on the World Commission on Environment and Development's 1987 Brundtland report "Our Common Future".

³ Staff will consider the potential for additional illustrative guidance related to public sector climate change risks such as policy leadership, value for money, accountability and coordination and delivery risk at a later stage of the project. This initial list of risks is based on a UK National Audit Office practice guide on Climate Change Risk: <https://www.nao.org.uk/wp-content/uploads/2022/08/Climate-Change-Risk-A-good-practice-guide-for-Audit-and-Risk-Assurance-Committees.pdf>

GRI, ISSB and EFRAG Guidance

Following is a comparison of steps to determining material topics and/or material information presented by standard setters at the October 26 check-in education session:

GRI 3 *Material Topics* 4-step approach to determining material topics:



IFRS S1 Steps for identifying reporting requirements:

Steps for identifying reporting requirements



EFRAG Steps to assessing double materiality:

