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REVIEW INSTRUCTIONS:

IPSASB members, Technical Advisors, and Observers are asked to note the following when reviewing draft Exposure Draft IPSASB Sustainability Reporting Standard™ (IPSASB SRS™) X, *Climate-related disclosures*:

- (a) Draft text is based on the approved approach to developing sustainability standards, by building off:
 - (i) IPSASB's Consultation Paper *Advancing Public Sector Sustainability Reporting* and related feedback from constituents;
 - (ii) IPSASB's Conceptual Framework (CF);
 - (iii) IFRS Sustainability Disclosure Standards, namely IFRS S2 *Climate-related Disclosures* and IFRS S1 *General requirements for Disclosures of Sustainability-related Financial Information*; and
 - (iv) GRI Standards, namely GRI Universal Standards and Climate-related Topic Standards.

These components are formatted as follows for easier reference:

Format	Format description
Text	Text based on the IPSASB Conceptual Framework, is shaded grey
Text	Text based on IFRS Sustainability Standards, is shaded blue
Text	Text based on GRI Standards, is shaded green
Track changes	<u>Text changes for public sector adaptations</u> to IFRS Sustainability Standards or GRI Standards
Text reviewed in May 2024	
Shaded cell	Text reviewed by the Board in May 2024
Track changes in shaded cells	<u>Text changes from May 2024</u> resulting from Board Decisions, recommendations from SRG, CTWG or staff, or editorial updates are tracked.

This annotated draft ED includes commentary, including:

May 2024 Draft	June 2024 Draft	Source	Notes
Text reviewed by the Board in May 2024 for reference	<u>Text for Board review in June 2024</u> , which includes updates to the May 2024 draft to reflect Board decisions and instructions, and new drafting.	<i>References to source literature. These will not be included in the ED.</i>	<i>Notes to provide background and rationale for changes made or new drafting recommendations. These will not be included in the ED.</i>

Note: paragraph cross-references may not all be up to date as paragraphs keep changing during drafting. Staff will do a detailed check of these before review of the final document.

May 2024 Draft	June 2024 Draft – Updates to Previous Draft and New Drafting	Source	Notes
DRAFT IPSASB SRS™ ED X, Climate-related Disclosures			
Objective			
<p>1. The objective of this [draft] Standard is to provide principles for an entity to disclose information in their general purpose financial reports <u>about that enables users to evaluate</u> its climate-related <u>impacts, risks and opportunities and outcomes from climate-related policy activities that could be reasonably expected to affect an entity's service delivery and financial commitments over the short, medium or long term</u> that is useful to primary users for accountability and decision making purposes.</p> <p>2. <u>This [draft] Standard requires an entity to disclose material information about:</u></p> <p>(a) <u>The climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity, and</u></p> <p>(b) <u>Where an entity has climate-related policy activities, cash flows, its access to finance or cost of capital over the short, medium or long term the outcomes that could reasonably be expected as a result of these. For the purposes of this [draft] Standard, these climate-related risks and opportunities that could reasonably be expected are collectively referred to as 'climate-related risks and opportunities to affect the entity's prospects</u></p>	<p>1. The objective of this [draft] Standard is to provide principles for an entity to disclose information in their-its general purpose financial reports about its climate-related risks and opportunities and outcomes from climate-related policy activities that is useful to primary users for accountability and decision making purposes.</p> <p>2. <u>This [draft] Standard requires an entity to disclose material information about:</u></p> <p>(a) The climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity, <u>including the long-term sustainability of the services it delivers;</u> and</p> <p>(b) Where an entity has climate-related policy activities, the outcomes that could reasonably be expected as a result of <u>these its climate-related policy activities, including their effects on society, the environment and economy.</u></p>	<p>Based on IFRS S2 paragraph 1 and 2</p>	<p>Reflects objective decided by the Board in December 2023, with updates for instructions including:</p> <ul style="list-style-type: none">Updated objective to clarify scope of climate-related risks and opportunities to be those that could reasonably be expected to affect the entity's long-term fiscal sustainability, which includes consideration of resources and funding (see paragraph B.AG22) as instructed by the IPSASB in Dec 2023. <u>Further updated to make clear upfront that long-term fiscal sustainability includes services based on Board instruction in May 2024.</u>Refined scope of impacts to focus on policy as discussed at March 2024 meeting. Based on existing guidance in IPSAS literature, staff recommended that terminology from RPG 3 be used, more specifically, outcomes form climate-related policy activities (which is aligned with RPG 3 that was developed for public sector entities and also encompasses impacts – see definition of outcomes below.) <u>Further updated to make clear upfront that outcomes is intended to encompass society, environment and economy.</u>

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The ultimate aim of this [draft] Standard is to provide information that supports global action to achieve climate commitments, strengthen resilience and adaptive capacity to climate change.		Based on SDG 13	Based on Board decision at March 2023 meeting, included ultimate aim to support global climate action and contribute to international climate change agreements in Basis of Conclusions.
Scope			
<p>3. An entity that prepares sustainability reporting disclosures in accordance with this [draft] Standard shall apply this [draft] Standard in reporting on:</p> <p>(c) Climate-related impacts on the economy, environment or people:</p> <p>(a) Climate-related risks to which an entity is exposed, including but not limited to physical risks and transition risks; and</p> <p>(b) Climate-related opportunities available to the entity; and</p> <p>(b)(c) Where an entity has climate-related policy activities, their related outcomes.</p>	<p>3. An entity shall apply this [draft] Standard in reporting on:</p> <p>(a) Climate-related risks to which an entity is exposed, including but not limited to physical risks and transition risks;</p> <p>(b) Climate-related opportunities available to the entity; and</p> <p>(c) Where an entity has climate-related policy activities, their related outcomes <u>from those climate-related policy activities</u>.</p>	Based on IFRS S2.3 and GRI	<p>Reflects scope decided by the Board in December 2023, with updates for instructions including:</p> <p>Refined scope of impacts to focus on outcomes from climate-related policy activities (as per paragraph 1 above)</p> <p>Re-ordered sub-bullets given not all public sector entities have policy activities.</p>
<p>4. Climate-related impacts, risks and opportunities that could not reasonably be expected to affect the long-term fiscal sustainability of an entity, and where applicable, outcomes that could not reasonably be expected as a result of its climate-related policy activities to the entity are outside the scope of this (draft) Standard.</p>	<p>4. Climate-related risks and opportunities that could not reasonably be expected to affect the long-term fiscal sustainability of an entity, and where applicable, outcomes that could not reasonably be expected as a result of its climate-related policy activities are outside the scope of this (draft) Standard.</p>	Based on IFRS S2.4	<p>Updated climate-related impacts to outcomes from climate-related policy activities per above</p> <p>Re-drafted with language mirroring paragraph 2</p>
<p>5. An entity may apply this [draft] Standard irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with International Public Sector Accounting Standards (IPSAS) or other generally accepted accounting principles or practices (GAAP).</p>	<p>5. An entity may apply this [draft] Standard irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with International Public Sector Accounting Standards (IPSAS) or other generally accepted accounting principles or practices (GAAP).</p>	Draft based on IFRS S1.8	

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Definitions			
6. The following terms are used in this Standard with the meanings specified:	6. The following terms are used in this Standard with the meanings specified:		
	Carbon credit is an emissions unit that is issued by a carbon crediting programme and represents an emission reduction or removal of greenhouse gases. Carbon credits are uniquely serialized, issued, tracked and cancelled by means of an electronic registry.	Based on IFRS S2 Appendix A Defined Terms	
Climate resilience is the capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity’s climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.	Climate resilience is the capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity’s climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.	Based on IFRS S2 Appendix A Defined Terms	
Climate-related impacts refers to the effects an entity change has or could have on the economy, environment and people, as a result of the entity’s activities or relationships.		Based on GRI 3	Removed based on May 2024 Board decision to replace the concept of impacts with outcomes and outputs. The definition of outcomes below is aligned with RPG 3 which was developed through IPSASB’s due process, for public sector entities to report on service performance information. This existing definition already incorporates impacts and has been developed so entities can report on their program activities, including 2023 updates to add examples related to climate sustainability.

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<p><u>Climate-related physical risks</u> are risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.</p>	<p><u>Climate-related physical risks</u> are risks resulting from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.</p>	Based on IFRS S2 Appendix A Defined Terms	
	<p><u>Climate-related policy activities</u> are policy activities that are explicitly designed to address climate.</p>		Definition added based on May 2024 Check-in meeting. Also see B.AG7 to provide an example where a policy may have climate effects, but may not be in scope where its objective is not designed to address climate, and see BC13 that describes the rationale for this scope
<p><u>Climate-related risks and opportunities</u> refers to the potential negative and positive effects, respectively, of climate change on an entity. These risks are categorized into 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. Efforts to mitigate and adapt to climate change can produce climate-related opportunities for an entity.</p>	<p><u>Climate-related risks</u> refer to the potential negative effects of climate change on an entity. These risks are categorized into climate-related physical risks and transition risks.</p>	Based on IFRS S2 Appendix A Defined Terms	Reflects definition and decisions by the Board in December 2023, with updates for instructions including: <ul style="list-style-type: none">Separated definitions for climate-related risks and opportunities, and moved discussion of other public sector risks to AGs per Dec 2023 Board discussions.Clarified that risks and opportunities relate to an entity’s own operations, not policy activities.
<p><u>Climate-related opportunities</u> refer to the potential positive effects of climate change on an entity’s own operations. Efforts to mitigate and adapt to climate</p>	<p><u>Climate-related opportunities</u> refer to the potential positive effects of climate change on an entity’s own operations. Efforts to mitigate and adapt to</p>		

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<p><u>change can produce climate-related opportunities for an entity.</u></p>	<p><u>climate change can produce climate-related opportunities for an entity.</u></p>		
<p><u>Climate-related transition plans</u> refers to <u>An aspects</u> of an entity’s overall strategy that lays out the entity’s targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.</p>	<p><u>Climate-related transition plans</u> refers to aspects of an entity’s overall strategy that lays out the entity’s targets, actions or resources for its transition towards a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.</p>	Based on IFRS S2 Appendix A Defined Terms	
<p><u>Climate-related transition risks</u> are <u>Risks</u> that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks.</p>	<p><u>Climate-related transition risks</u> are risks that arise from efforts to transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks.</p>	Based on IFRS S2 Appendix A Defined Terms	
	<p><u>CO2 equivalent</u> is the universal unit of measurement to indicate the global warming potential of each greenhouse gas, expressed in terms of the global warming potential of one unit of carbon dioxide. This unit is used to evaluate releasing (or avoiding releasing) different greenhouse gases against a common basis.</p>	Based on IFRS S2 Appendix A Defined Terms	
	<p><u>Financed emissions</u> are the portion of gross greenhouse gas emissions of an investee or counterparty attributed to the loans and investments made by an entity to the investee or counterparty. These emissions are part of Scope 3 Category 15 (investments) as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</p>	Based on IFRS S2 Appendix A Defined Terms	

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	<p><u>Global warming potential</u> is a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of CO2.</p>	Based on IFRS S2 Appendix A Defined Terms	
<p><u>Greenhouse gases</u> are the seven greenhouse gases listed in the Kyoto Protocol— carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF3); perfluorocarbons (PFCs) and sulfur hexafluoride (SF6).</p>	<p><u>Greenhouse gases</u> are the seven greenhouse gases listed in the Kyoto Protocol— carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF3); perfluorocarbons (PFCs) and sulfur hexafluoride (SF6).</p>	Based on IFRS S2 Appendix A Defined Terms	
	<p><u>Internal carbon price</u> is a price used by an entity to assess the financial implications of changes to <u>procurement processes, policy activities,</u> investment, production and consumption patterns, and of potential technological progress and future emissions abatement costs. An entity can use internal carbon prices for a range of business applications. Two types of internal carbon prices that an entity commonly uses are:</p> <p>(a) a shadow price, which is a theoretical cost or notional amount that the entity does not charge but that can be used to understand the economic implications or trade-offs for such things as risk impacts, new investments, the net present value of projects, and the cost and benefit of various initiatives; and</p> <p>(b) an internal tax or fee, which is a carbon price charged to an <u>operational business</u> activity, <u>product line,</u> or other business-operating unit based on its greenhouse gas emissions (these</p>	Based on IFRS S2 Appendix A Defined Terms	

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	internal taxes or fees are similar to intracompany transfer pricing).		
The latest international agreement on climate change is the the most recent agreement by states, as members of the United Nations Framework Convention on Climate Change, to combat climate change. The agreements setting norms and targets for a reduction in greenhouse gases.	Latest international agreement on climate change is the most recent agreement by states to combat climate change setting norms and targets for a reduction in greenhouse gases.	Based on IFRS S2 Appendix A Defined Terms	This definition is aligned with IFRS S2 and March 2024 Board decisions to refer to international climate agreements in a way that refers to Paris Agreement and other future agreements, but also not limited for those countries that have not signed the Paris Agreement
Long-term fiscal sustainability is the ability of an entity to meet service delivery and financial commitments, both now and in the future.	Long-term fiscal sustainability is the ability of an entity to meet service delivery and financial commitments, both now and in the future.	RPG 1	Definition aligned with RPG 1 and provide application guidance to address instructions from Dec 2023 Board discussions to clarify that 'service delivery and financial commitments' include resources (see B.AG22)
Own operations are an entity's activities, other than policy activities.	Own operations are an entity's activities, other than external policy activities.		Added definition based on Board's decision in March 2024 to provide disclosure requirements and guidance for an entity's own operations and for policy activities.
Outcomes are the impacts on society consequences which occur as a result of, or are reasonably attributable to, the entity's activities and services outputs.	Outcomes are the impacts on society, which occur as a result of, or are reasonably attributable to, the entity's outputs.	RPG 3	Staff recommend to change the definition of outcomes from one based on Integrated Reporting to align with IPSASB's own guidance in RPG 3. BCs added to explain that society encompasses impacts on economy, environment and people
Outputs are the services provided by an entity to recipients external to the entity.	Outputs are the services provided by an entity to recipients to the entity.	RPG 3	Added definition for outputs (aligned with RPG3 definition) as outputs is part of definition of outcomes above
Policy activities are any type of intervention taken or mandated by a public sector entity which may include laws, regulations, and standards; taxes, charges, subsidies, and incentives; information instruments;	Policy activities are any type of intervention taken or mandated by a public sector entity using its sovereign powers that is designed to influence the decisions or behaviors of other entities or	Based on GHG Protocol Policy and Action Standard	Added definition based on Board's decision in March 2024 to provide disclosure requirements and guidance for an entity's own operations and for policy activities.

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voluntary agreements; implementation of new technologies, processes, or practices; and public or private sector financing and investment, among others.	<u>individuals</u> which may include laws, regulations, and standards; taxes, charges, subsidies, and incentives; information instruments; voluntary agreements; implementation of new technologies, processes, or practices; and public or private sector financing and investment, among others.		Updated definition of policy activities based on May 2024 Check-in meeting instructions to clarify this relates to external policies and removed certain examples from GHG Protocol Policy and Action Standard
	<u>Scope 1 greenhouse gas emissions</u> are direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity.	Based on IFRS S2 Appendix A Defined Terms	
	<u>Scope 2 greenhouse gas emissions</u> are indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by an entity. Purchased and acquired electricity is electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 greenhouse gas emissions physically occur at the facility where electricity is generated.	Based on IFRS S2 Appendix A Defined Terms	
	<u>Scope 3 greenhouse gas emissions</u> are indirect greenhouse gas emissions (not included in Scope 2 greenhouse gas emissions) that occur in the value chain of an entity, including both upstream and downstream emissions. Scope 3 greenhouse gas emissions include the Scope 3 categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Based on IFRS S2 Appendix A Defined Terms	

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	<p>Scope 3 categories are 15 categories of Scope 3 greenhouse gas emissions—as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011):</p> <ul style="list-style-type: none">1) Purchased goods and services;2) Capital goods;3) Fuel- and energy-related activities not included in Scope 1 greenhouse gas emissions or Scope 2 greenhouse gas emissions;4) Upstream transportation and distribution;5) Waste generated in operations;6) Business travel;7) Employee commuting;8) Upstream leased assets;9) Downstream transportation and distribution;10) Processing of sold products;11) Use of sold products;12) End-of-life treatment of sold products;13) Downstream leased assets;14) Franchises; and15) Investments.	Based on IFRS S2 Appendix A Defined Terms	
Governance			
<p>7. The objective of climate-related financial disclosures on governance is to enable primary users of general purposes financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee:</p> <p>(a) Climate-related risks and opportunities (see paragraph 8) and,</p>	<p>7. The objective of climate-related financial disclosures on governance is to enable primary users of general purposes financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee:</p>	Based on IFRS S2.5	<p>Track changes reflects changes to IFRS S2 consistent with March 2024 Board decisions to include:</p> <ul style="list-style-type: none">- How governing arrangements provide oversight over policy activities (paragraph 9);

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<p>(b) <u>Where an entity has policy activities, its climate-related polices and achievement of the intended outcomes</u> (see paragraph 9).</p>	<p>(a) <u>Climate-related risks and opportunities</u> (see paragraph 8); and,</p> <p>(b) <u>Where an entity has policy activities, its climate-related polices and achievement of the intended outcomes</u> (see paragraph 9).</p>		
<p>8. <u>For an entity's own operations, To achieve this objective,</u> an entity shall disclose information about:</p> <p>(a) The governing body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:</p> <p>(i) How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);</p> <p>(ii) How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p> <p>(iii) How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</p> <p>(iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's</p>	<p>8. For an entity's own operations, an entity shall disclose information about:</p> <p>(a) The governing body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:</p> <p>(i) How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);</p> <p>(ii) How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p> <p>(iii) How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</p> <p>(iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's</p>	IFRS S2.6	Aligns requirements for an entity's own operations with IFRS S2 as decided upon at March 2024 meeting

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<p>strategy, its decisions on major transactions activities, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and</p> <p>(v) How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs [to be updated with reference to metrics section] 33–36), including whether and how related performance metrics are included in remuneration policies (see paragraph [to be updated with reference to metrics section] 29(g)).</p> <p>(b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <p>(i) Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</p> <p>(ii) Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</p>	<p>strategy, its decisions on major activities, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and</p> <p>(v) How the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 37–40 [to be updated with reference to metrics section] 33–36), including whether and how related performance metrics are included in remuneration policies (see paragraph [to be updated with reference to metrics section] 29(g)).</p> <p>(b) Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <p>(i) Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</p> <p>(ii) Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</p>		

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9. In addition to the requirements of paragraph 8 in relation to governance over the climate-related risks and opportunities for its own operations, an entity shall also disclose the information required in paragraph 8 in relation to governance of its climate-related policy activities.	9. In addition to the requirements of paragraph 8 in relation to governance over the climate-related risks and opportunities for its own operations, an entity shall also disclose the information required in paragraph 8 in relation to governance of its climate-related policy activities.		Staff recommend separating policy activity related disclosure requirements for clarity as policy setters are a smaller proportion of public sector entities.
10. In preparing disclosures to fulfil the requirements in paragraphs 8 and 9 an entity shall avoid unnecessary duplication if oversight of its own operations and its policy activities are managed on an integrated basis.	10. In preparing disclosures to fulfil the requirements in paragraphs 8 and 9 an entity shall avoid unnecessary duplication if oversight of its own operations and its climate-related policy activities are managed on an integrated basis.	Based on IFRS 2.7	
Strategy			
11. The objective of climate-related financial disclosures on strategy is to enable primary users of general purpose financial reports to understand an entity's strategy for managing: <ul style="list-style-type: none"> (a) climate-related risks and opportunities to its own operations (see paragraphs 12-23); and (b) Where an entity has climate-related policy activities, their outcomes (see paragraphs 24-27). Climate-related risks and opportunities and effects on an entity's own operational Business model and value chain	11. The objective of climate-related financial disclosures on strategy is to enable primary users of general purpose financial reports to understand an entity's strategy for managing: <ul style="list-style-type: none"> (a) climate-related risks and opportunities to its own operations (see paragraphs 12-23); and (b) Where an entity has climate-related policy activities and, their intended outcomes (see paragraphs 24-27). Climate-related risks and opportunities and effects on an entity's own operational model and value chain	Based on IFRS S2.8	As per March 2024 Board decision, include: <ul style="list-style-type: none"> - disclosure requirements for an entity's own operations aligned with IFRS S2, and - additional disclosure requirements for an entity's policy activities, where applicable.
12. An entity shall disclose information that enables primary users of general purpose financial reports to understand the entity's climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects . Specifically, the entity shall:	12. An entity shall disclose information that enables primary users of general purpose financial reports to understand the entity's climate-related risks and opportunities. Specifically, the entity shall: <ul style="list-style-type: none"> (a) Describe climate-related risks and opportunities that could reasonably be expected; 	Based on IFRS S2.10	As discussed at March 2024 Board meeting, this paragraph aligns disclosure requirements for an entity's own operations with IFRS S2

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<p>(a) Describe climate-related risks and opportunities that could reasonably be expected;</p> <p>(b) Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>(c) Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term— the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>(d) Explain how the entity defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.</p>	<p>(b) Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>(c) Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term— the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>(d) Explain how the entity defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.</p>		
<p>13. An entity shall disclose information that enables primary users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity’s business operational model and value chain. Specifically, the entity shall disclose:</p> <p>(a) A description of the current and anticipated effects of climate-related risks and opportunities on the entity’s business operational model and value chain; and</p> <p>(b) A description of where in the entity’s business operational model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types</p>	<p>13. An entity shall disclose information that enables primary users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity’s operational model and value chain. Specifically, the entity shall disclose:</p> <p>(a) A description of the current and anticipated effects of climate-related risks and opportunities on the entity’s operational model and value chain; and</p> <p>(b) A description of where in the entity’s operational model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, types of assets, types of</p>	Based on IFRS S2.13	As discussed at March 2024 Board meeting, this paragraph aligns disclosure requirements for an entity’s own operations with IFRS S2

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<p>of assets, <u>types of public sector entities or private sector entities, or groups of individuals</u>).</p> <p>Strategy and decision-making <u>for an entity's own operations</u></p> <p>14. An entity shall disclose information that enables <u>primary</u> users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:</p> <p>(a) Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:</p> <p>(i) <u>Climate-related policies that the entity is required to comply with and how it is implementing these;</u></p> <p>(i)(ii) Current and anticipated changes to the entity's <u>operational</u>business model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply-chain changes; resource allocations arising from <u>business operations</u> development through capital expenditure or additional expenditure on research and</p>	<p>public sector entities or private sector entities, or groups of individuals).</p> <p>Strategy and decision-making for an entity's own operations</p> <p>14. An entity shall disclose information that enables primary users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:</p> <p>(a) Information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:</p> <p>(i) Climate-related policies that the entity is required to comply with and how it is implementing these;</p> <p>(ii) Current and anticipated changes to the entity's <u>operational</u> model, including its resource allocation, to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission carbon-, energy- or water-intensive operations; resource allocations resulting from demand or supply-chain changes; resource allocations arising from <u>operations development</u> through capital expenditure or additional</p>	<p>Based on IFRS S2.14</p>	<p>As discussed at March 2024 Board meeting, this paragraph aligns disclosure requirements for an entity's own operations with IFRS S2.</p> <p>Staff recommend additional public sector specific requirement (paragraph 14(a)(i)) for entities to link activities to policies set by other entities, such as higher levels of government.</p>

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<p>development; and acquisitions or divestments);</p> <p>(ii)(iii) Current and anticipated direct mitigation and adaptation efforts (for example, through changes in production-operational processes or equipment, relocation of facilitiesactivities, workforce adjustments, and changes in product specificationsservices);</p> <p>(iii)(iv)Current and anticipated indirect mitigation and adaptation efforts (for example, through working with customersservice recipients and supply chains);</p> <p>(iv)(v)Any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity’s transition plan relies; and</p> <p>(v)(vi)How the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets -described in accordance with paragraphs X33–X36 (cross-references to be updated based on Metrics and Targets drafting next quarter).</p> <p>(b) Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a) 14(a).</p> <p>(c) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a) 14(a).</p>	<p>expenditure on research and development; and acquisitions or divestments);</p> <p>(iii) Current and anticipated direct mitigation and adaptation efforts (for example, through changes in operational processes or equipment, relocation of activities, workforce adjustments, and changes in services);</p> <p>(iv) Current and anticipated indirect mitigation and adaptation efforts (for example, through working with service recipients and supply chains);</p> <p>(v) Any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity’s transition plan relies; and</p> <p>(vi) How the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets described in accordance with paragraphs 37X33–40X36 (cross-references to be updated based on Metrics and Targets drafting next quarter).</p> <p>(b) Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).</p> <p>(c) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).</p>		

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<p><u>Current and anticipated financial effects on an entity's own</u> Financial position, financial performance and cash flows</p> <p>15. An entity shall disclose information that enables primary users of general purpose financial reports to understand:</p> <p>(a) The effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and</p> <p>(b) The anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).</p> <p>16. Specifically, an entity shall disclose quantitative and qualitative information about:</p> <p>(a) How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;</p> <p>(b) The climate-related risks and opportunities identified in paragraph 16(a)14(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;</p> <p>(c) How the entity expects its financial position to change over the short, medium and long term,</p>	<p>Current and anticipated financial effects on an entity's own Financial position, financial performance and cash flows</p> <p>15. An entity shall disclose information that enables primary users of general purpose financial reports to understand:</p> <p>(a) The effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and</p> <p>(b) The anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).</p> <p>16. Specifically, an entity shall disclose quantitative and qualitative information about:</p> <p>(a) How climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;</p> <p>(b) The climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;</p> <p>(c) How the entity expects its financial position to change over the short, medium and long term,</p>	<p>Based on IFRS S2.15-21</p>	<p>As discussed at March 2024 Board meeting, this section aligns disclosure requirements for an entity's own operations with IFRS S2</p>

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<p>given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) Its investment and disposal plans (for example, plans for capital expenditure, major infrastructure developments, acquisitions and divestments, joint ventures, business transformation of operations, innovation, new public-private partnerships, business areas, and asset retirements), including plans the entity is not contractually committed to; and</p> <p>(ii) Its planned sources of funding to implement its strategy; and</p> <p>(d) How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).</p> <p>17. In providing quantitative information, an entity may disclose a single amount or a range.</p> <p>18. In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall:</p> <p>(a) Use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and</p>	<p>given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) Its investment and disposal plans (for example, plans for capital expenditure, major infrastructure developments, acquisitions and divestments, transformation of operations, innovation, new public-private partnerships, and asset retirements), including plans the entity is not contractually committed to; and</p> <p>(ii) Its planned sources of funding to implement its strategy; and</p> <p>(d) How the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).</p> <p>17. In providing quantitative information, an entity may disclose a single amount or a range.</p> <p>18. In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall:</p> <p>(a) Use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and</p>		

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<p>(b) Use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.</p> <p>19. An entity need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the entity determines that:</p> <p>(a) Those effects are not separately identifiable; or</p> <p>(b) The level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.</p> <p>20. In addition, an entity need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the entity does not have the skills, capabilities or resources to provide that quantitative information.</p> <p>21. If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs 19-20, the entity shall:</p> <p>(a) Explain why it has not provided quantitative information;</p> <p>(b) Provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and</p> <p>(c) Provide quantitative information about the combined financial effects of that climate-related</p>	<p>(b) Use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.</p> <p>19. An entity need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the entity determines that:</p> <p>(a) Those effects are not separately identifiable; or</p> <p>(b) The level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.</p> <p>20. In addition, an entity need not provide quantitative information about the anticipated financial effects of a climate-related risk or opportunity if the entity does not have the skills, capabilities or resources to provide that quantitative information.</p> <p>21. If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out in paragraphs 19-20, the entity shall:</p> <p>(a) Explain why it has not provided quantitative information;</p> <p>(b) Provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have</p>		

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<p>risk or opportunity with other climate-related risks or opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful.</p>	<p>(a) been affected, by that climate-related risk or opportunity; and</p> <p>Provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful.</p>		
<p>Climate resilience <u>of an entity's own strategy and operational model</u></p>	<p>Climate resilience of an entity's own strategy and operational model</p>		
<p>22. An entity shall disclose information that enables primary users of general purpose financial reports to understand the resilience of the entity's strategy and <u>business operational</u> model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs AG15B1–AG34B18). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:</p> <p>(a) The entity's assessment of theits climate resilience <u>of its strategy and operational model</u> as at the reporting date, which shall enable primary users of general purpose financial reports to understand:</p>	<p>22. An entity shall disclose information that enables primary users of general purpose financial reports to understand the resilience of the entity's strategy and operational model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances (see paragraphs AG15–AG35). In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:</p> <p>(a) The entity's assessment of the climate resilience of its strategy and operational model as at the reporting date, which shall enable primary users of general purpose financial reports to understand:</p> <p>(i) The implications, if any, of the entity's assessment for its strategy and operational</p>	<p>IFRS S2.22-23</p>	<p>As discussed at March 2024 Board meeting, this section aligns disclosure requirements for an entity's own operations with IFRS S2</p> <p>Staff recommend minor edits in track changes to adapt for public sector (e.g. paragraph 22(g) change from business units to services that are included in the climate-related scenario analysis).</p>

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<div><div>(i) The implications, if any, of the entity’s assessment for its strategy and business operational model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;</div><div>(ii) The significant areas of uncertainty considered in the entity’s assessment of its climate resilience;</div><div>(iii) The entity’s capacity to adjust or adapt its strategy and business-operational model to climate change over the short, medium and long term, including;<div>a. The availability of, and flexibility in, the entity’s existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;</div><div>b. The entity’s ability to redeploy, repurpose, upgrade or decommission existing assets; and</div><div>c. The effect of the entity’s current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and</div></div></div>	<div><div>model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;</div><div>(ii) The significant areas of uncertainty considered in the entity’s assessment of its climate resilience;</div><div>(iii) The entity’s capacity to adjust or adapt its strategy and operational model to climate change over the short, medium and long term, including;<div>a. The availability of, and flexibility in, the entity’s existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;</div><div>b. The entity’s ability to redeploy, repurpose, upgrade or decommission existing assets; and</div><div>c. The effect of the entity’s current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and</div></div><div>(b) How and when the climate-related scenario analysis was carried out, including:</div></div>		

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<p>(b) How and when the climate-related scenario analysis was carried out, including:</p> <p>(i) Information about the inputs the entity used, including:</p> <p>a. Which climate-related scenarios the entity used for the analysis and the sources of those scenarios;</p> <p>b. Whether the analysis included a diverse range of climate-related scenarios;</p> <p>c. Whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</p> <p>d. Whether the entity used, among its scenarios, a climate-related scenario aligned with the latest International agreement on climate change;</p> <p>e. Why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</p> <p>f. The time horizons the entity used in the analysis; and</p> <p>g. What scope of operations the entity used in the analysis (for example, the operating locations and <u>services</u></p>	<p>(i) Information about the inputs the entity used, including:</p> <p>a. Which climate-related scenarios the entity used for the analysis and the sources of those scenarios;</p> <p>b. Whether the analysis included a diverse range of climate-related scenarios;</p> <p>c. Whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</p> <p>d. Whether the entity used, among its scenarios, a climate-related scenario aligned with the latest International agreement on climate change;</p> <p>e. Why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</p> <p>f. The time horizons the entity used in the analysis; and</p> <p>g. What scope of operations the entity used in the analysis (for example, the operating locations and services included in the analysis);</p>		

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<p>included business units used in the analysis);</p> <p>(ii) The key assumptions the entity made in the analysis, including assumptions about:</p> <p>a. Climate-related policies in the jurisdictions in which the entity operates;</p> <p>b. Macroeconomic trends;</p> <p>c. National- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);</p> <p>d. Energy usage and mix; and</p> <p>e. Developments in technology; and</p> <p>(iii) The reporting period in which the climate-related scenario analysis was carried out (see paragraph AG34B48).</p> <p>23. In preparing disclosures to meet the requirements in paragraphs 1243–2222, an entity shall <u>may</u> refer to and consider the applicability of cross-industry metric categories, as described in paragraph 20, and industry-based peer metrics associated with <u>related</u> disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2 as described in paragraph 32.</p> <p>Strategy for Climate-related Policy Activities</p>	<p>(ii) The key assumptions the entity made in the analysis, including assumptions about:</p> <p>a. Climate-related policies in the jurisdictions in which the entity operates;</p> <p>b. Macroeconomic trends;</p> <p>c. National- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);</p> <p>d. Energy usage and mix; and</p> <p>e. Developments in technology; and</p> <p>(iii) The reporting period in which the climate-related scenario analysis was carried out (see paragraph AG35).</p> <p>23. In preparing disclosures to meet the requirements in paragraphs 12–22, an entity may refer to and consider the applicability of peer metrics associated with related disclosure topics.</p> <p>Strategy for Climate-related Policy Activities</p>		

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<p>24. In addition to information about its strategy for climate-related risks and opportunities to its own operations, an entity shall disclose information that enables primary users of general purpose financial reports to understand the entity’s strategy for climate-related policy activities, where it has such activities, including information about:</p> <p>(a) The scope of the entity’s policy setting responsibilities to respond to climate change, including an overview of how other entities and/or individuals would be affected by them;</p> <p>(b) The entity’s decision-making process and factors in determining its strategy for climate-related policies, such as:</p> <p>(i) A description of climate-related risks and opportunities that are reasonably expected to affect the entities/individuals within the entity’s scope of responsibilities as described in (a), including whether risks are climate-related physical or transition risks, the current and anticipated effects of these risks and opportunities on those entities within the policy setting scope, the time horizon over which the entity expects these to occur and any areas of concentration (for example, geographical areas, facilities, and types of assets);</p> <p>(ii) A description of the outcomes that are reasonably expected to occur as a result of the entities climate-related policies, including the scope of the entities/individuals expected to be affected, the time horizon over which the entity</p>	<p>24. In addition to information about its strategy for climate-related risks and opportunities to its own operations, an entity shall disclose information that enables primary users of general purpose financial reports to understand the entity’s strategy for climate-related policy activities, where it has such activities, including information about:</p> <p>(a) The scope of the entity’s policy setting responsibilities to respond to climate change, including an overview of how other entities and/or individuals would be affected by them;</p> <p>(b) The entity’s climate-related policy activities, including:</p> <p>(i) Current and anticipated mitigation and adaptation policies, including information about the policies, their intended outcomes, affected entities or individuals, status and timelines of any anticipated policies;</p> <p>(ii) Any climate-related transition plan policy activities, including information about key assumptions used in developing its transition plan and dependencies on which the transition plan relies,</p> <p>(iii) How the entity plans to achieve any climate-related targets set for these climate-related policy activities, described in accordance with paragraphs X-X (cross-references to be updated based on Metrics and Targets drafting next quarter).</p> <p>(c) The entity’s decision-making process and factors in determining its strategy for climate-related policies, such as:</p>	<p>Text highlighted in blue is based on IFRS S2.10,13,14 and IFRS S1.33(c)</p> <p>Text highlighted in green is based on GRI 3</p>	<p>Drafting reflects March 2024 Board instruction to include how strategy for an entity’s policy activities is set and monitored, and the extent to which this is integrated with the entity’s strategy for its own operations, including how it monitors effectiveness of those policies and related resource allocation plans to support their implementation</p> <p><u>Removed 24(d) as it is covered by 25(b)</u></p>

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(c)	expects these to occur and any areas of concentration, any trade-off decisions between climate-related risks and opportunities, outcomes from climate-related policy activities; and	(i)		
	(iii) A description of the process to identify and evaluate outcomes as a result of climate-related policy activities, including how the entity engaged with stakeholders and experts;	(ii)		
(d)	The entity's climate-related policy activities, including:	(iii)		
	(i) Current and anticipated mitigation and adaptation policies, including information about the policies, their intended outcomes, affected entities or individuals, status and timelines of any anticipated policies;			
(d)	(ii) Any climate-related transition plan policy activities, including information about key assumptions used in developing its transition plan and dependencies on which the transition plan relies,			
	(iii) How the entity plans to achieve any climate-related targets set for these climate-related policy activities, described in accordance with paragraphs X-X (cross-references to be updated based on Metrics and Targets drafting next quarter).			
(d)	How the entity is resourcing, and plans to resource, the policy activities disclosed in accordance with paragraph 24(c), are financed, including whether these activities are currently			

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<p><u>funded and how the entity plans to support other entities or individual(s) in implementing the requirements;</u></p> <p>(e) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 24(c)14(a), including:</p> <p>(i) Information about policy status, timelines and steps for implementation;</p> <p>(ii) Any sources of implementation risks (e.g. coordination and delivery or funding risk); and</p> <p>(iii) Processes to monitor achievement of outcomes and address emerging issues.</p>	<p>(d) How the policy activities disclosed in accordance with paragraph 24(c), are financed, including whether these activities are currently funded and how the entity plans to support other entities or individual(s) in implementing the requirements;</p> <p>(d) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 24(c), including:</p> <p>(i) Information about policy status, timelines and steps for implementation;</p> <p>(ii) Any sources of implementation risks (e.g. coordination and delivery or funding risk); and</p> <p>(iii) Processes to monitor achievement of outcomes and address emerging issues.</p>		
Current and Anticipated Financial Effects of Climate-related Policy Activities	Current and Anticipated Financial Effects of Climate-related Policy Activities		
<p>25. In addition to information about its strategy for climate-related risks and opportunities to its own operations, where an entity has climate-related policy activities, it shall disclose information, in accordance with paragraphs 17-21, that enables primary users of general purpose financial reports to understand:</p> <p>(a) The current and anticipated financial effects of the entity's climate-related policy activities disclosed in paragraph 24(c) on the entity's own financial position, financial performance and cash flows; and</p>	<p>25. In addition to information about its strategy for climate-related risks and opportunities to its own operations, where an entity has climate-related policy activities, it shall disclose information, in accordance with paragraphs 17-1824, that enables primary users of general purpose financial reports to understand:</p> <p>(a) The current and anticipated financial effects of the entity's climate-related policy activities disclosed in paragraph 24(b)24(e) on the entity's own financial position, financial performance and cash flows; and</p>		<p>Staff recommend high level principles for an entity to disclose current and anticipated financial effects (as required per IFRS S2 paragraphs 15-21 for an entity's own operations) adapted for a policy setter's view which extends to the funding needs for those entities that are affected by the policies.</p>

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<p>(b) The estimated financial amounts needed to implement the policies disclosed in paragraph 24(c), including whether these activities are currently funded and if not, which entities are responsible for that funding.</p>	<p>(b) The estimated financial amounts needed to implement the policies disclosed in paragraph 24(b)24(e), including whether these activities are currently funded and if not, which entities are responsible for that funding.</p>		
Climate Resilience Informed Policy Activities	Climate Resilience Informed Policy Activities		
<p>26. Where an entity has climate-related policy activities, in addition to information about its own operations, an entity shall disclose information that enables primary users of general purpose financial reports to understand the climate-related scenario analysis that may have informed its policy strategy and decision making, including:</p> <p>(a) The implications, if any, of the entity’s assessment for its climate-related policy strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;</p> <p>(b) The significant areas of uncertainty considered in the entity’s climate-related scenario assessment of its climate resilience;</p> <p>(c) The entity’s capacity to adjust or adapt how it achieves its intended policy related outcomes.</p> <p>27. In addition, the entity shall disclose the information about how and when the climate-related scenario analysis disclosed in paragraph 26 was carried out (see paragraph 22(b)).</p>	<p>26. Where an entity has climate-related policy activities, in addition to information about its own operations, an entity shall disclose information that enables primary users of general purpose financial reports to understand the climate-related scenario analysis that may have informed its policy strategy and decision making, including:</p> <p>(a) The implications, if any, of the entity’s assessment for its climate-related policy strategy, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;</p> <p>(b) The significant areas of uncertainty considered in the entity’s climate-related scenario assessment; and</p> <p>(c) The entity’s capacity to adjust or adapt how it achieves its intended policy related outcomes.</p> <p>27. In addition, the entity shall disclose the information about how and when the climate-related scenario analysis disclosed in paragraph 26 was carried out (see paragraph 22(b)).</p>	Based on IFRS S2.22	Track changes reflects changes to IFRS 2 to require disclosures to provide information on climate-related scenario analysis for testing an entity’s policy strategy
Risk, Opportunities and Outcome Management			
<p>28. The objective of climate-related financial disclosures on risk and outcome management is to</p>	<p>28. The objective of climate-related financial disclosures on risk and outcome management is to</p>	IFRS S2.24	

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<p>enable primary users of general purpose financial reports to understand an entity’s processes to identify, assess, prioritize and monitor:</p> <p>(a) climate-related risks and opportunities to its own operations, and</p> <p>(b) where an entity has policy activities, its climate-related policy activities and related outcomes, including whether and how those processes are integrated into and inform the entity’s overall risk management process.</p>	<p>enable primary users of general purpose financial reports to understand an entity’s processes to identify, assess, prioritize and monitor</p> <p>(a) climate-related risks and opportunities to its own operations (see paragraph 29), and</p> <p>(b) where an entity has policy activities, its climate-related policy activities and related outcomes (see paragraph 30).</p>		
<p>29. For an entity’s own operations, To achieve this objective, an entity shall disclose information about:</p> <p>(a) The processes and related internal risk management policies the entity uses to identify, assess, prioritize and monitor climate-related risks, including information about:</p> <p>(i) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);</p> <p>(ii) Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;</p> <p>(iii) How the entity assesses the nature, likelihood, and magnitude and timing of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);</p> <p>(iv) Whether and how the entity prioritizes climate-related risks relative to other types of risk;</p>	<p>29. For an entity’s own operations, an entity shall disclose information about:</p> <p>(e)(a) The processes and related internal risk management policies the entity uses to identify, assess, prioritize and monitor climate-related risks, including information about:</p> <p>(i) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);</p> <p>(ii) Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;</p> <p>(iii) How the entity assesses the nature, likelihood, magnitude and timing of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);</p> <p>(iv) Whether and how the entity prioritizes climate-related risks relative to other types of risk;</p>	IFRS S2.25	As discussed at March 2024 Board meeting, this section aligns disclosure requirements for an entity’s own operations with IFRS S2

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<p>(v) How the entity monitors climate-related risks; and</p> <p>(vi) Whether and how the entity has changed the processes it uses compared with the previous reporting period;</p> <p>(b) The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and</p> <p>(c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.</p>	<p>(v) How the entity monitors climate-related risks; and</p> <p>(vi) Whether and how the entity has changed the processes it uses compared with the previous reporting period;</p> <p>(d)(b) The processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and</p> <p>(e)(c) The extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.</p>		
<p>30. In addition to disclosures on managing climate-related risks and opportunities to its own operations, the entity shall provide the information required in paragraph 29 about the processes and related internal management policies the entity uses to manage the achievement of intended outcomes of its climate-related policy activities when it has such activities.</p>	<p>30. In addition to disclosures on managing climate-related risks and opportunities to its own operations, the entity shall provide the information required in paragraph 29 about the processes and related internal management policies the entity uses to manage the achievement of intended outcomes of its climate-related policy activities when it has such activities.</p>		<p>Added disclosure requirements relating to entity's policy activities which mirror the risk management disclosure for an entity's own operations.</p>
<p>31. In preparing disclosures to fulfil the requirements in paragraphs 29 and 30, an entity shall avoid unnecessary duplication. For example, although an entity shall provide the information required by these paragraphs, if oversight of climate-related risks and opportunities, and/or climate-related policy activities is managed on an integrated basis, the entity should avoid</p>	<p>31. In preparing disclosures to fulfil the requirements in paragraphs 29 and 30, an entity shall avoid unnecessary duplication. For example, although an entity shall provide the information required by these paragraphs, if oversight of climate-related risks and opportunities, and/or climate-related policy activities is managed on an integrated basis, the entity should avoid</p>	<p>Based on IFRS S2.26</p>	

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duplication by providing integrated disclosures instead of separate disclosures for each climate-related risk, opportunity or policy activity.	duplication by providing integrated disclosures instead of separate disclosures for each climate-related risk, opportunity or policy activity.		
Metrics and Targets			
	<p>32. The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity’s performance, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation, in relation to:</p> <p>(a) Its climate-related risks and opportunities (see paragraphs 33-41); and</p> <p>(b) Its climate-related policy activities and their outcomes (see paragraphs 42-43).</p>	Based on IFRS S2.27	As per March 2024 Board decision, include: <ul style="list-style-type: none">- disclosure requirements for an entity’s own operations aligned with IFRS S2, and- additional disclosure requirements for an entity’s policy activities, where applicable.
	Climate-related metrics for an entity’s own operations		
	<p>33. An entity shall disclose information relevant to the cross-industry general following metric categories of:</p> <p>(a) Greenhouse gases—the entity shall:</p> <p>(i) Disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent (see paragraphs AG48–AG51), classified as:</p> <p>a. Scope 1 greenhouse gas emissions;</p> <p>b. Scope 2 greenhouse gas emissions;</p> <p>and</p> <p>c. Scope 3 greenhouse gas emissions;</p>	Based on IFRS S2.29	Staff recommend a non-prescriptive approach to allow for a broader range of methodologies than IFRS S2, other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)

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	<div><div>(ii)</div><div>Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions <u>is determined to better meet primary user information needs or is required by a jurisdictional authority</u> (see paragraphs AG53B23–B25);</div><div>(iii)</div><div>Disclose the approach it uses to measure its greenhouse gas emissions (see paragraphs B26AG52–B29AG59) including:</div><div><div>a.</div><div>The <u>methodology</u>, measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;</div><div>b.</div><div>The reason why the entity has chosen the <u>methodology</u>, measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and</div><div>c.</div><div>Any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;</div></div></div>		
	<div><div>(iv)</div><div>For Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)33(a)(i)a–(2)(i)b. disaggregate emissions between:</div></div>	Based on IFRS S2.29	Track changes in paragraph 33(a)(iv)(b) aligns terminology with IPSAS 38 – “unconsolidated controlled entities as opposed to “unconsolidated subsidiaries” in IFRS 12

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	<div>a. The consolidated accounting group (for example, for an entity applying IFRSIPSAS Accounting Standards, this group would comprise the parent and its consolidated subsidiariescontrolled entities); and</div> <div>b. Other investees excluded from paragraph 29(a)(iv)(1)33(a)(iv)a (for example, for an entity applying IFRSIPSAS Accounting Standards, these investees would include associates, joint ventures and unconsolidated controlled entities subsidiaries);</div>		
	<div>(v) For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 33(a)(i)b, disclose its location-based or market-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions (see paragraphs AG60B30–AG61B34); and</div>	Based on IFRS S2.29	Staff recommend allowing entities to use the location-based or market-based approaches, rather than require the location-based approach per IFRS S2
	<div>(vi) For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 33(a)(i)c, and with reference to paragraphs AG62AG60–AG86AG85, disclose:</div> <div>a. The categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3</div>	Based on IFRS S2.29	Staff recommend removing additional detailed guidance and references to different types of financial services, like asset management, banking and insurance, which are less prevalent and applicable to most public sector entities.

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	<p>categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting And Reporting Standard (2011); and</p> <p>b. Additional information about the entity’s Category 15 greenhouse gas emissions or those associated with its investments (financed emissions), if the entity’s activities include asset management, commercial banking or insurance <u>financial services and investing</u> (see paragraphs AG87AG86–AG89 <u>AG88</u>);</p>		
	<p>(b) Climate-related transition risks—the amount and percentage of <u>operating activities or</u> business activities vulnerable to climate-related transition risks (see paragraph AG91(e)AG90(e));</p> <p>(c) Climate-related physical risks—the amount and percentage of <u>operating activities or</u> business activities vulnerable to climate-related physical risks (see paragraph AG91(e)AG90(e));</p> <p>(d) Climate-related opportunities—the amount and percentage of <u>operating activities or</u> business activities aligned with climate-related opportunities (see paragraph AG91(e)AG90(e));</p> <p>(e) Internal carbon prices—the entity shall disclose <u>with reference to paragraphs AG91-AG92</u>:</p> <p>(i) An explanation of whether and how the entity is applying a carbon price in decision-making <u>in relation to its own operations</u> (for example, investment decisions, transfer</p>	Based on IFRS S2.29	Staff recommend adding in examples of how internal carbon prices could be applicable for the own operations of public sector entities - with reference to <u>paragraphs AG91-AG92</u>

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	<p>pricing and scenario analysis in procurement processes and decisions);</p> <p>(i)(ii) A description of how the entity determines the carbon price; and</p> <p>(i)(iii) The price for each metric ton of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.</p>		
	<p>(f) Remuneration— if any climate-related considerations are directly factored into remuneration of key management personnel, the entity shall disclose:</p> <p>(i) The percentage amount of remuneration to key executive management personnel remuneration recognized in the current period that is linked to climate-related considerations; and</p> <p>(i)(ii) a description of whether and how the amount is determined climate-related considerations are factored into executive remuneration of key management personnel (see also paragraph 8(a)(v) 5(a)(v)); and</p>	Based on IFRS S2.29	<p>Based on March 2024 breakout group discussions, IPSASB feedback indicated that though such remuneration policies are currently not common in the public sector, there may be instances where it is applicable, therefore staff recommend to keep this disclosure requirement and noted the public sector context in BC57</p> <p>Staff recommend to align terminology with IPSAS 20 paragraph 6 definition on key management personnel, and paragraph 38 “remuneration of key management personnel”</p>
	<p>34. In preparing disclosures to meet the requirements in paragraph 33(b)-(e) 3229(b)-(d), an entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort.</p>	Based on IFRS S2.30	This section aligns disclosure requirements for an entity’s own operations with IFRS S2
	<p>35. In preparing disclosures to meet the requirements in paragraph 33(b)-(g) 29(b)-(g), an entity shall refer to paragraphs AG90B64-AG92B65.</p>	Based on IFRS S2.31	This section aligns disclosure requirements for an entity’s own operations with IFRS S2

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	<p>36. An entity shall disclose peer industry-based metrics that are associated with one or more particular business operational models, activities or other common features that characterise participation that are similar to other entities such as similar categories of functions of government of public sector entities in an industry. In determining the industry-based-peer metrics that the entity discloses, the entity shall refer to and may consider the applicability of existing the industry-based metrics such as those associated with disclosure topics described in the Industry-based Guidance on Implementing IFRS S2 or GRI sector guidance.</p>	Based on IFRS S2.32	This section aligns disclosure requirements for an entity’s own operations with IFRS S2, with tracked changes reflecting private-public sector differences
	<p>Climate-related targets for an entity’s own operations</p> <p>37. An entity shall disclose the quantitative and qualitative climate-related targets for its own operations it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:</p> <p>(a) The metric used to set the target (see paragraphs AG90B66–AG91B67);</p> <p>(b) The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);</p> <p>(c) The part of the entity to which the target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit service or specific geographical region);</p> <p>(d) The period over which the target applies;</p> <p>(e) The base period from which progress is measured;</p>	Based on IFRS S2.33	This section aligns disclosure requirements for an entity’s own operations with IFRS S2

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	<div>(f) Any milestones and interim targets;</div> <div>(g) If the target is quantitative, whether it is an absolute target or an intensity target; and</div> <div>(h) How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.</div>		
	<div>38. An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</div> <div>(a) (a) Whether A description of any validation process employed in setting the target and the methodology for setting the target has been validated by a third party;</div> <div>(b) The entity’s processes for reviewing the target;</div> <div>(c) The metrics used to monitor progress towards reaching the target; and</div> <div>(d) Any revisions to the target and an explanation for those revisions.</div>	Based on IFRS S2.34	Staff recognize the potential lack of extensive third-party validation for targets established by public sector entities (e.g. country-level targets), hence recommend using less prescriptive language.
	<div>39. An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity’s performance.</div>	Based on IFRS S2.35	This section aligns disclosure requirements for an entity’s own operations with IFRS S2
	<div>40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 3733–3935, an entity shall disclose:</div> <div>(a) Which greenhouse gases are covered by the target;</div>	Based on IFRS S2.36	This section aligns disclosure requirements for an entity’s own operations with IFRS S2

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	<div><div>(b) Whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; and</div><div>(c) Whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (see paragraphs AG96B68–B69);</div><div>(d) Whether the target was derived using a sectoral decarbonization approach .if applicable;</div><div>(e) The entity’s planned use of carbon credits .if any, to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including, and with reference to paragraphs AG98B70–AG99B74:<div><div>(i) The extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;</div><div>(ii) Which third-party scheme(s) will verify or certify the carbon credits .if any;</div><div>(iii) The type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and any other factors necessary for users of general purpose financial reports to understand the credibility and</div></div></div></div> <div></div> <div></div>		

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	integrity of the carbon credits the entity plans to use (for example, assumptions regarding the permanence of the carbon offset).		
	41. In identifying and disclosing the metrics used to set and monitor progress towards reaching a target described in paragraphs 3733–3934, an entity shall refer to and consider the applicability of cross-industry metrics (see paragraph 29) and industry-based metrics peer metrics or other general metrics (see paragraph 3632), including those described in an applicable IFRSIPSAS Sustainability DisclosureReporting Standard, or metrics that otherwise satisfy the requirements in IFRS S4this IPSASB SRS.	Based on IFRS S2.37	This section aligns disclosure requirements for an entity’s own operations with IFRS S2, with tracked changes reflecting private-public sector differences.
	Metrics for Climate-related Policy Activities		
	42. In addition to information about its climate-related metrics and targets for its own operations, an entity shall disclose information that enables users of general purpose financial reports to understand its metrics and targets for outcomes from climate-related policy activities, where it has such activities, including information about: (a) Greenhouse gases—the entity shall: (i) Disclose estimated greenhouse gas emissions resulting from policy activities; and (ii) Disclose the approach it uses to measure its estimated greenhouse gas emissions resulting from policy activities as disclosed in 42(a)(i) (see paragraphs AG99–AG100);	IFRS S1 Paragraph 46(b)	Staff recommend disclosing metrics for climate-related policy activities relating to GHG emissions and other climate-related policy activity metrics. [June Meeting – Agenda Item 6.2.4]

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	<p>(b) Other metrics—the entity shall:</p> <p>(i) Disclose other metrics the entity uses to measure and monitor the performance in relation to its climate-related policy activities sustainability-related risk or opportunity, including progress towards any targets it has set, (see paragraphs AG106–AG109); and</p> <p>(ii) Disclose the approach it uses to measure the metric (see paragraphs AG110–AG112).</p>		
	<p>Targets for Climate-related Policy Activities</p> <p>43. An entity shall also disclose the information required in paragraphs 37-39 in relation to the targets for its climate-related policy activities where an entity has climate-related policy activities.</p>		Staff recommend aligning disclosure requirements on targets for climate-related policy activities to own operations
Effective Date			
	<p>44. An entity shall apply this Standard for annual reporting periods beginning on or after 1 January [YYYY]. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information the SRS General Requirements at the same time.</p> <p>44-45. For the purposes of applying paragraphs 46-48, the date of initial application is the beginning of the annual reporting period in which an entity first applies this (draft) Standard.</p>	IFRS S2 Appendix C	

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Transition			
	45.46. An entity is not required to provide the disclosures specified in this (draft) Standard for any period before the date of initial application. Accordingly, an entity is not required to disclose comparative information in the first annual reporting period in which it applies this Standard.	IFRS S2 Appendix C3	This section aligns disclosure requirements for an entity’s own operations with IFRS S2
	46.47. In the first annual reporting period in which an entity applies this Standard, the entity is permitted to use one or both of these the below reliefs: (a) If, in the annual reporting period immediately preceding the date of initial application of this Standard, the entity used a method for measuring its greenhouse gas emissions other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), the entity is permitted to continue using that other method; a The entity is permitted to report its sustainabilityclimate-related financial disclosures after it publishes its related financial statements, within nine months of the end of the annual reporting period in which the entity first applies this Standard; (b) An entity is not required to disclose its Scope 3 greenhouse gas emissions (see paragraph 33(a)(i)c) which includes, if the entity participates in asset management, commercial banking or insurance activities, the additional information about its financed emissions (see paragraph 3229(a)(vi)(2) and paragraphs B58–B63); and	IFRS S2 Appendix C4 IFRS S1 Appendix E.4	Based on March 2024 Board meeting breakout group discussions, staff proposed it would be appropriate to require an accelerated timeline given urgent need and demand for information, and recommend these transition provisions. [June Meeting – Agenda Item 6.2.9]

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	(c) <u>An entity is not required to disclose the past GHG emissions from climate-related policy activities that were in place on the date of adoption of the (draft) Standard (see paragraph 42(a)).</u>		
	<u>47.48.</u> If an entity uses the relief in paragraph 47, 851C4(a) or paragraph C4(b). the entity is permitted to continue to use that relief for the purposes of presenting that information as comparative information in subsequent reporting periods.	IFRS S2 Appendix C5	This section aligns disclosure requirements for an entity’s own operations with IFRS S2

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Appendix A: Application Guidance

This Appendix is an integral part of [draft] IPSASB ED SRS X.

Governance (see paragraphs 7-9)			
<p>Governance for an entity’s own operations (paragraph 8)</p> <p>AG1. Public sector governance structures vary considerably between and across jurisdictions. However, all are designed to provide oversight to an entity’s operations. In contrast, responsibility to implement climate-related policies may be divided among a number of entities. For some entities, their climate-related strategy may be determined by another public sector entity such as senior levels of governments or ministries. An entity’s own governing body, one from another entity or a specially convened cross-government group, may provide oversight of the implementation of such externally determined climate-related policies. An entity shall disclose the arrangement as required in paragraph 8(a).</p> <p>AG2. If no group(s) or individual(s) has responsibility for oversight of particular climate-related risks and opportunities, or climate-related policy activities then this should be disclosed.</p> <p>Governance for an entity’s policy activities (paragraph 9)</p> <p>AG3. Oversight for achieving the intended outcomes of climate-related policy activities, including setting of targets and monitoring progress, may also include collection of relevant data from other entities. In such cases, the entity should disclose how the governing body oversees and monitors achievement of the intended outcomes.</p>	<p>Governance for an entity’s own operations (paragraph 8)</p> <p>AG1. Public sector governance structures vary considerably between and across jurisdictions. However, all are designed to provide oversight to an entity’s operations. In contrast, responsibility to implement climate-related policies may be divided among a number of entities. For some entities, their climate-related strategy may be determined by another public sector entity such as senior levels of governments or ministries. An entity’s own governing body, one from another entity or a specially convened cross-government group, may provide oversight of the implementation of such externally determined climate-related policies. An entity shall disclose the arrangement as required in paragraph 8(a).</p> <p>AG2. If no group(s) or individual(s) has responsibility for oversight of particular climate-related risks and opportunities, or climate-related policy activities then this should be disclosed.</p> <p>Governance for an entity’s policy activities (paragraph 9)</p> <p>AG3. Oversight for achieving the intended outcomes of climate-related policy activities, including setting of targets and monitoring progress, may also include collection of relevant data from other entities. In such cases, the entity should disclose how the governing body oversees and monitors achievement of the intended outcomes.</p>	<p>Based on IFAC-CIPFA International Framework: Good Governance in the Public Sector</p>	<p>Drafting based on Dec 2023 Breakout session discussions and presented at the March 2024 meeting, including clarification of how principles apply across different structures of governance arrangements, including where policy program oversight and management may be a shared or where certain levels of government may be subject to higher levels of government or ministries</p>

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Strategy (see paragraphs 11-27)			
Climate-related risks and opportunities and effects on an entity's own operational model and value chain (see paragraphs 12-13)	Climate-related risks and opportunities and effects on an entity's own operational model and value chain (see paragraphs 12-13)		
<p>AG4. Climate-related risks include climate-related physical risks and climate-related transition risks:</p> <p>(a) These Climate-related physical risks could carry financial implications for an entity, such as costs resulting from direct damage to public assets and infrastructure or indirect effects of supply-chain disruption and rising sea levels for certain communities. The entity's financial performance long-term fiscal sustainability could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety. Climate-related physical risks can also lead to economic or social implications, such as increasing number of uninsured neighborhoods in the jurisdiction due to severe weather events or rising sea levels;</p> <p>(b) These Climate-related transition risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related regulations policies. The entity's financial performance long term fiscal sustainability could also be affected by shifting consumer demands needs of service recipients and the development and deployment of new technology.</p>	<p>AG4. Climate-related risks include climate-related physical risks and climate-related transition risks:</p> <p>(a) Climate-related physical risks could carry financial implications for an entity, such as costs resulting from direct damage to public assets and infrastructure or indirect effects of supply-chain disruption and rising sea levels for certain communities. The entity's long-term fiscal sustainability could also be affected by changes in water availability, sourcing and quality; and extreme temperature changes affecting the entity's premises, operations, supply chains, transportation needs and employee health and safety. Climate-related physical risks can also lead to economic or social implications, such as increasing number of uninsured neighborhoods in the jurisdiction due to severe weather events or rising sea levels;</p> <p>(b) Climate-related transition risks could carry financial implications for an entity, such as increased operating costs or asset impairment due to new or amended climate-related policies. The entity's long term fiscal sustainability could also be affected by shifting needs of service recipients and the development and deployment of new technology. Climate-related transition risks could also lead to economic or social implications such as significant</p>	Based on IFRS S2 Appendix A definitions	Propose include detailed examples from IFRS S2 definitions in AGs rather than definitions in core text

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<u>Climate-related transition risks could also lead to economic or social implications such as significant job losses as a result of transition to renewable energy.</u>	job losses as a result of transition to renewable energy.		
AG5. Climate-related opportunities may include more efficient use of resources, changing use of energy such as lower-emission energy sources or new technologies, developing new lower emission services or climate adaptation solutions.	AG5. Climate-related opportunities may include more efficient use of resources, changing use of energy such as lower-emission energy sources or new technologies, developing new lower emission services or climate adaptation solutions.		Separated examples of climate-related opportunities based on Board comments at Dec 2023 meeting
AG6. Where an entity has policy activities, in addition to identifying the climate-related risks and opportunities for its own long-term fiscal sustainability, an entity identifies those faced by the other entities and/or individuals in the scope of that entity's policy responsibilities and mandate. For example, an entity that sets policies that apply to manufacturers would consider the heightened risks of accidental chemical releases due to more intense flooding or more frequent wildfires for the industry to inform its policy activities and own climate-related risks.	AG6. Where an entity has <u>climate-related</u> policy activities, in addition to identifying the climate-related risks and opportunities for its own long-term fiscal sustainability, an entity identifies those faced by the other entities and/or individuals in the scope of that entity's policy responsibilities and mandate. For example, an entity that sets policies that apply to manufacturers would consider the heightened risks of accidental chemical releases due to more intense flooding or more frequent wildfires for the industry to inform its policy activities and own climate-related risks.		Propose guidance to explain how policy activities include considering the climate-related risks and opportunities to the entities and/or individuals within the scope of the entity's policy setting mandate
AG7. The current and anticipated effects of climate-related risks and opportunities on an entity's operational model and value chain include those related to: (a) An entity's own operations; for example, climate-related physical risks that have affected or potentially may affect the entity's operations such as disruptions to service delivery due to adverse weather events; (b) The activities of other entities involved in upstream or downstream activities; for example, changes to	AG7. The current and anticipated effects of climate-related risks and opportunities on an entity's operational model and value chain include those related to: (a) An entity's own operations; for example, climate-related physical risks that have affected or potentially may affect the entity's operations such as disruptions to service delivery due to adverse weather events; (b) The activities of other entities involved in upstream or downstream activities; for example, changes to		Drafting based on Dec 2023 Breakout session discussions and presented at the March 2024 meeting including application guidance to support a public sector entity's assessment of its operational model and value chain.

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an entity's funding from higher levels of government as a result of changes in climate-related policies.	an entity's funding from higher levels of government as a result of changes in climate-related policies.		
Strategy and decision making for an entity's own operations (see paragraph 14)	Strategy and decision making for an entity's own operations (see paragraph 14)		
<p>AG8. Public sector climate-related strategies may be set by senior levels of government at regional or national levels, in many cases, to contribute to the latest international agreement on climate change.</p> <p>AG9. Such strategies may be implemented by multiple entities. When entities need to comply with policies set by higher levels of government, they may incorporate these into their own strategies.</p> <p>AG10. Entities may also develop their own strategies to manage climate-related risks to own service delivery and/or benefit from climate-related opportunities that support its mandate and service objectives.</p> <p>AG11. An entity's strategy will vary depending on its role and responsibilities. For example,</p> <p>(a) A revenue authority contributes to climate-related policies through its collection of carbon taxes through paperless communications, or</p> <p>(b) A police force may have mitigation plans to reduce greenhouse gas emission by replacing its fleet of vehicles with electric vehicles; and</p> <p>(c) A local government may build infrastructure to address rising sea levels as part of its climate adaptation efforts.</p>	<p>AG8. Public sector climate-related strategies may be set by senior levels of government at regional or national levels, in many cases, to contribute to the latest international agreement on climate change.</p> <p>AG9. Such strategies may be implemented by multiple entities. When entities need to comply with policies set by higher levels of government, they <u>maywill need to</u> incorporate these into their own strategies.</p> <p>AG10. Entities may also develop their own strategies to manage climate-related risks to own service delivery and/or benefit from climate-related opportunities that support <u>its</u><u>the entity's</u> mandate and service objectives.</p> <p>AG11. An entity's strategy will vary depending on its role and responsibilities. For example,</p> <p>(a) A revenue authority contributes to climate-related policies through its collection of carbon taxes through paperless communications, or</p> <p>(b) A police force may have mitigation plans to reduce greenhouse gas emission by replacing its fleet of vehicles with electric vehicles; and</p> <p>(c) A local government may build infrastructure to address rising sea levels as part of its climate adaptation efforts.</p>		<p>Drafting based on Dec 2023 Breakout session discussions and highlights how strategy may be different for public sector, including</p> <ul style="list-style-type: none"> - How strategy is set by different levels of government; - How an entity may also set its own strategy - How strategy should be considered in the context of the entity's mandate, role and responsibilities; and - How strategy can change with changes in government.

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AG12. Strategy and decision making in the public sector may also be affected by changes in governments and/or other policies. Therefore, medium and long-term risk management will require clearly articulated strategies that can be flexed as circumstances change.	AG12. Strategy and decision making in the public sector may also be affected by changes in governments and/or other policies. Therefore, medium and long-term risk management will require clearly articulated strategies that can be flexed as circumstances change.		
Current and anticipated financial effects on an entity's own financial position, financial performance and cash flows (see paragraph 15-21)	Current and anticipated financial effects on an entity's own financial position, financial performance and cash flows (see paragraph 15-21)		
<p>AG13. Climate-related physical and transition risks have direct financial effects on an entity's financial position, financial performance and cash flows. See paragraph B.AG26.</p> <p>AG14. Public sector entities resources are predominantly provided by taxpayers, transfers from different levels of government or external lenders such as bond holders. An entity's disclosures in accordance with paragraphs 16(c) and 16(d) shall enable primary users of general purpose financial reports to understand the capacity and financial planning of an entity to continue to fund its activities and to meet its operational objectives, climate-related strategy and targets, including its sources of funding and the extent to which it is dependent on each.</p>	<p>AG13. Climate-related physical and transition risks have direct financial effects on an entity's financial position, financial performance and cash flows. See paragraph B.AG29.</p> <p>AG14. Public sector entities' resources are predominantly provided by taxpayers, transfers from different levels of government or external lenders such as bond holders. An entity's disclosures in accordance with paragraphs 16(c) and 16(d) shall enable primary users of general purpose financial reports to understand the capacity and financial planning of an entity to continue to fund its activities and to meet its operational objectives, climate-related strategy and targets, including its sources of funding and the extent to which it is dependent on each.</p>		Drafting based on Dec 2023 breakout group discussions
Climate resilience of an entity's own strategy and operations (see paragraphs 22-23)	Climate resilience of an entity's own strategy and operations (see paragraphs 22-23)		
AG15. Paragraph 22 requires a An entity shall to use an approach that is commensurate with its circumstance to perform climate-related scenario analysis to in assessing its climate resilience, using an approach that is commensurate with its circumstance. The entity is required to use an approach to climate-related scenario analysis that enables it to consider all reasonable and	AG15. An entity shall use an approach that is commensurate with its circumstance to perform climate-related scenario analysis in assessing its climate resilience. The entity is required to use an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort.	IFRS S2.B1	As discussed at March 2024 Board meeting, this section aligns disclosure requirements for an entity's own operations with IFRS S2

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<p>supportable information that is available to the entity at the reporting date without undue cost or effort. Paragraphs AG16B2–AG34B18 provide guidance on how an entity uses scenario analysis to assess the entity’s climate resilience. Specifically:</p> <p>(a) Paragraphs AG16B2–AG22B7 set out the factors the entity shall consider when assessing its circumstances;</p> <p>(b) Paragraphs AG24B8–AG31B15 set out the factors the entity shall consider when determining an appropriate approach to climate-related scenario analysis; and</p> <p>(c) Paragraphs AG32B16–AG34B18 set out additional factors for the entity to consider when determining its approach to climate-related scenario analysis over time.</p>	<p>Paragraphs AG16–AG35 provide guidance on how an entity uses scenario analysis to assess the entity’s climate resilience. Specifically:</p> <p>(a) Paragraphs AG16–AG23 set out the factors the entity shall consider when assessing its circumstances;</p> <p>(b) Paragraphs AG24–AG32 set out the factors the entity shall consider when determining an appropriate approach to climate-related scenario analysis; and</p> <p>(c) Paragraphs AG33–AG35 set out additional factors for the entity to consider when determining its approach to climate-related scenario analysis over time.</p>		
<p>Assessing the circumstances</p> <p>AG16. An entity shall use an approach to climate-related scenario analysis that is commensurate with its circumstances as at the time the entity carries out its climate-related scenario analysis (see paragraph AG17B3). To assess its circumstances the entity shall consider:</p> <p>(a) The entity’s exposure to climate-related risks and opportunities (see paragraphs AG18B4–AG19B5); and</p> <p>(b) The skills, capabilities and resources available to the entity for the climate-related scenario analysis (see paragraphs AG20B6–AG21B7).</p>	<p>Assessing the circumstances</p> <p>AG16. An entity shall use an approach to climate-related scenario analysis that is commensurate with its circumstances as at the time the entity carries out its climate-related scenario analysis (see paragraph AG17). To assess its circumstances the entity shall consider:</p> <p>(a) The entity’s exposure to climate-related risks and opportunities (see paragraphs AG18–AG19); and</p> <p>(b) The skills, capabilities and resources available to the entity for the climate-related scenario analysis (see paragraphs AG20–AG21).</p> <p>AG17. An entity shall assess its circumstances each time it carries out its climate-related scenario analysis. For</p>	IFRS S2.B3	

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<p>AG17. An entity shall assess its circumstances each time it carries out its climate-related scenario analysis. For example, an entity that carries out its climate-related scenario analysis every three years to align with its strategic planning cycle (see paragraph AG34B48) would be required to reconsider for this purpose its exposure to climate-related risks and opportunities and the skills, capabilities and resources available at that time.</p>	<p>example, an entity that carries out its climate-related scenario analysis every three years to align with its strategic planning cycle (see paragraph AG35) would be required to reconsider for this purpose its exposure to climate-related risks and opportunities and the skills, capabilities and resources available at that time.</p>		
<p>Exposure to climate-related risks and opportunities</p> <p>AG18. An entity shall consider its exposure to climate-related risks and opportunities in its assessment of its circumstances and when determining the approach to use for its climate-related scenario analysis. This consideration provides essential context for <u>determining what risks are included in the assessment, designing the scenario and analysis, and</u> understanding the potential benefits of using a particular approach to climate-related scenario analysis. For example, if an entity has a high degree of exposure to climate-related risk then a more quantitative or technically sophisticated approach to climate-related scenario analysis would be of greater benefit to the entity and <u>primary</u> users of general purpose financial reports. <u>Primary u</u>Users of general purpose financial reports would be less likely to benefit from quantitative or technically sophisticated climate-related scenario analysis if the entity is exposed to few or relatively less severe climate-related risks and opportunities. This means that—with all else being equal—the greater the entity’s exposure to climate-related risks or opportunities, the more likely it is the entity</p>	<p>Exposure to climate-related risks and opportunities</p> <p>AG18. An entity shall consider its exposure to climate-related risks and opportunities in its assessment of its circumstances and when determining the approach to use for its climate-related scenario analysis. This consideration provides essential context for determining what risks are included in the assessment, designing the scenario and analysis, and understanding the potential benefits of using a particular approach to climate-related scenario analysis. For example, if an entity has a high degree of exposure to climate-related risk then a more quantitative or technically sophisticated approach to climate-related scenario analysis would be of greater benefit to the entity and primary users of general purpose financial reports. Primary users of general purpose financial reports would be less likely to benefit from quantitative or technically sophisticated climate-related scenario analysis if the entity is exposed to few or relatively less severe climate-related risks and opportunities. This means that—with all else being equal—the greater the entity’s exposure to climate-related risks or opportunities, the more likely it is the entity would determine that a more technically</p>	IFRS S2.B4-B5	

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<p>would determine that a more technically sophisticated form of climate-related scenario analysis is required.</p> <p>AG19. This Standard requires an entity to identify the climate-related risks and opportunities to which it is exposed (see paragraph 12) and to disclose information about the process the entity uses to identify, assess, prioritize and monitor those risks and opportunities (see paragraph 2925). The information the entity discloses in accordance with <u>these</u> paragraphs 10 and 25 can inform the entity's consideration of its exposure to climate-related risks and opportunities</p>	<p>sophisticated form of climate-related scenario analysis is required.</p> <p>AG19. This Standard requires an entity to identify the climate-related risks and opportunities to which it is exposed (see paragraph 12) and to disclose information about the process the entity uses to identify, assess, prioritize and monitor those risks and opportunities (see paragraph 29). The information the entity discloses in accordance with these paragraphs can inform the entity's consideration of its exposure to climate-related risks and opportunities</p>		
<p><u>Skills, capabilities and resources available</u></p> <p>AG20. An entity shall consider the available skills, capabilities and resources when determining an appropriate approach to use for its climate-related scenario analysis. These skills, capabilities and resources might include both internal and external skills, capabilities and resources. The entity's available skills, capabilities and resources provide context to inform its consideration of the potential cost and level of effort required by a particular approach to climate-related scenario analysis. For example, if an entity has only just begun to explore the use of climate-related scenario analysis to assess its climate resilience, it might be unable to use a quantitative or technically sophisticated approach to climate-related scenario analysis without undue cost or effort. For the avoidance of doubt, if resources are available to the entity then it will be able to invest in obtaining or developing the necessary skills and capabilities.</p> <p>AG21. Climate-related scenario analysis can be resource intensive and might—through an iterative learning</p>	<p><u>Skills, capabilities and resources available</u></p> <p>AG20. An entity shall consider the available skills, capabilities and resources when determining an appropriate approach to use for its climate-related scenario analysis. These skills, capabilities and resources might include both internal and external skills, capabilities and resources. The entity's available skills, capabilities and resources provide context to inform its consideration of the potential cost and level of effort required by a particular approach to climate-related scenario analysis. For example, if an entity has only just begun to explore the use of climate-related scenario analysis to assess its climate resilience, it might be unable to use a quantitative or technically sophisticated approach to climate-related scenario analysis without undue cost or effort. For the avoidance of doubt, if resources are available to the entity then it will be able to invest in obtaining or developing the necessary skills and capabilities.</p> <p>AG21. Climate-related scenario analysis can be resource intensive and might—through an iterative learning</p>	IFRS S2.B6-B7	Clarify how entities may consider the applicability of climate-related scenario analysis performed by other entities, such as higher levels of government, to inform the entities climate resilience assessment.

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<p>process—be developed and refined over multiple planning cycles. As an entity repeats the climate-related scenario analysis, it is likely to develop skills and capabilities that will enable the entity to strengthen its approach to climate-related scenario analysis over time. For example, if an entity has not yet used climate-related scenario analysis or participates in <u>an industrya function of government</u> where climate-related scenario analysis is not commonly used, the entity might need more time to develop its skills and capabilities. In contrast, <u>an entity in an industry</u> where climate-related scenario analysis is <u>an established practice in its role or function of government, such as extractives and mineral processing— it</u> would be expected to have strengthened its skills and capabilities through its experience.</p> <p>AG22. <u>Where entities leverage climate-related scenario analysis performed by other public sector entities, such as higher levels of government,, the entity shall have a reasonable and supportable basis for using the other entity's analysis and disclose any additional entity-specific analysis performed. For example, a borough that is part of a larger city may determine that the scenario analysis performed by the city is relevant appropriate for analysis of its own climate resilience given the geography and similar climate-related risks and opportunities faced. However, the borough may be removed from the city's waterfront and therefore exclude considerations about rising water levels.</u></p>	<p>process—be developed and refined over multiple planning cycles. As an entity repeats the climate-related scenario analysis, it is likely to develop skills and capabilities that will enable the entity to strengthen its approach to climate-related scenario analysis over time. For example, if an entity has not yet used climate-related scenario analysis or participates in <u>a function of government</u> where climate-related scenario analysis is not commonly used, the entity might need more time to develop its skills and capabilities. In contrast, where climate-related scenario analysis is an established practice in <u>its role or function of government</u>, it would be expected to have strengthened skills and capabilities through its experience.</p> <p>AG22. Where entities leverage climate-related scenario analysis performed by other public sector entities, such as higher levels of government, the entity shall have a reasonable and supportable basis for using the other entity's analysis <u>and provide cross-reference to such analysis as well as</u> disclose any additional entity-specific analysis performed. For example, a borough that is part of a larger city may determine that the scenario analysis performed by the city is relevant appropriate for analysis of its own climate resilience given the geography and similar climate-related risks and opportunities faced. However, the borough may be removed from the city's waterfront and therefore exclude considerations about rising water levels.</p>		
	<p>AG23. An entity might have a different reporting period from some or all of the entities <u>in its value chain that it</u></p>	Based on IFRS S2.B19	Based on feedback from the Board and CTWG in May 2024 that many public sector entities may not perform their own climate-related

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	<p>leverages climate-related scenario analysis from. In some cases, climate-related scenario analysis may not be performed annually due to the available resources, skills and capabilities. Such a difference would mean that greenhouse gas emissions information from these entities in its value chain for the entity's reporting period might not be readily available for the entity to use for its own disclosure. In such circumstances, the entity is permitted to measure its greenhouse gas emissions in accordance with paragraph 32(a)(i) using information refer to climate-related scenario analysis for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the entity's reporting period, on the condition that:</p> <p>(a) The entity uses the most recent climate-related scenario analysis data available from these entities in its value chain without undue cost or effort to measure and disclose its greenhouse gas emissions;</p> <p>(b)(a) The length of the reporting periods is the s; and</p> <p>(c)(b) The entity discloses the effects of significant events and changes in circumstances (relevant to its greenhouse gas emissionsclimate-related scenario analysis) that occur between the reporting dates of the entities in its value chainclimate-related scenario analysis and the date of the entity's general purpose financial reports.</p>		scenario analysis or have significant operational freedoms, staff recommend adding application guidance in addition to AG22 to permit entities to refer to the most recent climate-related scenario analysis performed, and not require annual analysis but disclosure of any significant events and changes in circumstances that may effect that analysis.
Determining the appropriate approach	Determining the appropriate approach	IFRS S2.B8-B10	

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<p>AG24. An entity shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the entity's exposure to climate-related risks and opportunities (see paragraphs AG18B4–AG19B5) and its available skills, capabilities and resources (see paragraphs AG20B6–AG21B7). Making such a determination involves:</p> <p>(a) Selecting inputs to the climate-related scenario analysis (see paragraphs AG26B11–AG28B13); and</p> <p>(b) Making analytical choices about how to carry out the climate-related scenario analysis (see paragraphs AG29B14–AG30B15).</p> <p>AG25. Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. It also includes quantitative or qualitative information, and information that is obtained from an external source or owned or developed internally.</p> <p>AG26. An entity will need to use judgement to determine the mix of inputs and analytical choices that will enable the entity to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The degree of judgement that is required depends on the availability of detailed information. As the time horizon increases and the availability of detailed information decreases, the degree of judgement required increases.</p>	<p>AG23. An entity shall determine an approach to climate-related scenario analysis that enables it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The determination of the approach shall be informed by the assessments of the entity's exposure to climate-related risks and opportunities (see paragraphs AG18–AG19) and its available skills, capabilities and resources (see paragraphs AG20–AG21). Making such a determination involves:</p> <p>(a) Selecting inputs to the climate-related scenario analysis (see paragraphs AG27–AG29); and</p> <p>(b) Making analytical choices about how to carry out the climate-related scenario analysis (see paragraphs AG31–AG32).</p> <p>AG24. Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions. It also includes quantitative or qualitative information, and information that is obtained from an external source or owned or developed internally.</p> <p>AG25. An entity will need to use judgement to determine the mix of inputs and analytical choices that will enable the entity to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. The degree of judgement that is required depends on the availability of detailed information. As the time horizon increases and the availability of detailed information decreases, the degree of judgement required increases.</p>		

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<p>Selecting inputs</p> <p>AG27. When an entity selects the inputs to use in its climate-related scenario analysis, the entity shall consider all reasonable and supportable information—including scenarios, variables and other inputs—available to the entity at the reporting date without undue cost or effort. The inputs used in scenario analysis might include information that is qualitative or quantitative, and is obtained from an external source or developed internally. For example, publicly available climate-related scenarios—from authoritative sources—that describe future trends and a range of pathways to plausible outcomes are considered to be available to the entity without undue cost or effort.</p> <p>AG28. When selecting scenarios, variables and other inputs to use in climate-related scenario analysis, an entity might, for example, use one or more climate-related scenarios—including international and regional scenarios—that are publicly or freely available from authoritative sources <u>or performed by senior levels of government</u>. The entity shall have a reasonable and supportable basis for using a particular scenario or set of scenarios <u>and—For example, an entity shall consider the applicability of climate-related scenarios performed by other public sector entities to the entity's own circumstances, with operations concentrated in a jurisdiction where emissions are regulated—or are likely to be regulated in the future—might determine that it is appropriate to carry out its analysis using a scenario consistent with an orderly transition to a lower carbon economy or consistent with</u></p>	<p>Selecting inputs</p> <p>AG26. When an entity selects the inputs to use in its climate-related scenario analysis, the entity shall consider all reasonable and supportable information—including scenarios, variables and other inputs—available to the entity at the reporting date without undue cost or effort. The inputs used in scenario analysis might include information that is qualitative or quantitative, and is obtained from an external source or developed internally. For example, publicly available climate-related scenarios—from authoritative sources—that describe future trends and a range of pathways to plausible outcomes are considered to be available to the entity without undue cost or effort.</p> <p>AG27. When selecting scenarios, variables and other inputs to use in climate-related scenario analysis, an entity might, for example, use one or more climate-related scenarios—including international and regional scenarios—that are publicly or freely available from authoritative sources <u>or performed by senior levels of government</u>. The entity shall have a reasonable and supportable basis for using a particular scenario or set of scenarios and shall consider the applicability of climate-related scenarios performed by other public sector entities to the entity's own circumstances.</p> <p>AG28. In considering whether the selected inputs are reasonable and supportable, an entity shall consider the objective of paragraph 22, which requires the entity to disclose information that enables primary users of</p>	IFRS S2.B11-B13	

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<p>relevant jurisdictional commitments to the latest international agreement on climate change. Elsewhere, for example, an entity with heightened exposure to physical climate-related risks might determine that it is appropriate to carry out its analysis using a localized climate-related scenario that takes into account current policies.</p> <p>AG29. In considering whether the selected inputs are reasonable and supportable, an entity shall consider the objective of paragraph 22, which requires the entity to disclose information that enables <u>primary</u> users of general purpose financial reports to understand the resilience of the entity's strategy and <u>operationalbusiness</u> model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. This means that the inputs to the entity's climate-related scenario analysis shall be relevant to the entity's circumstances, for example, to the particular activities the entity undertakes and the geographical location of those activities.</p>	<p>general purpose financial reports to understand the resilience of the entity's strategy and operational model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. This means that the inputs to the entity's climate-related scenario analysis shall be relevant to the entity's circumstances, for example, to the particular activities the entity undertakes and the geographical location of those activities.</p>		
<p>AG30.</p>	<p>AG29. <u>For some analyses, such as current and anticipated financial effects and climate-related scenario analyses, an entity may be required to provide or determine inputs based on forward looking information. In the public sector, some of these may include policy assumptions.</u></p> <p>AG30. <u>Projections are likely to most useful when based on current policy assumptions as opposed to future policy unless (a) there is a conflict between current policy and legal obligations and (b) where a policy has “sunset provisions”.</u></p>	<p><u>Based on RPG 1</u></p>	<p><u>Added based on Board feedback from March 2024 to consider RPG1 and the implications of scenario analysis when a public sector entity has limited operational freedom</u></p>

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<p>Making analytical choices</p> <p>AG31-AG30. An entity’s resilience assessment will be informed not only by the individual inputs to its climate-related scenario analysis, but also by the information it develops in combining those inputs to carry out the analysis. The entity shall prioritize the analytical choices (for example, whether to use qualitative analysis or quantitative modelling) that will enable it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. For example, if an entity is able— without undue cost or effort—to incorporate multiple carbon price pathways associated with a given outcome (for example, a 1.5 degree Celsius outcome), this analysis is likely to strengthen the entity’s resilience assessment, assuming such an approach is warranted by the entity’s risk exposure.</p> <p>AG32-AG31. Quantitative information will often enable an entity to carry out a more robust assessment of its climate resilience. However, qualitative information (including scenario narratives), either alone or combined with quantitative data, can also provide a reasonable and supportable basis for the entity’s resilience assessment.</p>	<p>Making analytical choices</p> <p>AG31. An entity’s resilience assessment will be informed not only by the individual inputs to its climate-related scenario analysis, but also by the information it develops in combining those inputs to carry out the analysis. The entity shall prioritize the analytical choices (for example, whether to use qualitative analysis or quantitative modelling) that will enable it to consider all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort. For example, if an entity is able— without undue cost or effort—to incorporate multiple carbon price pathways associated with a given outcome (for example, a 1.5 degree Celsius outcome), this analysis is likely to strengthen the entity’s resilience assessment, assuming such an approach is warranted by the entity’s risk exposure.</p> <p>AG32. Quantitative information will often enable an entity to carry out a more robust assessment of its climate resilience. However, qualitative information (including scenario narratives), either alone or combined with quantitative data, can also provide a reasonable and supportable basis for the entity’s resilience</p>	<p>IFRS S2.B14-B15</p>	
<p>Additional considerations</p> <p>AG33-AG32. Climate-related scenario analysis is an evolving practice and, therefore, the approach that an entity uses is likely to change over time. As described in paragraphs AG16B2–AG22B7, the entity shall determine its approach to climate-related scenario analysis based on its particular circumstances, including the entity’s</p>	<p>Additional considerations</p> <p>AG33. Climate-related scenario analysis is an evolving practice and, therefore, the approach that an entity uses is likely to change over time. As described in paragraphs AG16–AG22, the entity shall determine its approach to climate-related scenario analysis based on its particular circumstances, including the entity’s exposure to climate-</p>	<p>IFRS S2.B16-B18</p>	

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<p>exposure to climate-related risks and opportunities and the skills, capabilities and resources available for the scenario analysis. Those circumstances are also likely to change over time. Therefore, the entity's approach to climate-related scenario analysis need not be the same from one reporting period or strategic planning cycle to the next (see paragraph B48).</p> <p>AG34-AG33. An entity might use a simpler approach to climate-related scenario analysis, such as qualitative scenario narratives, if such an approach is appropriate to the entity's circumstances. For example, if an entity does not currently have the skills, capabilities or resources to carry out quantitative climate-related scenario analysis but has a high degree of exposure to climate-related risk, the entity might initially use a simpler approach to climate-related scenario analysis, but would build its capabilities through experience and, therefore, would apply a more advanced quantitative approach to climate-related scenario analysis over time. An entity with a high degree of exposure to climate-related risks and opportunities, and with access to the necessary skills, capabilities or resources, is required to apply a more advanced quantitative approach to climate-related scenario analysis.</p> <p>AG35-AG34. Although paragraph 2222 requires an entity to disclose information about its climate resilience at each reporting date, the entity might carry out its climate-related scenario analysis in line with its strategic planning cycle, including a multi-year strategic planning cycle (for example, every three to five years). Therefore, in some reporting periods the entity's disclosures in accordance with paragraph 22(b)22(b) could remain unchanged from</p>	<p>related risks and opportunities and the skills, capabilities and resources available for the scenario analysis. Those circumstances are also likely to change over time. Therefore, the entity's approach to climate-related scenario analysis need not be the same from one reporting period or strategic planning cycle to the next (see paragraph AG35).</p> <p>AG34. An entity might use a simpler approach to climate-related scenario analysis, such as qualitative scenario narratives, if such an approach is appropriate to the entity's circumstances. For example, if an entity does not currently have the skills, capabilities or resources to carry out quantitative climate-related scenario analysis but has a high degree of exposure to climate-related risk, the entity might initially use a simpler approach to climate-related scenario analysis, but would build its capabilities through experience and, therefore, would apply a more advanced quantitative approach to climate-related scenario analysis over time. An entity with a high degree of exposure to climate-related risks and opportunities, and with access to the necessary skills, capabilities or resources, is required to apply a more advanced quantitative approach to climate-related scenario analysis.</p> <p>AG35. Although paragraph 22 requires an entity to disclose information about its climate resilience at each reporting date, the entity might carry out its climate-related scenario analysis in line with its strategic planning cycle, including a multi-year strategic planning cycle (for example, every three to five years). Therefore, in some reporting periods the entity's disclosures in accordance with paragraph 22(b) could remain unchanged from the</p>		

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the previous reporting period if the entity does not conduct a scenario analysis annually. The entity shall—at a minimum—update its climate-related scenario analysis in line with its strategic planning cycle. However, an assessment of the entity’s resilience is required to be carried out annually to reflect updated insight into the implications of climate uncertainty for the entity’s <u>business-operational</u> model and strategy. As such, an entity’s disclosure in accordance with paragraph 22(a) 22(a) —that is, the results of the entity’s resilience assessment—shall be updated at each reporting period.	previous reporting period if the entity does not conduct a scenario analysis annually. The entity shall—at a minimum—update its climate-related scenario analysis in line with its strategic planning cycle. However, an assessment of the entity’s resilience is required to be carried out annually to reflect updated insight into the implications of climate uncertainty for the entity’s operational model and strategy. As such, an entity’s disclosure in accordance with paragraph 22(a)—that is, the results of the entity’s resilience assessment—shall be updated at each reporting period.		
Strategy for climate-related policy activities (see paragraph 24)	Strategy for climate-related policy activities (see paragraph 24 24)		
<p>AG36-AG35. Public sector policy activities may include the following:</p> <ul style="list-style-type: none"> (a) Regulations and standards; such as any that specify abatement technologies (technology standard) or minimum requirements for energy consumption, pollution output, or other activities (performance standard), and typically include penalties for noncompliance; (b) Taxes and charges, such as levy imposed on each unit of activity by a source, such as a fuel tax, carbon tax, traffic congestion charge, or import or export tax; (c) Subsidies and incentives such as Direct payments, tax reductions, price supports or the equivalent thereof from a public sector entity to another entity for implementing a practice or performing a specified action; 	<p>AG36. Public sector policy activities may include the following:</p> <ul style="list-style-type: none"> (a) Regulations and standards; such as any that specify abatement technologies (technology standard) or minimum requirements for energy consumption, pollution output, or other activities (performance standard), and typically include penalties for noncompliance; (b) Taxes and charges, such as levy imposed on each unit of activity by a source, such as a fuel tax, carbon tax, traffic congestion charge, or import or export tax; (c) Subsidies and incentives such as direct payments, tax reductions, price supports or the equivalent thereof from a public sector entity to another entity for implementing a practice or performing a specified action; 		<p>Drafting reflects comments made in December 2023 breakout group discussions and the need for policy-related guidance</p> <p>Examples of policy activities based on GHG Protocol Policy and Action Standard. Staff recommend to align with this standard in the definition and examples of policies as it is aligned with IPCC and also may assist in an entity’s use of the standard for reporting on policy-related metrics.</p>

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<p>(d) Emissions trading programs, or emissions trading systems (ETS) or cap-and-trade programs are programs that establish a limit on aggregate emissions from specified sources, requires sources to hold permits, allowances, or other units equal to their actual emissions, and allows permits to be traded among sources;</p> <p>(e) Voluntary agreements or measures may be an agreement, commitment, or measure undertaken voluntarily by public or private sector actors, either unilaterally or jointly in a negotiated agreement. Some voluntary agreements include rewards or penalties associated with participating in the agreement or achieving the commitments;</p> <p>(f) Information instruments which are requirements for public disclosure of information, such as labeling programs, emissions reporting programs, rating and certification systems, benchmarking, and information or education campaigns aimed at changing behavior by increasing awareness.;</p> <p>(g) Research, development and deployment policies are those aimed at supporting technological advancement, through direct government funding or investment, or facilitation of investment, in technology research, development, demonstration, and deployment activities.</p> <p>(h) Public procurement policies are those requiring that specific attributes (such as GHG emissions) be considered as part of the public procurement processes;</p>	<p>(d) Emissions trading programs, or emissions trading systems (ETS) or cap-and-trade programs are programs that establish a limit on aggregate emissions from specified sources, requires sources to hold permits, allowances, or other units equal to their actual emissions, and allows permits to be traded among sources;</p> <p>(e) Voluntary agreements or measures may be an agreement, commitment, or measure undertaken voluntarily by public or private sector actors, either unilaterally or jointly in a negotiated agreement. Some voluntary agreements include rewards or penalties associated with participating in the agreement or achieving the commitments;</p> <p>(f) Information instruments which are requirements for public disclosure of information, such as labeling programs, emissions reporting programs, rating and certification systems, benchmarking, and information or education campaigns aimed at changing behavior by increasing awareness.;</p> <p>(g) Research, development and deployment policies are those aimed at supporting technological advancement, through direct government funding or investment, or facilitation of investment, in technology research, development, demonstration, and deployment activities.</p> <p>(h) Public procurement policies are those requiring that specific attributes (such as GHG emissions) be considered as part of the public procurement processes;</p>		

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<p>(i) Infrastructure programs are those that provide (or grant an entity permit for) infrastructure, such as roads, water, urban services, and high speed rail;</p> <p>(j) Implementation of new technologies, processes, or practices, such as those that reduce emissions compared to existing technologies, processes, or practices at a broad scale; and</p> <p>(k) Financing and investment such as public or private sector grants or loans for supporting development strategies.</p>	<p>(i) Infrastructure programs are those that provide (or grant an entity permit for) infrastructure, such as roads, water, urban services, and high speed rail;</p> <p>(j) Implementation of new technologies, processes, or practices, such as those that reduce emissions compared to existing technologies, processes, or practices at a broad scale; and</p> <p>(k) Financing and investment such as public or private sector grants or loans for supporting development strategies.</p>		
<p>AG37-AG36. Public sector policy activities may influence the activities and behaviors of other public sector entities, private sector entities and/or individuals. Given the breadth of stakeholders impacted by an entities climate-related policies, the entity considers many factors in its decisions to set policies, including, for example:</p> <p>(a) Its mandate to achieve certain outcomes such as maintaining financial stability of the economy may be considered when assessing the policies around carbon taxes;</p> <p>(b) The climate-related risks and opportunities for the entities and/or individuals within its mandate such as how increased frequency and severity of flooding may influence review and revisions to zoning and land use policies; and</p> <p>(c) Outcomes such as how policies to transition from fossil fuel production to renewable energy production may impact the local economy as well as workforce will influence policy decisions.</p>	<p>AG37. <u>Paragraph 24(c)24(e) requires disclosure about an entity's decision-making process and factors in determining its strategy for climate-related policy activities.</u> Public sector policy activities may influence the activities and behaviors of other public sector entities, private sector entities and/or individuals. Given the breadth of stakeholders impacted by an entities climate-related policies, the entity considers many factors in its decisions to set policies, including, for example:</p> <p>(a) Its mandate to achieve certain outcomes such as maintaining financial stability of the economy may be considered when assessing the policies around carbon taxes;</p> <p>(b) The climate-related risks and opportunities for the entities and/or individuals within its mandate such as how increased frequency and severity of flooding may influence review and revisions to zoning and land use policies; and</p> <p><u>(c) The potential trade-offs between different Outcomes such as how weighing the short,</u></p>		

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	<p><u>medium and long term costs and benefits from a climate-related policy</u>ies to transition from fossil fuel production to renewable energy production <u>to reduce GHG emissions but</u> may <u>also</u> impact the local economy as well as workforce will influence policy decisions (see paragraphs AG36-AG37); and</p> <p>(c)(d) <u>An internal carbon price used for project appraisals or policy design (see paragraph AG38).</u></p>		
<p>AG38-AG37. An entity's outcomes could be impacts affecting society as a whole or impacts on particular groups or institutions within society or impacts on the economy and environment. Outcomes could be relatively direct impacts on recipients of the entity's services. They could also be impacts on others that are not recipients of the entity's services but who benefit indirectly from those services.</p> <p>AG39-AG38. There may be strong, direct causal links between an entity's climate-related policy activities and its outcomes, but this may not always be the case. For example,</p> <p>(a) A climate-related program to build rain gardens reduces flooding instances for residences and small businesses, and also indirectly supports the economy by minimizing spending on flood repairs as well as reduces health risks as a result of flooding; or</p> <p>(b) A policy to introduce carbon tax may reduce GHG emissions by influencing individuals and industrial</p>	<p>AG38. An entity's <u>planned</u> outcomes <u>from climate-related policy activities</u> could be impacts<u>directly</u> affecting society as a whole or impacts on<u>affect</u> particular groups or institutions within society or impacts on<u>affect</u> the economy and environment. Outcomes <u>from climate-related policy activities</u> could be relatively direct impacts on recipients of the entity's services. They could also be <u>positive or negative</u> impacts on others that are not recipients of the entity's services but who benefit are indirectly <u>affected by</u>from those services.</p> <p>AG39. There may be strong, direct causal links between an entity's climate-related policy activities and its outcomes, but this may not always be the case. For example,</p> <p>(a) A climate-related program to build rain gardens <u>is intended to</u> reduces flooding instances for residences and small businesses, and<u>while</u> also indirectly support<u>ings</u> the economy by minimizing spending on flood repairs as well as reduces health risks as a result of flooding; or</p> <p>(b) A policy to introduce carbon tax may reduce GHG emissions by influencing individuals and industrial</p>	Based on RPG 3	

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behaviors, and may also indirectly effect inflation and the economy.	behaviors, and <u>although it</u> may also indirectly effect inflation and the economy.		
	AG40. Public sector entities may use an internal carbon price as a tool for project appraisals and policy design in consideration of greenhouse gas emissions, such as carbon dioxide and methane. Paragraph 24(c) requires disclosure about description of how the internal carbon price is determined. This may be information to enable users to understand the methodology to determine the internal carbon price used for decision-making such as the approach used (e.g. estimates of a social cost or shadow price of carbon), inputs and assumptions used to determine the internal carbon price.		Added to provide public sector context and examples for use of internal carbon pricing in policy activities.
Current and anticipated financial effects of climate-related policy activities (paragraph 25)	Current and anticipated financial effects of climate-related policy activities (paragraph 25 <u>25</u>)		
<p>AG40-AG39. Paragraph 25(a) requires the entity to disclose information about the current and anticipated effects of its climate-related policy activities on its own financial position, financial performance and cash flows. For example, the anticipated increase in tax revenues from carbon taxes, increased debt from costs of climate policies or impairment of abandoned assets. This may include disclosure of how these current and anticipated financial effects link to an entity's public budget reports.</p> <p>AG41-AG40. An entity's climate-related policy activities as disclosed in paragraph 24 may result in costs to entities and individuals affected by those policies.. For example, senior levels of government consider the anticipated financial effects of its policies across all sectors of the economy, including:</p>	<p>AG41. Paragraph 25(a) <u>25(a)</u> requires the entity to disclose information about the current and anticipated effects of its climate-related policy activities on its own financial position, financial performance and cash flows. For example, the anticipated increase in tax revenues from carbon taxes, increased debt <u>and expenses</u> from costs of climate policies or impairment of abandoned assets. This may include disclosure of how these current and anticipated financial effects link to an entity's public budget reports.</p> <p>AG42. An entity's climate-related policy activities as disclosed in paragraph 24 <u>24</u> may result in costs to entities and individuals affected by those policies <u>as well as on the costs of its own operations</u>. For example, senior levels of government <u>will need to</u> consider the anticipated financial</p>		Drafting based on December 2023 breakout group discussions

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<p>(a) Other public sector entities such as lower levels of government's financial needs for implementing climate change policies;</p> <p>(b) Other public sector entities', private sector entities' and/or individuals' financial needs for climate adaptation to build or repair infrastructure or homes in response to climate-related physical risks such as increasing frequency and severity of weather events; or</p> <p>(c) Individuals' financial needs to insure against increasing frequency and severity of weather events where private corporations may reduce insurance coverage.</p> <p>AG42-AG41. Entities shall disclose estimated amounts relating to these policy activities that are funded or unfunded and which entities provide or are responsible for providing such funding to entities and individuals affected by the policies.</p>	<p>effects of its policies across all sectors of the economy, including:</p> <p>(a) Other public sector entities such as lower levels of government's financial needs for implementing climate change policies;</p> <p>(b) Other public sector entities', private sector entities' and/or individuals' financial needs for climate adaptation to build or repair infrastructure or homes in response to climate-related physical risks such as increasing frequency and severity of weather events; or</p> <p>(c) Individuals' financial needs<u>The need for individuals</u> to insure against increasing frequency and severity of weather events where private corporations may reduce insurance coverage, <u>and the public sector must fulfil the role of guarantor of last resort.</u></p> <p>AG43. Entities shall disclose estimated amounts relating to these <u>climate-related</u> policy activities that whether they are funded or unfunded and which entities provide or are responsible for providing such funding to entities and individuals affected by the policies.</p>		
Climate resilience informed policy activities (paragraphs 26-27)	Climate resilience informed policy activities (paragraphs 26-27 <u>26-27</u>)		
<p>AG43-AG42. Climate-related scenario analysis may be relevant to an entity's policy activities for assessing, for example:</p> <p>(a) Risks to other entities or individuals that the entity sets policies for including risks as a result of</p>	<p>AG44. Climate-related scenario analysis may be relevant to an entity's policy activities for assessing, for example:</p> <p>(a) Risks to other entities or individuals that the entity sets policies for including risks as a result of climate change such as climate-related physical risks or as a result of climate-related policies;</p>		<p>Propose providing guidance on:</p> <ul style="list-style-type: none"> - Examples of the types of risks that climate-related scenario analysis can inform policy activities (from NGFS guide to climate scenario analysis) and - Clarify how S2 guidance for climate-related scenario analysis may differ for public sector policy setters

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<p>climate change such as climate-related physical risks or as a result of climate-related policies;</p> <p>(b) System-wide risks and macroeconomic impacts of climate change and/or policies such as potential inflation resulting from climate-related policies, or potential financial effects to a government as guarantor or lender of last resort resulting multiple policy pathways.</p> <p>AG44.AG43. Paragraphs AG15-AG33 apply for climate-related scenario analysis for policy activities, however:</p> <p>(a) With regards to an entity’s exposure to climate-related risks and opportunities (paragraph AG18), the entity would consider this from the perspective of the climate-related risks and opportunities, not only to itself, but to those entities and individuals within the scope of its mandate and the climate-related risks to achieving its policy mandate;</p> <p>(b) With regards to an entity’s circumstances (paragraph AG20), generally, entities that set climate-related policies for other entities will be in higher levels of government and are expected to have more skills, capabilities and resources available for climate-related scenario analysis than administrative or executive functions of government.</p>	<p>(b) System-wide risks and macroeconomic impacts of climate change and/or policies such as potential inflation resulting from climate-related policies, or potential financial effects to a government as guarantor or lender of last resort resulting multiple policy pathways.</p> <p>AG45. Paragraphs AG15-AG33 apply for climate-related scenario analysis for <u>climate-related</u> policy activities, however:</p> <p>(a) With regards to an entity’s exposure to climate-related risks and opportunities (paragraph AG18), the entity would consider this from the perspective of the climate-related risks and opportunities, not only to itself, but to those entities and individuals within the <u>intended</u> scope of its mandate-climate-related policy activities and the climate-related risks to achieving its policy mandate<u>the intended outcomes</u>;</p> <p>(b) With regards to an entity’s circumstances (paragraph AG20), generally, <u>scenario analyses could often be performed more cost-effectively for a group of entities as part of the arrangements for developing and monitoring that set</u> climate-related policies, <u>including assessing the likely effects of implementing a planned policy activity by-for</u> other entities will be in higher levels of government and are expected to have more skills, capabilities and resources available for climate-related scenario analysis than administrative or executive functions of government.</p>		

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Risk, Opportunities and Outcome Management (see paragraphs 28-30)			
<p>Risk Management relating to an Entity’s Own Operations</p> <p>AG45-AG44. In addition to internal risk management, entities may look to external risk frameworks or leverage processes from other entities. For example, a national risk register performed by senior levels of government may inform risk management of lower levels of governments. In such cases, entities might in turn make reference to analyses performed by policy setters, although in doing so they would need to consider additional factors to reflect its own circumstances as well.</p> <p>Outcome Management relating to an Entity’s Climate-related Policy Activities</p> <p>AG46-AG45. Where an entity has policy activities, entities also identify, assess, prioritize and manage:</p> <p class="list-item-l1">(a) The climate-related risks to the entities/individuals within the entity’s scope of responsibilities, as disclosed per paragraph 24(a). For example, a public sector entity that sets policies related to insurance or infrastructure would monitor and manage the effects of climate change and the effects of its policies to areas that may be increasingly at risk of being deemed to be uninsurable by insurance agencies due to increasing severity and frequency of storms and floods; or</p> <p class="list-item-l1">(b) The outcomes that may result from its climate-related policy activities. For example, a public sector entity that sets policies to transition from non-renewable to renewable energy would</p>	<p>Risk Management relating to an Entity’s Own Operations</p> <p>AG46. In addition to internal risk management, entities may look to external risk frameworks or leverage processes from other entities. For example, a national risk register performed-developed by a senior levels of government may inform risk management ofby entities at lower levels of governments. In such cases, entities might in turn make reference to analyses performed by policy setters, although in doing so they would need to consider additional factors to reflect itstheir own circumstances as well.</p> <p>Outcome Management relating to an Entity’s Climate-related Policy Activities</p> <p>AG47. Where an entity has <u>climate-related</u> policy activities, entities also identify, assess, prioritize and manage:</p> <p class="list-item-l1">(a) The climate-related risks to the entities/individuals within the entity’s scope of responsibilities, as disclosed per paragraph 24(a). For example, a public sector entity that sets policies related to insurance or infrastructure would monitor and manage the effects of climate change and the effects of its policies toin areas that may be increasingly at risk of being deemed to be uninsurable by insurance agencies due to increasing severity and frequency of storms and floods; or</p> <p class="list-item-l1">(b) The outcomes that may result from its climate-related policy activities. For example, a public sector entity that sets policies to transition from</p>		<p>Drafting based on Dec 2023 breakout group discussions and principles presented in March 2024 including guidance to:</p> <ul style="list-style-type: none">- <u>Provide guidance on how national risk registers may inform the risk management processes of public sector entities.</u>- <u>Propose additional guidance and examples on a policy setter’s risk and outcome management</u>

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manage and monitor the achievement of the policy activities' intended outcomes such as reduction to greenhouse gases, and also manage other outcomes such as the impact on the economy and workforce in the jurisdiction.	non-renewable to renewable energy would manage and monitor the achievement of the policy activities' intended outcomes such as reduction to greenhouse gases, and also manage other <u>intended</u> outcomes such as the impact on the economy and workforce in the jurisdiction <u>where appropriate</u> .		
Metrics and Targets (see paragraphs 32-43)			
	Greenhouse gas emissions		
	<p>Permission to use information from a reporting period that is different from the entity's reporting period, in specific circumstances</p> <p>AG48. An entity might have a different reporting period from some or all of the entities in its value chain. Such a difference would mean that greenhouse gas emissions information from these entities in its value chain for the entity's reporting period might not be readily available for the entity to use for its own disclosure. In such circumstances, the entity is permitted to measure its greenhouse gas emissions in accordance with paragraph 33(a)(i) using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the entity's reporting period, on the condition that:</p> <p>(a) The entity uses the most recent data available from those entities in its value chain without undue cost or effort to measure and disclose its greenhouse gas emissions;</p>	IFRS S2.B19-B29	Staff recommend allowing methodologies other than the GHG Protocol Corporate Standard. Accordingly track changes reflect this to remove requirements to use GHG Protocol Corporate Standard and requires disclosures about the alternative methodology used.

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	<p>(b) The length of the reporting periods is the same; and</p> <p>(c) The entity discloses the effects of significant events and changes in circumstances (relevant to its greenhouse gas emissions) that occur between the reporting dates of the entities in its value chain and the date of the entity's general purpose financial reports.</p> <p>Aggregation of greenhouse gases into CO₂ equivalent using global warming potential values</p> <p>AG49. Paragraph 33(a) requires an entity to disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes<u>tons</u> of CO₂ equivalent. To meet this requirement, the entity shall aggregate the seven constituent greenhouse gases into CO₂ equivalent values.</p> <p>AG50. If an entity uses direct measurement to measure its greenhouse gas emissions, the entity is required<u>may</u> to convert the seven constituent greenhouse gases into a CO₂ equivalent value using global warming potential values based on a 100-year time horizon, from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date. <u>If another methodology is used, the entity shall describe its measurement approach.</u></p> <p>AG51. If an entity uses emission factors to estimate its greenhouse gas emissions, the entity shall use—as its basis for measuring its greenhouse gas emissions—the emission factors that best represent the entity's activity (see paragraph AG57). If these emission factors have</p>		

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	<p>already converted the constituent gases into CO₂ equivalent values, the entity is not required to recalculate the emission factors using global warming potential values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date. However, if an entity uses emission factors that are not converted into CO₂ equivalent values, then the entity shall <u>may</u> use the global warming potential values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change assessment available at the reporting date. <u>If another methodology is used, the entity shall describe its measurement approach.</u></p> <p>AG52. Paragraph 29(a)(ii) requires an entity to disclose its greenhouse gas emissions measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). For the avoidance of doubt, an entity shall apply the requirements in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) only to the extent that they do not conflict with the requirements in this Standard. For example, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) does not require an entity to disclose its Scope 3 greenhouse gas emissions, however, the entity is required to disclose Scope 3 greenhouse gas emissions in accordance with paragraph 29(a).</p> <p>AG53-AG51. An entity is required to use the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless the entity is, or other methodology as required by a jurisdictional authority or an exchange on which it is listed to use a different method</p>		

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	<p>for measuring its greenhouse gas emissions. If the entity is required by a jurisdictional authority or an exchange on which it is listed to use a different method for measuring its greenhouse gas emissions, the entity is permitted to use this method rather than using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) for as long as the jurisdictional or exchange requirement applies to the entity.</p> <p>AG54. In some circumstances, an entity might be subject to a requirement in the jurisdiction in which it operates to disclose its greenhouse gas emissions for a specific part of the entity or for some of its greenhouse gas emissions (for example, only for Scope 1 and Scope 2 greenhouse gas emissions). In such circumstances, the jurisdictional requirement does not exempt the entity from applying the requirements in this Standard to disclose the entity's Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for the entity as a whole.</p> <p>Methodology, measurement approach, inputs and assumptions</p> <p>AG55-AG52. Paragraph 29(a)(iii)33 requires an entity to disclose the methodology, measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions. As part of this requirement, the entity shall include information about:</p> <p>(a) the measurement approach the entity uses in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (see paragraph B27);</p> <p>(a) Applicable method if the entity is not using the Greenhouse Gas Protocol: A Corporate Accounting</p>		

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	<p>and Reporting Standard (2004) (see paragraph AG51-AG55); and</p> <p>(b) The measurement approach the entity uses (see paragraph B28AG56); and</p> <p>(c) Emission factors the entity uses (see paragraph B29AG57).</p> <p><u>Greenhouse Gas Accounting Methodologies</u></p> <p>AG56-AG53. There is a rebuttable presumption that entities will use the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). In some circumstances, an entity may determine that a different method of measuring its greenhouse gas emissions is more appropriate for its circumstances to meet the needs of its primary users or is required by a jurisdictional authority.</p> <p>AG54. In such cases, an <u>The entity shall disclose:</u></p> <p>(a) The applicable methodology used;</p> <p>(b) The reason, or reasons, for the entity's choice of methodology;</p> <p>(c) The reporting boundaries, as there is significant scope for judgement in determining boundaries and which emissions are included, therefore entities should explain these decisions clearly; and</p> <p>(a)(d) <u>how that approach relates to the disclosure objective in paragraph 33.</u></p>		
	<p>AG57-AG55. For the avoidance of doubt, an entity shall apply the requirements in <u>methodologies such as</u> the Greenhouse Gas Protocol: A Corporate Accounting and</p>	Based on IFRS S2.B23	

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	Reporting Standard (2004) only to the extent that they do not conflict with the requirements in this (draft) Standard. For example, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) does not require an entity to disclose its Scope 3 greenhouse gas emissions, however, the entity is required to disclose Scope 3 greenhouse gas emissions in accordance with paragraph 33(a)(i)c.		
	AG58-AG56. Where entities use a methodology other than the GHG Protocol Corporate Accounting and Reporting Standard (2004), entities shall disclose its Scope 1, 2 and 3 aligned with the definitions in paragraph 6 which are based on the GHG Protocol Corporate Accounting and Reporting Standard (2004). To the extent these definitions differ from the applicable methodology, the entity shall provide a reconciliation.		Since entities are not required to use GHG Protocol Corporate Standard, staff recommend requiring disclosures to understand what an entity includes as scope 1, 2, and 3.
	AG59-AG57. An entity with a primary focus on policy activities may also generate Scope 1, 2 and 3 GHG emissions related to its own operations where it undertakes policy activities. For example, an energy agency that regulates the energy sector within a jurisdiction would disclose emissions from both own operations (e.g. consumed energy from its office premises,) and climate-related policy activities (e.g. consumed energy from employees involved in setting regulations).		Staff recommend providing additional application guidance for entities that undertakes policy-related activities to provide clarification on emissions that fall under the scope of own operations.
	Measurement approach set out in the Greenhouse Gas Protocol AG60-AG58. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) includes An entity might use different measurement approaches that	Based on IFRS S2.B28 Greenhouse Gas Protocol: A Corporate Accounting	Staff recommend including guidance on consolidation and Scope 2 approach. As IFRS S2 prescribes a location-based approach for Scope 2, staff recommended including other in

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	<p>an entity might use when measuring its greenhouse gas emissions. In disclosing information in accordance with paragraph 33(a)(iii), the entity is required to disclose information about the measurement approach it uses. For example, when the entity discloses its greenhouse gas emissions measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), the entity is required to use the equity share or control approach. Specifically, the entity shall disclose:</p> <p class="list-item-l1">(a) The approach it uses to determine its greenhouse gas emissions, <u>such as including:</u></p> <p class="list-item-l2">— The approach to consolidation of greenhouse gas emissions, such as whether the entity uses <u>the operational control approach,</u></p> <p class="list-item-l2">(i) The financial control approach or the equity share approach;</p> <p class="list-item-l2">(ii) The approach to measure Scope 2 greenhouse gas emissions, such as whether the entity uses the <u>location-based or market-based approach;</u> and</p> <p class="list-item-l1">(a) The equity share approach (for example, the equity share or control approach in the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)); and</p> <p class="list-item-l1">(b) The reason, or reasons, for the entity's choice of measurement approach and how that approach relates to the disclosure objective in paragraph 27.</p>	<p>and Reporting Standard (2004)</p> <p>GHG Protocol Scope 2 Guidance</p>	<p>line with the GHG Protocol Scope 2 Guidance and the non-prescriptive approach of the SRS.</p>
	Emission factors	IFRS S2.B29	

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	<p>AG61-AG59. As part of an entity's disclosure of the measurement approach, inputs and assumptions, the entity shall disclose information to enable users of general purpose financial reports to understand which emission factors the entity uses in its measurement of its greenhouse gas emissions. This <u>(draft)</u> Standard does not specify emission factors an entity is required to use in its measurement of its greenhouse gas emissions. Instead, this <u>(draft)</u> Standard requires an entity to use emission factors that best represent the entity's activity as its basis for measuring its greenhouse gas emissions.</p>		
	Scope 2 greenhouse gas emissions	IFRS S2.B30-B31	
	<p>AG62-AG60. Paragraph 33(a)(v) requires an entity to disclose its location-based <u>or market-based</u> Scope 2 greenhouse gas emissions. <u>A location-based method reflects the average emissions intensity of grids on which energy consumption occurs. A market-based method reflects emissions from electricity that companies have purposefully chosen, and derives emission factors from contractual instruments and is required to provide information about contractual instruments only if such instruments exist and information about them informs users' understanding of an entity's Scope 2 greenhouse gas emissions.</u></p> <p>AG63-AG61. Contractual instruments are any type of contract between an entity and another party for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims (unbundled energy attribute claims relate to the</p>	<p><u>GHG Protocol: Corporate Accounting and Reporting Standard - Scope 2 Guidance</u></p>	Staff recommend a non-prescriptive approach and allowing methodologies other than the location-based method for Scope 2 GHG emissions, which was the prescribed approach in IFRS S2.

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	sale and purchase of energy that is separate and distinct from the greenhouse gas attribute contractual instruments). Various types of contractual instruments are available in different markets and the entity might disclose information about its market-based Scope 2 greenhouse gas emissions as part of its disclosure.		
	Scope 3 greenhouse gas emissions		
	<p>AG64-AG62. In accordance with paragraph 33(a)(vi), an entity shall disclose information about its Scope 3 greenhouse gas emissions to enable users of general purpose financial reports to understand the source of these emissions. The entity shall consider its entire value chain (upstream and downstream) and shall consider all 15 categories of Scope 3 greenhouse gas emissions, as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). In accordance with paragraph 33(a)(vi), the entity shall disclose which of these categories are included in its Scope 3 greenhouse gas emissions disclosures.</p> <p>AG65-AG63. For the avoidance of doubt, regardless of the methodology an entity uses to measure its greenhouse gas emissions, the entity is required to disclose the categories included within its measure of Scope 3 greenhouse gas emissions as described in paragraph 33(a)(vi)a.</p> <p><u>AG66-AG64. An entity's determination of which Scope 3 categories to measure and disclose will require management judgement and may consider trade-offs such as the cost of collecting data, skills and capabilities needed compared against the benefit the information will</u></p>	IFRS S2.B32-B57	<p>For Scope 3, staff recommend:</p> <ul style="list-style-type: none"> - Adding emphasis that categories and disclosures are materiality based such that entities do not have to disclose all 15 categories for scope 3, but only those material ones - Removing duplicative guidance on significant events or changes that is included in Appendix B.

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	<p><u>provide for decision making. This determination shall be driven by an entity's mandate and the materiality assessment for information needs of primary users for decision making and accountability.</u></p> <p>AG67.—In accordance with paragraph B.AG35B11 in IFRS S1, on the occurrence of a significant event or a significant change in circumstances, an entity shall reassess the scope of all affected climate-related risks and opportunities throughout its value chain, including reassessing which Scope 3 categories and entities throughout its value chain to include in the measurement of its Scope 3 greenhouse gas emissions. A significant event or significant change in circumstances can occur without the entity being involved in that event or change in circumstances or as a result of a change in what the entity assesses to be important to users of general purpose financial reports. For example, such significant events or significant changes in circumstances might include:</p> <p>AG68. Aa significant change in the entity's value chain (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions);</p> <p>AG69. Aa significant change in the entity's business operational model, activities or corporate structure (for example, a merger or acquisition that expands the entity's value chain); and</p> <p>AG70-AG65. Aa significant change in the entity's exposure to climate-related risks and opportunities (for example, a supplier in the entity's value chain is affected by the</p>		

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	<p>introduction of an emissions regulation that the entity had not anticipated).</p> <p>AG71-AG66. An entity is permitted, but not required, to reassess the scope of any climate-related risk or opportunity throughout its value chain more frequently than required by paragraph B11 in IFRS S1B.AG35 in the SRS.</p> <p>AG72-AG67. In accordance with paragraph B.AG2.b the SRS IFRS S1, to determine the scope of the value chain, which includes its breadth and composition, an entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort.</p> <p>Scope 3 measurement framework</p> <p>AG73-AG68. An entity's measurement of Scope 3 greenhouse gas emissions is likely to include the use of estimation rather than solely comprising direct measurement. In measuring Scope 3 greenhouse gas emissions an entity shall use a measurement approach, inputs and assumptions that result in a faithful representation of this measurement. The measurement framework described in paragraphs B40AG69–AG82B54 provides guidance for an entity to use in preparing its Scope 3 greenhouse gas emissions disclosures.</p> <p>AG74-AG69. An entity is required to use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort when the entity selects the measurement approach, inputs and assumptions it uses in measuring Scope 3 greenhouse gas emissions.</p>		

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	<p>AG75-AG70. An entity's measurement of Scope 3 greenhouse gas emissions relies upon a range of inputs. This (draft) Standard does not specify the inputs the entity is required to use to measure its Scope 3 greenhouse gas emissions, but does require the entity to prioritise<ins>prioritize</ins> inputs and assumptions using these identifying characteristics (which are listed in no particular order):</p> <ul style="list-style-type: none">(a) Data based on direct measurement (paragraphs AG71–AG73);(b) Data from specific activities within the entity's value chain (paragraphs AG74–AG77);(c) Timely data that faithfully represents the jurisdiction of, and the technology used for, the value chain activity and its greenhouse gas emissions (paragraphs AG78–AG80); and(d) Data that has been verified (paragraphs AG81–AG82). <p>AG76.—An entity is required to apply the Scope 3 measurement framework to prioritise inputs and assumptions even when the entity is required by a jurisdictional authority or an exchange on which the entity is listed to use a method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) for measuring its greenhouse gas emissions (see paragraphs B24–B25), or whether the entity uses the transition relief described in paragraph C4(a).</p> <p>AG77-AG71. An entity's prioritization of the measurement approach, inputs and assumptions and the entity's considerations of associated trade-offs—based on the</p>		

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	<p>characteristics in paragraph B40AG69—requires management to apply judgement. For example, an entity might need to consider the trade-offs between timely data and data that is more representative of the jurisdiction and technology used for the value chain activity and its emissions. More recent data might provide less detail about the specific activity, including the technology that was used in the value chain and the location of that activity. On the other hand, older data that is published infrequently might be considered more representative of the specific activity and its greenhouse gas emissions.</p> <p>Data based on direct measurement</p> <p>AG78-AG72. Two methods are used to quantify Scope 3 greenhouse gas emissions: direct measurement and estimation. Of these two methods—and with all else being equal—an entity shall prioritize direct measurement.</p> <p>AG79-AG73. 'Direct measurement' refers to the direct monitoring of greenhouse gas emissions and, in theory, provides the most accurate evidence. However, it is expected that Scope 3 greenhouse gas emissions data will include estimation due to the challenges associated with direct measurement of Scope 3 greenhouse gas emissions.</p> <p>AG80-AG74. Estimation of Scope 3 greenhouse gas emissions involves approximate calculations of data based on assumptions and appropriate inputs. An entity that measures its Scope 3 greenhouse gas emissions using estimation is likely to use two types of input:</p>		

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	<p>(a) Data that represents the entity’s activity that results in greenhouse gas emissions (activity data). For example, the entity might use distance travelled as activity data to represent the transport of goods within its value chain.</p> <p>(b) Emission factors that convert activity data into greenhouse gas emissions. For example, the entity will convert the distance travelled (activity data) into greenhouse gas emissions data using emission factors.</p> <p>Data from specific activities within the entity’s value chain</p> <p>AG81-AG75. An entity’s measurement of its Scope 3 greenhouse gas emissions will be based on data obtained directly from specific activities within the entity’s value chain (primary data), data not obtained directly from activities within the entity’s value chain (secondary data), or a combination of both.</p> <p>AG82-AG76. In measuring an entity’s Scope 3 greenhouse gas emissions, primary data is more likely to be representative of the entity’s value chain activity and its greenhouse gas emissions than secondary data. Therefore, the entity shall prioritise<u>prioritize</u>—with all else being equal—the use of primary data.</p> <p>AG83-AG77. Primary data for Scope 3 greenhouse gas emissions includes data provided by suppliers or other entities in the value chain related to specific activities in an entity’s value chain. For example, primary data could be sourced from meter readings, utility bills or other methods that represent specific activities in the entity’s value chain. Primary data could be collected internally</p>		

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	<p>(for example, through the entity’s own records), or externally from suppliers and other value chain partners (for example, supplier-specific emission factors for purchased goods or services). Data from specific activities within an entity’s value chain provides a more accurate representation of the entity’s specific value chain activities and, therefore, will provide a better basis for measuring the entity’s Scope 3 greenhouse gas emissions.</p> <p>AG84-AG78. Secondary data for Scope 3 greenhouse gas emissions is data that is not obtained directly from specific activities within an entity’s value chain. Secondary data is often supplied by third-party data providers and includes industry-average data (for example, from published databases, government statistics, literature studies and industry associations). Secondary data includes data used to approximate the activity or emission factors. Additionally, secondary data includes primary data from a specific activity (proxy data) used to estimate greenhouse gas emissions for another activity. If an entity uses secondary data to measure its Scope 3 greenhouse gas emissions, it shall consider the extent to which the data faithfully represents the entity’s activities.</p> <p>Timely data that faithfully represents the value chain activity and its greenhouse gas emissions</p> <p>AG85-AG79. If an entity uses secondary data, it shall prioritizeprioritize the use of activity or emissions data that is based on, or represents, the technology used in the value chain activity the data is intended to represent. For example, an entity might obtain primary data from its</p>		

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	<p>activities (for example, the specific aircraft model, distance travelled and travel-class used by employees when travelling) and would then use secondary data that represents the greenhouse gas emissions arising from those activities to convert the primary data into an estimate of its greenhouse gas emissions from air travel.</p> <p>AG86-AG80. If an entity uses secondary data, it shall prioritize activity or emissions data that is based on, or represents, the jurisdiction in which the activity happened. For example, an entity shall prioritize emission factors that relate to the jurisdiction in which the entity operates or in which the activity has taken place.</p> <p>AG87-AG81. If an entity uses secondary data, it shall prioritize<ins>prioritize</ins> activity or emissions data that is timely and representative of the entity's value chain activity during the reporting period. In some jurisdictions, and for some technologies, secondary data is collected annually and, therefore, the data is likely to be representative of the entity's current practice. However, some secondary data sources rely on information collected in a reporting period that is different from the entity's own reporting period.</p> <p>Verified data</p> <p>AG88-AG82. An entity shall prioritize Scope 3 greenhouse gas emissions data that is verified. Verification can provide users of general purpose financial reports with confidence that the information is complete, neutral and accurate.</p> <p>AG89-AG83. Verified data might include data that has been internally or externally verified. Verification can take place</p>		

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	<p>in several ways, including on-site checking, reviewing calculations, or cross-checking of data against other sources. However, in some cases an entity might be unable to verify its Scope 3 greenhouse gas emissions without undue cost or effort. For example, the entity might be prevented from obtaining a complete set of verified data due to the volume of data or because the data is obtained from entities in the value chain that are separated by many tiers from the reporting entity, that is, entities that the reporting entity does not interact with directly. In such cases, an entity might need to use unverified data.</p> <p>Disclosure of inputs to Scope 3 greenhouse gas emissions</p> <p>AG90-AG84. An entity shall disclose information about the measurement approach, inputs and assumptions it uses to measure its Scope 3 greenhouse gas emissions in accordance with paragraph 29(a)(iii). This disclosure shall include information about the characteristics of the data inputs as described in paragraph B40. The purpose of this disclosure is to provide users of general purpose financial reports with information about how the entity has prioritized the highest quality data available, which faithfully represents the value chain activity and its Scope 3 greenhouse gas emissions. This disclosure also helps users of general purpose financial reports to understand why the measurement approach, inputs and assumptions the entity uses to estimate its Scope 3 greenhouse gas emissions are relevant.</p> <p>AG91-AG85. As part of the requirement in paragraph 29(a)(iii), and to reflect how an entity prioritises<ins>prioritizes</ins> Scope 3 data in accordance with the measurement</p>		

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	<p>framework set out in paragraphs B40–B54, the entity shall disclose information that enables users of general purpose financial reports to understand:</p> <p>(a) The extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs from specific activities within the entity's value chain; and</p> <p>(b) The extent to which the entity's Scope 3 greenhouse gas emissions are measured using inputs that are verified.</p> <p>AG92-AG86. This (draft) Standard includes the presumption that Scope 3 greenhouse gas emissions can be estimated reliably using secondary data and industry averages. In those rare cases when an entity determines it is impracticable to estimate its Scope 3 greenhouse gas emissions, the entity shall disclose how it is managing its Scope 3 greenhouse gas emissions. Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.</p>		
	<p>Financed emissions</p> <p>AG93-AG87. Entities participating in financial activities face risks and opportunities related to the greenhouse gas emissions associated with those activities. Counterparties, borrowers or investees with higher greenhouse gas emissions might be susceptible to risks associated with technological changes, shifts in supply and demand and policy change, which in turn can affect the financial institution that is providing financial services to these entities. These risks and opportunities can arise in the form of credit risk, market risk, reputational risk and</p>	IFRS S2.B58-60	

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	<p>other financial and operational risks. For example, credit risk might arise in relation to public sector investments in carbon-intensive sectors, increasing the exposure to stranded assets under increasingly stringent regulations, technological shifts, and changing resource landscapesfinancing clients affected by increasingly stringent carbon taxes, fuel efficiency regulations or other policies; credit risk might also arise through technological shiftsincreased insurance liability and increased cash outflows by public sector entities arising from damages caused by physical climate risks. Reputational risk might arise from public sector entities failing to consider climate-related risks and opportunities in investment decisions, such as financing fossil fuelcarbon-intensive projects. Entities participating in financial activities, including such as commercial and investmentcentral banks, asset managerspublic investment corporations, housing finance agencies and public pension fundsand insurance entities, are increasingly monitoring and managing increasingly monitor and manage such risks by measuring their financed emissions. This measurement serves as an indicator of an entity's exposure to climate-related risks and opportunities and how the entity might need to adapt its financial activities over time.</p> <p>AG94-AG88. Paragraph 29 (a)(i)(3) requires an entity to disclose its absolute gross Scope 3 greenhouse gas emissions generated during the reporting period, including upstream and downstream emissions. An entity that participates in one or more of the following financial activities is required to disclose additional and specific information about its Category 15 emissions or those</p>		

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	<p>emissions associated with its investments which is also known as ‘financed emissions’:</p> <ul style="list-style-type: none"> (a) Asset management (see paragraph B61); (b) Commercial Lending and banking (see paragraph B62); and (c) Insurance (see paragraph B63). <p>AG95-AG89. An entity shall apply the requirements for disclosing greenhouse gas emissions in accordance with paragraph 29(a) when disclosing information about its financed emissions.</p>		
	<p>Asset Management</p> <p>AG96. An entity that participates in asset management activities, such as public pension funds, shall disclose:</p> <ul style="list-style-type: none"> (a) Its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions; (b) For each of the disaggregated items in paragraph B61(a), the total amount of assets under management (AUM) that is included in the financed emissions disclosure, expressed in the presentation currency of the entity’s financial statements; (c) The percentage of the entity’s total AUM included in the financed emissions calculation. If the percentage is less than 100%, the entity shall disclose information that explains the exclusions, including types of assets and associated amount of AUM. 	IFRS S2.B61-63	Removed detailed guidance on financed emissions as this relates to very specific public sector entities

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	<p>(d) The methodology used to calculate the financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of investments.</p> <p>Commercial lending and banking</p> <p>AG97. An entity that participates in commercial lending and banking activities, such as debt investment activities, equity investment activities and central banks, housing finance agencies, project financing, shall disclose:</p> <p>(a) Its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class. When disaggregating by:</p> <p>(i) Industry the entity shall use the Global Industry Classification Standard (GICS) 6-digit industry-level code for classifying counterparties, reflecting the latest version of the classification system available at the reporting date.</p> <p>(ii) Asset class the disclosure shall include loans, project finance, bonds, equity investments and undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.</p>		

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	<p>(b) — Its gross exposure to each industry by asset class, expressed in the presentation currency of the entity's financial statements. For:</p> <p class="list-item-l1">(i) — Funded amounts—gross exposure shall be calculated as the funded carrying amounts (before subtracting the loss allowance, when applicable), whether prepared in accordance with IPSASFRS Accounting Standards or other GAAP.</p> <p class="list-item-l1">(ii) — Undrawn loan commitments—the entity shall disclose the full amount of the commitment separately from the drawn portion of loan commitments.</p> <p>(c) — The percentage of the entity's gross exposure included in the financed emissions calculation. The entity shall:</p> <p class="list-item-l1">(i) — If the percentage of the entity's gross exposure included in the financed emissions calculation is less than 100%, disclose information that explains the exclusions, including the type of assets excluded.</p> <p class="list-item-l1">(ii) — For funded amounts, exclude from gross exposure all impacts of risk mitigants, if applicable.</p> <p class="list-item-l1">(iii) — Disclose separately the percentage of its undrawn loan commitments included in the financed emissions calculation.</p> <p>(d) — The methodology the entity used to calculate its financed emissions, including the method of</p>		

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	<p>allocation the entity used to attribute its share of emissions in relation to the size of its gross exposure.</p> <p>Insurance</p> <p>AG98. An entity that participates in financial activities associated with the insurance industry, such as public insurance funds, shall disclose:</p> <p>(a) Its absolute gross financed emissions, disaggregated by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions for each industry by asset class. When disaggregating by:</p> <p>(i) Industry the entity shall use the Global Industry Classification Standard (GICS) 6-digit industry level code for classifying counterparties, reflecting the latest version of the classification system available at the reporting date.</p> <p>(ii) Asset class the disclosure shall include loans, bonds and equity investments, as well as undrawn loan commitments. If the entity calculates and discloses financed emissions for other asset classes, it shall include an explanation of why the inclusion of those additional asset classes provides relevant information to users of general purpose financial reports.</p> <p>(b) The gross exposure for each industry by asset class, expressed in the presentation currency of the entity's financial statements. For:</p>		

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	<p>(i) Funded amounts—gross exposure shall be calculated as the funded carrying amounts (before subtracting the loss allowance, when applicable), whether prepared in accordance with IPSAS/IFRS Accounting Standards or other GAAP.</p> <p>(ii) Undrawn loan commitments—the entity shall disclose the full amount of the commitment separately from the drawn portion of loan commitments.</p> <p>(c) The percentage of the entity's gross exposure included in the financed emissions calculation. The entity shall:</p> <p>(i) If the percentage of the entity's gross exposure included in the financed emissions calculation is less than 100%, disclose information that explains the exclusions, including type of assets excluded.</p> <p>(ii) Disclose separately the percentage of its undrawn loan commitments included in the financed emissions calculation.</p> <p>The methodology the entity used to calculate its financed emissions, including the method of allocation the entity used to attribute its share of emissions in relation to the size of its gross exposure</p>		
	<p>Gross industry metric categories (paragraphs 33(b)–33(g))</p>		
	<p>AG99-AG90. In addition to information about an entity's greenhouse gas emissions, the entity is required to</p>	IFRS S2.B64	

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	disclose information relevant to the cross-industry other general metric categories set out in paragraph 33(b)–33(g) 29(b)–(g) .		
	<p>AG100-AG91. In preparing disclosures to fulfil the requirements in paragraph 33(b)–33(g)29(b)–(g), an entity shall:</p> <p>(a) Consider the time horizons over which the effects of climate-related risks and opportunities could reasonably be expected to occur, described in accordance with paragraph 10.</p> <p>(b) Consider where in the entity’s business operational model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities or types of assets or services) (see paragraph 1313).</p> <p>(c) Consider the information disclosed in accordance with paragraph 16(a)-(b)16(a)–(b) in relation to the effects of climate-related risks and opportunities on the entity’s financial position, financial performance and cash flows<u>long-term fiscal sustainability, including services it delivers</u>, for the reporting period.</p> <p>(d) Consider whether peer industry-based metrics, as described in paragraph 36 32 – including those metrics defined in RPG 3 – Reporting Service Performance Information, or an applicable standard IFRS Sustainability Disclosure Standard or those that otherwise satisfy the requirements in IFRS S1 could be used to satisfy the requirements in whole or in part.</p>	IFRS S2.B65	

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	<p>(e) Consider the connections between the information disclosed to fulfil the requirements in paragraph 29(b)–(g)33(b)–33(g) with the information disclosed in the related financial statements, in accordance with paragraph B12(b)(ii)21(b)(ii) of IFRS S1. These connections include consistency in the data and assumptions used—to the extent possible—and linkages between the amounts disclosed in accordance with paragraph 33(b)–33(g)29(b)–(g) and the amounts recognized and disclosed in the financial statements. For example, an entity would consider whether the carrying amount of assets used is consistent with amounts included in the financial statements and would explain the connections between information in these disclosures and amounts in the financial statements.</p>		
	<p><u>AG92. Paragraph 24(c)(iii) requires an entity to disclose whether it applies internal carbon prices in decision-making in relation to its own operations. Examples where it may be applicable for public sector entities include:</u></p> <p><u>(a) Procurement, where a carbon price is incorporated into the cost of goods and services procured; and</u></p> <p><u>(f)(b) Internal taxes or fees, where a carbon price is charged internally, similar to intracompany transfer pricing.</u></p>	Based on IFRS S2.6 definition of internal carbon price	Staff recommend additional application guidance on the applicability of internal carbon pricing for the own operations of public sector entities.
	<p><u>AG101-AG93. In the public sector, internal carbon prices may not always be set internally by individual entities. In some jurisdictions, another public sector entity such as a central department, may establish a carbon price applicable for public sector entities for internal decision-making such as procurement, across the jurisdiction. In</u></p>		Staff recommend additional application guidance on internal carbon price for public sector entities.

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	<u>such cases, this may be the entity’s internal carbon price even though it is developed by an external source.</u>		
	Climate-related targets (paragraphs 37X –X)		
	<p>Characteristics of a climate-related target</p> <p>AG102-AG94. Paragraph 373733 requires an entity to disclose the quantitative or qualitative climate-related targets it has set, and any it is required to meet by law or regulation, including any greenhouse gas emissions targets. In disclosing these climate-related targets, the entity is required to disclose information about the characteristics of these targets as described in paragraph 37(a)X-(h)X33(a)-(h). If the climate-related target is quantitative, an entity is required to describe whether the target is an absolute target or an intensity target. An absolute target is defined as a total amount of a measure or a change in the total amount of a measure, whereas an intensity target is defined as a ratio of a measure, or a change in the ratio of a measure, to a business metric.</p>	IFRS S2.B66	
	<p>AG103-AG95. In identifying and disclosing the metric used to set a climate-related target and measure progress, an entity shall consider the cross-industry metrics and industry-based peer metrics and other general metrics. If the metric has been developed by the entity to measure progress towards a target, the entity shall disclose information about that metric in accordance with paragraph AG11150 of IFRS S4.</p>	IFRS S2.B67	
	Greenhouse gas emissions targets – Gross and net greenhouse gas emissions targets	IFRS S2.B68	

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	AG104-AG96. If an entity has a greenhouse gas emissions target, the entity is required to specify whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. Gross greenhouse gas emissions targets reflect the total changes in greenhouse gas emissions planned within the entity's value chain. Net greenhouse gas emissions targets are the entity's targeted gross greenhouse gas emissions minus any planned offsetting efforts (for example, the entity's planned use of carbon credits to offset its greenhouse gas emissions).		
	AG105-AG97. Paragraph 36 40(c) X specifies that if an entity has a net greenhouse gas emissions target it is required to also disclose a gross greenhouse gas emissions target. For the avoidance of doubt, if the entity discloses a net greenhouse gas emissions target, this target cannot obscure information about its gross greenhouse gas emissions targets.	IFRS S2.B69	
	Carbon credits AG106-AG98. Paragraph 36 40(e) requires an entity to describe its planned use of carbon credits—which are transferable or tradeable instruments—to offset emissions to achieve any net greenhouse gas emissions targets the entity has set, or any it is required to meet by law or regulation. Any information about the planned use of carbon credits shall clearly demonstrate the extent to which these carbon credits are relied on to achieve the net greenhouse gas emissions targets.	IFRS S2.B70	
	AG107-AG99. In accordance with paragraph 40(e) X 36 , an entity is required to disclose only its planned use of	IFRS S2.B71	

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	carbon credits. However, as part of this disclosure, the entity might also include information about carbon credits it has already purchased that the entity is planning to use to meet its net greenhouse gas emissions target, if the information enables users of general purpose financial reports to understand the entity's greenhouse gas emissions target.		
	Metrics and targets for climate-related policy activities		
	<p>Greenhouse gas emissions from climate-related policy activities</p> <p>AG108-AG100. In some cases, public sector entities may have established methodologies to assess and monitor the greenhouse gas emissions attributable to their^{its} climate-related policy activities. Entities may also consider guidance on attributing emissions to policy activities from other standards such as the GHG Protocol Policy and Action Standard.</p>	Based on the GHG Protocol Policy and Action Standard	Staff recommend taking reference from the GHG Protocol Policy and Action Standard for metrics and targets for climate-related policy activities.
	<p>AG109-AG101. Paragraph 42(a) requires entities to disclose the amount and approach to estimating the GHG emissions resulting from policy activities. Entities shall disclose the expected outcomes from the climate-related policy activities, as disclosed in paragraph 24(b) and 24(c), to enable primary users to understand how the entity estimated the greenhouse gas emissions and the assessment boundary. In thinking about reporting on policy activities, would consider your inputs and the process to your outputs and outcomes – whatever you're trying to achieve would drive the determination of metrics.</p> <p>For example:</p>	Based on the GHG Protocol Policy and Action Standard	Staff recommend providing entities with a non-prescriptive, principled approach (see paragraph BC60).

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	<ul style="list-style-type: none">(a) An entity may include outcomes resulting from a fuel efficiency regulation in its estimation of greenhouse gas emissions such as:<ul style="list-style-type: none">(i) Intermediate effects, such as increased production of more efficient cars, increased consumption of more efficient cars, and decreased emissions per kilometer travelled; and(ii) GHG effects, such as reduced tailpipe GHG emissions from cars.(b) An entity may include outcomes resulting from a home insulation subsidy in its estimation of greenhouse gas emissions such as:<ul style="list-style-type: none">(i) Intermediate effects, such as increased production of insulation increased consumption of insulation, and reduced demand for electricity and natural gas for heating; and(ii) GHG effects, such as reduced emissions from electricity generation and use of natural gas.		
	<p>AG110-AG102. Paragraph 4143 requires an entity to disclose information about its targets for climate-related policy activities. In determining the baseline from which progress is assessed and the greenhouse gas emissions target from the climate-related policy activity, an entity may consider:</p> <ul style="list-style-type: none">(a) Establishing baseline scenarios and estimate baseline emissions in the absence of the policy activity – for example, emissions generated from	Based on the GHG Protocol Policy and Action Standard	In view of the non-prescriptive approach on the methodology used to estimate greenhouse gas emissions from climate-related policy activities, staff recommend providing additional application guidance on the fundamental framework to form an estimation.

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	<p>natural gas used for space heating in the case of a home insulation subsidy program;</p> <p>(b) Establishing policy scenarios and estimating emissions in the presence of the policy activity - for example, emissions reductions from natural gas used for space heating in the case of a home insulation subsidy program.</p>		
	AG111-AG103. Entities shall disclose greenhouse gas emissions and related targets for climate-related policy activities, including climate-related policies in effect on or after the date of adoption of this (draft) Standard.		Alignment with transition relief in 47(c).
	<p>AG112-AG104. To enable primary users to understand the progress towards achieving its climate-related policy intended outcomes, the entity may disclose, noting the transition relief in 47(c):</p> <p>(a) An ex-ante estimated projection of greenhouse gas emissions reductions reasonably expected and attributable to the climate-related policy activity; and</p> <p>(b) Both ex-ante and ex-post estimated greenhouse gas emissions to provide both a look back at estimated actual (avoided, reduced or increased) greenhouse gas emissions attributed the climate-related policy and projected forward-looking estimate of greenhouse gas emissions reductions expected from the climate-related policy activity.</p>	Based on the GHG Protocol Policy and Action Standard	See notes for AG101. Staff also recommended this additional application guidance to clarify whether entities should estimate and disclose ex-post greenhouse gas emissions for climate-related policy activities.
	AG113-AG105. An entity shall disclose its methodologies used to determine its baseline scenario and policy scenario emissions and ex-ante and ex-post greenhouse gas emissions.		

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	<p>Metrics for Other Outcomes from Climate-related Policy Activities</p> <p>AG114-AG106. Entities may have established metrics and reports for certain policies and policy activities. In addition to considering established metrics that the entity reports on for its climate-related policy activities, entities may also consider other sources such as:</p> <ul style="list-style-type: none">(a) Methodologies and guidance from other entities and organizations such as the UNFCCC,(b) Metrics reported by other peer entities with similar functions of government or climate-related policy objectives; or(c) Input from stakeholder engagement. <p>AG115-AG107. Entities shall consider which metrics are relevant to the primary users of its climate-related disclosures and consider inclusion in its general purpose financial reports directly or through cross-reference of in the entity's other reports.</p> <p>AG116-AG108. Paragraph 42(b)40(b)(i) requires entities to disclose other metrics relevant to its climate-related policy activities. This may include other metrics relating to direct impacts on nature, people or the economy such as metrics and targets to manage and monitor:</p> <ul style="list-style-type: none">(a) Climate-related transition risks, for example metrics to monitor implementation and outcomes from climate-related regulations;(b) Climate-related physical risks, for example the amount or percentage of the scope of the entity's policy setting responsibilities (e.g. geography,		<p>Staff recommend providing a framework to guide preparers to consider sources of metrics in determining those relevant to primary users</p>

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	<p>services, individuals or entities) is vulnerable to climate-related physical risks;</p> <p>(c) Climate-related opportunities, for example metrics to evaluate climate-related technologies and opportunities;</p> <p>(d) Sinks and reservoirs, for example land use, land-use change and forestry management metrics;</p> <p>(e) Carbon markets and non-markets, for example carbon market efficiency and effectiveness metrics;</p> <p>(f) International financial, technological and development support – such as capacity building support provided by developed nations for developing nations; and</p> <p>(g) Internal carbon prices, used for decision-making in relation to an entity's climate-related policy activities <u>(see paragraph 24(c)(iii)-24(e)).</u></p> <p>AG117-AG109. The extent of data collection required for certain policy metrics may be significant and may not be possible to report on an annual basis or the costs of collecting data exceed the benefits. In such cases, certain metrics may be updated less than annually. Entities shall disclose the frequency and rationale where this may be the case.</p>		
	<p>AG118-AG110. If an entity discloses a metric taken from a source other than the IPSASB SRS, the entity shall identify the source and the metric taken.</p> <p>AG119-AG111. If a metric has been developed by an entity, the entity shall disclose information about:</p>	IFRS S1.49-50	

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	<p>(a) How the metric is defined, including whether it is derived by adjusting a metric taken from a source other than the IPSASB SRS and, if so, which source and how the metric disclosed by the entity differs from the metric specified in that source;</p> <p>(b) Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure (such as a red, amber, green—or RAG—status);</p> <p>(c) Whether the metric is validated by a third party and, if so, which party; and</p> <p>AG120-AG112. The method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made.</p> <p>AG121-AG113. Paragraph 43 requires entities to disclose information relevant to its targets on climate-related policy activities. Entities may set quantitative and qualitative targets for their climate-related policy activities to monitor progress towards specific goals and objectives, and shall refer to paragraphs 37-39 to relate metrics to the set targets. For example, entities may disclose targets such as policy emission pathways, emission trends and net-zero targets.</p>		

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Appendix B: General requirements for Climate-related Disclosures

This Appendix is an integral part of [draft] IPSASB ED SRS X.

Definitions			
<p>B1. The following terms are used in this [draft] Standard with the meanings specified:</p> <p><u>General purpose financial reports (GPFRs)</u> are reports that provide financial and non-financial information about a reporting entity that is useful to primary users in making decisions and to enable accountability. General purpose financial reports include—but are not restricted to—an entity’s general purpose financial statements and <u>sustainabilityclimate</u>-related disclosures.</p> <p>Disclosure is <u>impracticable</u> when an entity cannot apply a requirement after making every reasonable effort to do so.</p> <p>In the context of climate-related disclosures, <u>material information</u> is information that, if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that <u>primary</u> users make on the basis of the entity’s general purpose financial reports prepared for that reporting period.</p> <p>An <u>operational model</u> is an entity’s system of activities, <u>including setting legislation, policies and regulations</u>, and funding sources that contribute to delivery of services, <u>goods</u> and <u>outputs</u> that aims to fulfill the entity’s objectives.</p>	<p>B1. The following terms are used in this [draft] Standard with the meanings specified:</p> <p><u>General purpose financial reports (GPFRs)</u> are reports that provide financial and non-financial information about a reporting entity that is useful to primary users in making decisions and to enable accountability. General purpose financial reports include—but are not restricted to—an entity’s general purpose financial statements and climate-related disclosures.</p> <p>Disclosure is <u>impracticable</u> when an entity cannot apply a requirement after making every reasonable effort to do so.</p> <p>In the context of climate-related disclosures, <u>material information</u> is information that, 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.</p> <p>An <u>operational model</u> is an entity’s system of activities and funding sources that contribute to <u>the</u> delivery of services, goods and outputs that aims to fulfill the entity’s objectives.</p>	IPSASB CF	
		IFRS S1 Definitions	
		Based on IPSASB CF	
		Based on IFRS S1 Definitions	<p>Definition expanded in Sep 2023 based on feedback from CTWG to include policy setting and regulatory roles of public sector entities.</p> <p>Definition updated based on December 2023 Board instruction.</p>

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<p>Primary users of GPFRs (primary user or users) are existing and potential service recipients and their representatives and resource providers and their representatives.</p>	<p>Primary users of GPFRs (primary user) are existing and potential service recipients and their representatives and resource providers and their representatives.</p>	IPSASB CF	
<p>A <u>reporting entity</u> is a government or other public sector organization, program or identifiable area of activity that prepares general purpose financial reports.</p>	<p>A <u>reporting entity</u> is a government or other public sector organization, program or identifiable area of activity that prepares general purpose financial reports.</p>	IPSASB CF	
<p>A reporting entity's value chain refers to the full range of activities to bring the reporting entity's services, goods, legislation, policies and/or regulation from conception to end use. This includes activities of upstream entities such as supplier activities, and activities of downstream entities or individuals such as distribution of services, consumption of goods by recipients and end-of-life treatment of goods or assets.</p> <p><u>A reporting entity's value chain refers to the full range of interactions, resources and relationships related to a reporting entity's operational model and the external environment in which it operates.</u></p> <p><u>A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or services, including policy activities, from conception to delivery, consumption and end-of-life, including interactions, resources and relationships in the entity's operations, such as human resources; those along its supply, marketing and distribution channels, such as materials and service sourcing, and service and/or product delivery; and the financing, geographical,</u></p>	<p>A reporting entity's <u>value chain</u> refers to the full range of interactions, resources and relationships related to a reporting entity's <i>operational model</i> and the external environment in which it operates.</p> <p>A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its products or <u>provide</u> services, including policy activities, from conception to delivery, consumption and end-of-life, including interactions, resources and relationships in the entity's operations, such as human resources; those along its supply and distribution channels, such as materials and service sourcing, and service and/or product delivery; and the financing, geographical, geopolitical and regulatory environments in which the entity operates.</p>	IFRS S1 Appendix A definitions	<p>After further reflection, staff reconsidered the definition of value chain and recommend aligning the definition with IFRS Sustainability Standards as this is a critical boundary and framing for the determination of disclosures, including GHG emissions, for an entity's own operations.</p> <p>This is consistent with the Board's decision to align disclosures relating to an entity's own operations with IFRS S2.</p>

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<u>geopolitical and regulatory environments in which the entity operates.</u>			
Conceptual Foundations			
B2. For climate-related information to be useful, it must provide information that is relevant, faithfully represent what it purports to represent, is understandable, timely, comparable and verifiable. These are qualitative characteristics of information included in GPFRs.	B2. For climate-related information to be useful, it must provide information that is relevant, faithfully represent what it purports to represent, is understandable, timely, comparable and verifiable. These are qualitative characteristics of information included in GPFRs.	Based on IPSASB CF	
Fair presentation			
<p>B3. A reporting entity shall present fairly:</p> <p>(a) <u>all its climate-related impacts, risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity's own operations, and</u></p> <p>(a)(b) <u>Where an entity has policy activities, the outcomes that could reasonably be expected as a result of its climate-related policy activitiesan entity</u> (see paragraph 2).</p>	<p>B3. A reporting entity shall present fairly:</p> <p>(a) <u>its climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity's own operations, and</u></p> <p>(b) <u>Where an entity has policy activities, the outcomes that could reasonably be expected as a result of its climate-related policy activities (see paragraph 2).</u></p>	Based on IFRS S1.11 and GRI	Changes based on instructions from Dec 2023 Board discussions to expand 'service delivery and financial commitments' to include resources and to reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly.
<p>B3.B4. To identify <u>an entity's sustainabilityclimate-related impacts,</u> risks and opportunities <u>and, where applicable, outcomes from climate-related policy activities that could affect, an entity</u> an entity shall apply paragraphs B.AG1–B.AG32B.AG26.</p>	<p>B4. To identify an entity's climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities , an entity shall apply paragraphs B.AG1–<u>B.AG35B.AG32</u>.</p>	Based on IFRS S1.12	Changes to reflect Dec 2023 Board instruction to make drafting climate-specific and to reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly.
<p>B4.B5. Fair presentation requires disclosure of relevant information about climate-related <u>impacts,</u> risks and opportunities <u>and, where applicable, outcomes from climate-related policy activitiessthat could affect the entity</u> and their faithful representation in accordance with the principles set out in this [draft] Standard. To</p>	<p>B5. Fair presentation requires disclosure of relevant information about climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities and their faithful representation in accordance with the principles set out in this [draft] Standard. To achieve faithful</p>	Based on IFRS S1.13	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly

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achieve faithful representation, an entity shall provide a depiction of those sustainability climate-related impacts , risks and opportunities and, where applicable, outcomes from climate-related policy activities that is complete, neutral and free from material error.	representation, an entity shall provide a depiction of those climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities that is are complete, neutral and free from material error.		
<p>B5-B6. Fair presentation also requires an entity:</p> <p>(a) To present information in a manner that provides relevant, understandable, timely, comparable, and verifiable information (see Appendix C); and</p> <p>(b) To disclose additional information as needed to enable primary users of general-purpose financial reports to sufficiently understand the effects of the entity's sustainabilityclimate-related impacts, risks and opportunities and, where applicable, outcomes climate-related policy activities on the entity.</p>	<p>B6. Fair presentation also requires an entity:</p> <p>(a) To present information in a manner that provides relevant, understandable, timely, comparable, and verifiable information (see Appendix C); and</p> <p>(b) To disclose additional information as needed to enable primary users of general-purpose financial reports to sufficiently understand the effects of the entity's climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities.</p>	Based on IFRS S1.15 and IPSASB CF	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly
B6-B7. Applying this [draft] Standard, with additional information disclosed when necessary (see paragraph (b)), is presumed to result in climate-related disclosures that achieve fair presentation.	B7. Applying this [draft] Standard, with additional information disclosed when necessary (see paragraph B6(b)), is presumed to result in climate-related disclosures that achieve fair presentation.	Based on IFRS S1.16	
Materiality			
B7-B8. An entity shall disclose material information about an entity's the climate-related impacts , risks and opportunities and, where applicable, outcomes climate-related policy activities that could be reasonably expected to affect the entity .	B8. An entity shall disclose material information about an entity's climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities.	Based on IFRS S1.17	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly

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B8-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 <u>primary</u> 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.	Based on IPSASB CF	
B9-B10. To identify and disclose material information, an entity shall apply paragraphs B.AG33B–B.AG58B.	B10. To identify and disclose material information, an entity shall apply paragraphs B.AG36–B.AG61.	Based on IFRS S1.19	
Reporting Entity			
B10-B11. An entity's climate-related disclosures shall be for the same reporting entity as the related financial statements (see paragraph B.AG60B.).	B11. An entity's climate-related disclosures shall be for the same reporting entity as the related financial statements (see paragraph B.AG62B-AG60).	IFRS S1.20	
Connected Information			
B11-B12. An entity shall provide information in a manner that enables users of <u>sustainability-climate-related</u> reports to understand the following types of connections: (a) The connections between the items to which the information relates —such as connections between various climate-related <u>impacts</u> , risks and opportunities <u>and, where applicable, outcomes from climate-related policy activities</u> that could affect the entity; and (b) The connections between disclosures provided by the entity: (i) Within its climate-related disclosures—such as connections between disclosures on governance, strategy and	B12. An entity shall provide information in a manner that enables users of climate-related reports to understand the following types of connections: (a) The connections between the items to which the information relates —such as connections between various climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities; and (b) The connections between disclosures provided by the entity: (i) Within its climate-related disclosures—such as connections between disclosures on governance, strategy and risk management and metrics and targets; and	Based on IFRS S1.21	Changes to reflect Dec 2023 Board instruction to make drafting climate-specific

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<p>risk management and metrics and targets; and</p> <p>(ii) Across its climate-related disclosures and other general purpose financial reports published by the entity —such as its related financial statements (see paragraphs B.AG61–B.AG66).</p>	<p>(ii) Across its climate-related disclosures and other general purpose financial reports published by the entity —such as its related financial statements (see paragraphs B.AG63–B.AG68).</p>		
<p>B12-B13. An entity shall identify the financial statements to which the climate-related disclosures relate.</p>	<p>B13. An entity shall identify the financial statements to which the climate-related disclosures relate.</p>	IFRS S1.22	
<p>B13-B14. Data and assumptions used in preparing the climate-related disclosures shall be consistent—to the extent possible, considering the requirements of International Public Sector Accounting Standards or other applicable GAAP, with the corresponding data and assumptions used in preparing the related financial statements (see paragraph B.AG64).</p>	<p>B14. Data and assumptions used in preparing the climate-related disclosures shall be consistent—to the extent possible, considering the requirements of International Public Sector Accounting Standards or other applicable GAAP, with the corresponding data and assumptions used in preparing the related financial statements (see paragraph B.AG66).</p>	Based on IFRS S1.23	
<p>B14-B15. When currency is specified as the unit of measure in the climate-related financial disclosures, the entity shall use the presentation currency of its related financial statements.</p>	<p>B15. When currency is specified as the unit of measure in the climate-related financial disclosures, the entity shall use the presentation currency of its related financial statements.</p>	IFRS S1.24	
General Requirements			
	<p>Sources of Guidance</p> <p>Identifying sustainabilityclimate-related risks and opportunities</p> <p>B16. In identifying sustainabilityclimate-related risks and opportunities that could reasonably be expected to affect an entity's prospectslong-term fiscal sustainability, an entity shall apply IFRS Sustainability Disclosure Standardsthe IPSASB SRS.</p>	IFRS S1.54	

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	<p>B17. In addition to IFRS Sustainability Disclosure Standardsthe IPSASB SRS:</p> <p class="list-item-l1">(a) An entity shall refer to and consider the applicability of the peer disclosures topics in the SASB Standards. An entity may refer to and consider sector standards such as the SASB Standards and GRI Sector standards to consider might conclude that the disclosure such topics in the SASB Standards are not applicability <u>may refer to and consider sector standards such as the SASB Standards and GRI Sector standards to consider might conclude that the disclosure such topics in the SASB Standards are not applicability</u> <u>to the entity's circumstances.</u></p> <p class="list-item-l1">(b) An entity may refer to and consider the applicability of:</p> <p class="list-item-l2">(i) The CDSB Framework Application Guidance for Water-related Disclosures and the CDSB Framework Application Guidance for Biodiversity-related Disclosures (collectively referred to as 'CDSB Framework Application Guidance');</p> <p class="list-item-l2">(ii) (i) The most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of <u>primary</u> users of general purpose financial reports; and</p> <p class="list-item-l2">(iii) (ii) The <u>climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities sustainability-related risks and opportunities identified by peer entities or entities that operate in the same function of government or industry(s) or geographical region(s).</u></p>	IFRS S1.55	

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	<p>Identifying applicable disclosure requirements</p> <p>B18. In identifying applicable disclosure requirements about a sustainability climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities -related risk or opportunity that could reasonably be expected to affect an entity's prospects, an entity shall apply the IFRS Sustainability Disclosure Standardthe IPSASB SRS that specifically applies to that climate-related risk and opportunities and, where applicable, outcomes from climate-related policy activitiesustainability-related risk or opportunity.</p>	IFRS S1.56	
	<p>B19. In the absence of an guidance or metricsIFRS Sustainability Disclosure Standard in the IPSASB SRS that specifically applies to a n entity's specific circumstances and climate-related risk and opportunity and, where applicable, outcomes from climate-related policy activitiesustainability-related risk or opportunity, an entity shall apply judgement to identify information that:</p> <p>(a) Is relevant to the decision-making of and enables accountability by primary users of general purpose financial reports; and</p> <p>(b) Faithfully represents that climate-related risk and opportunity and, where applicable, outcomes from climate-related policy activitiesustainability-related risk or opportunity.</p>	IFRS S1.57	
	<p>B20. In making the judgement described in paragraph B19:</p> <p>(a) An entity shall refer to and consider the applicability of peer disclosure the metrics and may consider other guidance ,such as SASB Standards or GRI Sector standards-associated</p>	IFRS S1.58	

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	<p>with the disclosure topics included in the SASB Standards. An entity might conclude that <u>such peer</u> the metrics <u>are specified in the SASB Standards</u> are not applicable in the entity's circumstances.</p> <p>(b) An entity may—to the extent that these sources do not conflict with <u>IFRS Sustainability Disclosure Standards</u> <u>the IPSASB SRS</u>—refer to and consider the applicability of:</p> <p>(i) <u>The CDSB Framework Application Guidance</u>;</p> <p>(ii)(i) The most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general purpose financial reports; and</p> <p>(iii)(ii) The information, including metrics, disclosed by <u>peer entities or</u> entities that operate in the <u>same industry(s) same function of government or</u> <u>or</u> geographical region(s).</p> <p>(c) An entity may—to the extent that these sources assist the entity in meeting the objective of this <u>(draft)</u> Standard (see paragraphs 1–2) and do not conflict with <u>IFRS Sustainability Disclosure Standards</u> <u>the IPSASB SRS</u>—refer to and consider the applicability of the <u>Sources of Guidance</u> specified in Appendix <u>B AG69- B AG71G</u>.</p>		
	<p>Disclosure of information about sources of guidance</p> <p>B21. An entity shall identify:</p>	IFRS S1.59	

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	<p>(a) The specific standards, pronouncements, industry practice and other sources of guidance that the entity has applied in preparing its sustainabilityclimate-related financial disclosures, including, if applicable, identifying the disclosure topics in the SASB Standardspeer disclosure metrics; and</p> <p>(b) The industry(s) specified in the IFRS Sustainability Disclosure Standards, the SASB Standards or other sources of guidance relating to a particular industry(s) that the entity has applied in preparing its sustainabilityclimate-related financial disclosures, including in identifying applicable metrics.</p>		
	<p>Location of disclosures</p> <p>B22. An entity is required to provide disclosures required by the IPSASB SRSIFRS Sustainability Disclosure Standards as part of its general purpose financial reports.</p>	IFRS S1.60	
	<p>B23. Subject to any regulation or other requirements that apply to an entity, there are various possible locations in its general purpose financial reports in which to disclose climatesustainability-related financial information. ClimateSustainability-related financial disclosures could be included in an entity's management commentary or a similar report when it forms part of an entity's general purpose financial reports. Management commentary or a similar report is a required report in many jurisdictions. It might be known by or included in reports with various names, such as 'management report', 'management's</p>	IFRS S1.61	

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	discussion and analysis’, ‘operating and financial review’, ‘integrated report’ or ‘strategic report’.		
	B24. An entity may disclose information required by the IFRS Sustainability Disclosure Standard IPSASB SRS in the same location as information disclosed to meet other requirements, such as information required by regulators. The entity shall ensure that the sustainabilityclimate -related financial disclosures are clearly identifiable and not obscured by that additional information (see paragraph B.AG57B27).	IFRS S1.62	
	B25. Information required by an IFRS Sustainability Disclosure Standard IPSASB SRS may be included in sustainabilityclimate -related financial disclosures by cross-reference to another report published by the entity. If an entity includes information by cross-reference, the entity shall apply the requirements in paragraphs B.AG72B45–B.AG74B47 .	IFRS S1.63	
	Timing of reporting B26. An entity shall report its sustainabilityclimate -related financial disclosures at the same time as its related financial statements. The entity’s sustainabilityclimate -related financial disclosures shall cover the same reporting period as the related financial statements.	IFRS S1.64	
	B27. Normally, an entity prepares sustainabilityclimate -related financial disclosures for a 12-month period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This Standard does not preclude that practice.	IFRS S1.65	
	B28. When an entity changes the end of its reporting period and provides sustainabilityclimate -related financial	IFRS S1.66	

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	disclosures for a period longer or shorter than 12 months, it shall disclose: (a) The period covered by the sustainabilityclimate -related financial disclosures; (b) The reason for using a longer or shorter period; and (c) The fact that the amounts disclosed in the sustainabilityclimate -related financial disclosures are not entirely comparable.		
	B29. If, after the end of the reporting period but before the date on which the sustainabilityclimate -related financial disclosures are authorised authorized for issue, an entity receives information about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions in the light of the new information.	IFRS S1.67	
	B30. An entity shall disclose information about transactions, other events and conditions that occur after the end of the reporting period, but before the date on which the sustainabilityclimate -related financial disclosures are authorised authorized for issue, if non-disclosure of that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports.	IFRS S1.68	
	B31. This (draft) Standard does not mandate which entities would be required to provide interim sustainabilityclimate -related financial disclosures, how frequently, or how soon after the end of an interim period. However, governments, securities regulators, stock exchanges and accountancy bodies may require entities whose debt or equity securities are publicly	IFRS S1.69	

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	<p>traded to publish interim general purpose financial reports. If an entity is required or elects to publish interim sustainabilityclimate-related financial disclosures in accordance with IFRS Sustainability Disclosure StandardsIPSASB SRS, the entity shall apply paragraph B. AG75B48.</p>		
	<p>Comparative information</p> <p>B32. Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an An entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the sustainabilityclimate-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive sustainabilityclimate-related financial information (see paragraphs B. AG76B49–B. AG85B59).</p>	IFRS S1.70	
	<p>B33. Amounts reported in sustainabilityclimate-related financial disclosures might relate, for example, to metrics and targets or to current and anticipated financial effects of climate-related risk and opportunity and, where applicable, outcomes from climate-related policy activitiessustainability-related risks and opportunities.</p>	IFRS S1.71	
	<p>Statement of compliance</p> <p>B34. An entity whose sustainabilityclimate-related financial disclosures comply with all the requirements of IFRS Sustainability Disclosure StandardsIPSASB SRS shall make an explicit and unreserved statement of compliance. An entity shall not describe</p>	IFRS S1.72	

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	sustainabilityclimate -related financial disclosures as complying with IFRS Sustainability Disclosure Standards the IPSASB SRS unless they comply with all the requirements of IFRS Sustainability Disclosure Standards the IPSASB SRS .		
	B35. This (draft) Standard relieves an entity from disclosing information otherwise required by an IFRS Sustainability Disclosure Standard IPSASB SRS if law or regulation prohibits the entity from disclosing that information (see paragraph B.AG42). This Standard also relieves an entity from disclosing information about a sustainabilityclimate-related opportunity otherwise required by an IFRS Sustainability Disclosure Standard if that information is commercially sensitive as described in this Standard (see paragraphs B34–B37N). An entity using this exemption s is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards the IPSASB SRS .	IFRS S1.73	
	Judgements, Uncertainties and Errors		
	Judgements B36. An entity shall disclose information to enable users of general purpose financial reports to understand the judgements, apart from those involving estimations of amounts (see paragraph 77 B38), that the entity has made in the process of preparing its sustainabilityclimate -related financial disclosures and that have the most significant effect on the information included in those disclosures.	IFRS S1.74	
	B37. In the process of preparing sustainabilityclimate -related financial disclosures, an entity makes various	IFRS S1.75	

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	<p>judgements, apart from those involving estimations, that can significantly affect the information reported in the entity's sustainabilityclimate-related financial disclosures. For example, an entity makes judgements in:</p> <p>(a) Identifying sustainabilityclimate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities, that could be reasonably expected to affect the entity's prospects;</p> <p>(b) Determining which sources of guidance to apply in accordance with paragraphs B1654–B2058;</p> <p>(c) Identifying material information to include in the sustainabilityclimate-related financial disclosures; and</p> <p>(d) Assessing whether an event or change in circumstances is significant and requires reassessment of the scope of all affected climate-related risk and opportunity and, where applicable, outcomes from climate-related policy activities sustainability-related risks and opportunities throughout the entity's value chain (see paragraph B.AG35B44).</p>		
	<p>Measurement uncertainty</p> <p>B38. An entity shall disclose information to enable users of general purpose financial reports to understand the most significant uncertainties affecting the amounts reported in its sustainabilityclimate-related financial disclosures.</p>	IFRS S1.77	
	<p>B39. An entity shall:</p>	IFRS S1.78	

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	<p>(a) Identify the amounts that it has disclosed that are subject to a high level of measurement uncertainty; and</p> <p>(b) In relation to each amount identified in paragraph 78(a)B39(a), disclose information about:</p> <p>(i) The sources of measurement uncertainty—for example, the dependence of the amount on the outcome of a future event, on a measurement technique or on the availability and quality of data from the entity's value chain; and</p> <p>(ii) The assumptions, approximations and judgements the entity has made in measuring the amount.</p>		
	<p>B40. When amounts reported in sustainabilityclimate-related financial disclosures cannot be measured directly and can only be estimated, measurement uncertainty arises. In some cases, an estimate involves assumptions about possible future events with uncertain outcomes. The use of reasonable estimates is an essential part of preparing sustainabilityclimate-related financial disclosures and does not undermine the usefulness of the information if the estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an estimate from providing useful information.</p>	IFRS S1.79	
	<p>B41. The requirement in paragraph B3877 for an entity to disclose information about the uncertainties affecting the amounts reported in sustainabilityclimate-related financial disclosures relates to the estimates that require the entity's most difficult, subjective or complex judgements. As the number of variables and</p>	IFRS S1.80	

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	assumptions increases, those judgements become more subjective and complex, and the uncertainty affecting the amounts reported in the sustainability climate-related financial disclosures increases accordingly.		
	<p>B42. The type and extent of the information an entity might need to disclose vary according to the nature of the amount reported in the sustainabilityclimate-related financial disclosures—the sources of and the factors contributing to the uncertainty and other circumstances. Examples of the type of information an entity might need to disclose are:</p> <p>(a) The nature of the assumption or other source of measurement uncertainty;</p> <p>(b) The sensitivity of the disclosed amount to the methods, assumptions and estimates underlying its calculation, including the reasons for the sensitivity;</p> <p>(c) The expected resolution of an uncertainty and the range of reasonably possible outcomes for the disclosed amount; and</p> <p>(d) An explanation of changes made to past assumptions concerning the disclosed amount, if the uncertainty remains unresolved. Other IFRS Sustainability Disclosure Standards SRS may require disclosure of some of the information that an entity would otherwise be required to disclose in accordance with paragraphs 77–78.</p>	IFRS S1.81	
	Errors	IFRS S1.83	

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	B43. An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so.		
	<p>B44. Prior period errors are omissions from and misstatements in the entity's sustainabilityclimate-related financial disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that:</p> <p>(a) Was available when the sustainabilityclimate-related financial disclosures for that period(s) were authorisedauthorized for issue; and</p> <p>(b) Could reasonably be expected to have been obtained and considered in the preparation of those disclosures.</p>	IFRS S1.84	
	B45. Corrections of errors are distinguished from changes in estimates. Estimates are approximations that an entity might need to revise as additional information becomes known.	IFRS S1.85	
	B46. If an entity identifies a material error in its prior period sustainabilityclimate -related financial disclosures, it shall apply paragraphs B.AG82–B.AG86.	IFRS S1.86	

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Appendix B.AG: General requirements for Climate-related Disclosures – Application Guidance

This Appendix is an integral part of [draft] IPSASB ED SRS X.

Climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities (see paragraph B5-B7)			
<p>B.AG1. This Standard provides principles for an entity to disclose information about its climate-related impacts—risks and opportunities and, where applicable, outcomes from climate-related policy activities that could affect the entity (see paragraphs 1-2).</p>	<p>B.AG1. This Standard provides principles for an entity to disclose information about its climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities (see paragraphs 1-2).</p>	Based on IFRS S1.B1	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly
<p>B.AG2. An entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort (see paragraphs B.AG46-B.AG51):</p> <p>a. To identify the climate-related impacts—risks and opportunities and, where applicable, outcomes from climate-related policy activities that could reasonably be expected to affect the entity; and</p> <p>b. To determine the scope of its value chain, including its breadth and composition, in relation to each of those climate-related impacts—risks and opportunities and, where applicable, outcomes from climate-related policy activities.</p>	<p>B.AG2. An entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort (see paragraphs B.AG29-B.AG33):</p> <p>a. To identify the climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities; and</p> <p>b. To determine the scope of its value chain, including its breadth and composition, in relation to each of those climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities.</p>	Based on IFRS S1.B6	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly
<p>B.AG3. In identifying the climate-related impacts—risks and opportunities and, where applicable, outcomes from climate-related policy activities that could reasonably be expected to affect the entity and determining related material information for disclosure, an entity shall:</p>	<p>B.AG3. In identifying the climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities and determining related material information for disclosure, an entity shall:</p>	Based on IFRS S1.B7 and GRI	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly

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<p>a. Understand its context (paragraphs B.AG4-B.AG11);</p> <p>b. Identify climate-related risks and opportunities, and, where applicable, actual and potential outcomes from climate-related policy impactsactivities, and related risks and opportunities (paragraphs B.AG29-B.AG55); and</p> <p>c. Determine material information for disclosure (paragraphs B.AG59-B.AG118).</p>	<p>a. Understand its context (paragraphs B.AG4-B.AG16);</p> <p>b. Identify climate-related risks and opportunities, and, where applicable outcomes from climate-related policy activities (paragraphs B.AG17-B.AG35); and</p> <p>c. Determine material information for disclosure (paragraphs B.AG36-B.AG61).</p>		
Understand the entity’s context	Understand the entity’s context		
<p>B.AG4. Understanding an entity’s own context is an important first step that provides the entity with critical information for identifying its own impacts, climate-related risks and opportunities and, where applicable, outcomes climate-related policy activities. To understand an entity’s own context, the entity should understand its activities, relationships, stakeholders, and its sustainability climate context in which these occur.</p>	<p>B.AG4. Understanding an entity’s own context is an important first step that provides the entity with critical information for identifying its climate-related risks and opportunities and, where applicable, outcomes climate-related policy activities. To understand from an entity’s own context, the entity should understand its activities, relationships, stakeholders, and its climate context in which these occur.</p>	Based on GRI 3 Step 1	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly
<p>B.AG5. An entity’s activities include all types of activities that an entity carries out to achieve its objectives. An entity should consider all aspects of its activities including for example the types of activities to deliver its services and goods, the geographic location of these activities, the operating environment and economy, the intended beneficiaries, the nature of employees and other non-employees (e.g. contractors, volunteers) and the work they perform for the entity.</p>	<p>B.AG5. An entity’s activities include all types of activities that an entity carries out to achieve its objectives. An entity should consider all aspects of its activities including for example the types of activities to deliver its services, the geographic location of these activities, the operating environment and economy, the intended beneficiaries, the nature of employees and other non-employees (e.g. contractors, volunteers) and the work they perform for the entity.</p>	Based on GRI 3 Step 1	

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B.AG6. Where an entity has policy activities, its policy activities influence the behaviors and activities of other public sector entities, private sector entities, and/or individuals. Policy activities refer to any incentives or obligations, and may include but is not limited to laws, directives, and decrees; regulations and standards; taxes, charges, subsidies and incentives. This does not include an entity's internal policies. An entity should consider all aspects of its policy activities in understanding its own context, including its policy mandate and objectives and the entities or individuals that are or would be affected by its policies.	B.AG6. Where an entity has policy activities, its policy activities influence the behaviors and activities of other public sector entities, private sector entities, and/or individuals. Policy activities refer to any incentives or obligations <u>for other entities or individuals</u> , and may include but is not limited to laws, directives, and decrees; regulations and standards; taxes, charges, subsidies and incentives. This does not include an entity's internal policies <u>that apply to the entity's own operations</u> . An entity should consider all aspects of its policy activities in understanding its own context, including its policy mandate and objectives and the entities or individuals that are or would be affected by its policies.	Draft based on the GHG Policy and Action Standard definition for “policies” and “actions”	Additional guidance and clarification on policy setting activities and how this informs the entity's context and disclosures
	B.AG7. Many policy activities may have an effect on climate. For example, an entity's policies to expand train networks with an objective to reduce traffic congestion may also result in reduced emissions. Entities may choose to provide disclosures about such policy activities, however, the requirements of this (draft) Standard are only required for climate-related policy activities, that is, those policy activities with an explicit objective to address climate. Therefore, entities should understand and identify its climate-related policy activities.		Clarification added to address the Board's discussion in May 2024 to limit the scope of policy activities to those with an explicit objective of addressing climate
B.AG7. An entity's relationships are those across its value chain, including upstream suppliers and service providers, and downstream delivery of services or goods to beneficiaries, or <u>implementation of policies by other entities or individuals</u> policies to policy implementers . For example:	B.AG8. An entity's relationships are those across its value chain, including upstream suppliers and service providers, and downstream delivery of services or goods to beneficiaries, or implementation of policies by other entities or individuals. For example:		Expanded examples on value chain based on feedback from Dec 2023 Board discussions.

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<p>a public hospital's relationships across its value chain may include upstream suppliers of medical equipment and emergency vehicles as well as downstream employees delivering patients receiving services;</p> <p><u>A regulator's upstream relationships may include legislative bodies that approve policies while downstream relationships include public or private corporations that are required to implement and adopt the regulator's policies;</u></p> <p><u>A taxation authority's upstream relationships may include legislative bodies and downstream relationships include private corporations and individuals that are required to pay taxes.</u></p>	<p>a. Aa public hospital's relationships across its value chain may include upstream suppliers of medical equipment and emergency vehicles as well as downstream patients receiving services;</p> <p>b. A regulator's upstream relationships may include legislative bodies that approve policies while downstream relationships include public or private corporations that are required to implement and adopt the regulator's policies;</p> <p>c. A taxation authority's upstream relationships may include legislative bodies and downstream relationships include private corporations and individuals that are required to pay taxes.</p>		
<p>B.AG8. Public sector value chains are based on public value creation, rather than profit oriented, through providing essential services to improve service recipients' quality of life and fostering trust in the jurisdiction. Value chains for an entity's own operations and, as applicable, policy activities are often complex, involving relationships and interactions with multiple stakeholders, including citizens, other public sector agencies, private corporations and nonprofit institutions.</p>	<p>B.AG9. Public sector value chains are based on public value creation, rather than profit oriented, through providing essential services to improve service recipients' quality of life and fostering trust in the jurisdiction. Value chains for an entity's own operations and, as applicable, policy activities are often complex, involving relationships and interactions with multiple stakeholders, including citizens, other public sector agencies, private corporations and nonprofit institutions.</p>		Staff recommend additional guidance on value chains for public sector based on discussion with SRG in Q1 2024
<p>B.AG9. Public sector entities serve the public interest and have a wide-ranging set of stakeholders. Climate-related reporting must-shall consider all relevant stakeholders whose interests are-could reasonably be expected to be affected or-could-be-affected by the entity's activities, including those that may have a direct relationship with the entity (e.g. employees,</p>	<p>B.AG10. Public sector entities serve the public interest and have a wide-ranging set of stakeholders. Climate-related reporting shall consider all relevant stakeholders whose interests could reasonably be expected to be affected by the entity's activities, including those that may have a direct relationship with the entity (e.g. employees, local communities, suppliers, other entities or individuals that may be</p>	Based on GRI 3 Step 1	Removed nature as a stakeholder based on Dec 2023 discussions – to be considered in a BC

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<p>local communities, suppliers, other entities or individuals that may be affected by policy activities or those who do not or are unable to articulate views (e.g. future generations, nature and the environment). <u>An understanding of these stakeholders supports identification of climate-related risks and opportunities and outcomes as a result of climate-related policy activities, however, may be a broader group than primary users on which determination of material information for disclosure is based. This is consistent with the guidance in the Conceptual Framework in relation to GPFRs, that while users other than the primary users may find the information provided by GPFRs useful, GPFRs are not developed to specifically respond to their information needs</u></p>	<p>affected by policy activities) or those who do not or are unable to articulate views (e.g. future generations).</p> <p>B.AG11. An understanding of these stakeholders supports identification of climate-related risks and opportunities and outcomes as a result of climate-related policy activities. <u>This may result in a broad set of climate-related risks and opportunities and outcomes from climate-related policy activities as engagement</u> may be with a broader group than primary users of general purpose financial reports. <u>However, this information will support the ultimate determination of material information that meets the needs of primary users for decision making and accountability purposes.</u></p> <p>B.AG12. This is consistent with the guidance in the Conceptual Framework in relation to GPFRs, that acknowledges that while users other than the primary users may find the information provided by GPFRs useful, GPFRs are not developed to specifically respond to their information needs.</p>		
<p>B.AG10. Public sector entities are accountable for their commitments. Climate-related reporting should consider the wider context and latest international developments on sustainabilityclimate. SustainabilityClimate context includes:</p> <p>a. Objective and authoritative developments and measures such as scientific research or consensus on climate issues;</p> <p>b. The latest international agreements on climate-related goals and conditions;</p>	<p>B.AG13. Climate-related reporting should consider the wider context and latest international developments on climate. Climate context includes:</p> <p>a. Objective and authoritative developments and measures such as scientific research or consensus on climate issues;</p> <p>b. The latest international agreements on climate-related goals and conditions;</p>	<p>Based on GRI 3 Step 1</p>	

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<p>c. Expectations of responsible conduct set out in authoritative intergovernmental instruments e.g. UN Sustainable Development Goals, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights and in other recognized sector-specific, local, regional or global instruments.</p>	<p>c. Expectations of responsible conduct set out in authoritative intergovernmental instruments e.g. UN Sustainable Development Goals, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights and in other recognized sector-specific, local, regional or global instruments.</p>		
<p>B.AG11. An entity shall understand its role, objectives and how it contributes to deliver on climate change commitments, including the latest international agreements on climate change and related regional, national or subnational transition and adaptation plans. For example, for reporting on an entity's own operations, to the extent certain processes or assessments have been performed by higher levels of government relating to these commitments, such as processes to engage relevant stakeholders or established national risk registers, an entity may consider the applicability of these to the entity's own circumstances and may avoid duplication of efforts to the extent applicable.</p>	<p>B.AG14. An entity shall understand its role, objectives and how it contributes to deliver on climate change commitments, including the latest international agreements on climate change and related regional, national or subnational transition and adaptation plans. For example, <u>an energy regulator whose objective is to ensure safe and efficient delivery of energy to its jurisdiction will contribute to climate change commitments by setting policies that support resource development of lower-emitting energy sources. In addition, the energy regulator would also identify climate-related risks and opportunities relating to its own operations, such as emissions from its own operations or physical risks to facilities located near areas with increasing frequency of severe wildfires.</u></p>		<p>Added paragraph on referring to national risk registers based on Dec 2023 Board discussions</p> <p><u>Added further examples to help understand and delineate an entity's own operations from its policy activities.</u></p>
	<p>B.AG15. ForFor reporting on an entity's own operations, to the extent certain processes or assessments have been performed by higher levels of government relating to these commitments, such as processes to engage relevant stakeholders, or established national risk registers <u>or climate-related scenario analysis</u>, an entity may consider the applicability of these to the</p>		<p><u>Added scenario analysis as this may be performed at a centralized level or higher level of government and may not need to be performed for example by smaller public sector entities.</u></p>

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<p>B.AG12. The entity shall consider the activities, relationships, stakeholders, and climate sustainability context of all the entities it controls or has an interest in (e.g., controlled entities, joint arrangements, associates or holdings of other minority interests), including minority interests.</p>	<p>entity's own circumstances and may avoid duplication of efforts to the extent applicable.</p> <p>B.AG16. The entity shall consider the activities, relationships, stakeholders, and climate context of all the entities it controls or has an interest in (e.g., controlled entities, joint arrangements, associates or holdings of other minority interests).</p>	<p>Based on GRI 3 Step 1</p>	
<p>Identify actual and potential climate-related impacts, and related risks and opportunities and, where applicable, outcomes from climate-related policy activities</p>	<p>Identify climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities</p>		<p>Re-ordered paragraphs in this section to clarify guidance relating to climate-related risks and opportunities vs. outcomes from climate-related policy activities</p>
<p>Climate-related risks and opportunities</p>	<p>Climate-related risks and opportunities</p>		<p>Added separate heading for clarity</p>
<p><u>B.AG13. Public sector entities provide essential services for its service recipients in the public interest. Identification of climate-related risks and opportunities inform an entity's response to such risks and opportunities in order to ensure its long-term fiscal sustainability, including its continued ability to provide these essential services, including policy activities, and meet its mandate and objectives. Long-term fiscal sustainability is dependent on the capacity and vulnerability of its services, revenues and debts.</u></p> <p>B.AG13.B.AG14. Impacts may give rise to risks and opportunities to the entity. An entity's climate-related risks and opportunities to an entity's service delivery and financial commitments may arise out of the interactions between the entity and its stakeholders, society, the economy, and the natural environment throughout the entity's value chain. These interactions, which can be direct and indirect – result</p>	<p>B.AG17. Public sector entities provide essential services for its service recipients in the public interest. Identification of climate-related risks and opportunities inform an entity's response to such risks and opportunities in order to ensure its long-term fiscal sustainability, including its continued ability to provide these essential services, including policy activities, and meet its mandate and objectives. Long-term fiscal sustainability is dependent on the capacity and vulnerability of its services, revenues and debts.</p> <p>B.AG18. An entity's climate-related risks and opportunities arise out of the interactions between the entity and its stakeholders, society, the economy, and the natural environment throughout the entity's value chain. These interactions, which can be direct and indirect – result from operating an entity's operational model in pursuit of the entity's strategic purposes and from the external environment in which the entity operates.</p>	<p>IFRS S1.B2</p>	<p>Aligned paragraph B.AG23 with IFRS S1.B2 given decision to align own operations with S2 and shift impacts to focus on outcomes from climate-related policy activities.</p>

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<p>from operating an entity's operational model in pursuit of the entity's strategic purposes and from the external environment in which the entity operates. These interactions take place within an interdependent system in which an entity both as it depends on resources and relationships throughout its value chain and affects those resources and relationships through its activities—contributing to the preservation, regeneration and development of those resources and relationships or to their degradation and depletion. These dependencies and impacts may give rise to climate-related risks and opportunities that could reasonably be expected to affect an entity's service delivery and financial commitmentslong-term fiscal sustainabilityover the short, medium and long term.</p>	<p>These interactions take place within an interdependent system in which an entity both depends on resources and relationships throughout its value chain and affects those resources and relationships through its activities—contributing to the preservation, regeneration and development of those resources and relationships or to their degradation and depletion. These dependencies and impacts may give rise to climate-related risks and opportunities that could reasonably be expected to affect an entity's long-term fiscal sustainability.</p>		
<p>B.AG14.B.AG15. Resources and relationships that an entity depends on and affects by its activities and outputs can take various forms, such as natural, manufactured, intellectual, human, social or financial. They can be internal—such as the entity's workforce, its know-how or its organizational processes—or they can be external—such as materials—funding and services the entity needs to access or the relationships it has with suppliersresource providers, distributors and customersbeneficiaries. Furthermore, resources and relationships include, but are not limited to, the resources and relationships recognized as assets in the entity's financial statements.</p>	<p>B.AG19. Resources and relationships that an entity depends on and affects by its activities and outputs can take various forms, such as natural, manufactured, intellectual, human, social or financial. They can be internal—such as the entity's workforce, its know-how or its organizational processes—or they can be external—such as funding and services the entity needs to access or the relationships it has with resource providers, distributors and beneficiaries. Furthermore, resources and relationships include, but are not limited to, the resources and relationships recognized as assets in the entity's financial statements.</p>	IFRS S1.B4	

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<p>B.AG15.B.AG16. Due to the interconnected nature of resources and relationships in the public sector, an entity often:</p> <p>depends on other public sector entities, such as for funding;</p> <p>is affected by other public sector entities, such as policies and targets set by senior levels of government, or</p> <p>where an entity has policy activities, depends on other entities to implement them.</p> <p>B.AG16.B.AG17. Therefore, public sector entities may face heightened risks to managing climate-related risks and opportunities and achieving an entity's mandate such as:</p> <p>policy activity leadership risk – such as the risk of inconsistent strategies across levels of government to achieve net zero or insufficient funding or support for entities to implement policies;</p> <p>accountability risk – such as unclear roles and responsibilities on how entities contribute to regional, national or subnational climate commitments and targets through its own operations; or</p> <p>coordination and delivery risk – such as the failure to collaborate effectively across policy setters and implementers to address system-wide challenges.</p>	<p>B.AG20. Due to the interconnected nature of resources and relationships in the public sector, an entity often:</p> <p>a. Ddepends on other public sector entities, such as for funding;</p> <p>b. Is affected by other public sector entities, such as policies and targets set by senior levels of government, or</p> <p>c. Wwhere an entity has policy activities, depends on other entities to implement them.</p> <p>B.AG21. Therefore, public sector entities may face heightened risks to managing climate-related risks and opportunities and achieving an entity's mandate such as:</p> <p>a. policy activity leadership risk – such as the risk of inconsistent strategies across levels of government to achieve net zero or insufficient funding or support for entities to implement policies;</p> <p>b. accountability risk – such as unclear roles and responsibilities on how entities contribute to regional, national or subnational climate commitments and targets through its own operations; or</p> <p>c. coordination and delivery risk – such as the failure to collaborate effectively across policy setters and implementers to address system-wide challenges.</p>		<p>Moved guidance on public sector specific risks from core text (included in definitions in December 2023) to application guidance</p>
<p><u>Climate-related Policy Activity</u> Outcomes</p>	<p>Outcomes <u>from Climate-related Policy Activities</u></p>		<p>Added separate heading for clarity</p>
<p>B.AG18. <u>Climate-related policy activities mandate actions or create obligations for other entities and/or individuals to support the achievement of outcomes that have an</u></p>	<p>B.AG22. Climate-related policy activities mandate actions or create obligations for other entities and/or individuals <u>(not include internal policies for its own operations)</u> to</p>	<p>Based on GRI <u>4RPG 3</u></p>	<p>Merged GRI concept of impacts with RPG 3 guidance on outcomes to clarify how outcomes includes the impacts on economy, environment and people.</p>

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<p>impact on society, which includes effects on the economy, environment and people in the scope of the entity's jurisdiction. Given the public interest role of public sector entities, an entity's responsibility may extend to the economy, environment and people, including through activities such as legislative, regulatory or policy setting. In identifying impacts, risks and opportunities, the nature of such entity's activities will generally lead to the identification of impacts, risks and opportunities to the economy, environment and people which may also become risks and opportunities for the entity. For example:</p> <p><u>a traffic congestion tax policy to reduce emissions results in economic impacts for private sector entities operating in the jurisdiction and economic and/or social impacts for individuals living and working in the jurisdiction;</u></p> <p><u>an entity's maintenance and investment in high speed rail infrastructure to reduce emissions may result in economic opportunities for private sector entities as well as social impacts for individual service recipients; and</u></p> <p><u>policies relating to emissions trading programs will have economic impacts for private sector corporations. an entity that has the responsibility to set building policies may or may not set technical requirements for energy efficient design and construction. The entity's action or inaction will result in impacts to the economy, environment and people, which in turn may lead to risks such as reputational risk for the entity. Climate-related impacts refers to the effects an entity has or can have on the economy, environment and people as a result of its activities or relationships. For example, an entity's business</u></p>	<p>support the achievement of <u>climate-related</u> outcomes that have an impact on society, which includes <u>GHG emissions and other</u> effects on the economy, environment and people in the scope of the entity's jurisdiction. For example:</p> <p>a. a traffic congestion tax policy to reduce emissions results in economic impacts for private sector entities operating in the jurisdiction and economic and/or social impacts for individuals living and working in the jurisdiction;</p> <p>b. an entity's maintenance and investment in high-speed rail infrastructure to reduce emissions may result in economic opportunities for private sector entities as well as social impacts for individual service recipients; and</p> <p>c. policies relating to emissions trading programs will have economic impacts for private sector corporations.</p>		<p>Added examples to illustrate how economy, environment and people may be impacted, and how this may include direct recipients or others</p>

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<p>travel results in impacts in the form of greenhouse gas emissions.</p> <p>B.AG17.B.AG19. Climate-related outcomes, which affect society, including impacts on the economy, environment and people, are interrelated. For example, an entity's climate-related policies impact the environment and impacts on the economy and environment can also result in impacts on people, such as how the policies to reduce increase in greenhouse gas emissions can negatively contribute to poorer improved air quality and affect the health of citizens. Also, an entity's negative impact on climate change could, via subsequent regulatory action or social pressure, result in reputational damage to that entity, which in turn, may influence the voting decisions of that entity's users jurisdiction or potential litigation against the entity. Similarly, an entity's positive impacts can result in negative impacts and vice versa, such as how a decision to move from non-renewable to renewable energy can be directly linked to the impact on the economy and workforce in the jurisdiction (see paragraph B.AG45-46).</p>	<p>B.AG23. Outcomes from climate-related outcomes policy activities are impacts on which affect society. This includes impacts on the economy, environment and people, as these impacts are all interrelated. For example, an entity's climate-related policies impact the environment and can also result in impacts on people, such as how the policies to reduce greenhouse gas emissions can contribute to improved air quality and affect the health of citizens. Also, an entity's negative impact on climate change could result in reputational damage to that entity, which in turn, may influence the voting decisions of that entity's jurisdiction or potential litigation against the entity.</p>	<p>Based on GRI 1</p>	
<p>B.AG18.B.AG20. Impacts can be direct or indirect, actual or potential, and negative or positive. An entity can directly cause or contribute to an impact on the economy, environment or people, or can be indirectly connected to or linked to an impact. For example, if the entity provides loans to another public sector entity or business that contaminates water and land surrounding the operations, this negative impact is indirectly connected with the reporting entity through its relationship with the loan recipient entity.</p>			<p>Moved to AG37</p>

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<p>B.AG19.B.AG21. Further, Ffactors beyond the entity's control may intervene to either hinder or facilitate the entity's achievement of outcomes. <u>An entity's identification of outcomes from climate-related policy activities shall consider</u> the extent to which outcomes can be attributed to the entity's <u>policy</u> activities and other factors that have influenced the outcomes. <u>It shall not include outcomes that cannot be reasonably expected by an entity (see paragraph 4).</u> Disclosures shall be sufficient to ensure that <u>the primary</u> users <u>can understand</u> the entity's role with respect to either improving or worsening outcomes.</p>	<p>B.AG24. Further, factors beyond the entity's control may intervene to either hinder or facilitate the entity's achievement of outcomes. An entity's identification of outcomes from climate-related policy activities shall consider the extent to which outcomes can be attributed to the entity's policy activities and other factors that have influenced the outcomes. It shall not include outcomes that cannot be reasonably expected by an entity (see paragraph 4). Disclosures shall be sufficient to ensure that the primary users can understand the entity's role with respect to either improving or worsening outcomes.</p>	RPG 3	Added further guidance from RPG 3 on how outcomes should be attributable to policy activities
<p>Engagement with Stakeholders <u>to Identify Outcomes from Climate-related Policy Activities</u></p>	<p>Engagement with Stakeholders to Identify Outcomes from Climate-related Policy Activities</p>		
<p>B.AG20.B.AG22. Public sector entities regularly engage with stakeholders on various issues. <u>To support its climate-related reporting, an entityies should also seek to consult engage with relevant stakeholders in identifying climate-related impacts, by consulting them directly or through their representatives and consult internal and external experts to provide input or feedback on its conclusions regarding impacts.</u></p>	<p>B.AG25. Public sector entities regularly engage with stakeholders on various issues. <u>To support its climate-related reporting, an entity should also seek to consult relevant stakeholders directly or through their representatives and consult internal and external experts to provide input or feedback on its conclusions regarding impactsoutcomes.</u></p>	Based on GRI 3 Box 2	Moved section up to make clear this relates to identification of outcomes climate-related policy activities
<p>B.AG21.B.AG23. Broad engagement with stakeholders may be challenging in cases that involve stakeholders across jurisdictions or in cases that involve impacts resulting in collective harm. For example, broad engagement may be a challenge in the case of greenhouse gas (GHG) emissions, which contribute to collective transboundary harm.</p>	<p>B.AG26. Broad engagement with stakeholders may be challenging in cases that involve stakeholders across jurisdictions or in cases that involve impacts resulting in collective harm. For example, broad engagement may be a challenge in the case of greenhouse gas (GHG) emissions, which contribute to collective transboundary harm.</p>	Based on GRI 3 Box 2	

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B.AG22-B.AG24. In such cases, the organization-entity may engage with credible stakeholder representatives or proxy organizations (e.g., non-governmental organizations, trade unions). For example, when considering a decision to introduce a strategy ies to reduce production and/or consumption of fossil fuels and transition to renewable energy production, it may be important to engage with companies and trade unions to consider the employment impacts of the decision.	B.AG27. In such cases, the entity may engage with credible stakeholder representatives or proxy organizations (e.g., non-governmental organizations, trade unions). For example, when considering a decision to introduce a strategy to reduce production and/or consumption of fossil fuels and transition to renewable energy production, it may be important to engage with companies and trade unions to consider the employment impacts of the decision.	Based on GRI 3 Box 2	
Peer / Industry disclosures	Peer / Industry disclosures		
B.AG23-B.AG25. Entities should be encouraged to consider <u>the applicability of climate-related impacts,</u> risks and opportunities <u>and, where applicable,</u> <u>outcomes of climate-related policy activities</u> that are common to other entities with similar operations, function of government, and/or geographic location as such disclosures may be expected by <u>primary users of general purpose financial reports</u> and may inform an entities materiality judgements.	B.AG28. Entities are encouraged to consider the applicability of climate-related risks and opportunities and, where applicable, outcomes of from climate-related policy activities that are common to other entities with similar operations, function of government, and/or geographic location as such disclosures may be expected by primary users of general purpose financial reports and may inform an entity y <u>ies</u> materiality judgements.		In the absence of industry or sector type guidance for the public sector, entities may look to peers in place of IFRS S1.B7. Revised language to avoid inflating disclosures per Dec 2023 Board instruction
Reasonable and supportable information	Reasonable and supportable information		
B.AG24-B.AG26. To identify <u>climate-related impacts,</u> risks and opportunities to an entity <u>and, where applicable, outcomes from climate-related policy activities, including the processes to engage relevant stakeholders (see paragraphs B.AG36-B.AG40),</u> the entity shall use all reasonable and supportable information available to the entity without undue cost or effort (see paragraph B.AG18-20) and seek to	B.AG29. To identify climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities, <u>including the processes to engage relevant stakeholders (see paragraphs B.AG25-B.AG27),</u> the entity shall use all reasonable and supportable information available to the entity without undue cost or effort .	Based on IFRS S1.B6 and GRI 3 Step 2	Revised to clarify that the principles of reasonable and supportable information also applies to engaging stakeholders per Dec 2023 Board instruction.

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<p>engage with relevant stakeholders (see paragraphs B.AG21–23).</p> <p>B.AG25.B.AG27. Reasonable and supportable information used by an entity in preparing its climate-related disclosures shall cover factors that are specific to the entity as well as general conditions in the external environment. In some cases—such as in identifying <u>an entity's climate-related impacts</u>, risks and opportunities that could reasonably be expected to affect an entity—reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.</p> <p>B.AG26.B.AG28. An entity may use various sources of data that may be both internal and external. Possible data sources include:</p> <p>The entity's risk management processes;</p> <p>Peer group experience; and</p> <p>External ratings, reports and statistics.</p> <p>Information that is used by the entity in preparing its financial statements, operations, setting its strategy and managing its risks and opportunities is considered to be available to the entity without undue cost or effort.</p> <p>B.AG27.B.AG29. An entity need not undertake an exhaustive search for information to identify <u>an entity's</u> climate-related <u>impacts</u>, risks and opportunities <u>and, where applicable, outcomes from climate-related policy activities</u>that could reasonably be expected to affect the entity. The assessment of</p>	<p>B.AG30. Reasonable and supportable information used by an entity in preparing its climate-related disclosures shall cover factors that are specific to the entity as well as general conditions in the external environment. In some cases—such as in identifying an entity's climate-related risks and opportunities—reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.</p> <p>B.AG31. An entity may use various sources of data that may be both internal and external. Possible data sources include:</p> <p>a. The entity's risk management processes;</p> <p>b. Peer group experience; and</p> <p>c. External ratings, reports and statistics.</p> <p>Information that is used by the entity in preparing its financial statements, operations, setting its strategy and managing its risks and opportunities is considered to be available to the entity without undue cost or effort.</p> <p>B.AG32. An entity need not undertake an exhaustive search for information to identify an entity's climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities. The assessment of what constitutes undue cost or effort depends on the entity's specific circumstances and requires a balanced consideration of the costs and</p>	<p>IFRS S1.B8</p> <p>IFRS S1.B9</p> <p>IFRS S1.B10</p>	

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what constitutes undue cost or effort depends on the entity's specific circumstances and requires a balanced consideration of the costs and efforts for the entity and the benefits of the resulting information for <u>primary users to balance the advantages and disadvantages and value for money considerations of additional information</u> . That assessment can change over time as circumstances change.	efforts for the entity and the benefits of the resulting information for primary users <u>to balance the advantages and disadvantages and value for money considerations of additional information</u> . That assessment can change over time as circumstances change.		
B.AG28-B.AG30. In some cases, an entity may leverage another entity's processes, such as a national risk register in its jurisdiction. The entity shall consider the applicability of the other entity's processes and findings and where applicable, cross-reference to the other entity's reports and consider whether additional entity-specific information is required for users' decision making and accountability needs.	B.AG33. In some cases, an entity may leverage another entity's processes, such as a national risk register <u>or climate-related scenario analysis performed by centralized public sector entities</u> in its jurisdiction. The entity shall consider the applicability of the other entity's processes and findings and where applicable, cross-reference to the other entity's reports and consider whether additional entity-specific information is required for users' decision making and accountability needs.		Additional disclosure based on Dec 2023 Board discussions
Reassessment of <u>the scope of</u> climate-related impacts, risks and opportunities <u>and, where applicable, outcomes from climate-related policy activities</u>	Reassessment of the scope of climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities		
B.AG29-B.AG31. <u>Climate-related impacts,</u> risks and opportunities <u>and, where applicable, outcomes from climate-related policy activities</u> may change over time as the entity's activities, relationships, stakeholders and sustainability—climate context evolve. New activities, new relationships, and major changes in operations or the operating context could lead to changes in the entity's climate-related impacts, risks and opportunities <u>and, where applicable, outcomes from climate-related policy activities</u> . For this reason,	B.AG34. <u>Climate-related risks and opportunities</u> and, where applicable, outcomes from climate-related policy activities may change over time as the entity's activities, relationships, stakeholders and climate context evolve. New activities, new relationships, and major changes in operations or the operating context could lead to changes in the entity's climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities. For this reason, the entity may, but is not required to, reassess its context and identify risks and	Based on GRI 3 Step 2 and IFRS S1.B12	

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<p>the entity may, but is not required to, reassess its context and identify impacts, risks and opportunities and, where applicable, outcomes from climate-related policy activities on an ongoing basis.</p> <p>B.AG30. B.AG32. At a minimum, an entity shall reassess the scope of all affected climate-related impacts, risks and opportunities and, where applicable, outcomes from climate-related policy activities throughout its value chain on the occurrence of a significant event or significant change in circumstances. A significant event or significant change in circumstances can occur without the entity being involved in that event or change in circumstances or as a result of a change in what the entity assesses to be important to primary users of general-purpose financial reports. For example, such significant events or significant changes in circumstances might include:</p> <p>a. A significant change in the entity's value chain (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions);</p> <p>b. a A significant change in the entity's operations model, activities or structure (for example, changes in structure or climate change policies following a change in political leadership a new interest in other entities, such as controlled entities, joint arrangements, or associates, that expands the entity's value chain); and</p> <p>b. A significant change in exposure to climatesustainability-related impacts, risks and</p>	<p>opportunities and, where applicable, outcomes from climate-related policy activities on an ongoing basis.</p> <p>B.AG35. At a minimum, an entity shall reassess the scope of all affected climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities throughout its value chain on the occurrence of a significant event or significant change in circumstances. A significant event or significant change in circumstances can occur without the entity being involved in that event or change in circumstances or as a result of a change in what the entity assesses to be important to primary users of general-purpose financial reports. For example, such significant events or significant changes in circumstances might include:</p> <p>a. A significant change in the entity's operations model, activities or structure (for example, changes in structure or climate change policies following a change in political leadership);</p> <p>b. A significant change in exposure to climate-related risks and opportunities (for example, an increase in frequency or severity of extreme weather events in the entity's jurisdiction that increases risks to the entity); and.</p> <p>c. A significant change in the entity's value chain (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions).</p>	<p>Based on IFRS S1.B11</p>	

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<p>opportunities (for example, an increase in frequency or severity of extreme weather events in the entity's jurisdiction that increases risks to the entity); and.</p> <p>c. A significant change in the entity's value chain (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions).</p>			
Materiality (see paragraphs B8-B10)			
B.AG31.B.AG33. Primary users of public sector general purpose financial reports include service recipients and their representatives, such as legislature or members of parliament who act as representatives of citizens, eligible residents and taxpayers, and resource providers and their representatives, such as multilateral or bilateral donor agencies and lenders and corporations that provide resources to, and transact with, government	B.AG36. Primary users of public sector general purpose financial reports include service recipients and their representatives, such as legislature or members of parliament who act as representatives of citizens, eligible residents and taxpayers, and resource providers and their representatives, such as multilateral or bilateral donor agencies and lenders and corporations that provide resources to, and transact with, government	Based on IPSASB CF Chapter 2	
B.AG32.B.AG34. Information is material if omitting, misstating or obscuring it could 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.	B.AG37. Information is material if omitting, misstating or obscuring it could 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.	Aligned with IPSASB CF 3.32	
B.AG33.B.AG35. Assessing whether information could reasonably be expected to influence decisions made by primary users requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.	B.AG38. Assessing whether information could reasonably be expected to influence decisions made by primary users requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.	IFRS S1.B16	

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<p>B.AG34, B.AG36. Service recipients and resource providers require <u>climate-related</u> information for accountability purposes that contributes to, and informs, decision making. <u>Climate-related information needs for accountability and decision making may be different for different users. For example, a service recipient may look for information on the entity's climate resilience and ability to deliver its service objectives in light of climate-related physical risks to inform how they vote or where they choose to live; while a central government may look for the entity's effective implementation of policies and contribution to national transition and adaptation plans to inform its policy setting strategies and/or allocation of resources.</u></p>	<p>B.AG39. Service recipients and resource providers require climate-related information for accountability purposes that contributes to and informs decision making. Climate-related information needs for accountability and decision making may be different for different users. For example, a service recipient may look for information on the entity's climate resilience and ability to deliver its service objectives in light of climate-related physical risks to inform how they vote or where they choose to live; while a central government may look for the entity's effective implementation of policies and contribution to national transition and adaptation plans to inform its policy setting strategies and/or allocation of resources.</p>		Added examples on information needs of users based on Board December 2023 instruction.
<p>B.AG35, B.AG37. Climate-related disclosures are prepared for primary users who have a reasonable knowledge of public sector programs and operations and who review and analyze the information diligently. At times, even well-informed and diligent users may need the aid of an adviser to understand climate-related information.</p>	<p>B.AG40. Climate-related disclosures are prepared for primary users who have a reasonable knowledge of public sector programs and operations and who review and analyse the information diligently. At times, even well-informed and diligent users may need the aid of an adviser to understand climate-related information.</p>	IFRS S1.B17	
<p>B.AG36, B.AG38. Individual primary users may have different, and sometimes even conflicting, information needs and desires. Information needs of users may also evolve over time. Climate-related disclosures are intended to meet common information needs of primary users.</p>	<p>B.AG41. Individual primary users may have different, and sometimes even conflicting, information needs and desires. Information needs of users may also evolve over time. Climate-related disclosures are intended to meet common information needs of primary users.</p>	IFRS S1.B18	
Identifying material information	Identifying material information		

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B.AG37 .B.AG39. Materiality depends on both qualitative and quantitative information judged in the particular circumstances of each entity during the reporting period and in the future. Consequently, it is not possible to specify a uniform characteristic or set of characteristics at which a particular type of information becomes material.	B.AG42. Materiality depends on both qualitative and quantitative information judged in the particular circumstances of each entity during the reporting period and in the future. Consequently, it is not possible to specify a uniform characteristic or set of characteristics at which a particular type of information becomes material.	Based on IPSASB CF 3.32	
B.AG38 .B.AG40. To identify material information about a climate-related impact risk or opportunity, or, where applicable, a climate-related policy outcome , an entity shall apply, as the starting point, the requirements of this [draft] Standard.	B.AG43. To identify material information about a climate-related risk or opportunity, or, where applicable, a climate-related policy outcome, an entity shall apply, as the starting point, the requirements of this [draft] Standard.	IFRS S1.B20	
B.AG39 .B.AG41. An entity shall assess whether the information identified in applying this [draft] Standard, either individually or in combination with other information, is material in the context of the entity's climate-related disclosures taken as a whole. In assessing whether information is material, an entity shall consider both quantitative and qualitative factors. For example, an entity might consider the magnitude and the nature of the effect of a climate-related impact risk or opportunity on the entity or, where applicable, the magnitude and nature of a climate-related policy outcome .	B.AG44. An entity shall assess whether the information identified in applying this [draft] Standard, either individually or in combination with other information, is material in the context of the entity's climate-related disclosures taken as a whole. In assessing whether information is material, an entity shall consider both quantitative and qualitative factors. For example, an entity might consider the magnitude and the nature of the effect of a climate-related risk or opportunity or, where applicable, the magnitude and nature of a climate-related policy outcome.	IFRS S1.B21	
B.AG40 .B.AG42. An entity need not disclose information otherwise required by the [draft] Standard if the information is not material. This is the case even if the [draft] Standard contains a list of specific requirements.	B.AG45. An entity need not disclose information otherwise required by the [draft] Standard if the information is not material. This is the case even if the [draft] Standard contains a list of specific requirements.	IFRS S1.B25	

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<p>B.AG41.B.AG43. _____ Though materiality judgements are specific to an entity, entities should be encouraged to consider the applicability of disclosures provided by peers as a check or test of completeness of disclosures. For example, if an entity is not exposed to a risk to which other peer entities are exposed, the lack of exposure to that particular risk could also be material information <u>where an entity may be expected to incur that risk</u>.</p>	B.AG46. Though materiality judgements are specific to an entity, entities are encouraged to consider the applicability of disclosures provided by peers. For example, if an entity is not exposed to a risk to which other peer entities are exposed, the lack of exposure to that particular risk could also be material information where an entity may be expected to incur that risk.		In the absence of industry or sector type guidance for the public sector, entities may look to peers in place of IFRS S1.B20.
<p>If an entity determines it may not be possible to provide sufficient information to meet the requirements of disclosures that are material (e.g., resourcing constraints, availability of expertise, capacity limitations, legislative or regulatory constraints, significant uncertainty, etc.), the reporting entity should explain in enough detail for the user to understand why it may not be possible to provide disclosure or, in rare circumstances, why the cost may outweigh the benefits, and the steps being taken and expected time frame to obtain the information and begin providing such disclosure.</p>			Removed paragraph based on Dec Board meeting instructions. Proportionality provisions provided via 'reasonable and supportable information' paragraphs, and cost-benefit constraint discussed in Appendix C
Qualitative judgements in materiality	Qualitative judgements in materiality		
<p>B.AG42.B.AG44. _____ An entity generally assesses whether information is quantitatively material by considering the <u>magnitude, such as the</u> amount and size, of the transaction against measures of the entity's financial position, financial performance and cash flows. For example, the anticipated expenses to develop green infrastructure may be of such a size it could reasonably be expected to influence decisions that <u>primary</u> users make on the basis of that information.</p>	B.AG47. An entity generally assesses whether information is quantitatively material by considering the magnitude, such as the amount and size, of the transaction against measures of the entity's financial position, financial performance and cash flows. For example, the anticipated expenses to develop green infrastructure may be of such a size it could reasonably be expected to influence decisions that primary users make on the basis of that information.		Additional guidance for considerations relating to qualitative information

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<p><u>B.AG45.</u> However, an item of information could reasonably be expected to influence <u>primary</u> users’ decisions and assessment of accountability regardless of <u>magnitude or size compared against the entity’s financial position, financial performance and cash flows</u>. For example;</p> <p><u>how grave or difficult it may be to remediate</u> greenhouse gas (GHG) emissions may be considered a proxy for exposure to transition risk, and so be expected to influence an entity’s <u>primary</u> users’ decisions regardless of the size of those emissions;</p> <p>Another example is the lack of processes, such as the lack of climate-related reporting processes, could be material information;</p> <p><u>The number of individuals affected by climate-related policies may be of such magnitude that it could reasonably be expected to influence decisions of primary users; and</u></p> <p><u>the range of estimates and the number of assumptions required to estimate the financial effects of a climate-related opportunity could influence how useful the information may be to meet primary users’ accountability and decision-making needs.</u></p>	<p>B.AG48. However, an item of information could reasonably be expected to influence primary users’ decisions and assessment of accountability regardless of magnitude or size compared against the entity’s financial position, financial performance and cash flows. For example:</p> <ul style="list-style-type: none"> a. how grave or difficult it may be to remediate greenhouse gas (GHG) emissions may influence an entity’s primary users’ decisions regardless of the size of those emissions; b. the lack of processes, such as the lack of climate-related reporting processes, could be material information; c. The number of individuals affected by climate-related policies may be of such magnitude that it could reasonably be expected to influence decisions of primary users; and d. the range of estimates and the number of assumptions required to estimate the financial effects of a climate-related opportunity could influence how useful the information may be to meet primary users’ accountability and decision-making needs. 		<p>Additional guidance for considerations relating to qualitative information</p>
<p>B.AG2. In determining material information about climate-related impacts, an entity should consider the significance and severity of impacts such as the magnitude of effects on climate change rather than only the magnitude of effects on the entity’s own finances. UN Guiding Principles on Business and Human Rights provides a reporting framework for assessing significance of impacts:</p>		Based on GRI 3 Step 3	Staff recommend to remove this from AG and consider for Illustrative Guidance

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<p>a. The significance of an actual negative impact is determined by the severity of the impact. The significance of a potential negative impact is determined by the severity and likelihood of the impact. The severity of an actual or potential negative impact is determined by the following characteristics:</p> <p>i. Scope: how widespread the impact is, for example, in the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the number of individuals affected or the extent of environmental damage.</p> <p>ii. Scale: how grave the impact is.</p> <p>iii. Irremediable character: how hard it is to counteract or make good the resulting harm.</p> <p>Any of the three characteristics (scale, scope, and irremediable character) can make an impact severe. But it is often the case that those characteristics are interdependent: the greater the scale or the scope of an impact, the less remediable it is.</p> <p>In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood.</p>			

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<p>B.AG3.—The significance of an actual positive impact is determined by the scale and scope of the impact. The significance of a potential positive impact is determined by the scale and scope as well as the likelihood of the impact.</p>			
<p>B.AG46. Information about a single <u>climate-related risk or opportunity or, where applicable, outcomes from climate-related policy activities</u> may not be material on an individual basis, but similar <u>climate-related risks or opportunities or, where applicable, outcomes from climate-related policy activities</u> may be material when taken in aggregate. For example, an entity might be exposed to several climate-related risks, each of which could cause the same type of disruption (such as disruptions to the entity’s supply chain). Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk—the risk of supply chain disruption from all sources—might be material.</p>	<p>B.AG49. Information about a single climate-related risk or opportunity or, where applicable, outcomes from climate-related policy activities may not be material on an individual basis, but similar climate-related risks or opportunities or, where applicable, outcomes from climate-related policy activities may be material when taken in aggregate. For example, an entity might be exposed to several climate-related risks, each of which could cause the same type of disruption (such as disruptions to the entity’s supply chain). Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk—the risk of supply chain disruption from all sources—might be material.</p>		
<p>47. With regards to potential future climate-related risks and opportunities and, <u>where applicable, outcomes from climate-related policy activities</u>, an entity may assess whether information is qualitatively material by considering the likelihood of the potential climate-related risk or opportunity or climate-related policy outcome. For example:</p> <p>Information about a possible future event is more likely to be judged being material if the potential effects are significant and the event likely to occur.</p>	<p>B.AG50. With regards to potential future climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities, an entity may assess whether information is qualitatively material by considering the likelihood of the potential climate-related risk or opportunity or climate-related policy outcome. For example:</p>	Based on IFRS S1.B22-B24	Streamlined concepts from paragraphs below into one paragraph

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<p>possible future event is expected to affect an entity or society, but many years in the future, information about that event is usually likely to be judged material than information about a possible event with similar effects that are expected to occur sooner; and</p> <p>whether a climate-related opportunity is currently being pursued as part of its approved strategy, as opposed to a general opportunity for the entity, may affect how useful the information is to the user for decision making purposes.</p>	<p>a. Information about a possible future event is more likely to be judged as being material if the potential effects are significant and the event is likely to occur.</p> <p>b. If a possible future event is expected to affect an entity or society, but only many years in the future, information about that event is usually less likely to be judged material than information about a possible future event with similar effects that are expected to occur sooner; and</p> <p>c. whether a climate-related opportunity is currently being pursued as part of its approved strategy, as opposed to a general opportunity for the entity, may affect how useful the information is to the user for decision making purposes.</p>		
<p>48. In assessing the possible future events and likelihood of events, an entity should consider the range of possible outcomes and the likelihood within that range and all pertinent facts and circumstances. Information about a possible future event is more likely to be judged as being material if the potential effects are significant and the event is likely to occur. However, an entity shall also consider whether information about low probability and high severity outcomes might be material either individually or in combination with information about other low probability and high severity outcomes.</p>		Based on IFRS S1.B22-B23	Moved up to paragraph B.AG91
<p>49. If a possible future event is expected to affect an entity's service delivery and financial commitments, but only many years in the future, information about that event is usually less likely to be judged material than information about a possible future event with similar effects that are expected</p>	<p>B.AG51. In some circumstances, an item of information could reasonably be expected to influence primary users' decisions regardless of the magnitude of the potential effects of the future event or the timing of that event. For example, this might happen if information about a particular risk or opportunity is highly scrutinized by</p>	Based on IFRS S1.B24	Partly moved up to B.AG85.b

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<p>to occur sooner. However, if in some circumstances, an item of information could reasonably be expected to influence <u>primary</u> users' decisions regardless of the magnitude of the potential effects of the future event or the timing of that event. For example, this might happen if information about a particular risk or opportunity is highly scrutinized by <u>primary</u> users of an entity's general purpose financial reports.</p>	<p><u>primary users of an entity's general purpose financial reports.</u></p>		
<p>50. An entity must consider the context in which it operates when making materiality judgements, and in respect of prospective information, the preparer's knowledge and expectations about the future, <u>including the range of possible outcomes and the likelihood within that range and all pertinent facts and circumstances. An entity shall also consider whether information about low-probability and high-severity outcomes might be material either individually or in combination with information about other low-probability and high-severity outcomes.</u></p>	<p>B.AG52. An entity must consider the context in which it operates when making materiality judgements, and in respect of prospective information, the preparer's knowledge and expectations about the future, <u>including the range of possible outcomes and the likelihood within that range and all pertinent facts and circumstances. An entity shall also consider whether information about low-probability and high-severity outcomes might be material either individually or in combination with information about other low-probability and high-severity outcomes.</u></p>	<p>Based on Conceptual Framework and IFRS S1.B22-B23</p>	
<p>51. When reporting on opportunities, the entity should consider the materiality of the information to be disclosed. In this context, it shall consider, among other factors:</p> <p class="list-item-l1">a. Whether the opportunity is currently being pursued as part of its approved strategy, as opposed to a general opportunity for the entity; and</p> <p class="list-item-l1">b.a. Whether the inclusion of quantitative measures of financial effects is appropriate, taking into account the number of assumptions that it could require and consequential uncertainty.</p>			<p>Moved up as examples in paragraphs B.AG81.d and B.AG85.c</p>

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<p>Material impacts or risks arising from actions to address climate-related matters</p> <p>The entity's materiality assessment process may lead to the identification of situations in which its actions to address certain impacts or risks, or to benefit from certain opportunities, might cause or contribute to material negative impacts or risks to the economy, environment or people. This may be especially common for public sector entities that have a legislative, policy setting or regulatory role. For example, an action plan to move towards renewable energy sources might lead to negative impacts on the jurisdiction's oil and gas industry workforce.</p>			<p>Additional guidance for public sector given broad reach of and unique public sector role</p> <p>Staff recommend removing this and consider for future IE or IG</p>
<p>52. In such situations, the entity shall:</p> <p class="list-item-l1">a. Disclose the existence of material negative impacts or material risks together with the actions that generate them; and</p> <p class="list-item-l1">b. Provide a description of how the material negative impacts or material risks are addressed.</p>			<p>Additional public sector specific requirement relating to B.AG45</p> <p>Staff recommend removing this requirement</p>
Interaction with law or regulation	Interaction with law or regulation		
<p>53-B.AG51. Law or regulation might specify requirements for an entity to disclose climate-related information in its general purpose financial reports. In such circumstances, the entity is permitted to include in its climate-related disclosures information to meet legal or regulatory requirements, even if that information is not material. However, in this case, such immaterial information shall not be presented in a way that obscures material information.</p>	<p>B.AG53. Law or regulation might specify requirements for an entity to disclose climate-related information in its general purpose financial reports. In such circumstances, the entity is permitted to include in its climate-related disclosures information to meet legal or regulatory requirements, even if that information is not material. However, in this case, such immaterial information shall not be presented in a way that obscures material information.</p>	Based on IFRS S1.B31	Updated to clarify meaning based on Dec 2023 Board discussions

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54. B.AG52. An entity shall disclose material climate-related financial information, even if law or regulation permits the entity not to disclose such information.	B.AG54. An entity shall disclose material climate-related financial information, even if law or regulation permits the entity not to disclose such information.	IFRS S1.B32	
55. B.AG53. An entity need not disclose information otherwise required by this [draft] Standard if law or regulation prohibits the entity from disclosing that information. If an entity omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction.	B.AG55. An entity need not disclose information otherwise required by this [draft] Standard if law or regulation prohibits the entity from disclosing that information. If an entity omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction <u>to the extent allowed by law and regulation.</u>	IFRS S1.B33	
Classified and sensitive information			
If an entity determines that a specific piece of climate-related information is classified and sensitive in the limited circumstances described in paragraph B.AG52, the entity is permitted to omit that information from its climate-related disclosures. Such an omission is permitted even if information is otherwise required by this [draft] Standard and the information is material.		Based on IFRS S1.B34	Removed this section based on Dec Board discussion on prioritizing public interest perspective
56. An entity qualifies for the exemption specified in paragraph B.AG51 if, and only if:		Based on IFRS S1.B35	
climate-related information is not already publicly available; and			
climate-related information has been subject to reasonable steps the entity to keep it from being readily accessible to persons that regularly deal with the kind of information in question.			
57. If an entity elects to use the exemption specified in paragraph B.AG51, the entity shall, for each item of information omitted:		Based on IFRS S1.B36	
use the fact that it has used the exemption; and			

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<p>less, at each reporting date, whether the information qualifies for exemption:</p> <p>An entity is prohibited from using the exemption specified in paragraph B.AG51 as a basis for broad non-disclosure of climate-related information.</p> <p>Reporting material information</p> <p>58-B.AG54. An entity should report information in a concise way and aggregate information where useful without omitting necessary details. An entity should consider the appropriate level of aggregation or disaggregation, for example, by geographical location, by nature or by function, in light of all relevant facts and circumstances.</p> <p>59-B.AG55. An entity should not obscure material information. Information is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that information. Examples of circumstances that might result in material information being obscured include:</p> <ul style="list-style-type: none"> a. Material information is not clearly distinguished from additional information that is not material; b. Material information is disclosed in the climate-related disclosures, but the language used is vague or unclear; c. Material information about a climate-related risk or opportunity or climate-related policy outcome is unreasonably scattered throughout the sustainabilityclimate-related disclosures; 	<p>Reporting material information</p> <p>B.AG56. An entity should report information in a concise way and aggregate information where useful without omitting necessary details. An entity should consider the appropriate level of aggregation or disaggregation, for example, by geographical location, by nature or by function, in light of all relevant facts and circumstances.</p> <p>B.AG57. An entity should not obscure material information. Information is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that information. Examples of circumstances that might result in material information being obscured include:</p> <ul style="list-style-type: none"> a. Material information is not clearly distinguished from additional information that is not material; b. Material information is disclosed in the climate-related disclosures, but the language used is vague or unclear; c. Material information about a climate-related risk or opportunity or climate-related policy outcome is unreasonably scattered throughout the climate-related disclosures; 	<p>Based on IFRS S1.B37</p> <p>Based on and GRI</p> <p>IFRS S1.B27</p>	

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<p>d. Items of information that are dissimilar are inappropriately aggregated;</p> <p>e. Items of information that are similar are inappropriately disaggregated; and</p> <p>f. The understandability of the climate-related disclosures is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.</p>	<p>d. Items of information that are dissimilar are inappropriately aggregated;</p> <p>e. Items of information that are similar are inappropriately disaggregated; and</p> <p>f. The understandability of the climate-related disclosures is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.</p>		
<p>60-B.AG56. An entity shall reassess its materiality judgements at each reporting date to take account of changed circumstances and assumptions. Because of changes in the entity's individual circumstances, or in the external environment, some types of information included in an entity's climate-related disclosures for prior periods might no longer be material. Conversely, some types of information not previously disclosed might become material.</p>	<p>B.AG58. An entity shall reassess its materiality judgements at each reporting date to take account of changed circumstances and assumptions. Because of changes in the entity's individual circumstances, or in the external environment, some types of information included in an entity's climate-related disclosures for prior periods might no longer be material. Conversely, some types of information not previously disclosed might become material.</p>	IFRS S1.B28	
<p>Aggregation and disaggregation</p>	<p>Aggregation and disaggregation</p>		
<p>B.AG61, B.AG57. When an entity applies this [draft] Standard, it shall consider all facts and circumstances and decide how to aggregate and disaggregate information in its climate-related disclosures. The entity shall not reduce the understandability of its climate-related disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.</p>	<p>B.AG59. When an entity applies this [draft] Standard, it shall consider all facts and circumstances and decide how to aggregate and disaggregate information in its climate-related disclosures. The entity shall not reduce the understandability of its climate-related disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.</p>	IFRS S1.B29	

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B.AG62 .B.AG58. An entity shall not aggregate information if doing so would obscure information that is material. Information shall be aggregated if items of information have shared characteristics and shall not be aggregated if they do not have shared characteristics. The entity might need to disaggregate information about climate-related impacts , risks and opportunities <u>and outcomes from climate-related policy activities</u> , for example, by geographical location or in consideration of the geopolitical environment .	B.AG60. An entity shall not aggregate information if doing so would obscure information that is material. Information shall be aggregated if items of information have shared characteristics and shall not be aggregated if they do not have shared characteristics. The entity might need to disaggregate information about climate-related risks and opportunities and outcomes from climate-related policy activities, for example, by geographical location.	Based on IFRS S1.B30	
B.AG63 .B.AG59. Although the requirements in the [draft] Standard does not explicitly require disclosure of some climate-related matters such as reduced access to fresh water, biodiversity loss, deforestation and climate-related social impacts resulting from an entity's own operations, disclosures about these and other such matters are required if an entity determines that the information is material for users of climate-related disclosures. Similarly, climate-related matters from an entity's non-climate-related policies, for example policies related to coal power generation, are required if an entity determines that information is material for users of climate-related disclosures.	B.AG61. Although the requirements in the [draft] Standard does not explicitly require disclosure of some climate-related matters such as reduced access to fresh water, biodiversity loss, deforestation and climate-related social impacts resulting from an entity's own operations, disclosures about these and other such matters are required if an entity determines that the information is material for users of climate-related disclosures. Similarly, climate-related matters from an entity's non-climate-related policies, for example policies related to coal power generation, are required if an entity determines that information is material for users of climate-related disclosures.	Based on IFRS S2 BC.25	Staff recommend adding this as application guidance aligned with IFRS S2
Reporting entity and connected information (paragraph B21-B28)			
B.AG64 .B.AG60. Climate-related disclosures should be reported for the same reporting entity as the related general purpose financial statements. This enables <u>primary</u> users of general purpose financial reports to understand the effects of climate-related impacts , risks and opportunities <u>and</u>	B.AG62. Climate-related disclosures should be reported for the same reporting entity as the related general purpose financial statements. This enables <u>primary</u> users of general purpose financial reports to understand the effects of climate-related risks and	IFRS S1.B38	

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<p><u>outcomes from climate-related policy activities</u> on the reporting entity's finances.</p>	<p>opportunities and outcomes from climate-related policy activities on the reporting entity's finances.</p>		
<p>65.B.AG61. Paragraph B22 requires an entity to provide information in a manner that enables <u>primary</u> users of general purpose financial reports to understand connections both between the items to which the information relates and between disclosures provided by the entity in its general purpose financial reports.</p>	<p>B.AG63. Paragraph B22 requires an entity to provide information in a manner that enables primary users of general purpose financial reports to understand connections both between the items to which the information relates and between disclosures provided by the entity in its general purpose financial reports.</p>	IFRS S1.B39	
<p>B.AG66;B.AG62. Connected information provides insight into connections between the items to which the information relates. For example:</p> <p class="list-item-l1">a. If an entity pursued<u>passed</u> a particular climate-related opportunity<u>policy</u> and that resulted in an increase in the entity's <u>tax</u> revenue, connected information will depict that relationship between the entity's strategy and its financial performance<u>statements</u>;</p> <p class="list-item-l1">b. If an entity identified a trade-off between two climate-related risks it is exposed to <u>or outcomes from different climate-related policy pathways</u>, and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those risks <u>or outcomes</u> and the entity's strategy; and</p> <p class="list-item-l1">c. If an entity committed to a particular climate-related target, but that commitment has not yet affected the entity's financial position or financial performance because the applicable recognition</p>	<p>B.AG64. Connected information provides insight into connections between the items to which the information relates. For example:</p> <p class="list-item-l1">a. If an entity passed a particular climate-related policy and that resulted in an increase in the entity's tax revenue, connected information will depict that relationship between the entity's strategy and its financial statements;</p> <p class="list-item-l1">b. If an entity identified a trade-off between two climate-related risks it is exposed to or outcomes from different climate-related policy pathways, and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those risks or outcomes and the entity's strategy; and</p> <p class="list-item-l1">c. If an entity committed to a particular climate-related target, but that commitment has not yet affected the entity's financial position or financial performance because the applicable recognition criteria have not been met, connected information will depict that relationship.</p>	IFRS S1.B40	

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<p>criteria have not been met, connected information will depict that relationship.</p> <p>67-B.AG63. Connected information includes:</p> <p>a. Connections between various types of information about a particular climate-related impact—risk or opportunity <u>or climate-related policy outcome</u>, such as:</p> <p>i. Between disclosures on governance, strategy and impact and risk management; and</p> <p>ii. Between narrative information and quantitative information (including related metrics and targets and information in the related financial statements).</p> <p>b. Connections between disclosures about various climate-related impacts, risks and opportunities <u>and, where applicable, outcomes from climate-related policy activities</u>. For example, if an entity integrates its oversight of climate-related impacts, risks and opportunities <u>and outcomes from climate-related policy activities</u>, the entity shall integrate the disclosures on governance instead of providing separate disclosures on governance for each climate-related impact, risk and opportunity <u>and outcomes from climate-related policy activities</u>.</p>	<p>B.AG65. Connected information includes:</p> <p>a. Connections between various types of information about a particular climate-related risk or opportunity or climate-related policy outcome, such as:</p> <p>i. Between disclosures on governance, strategy and impact and risk management; and</p> <p>ii. Between narrative information and quantitative information (including related metrics and targets and information in the related financial statements).</p> <p>b. Connections between disclosures about various climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities. For example, if an entity integrates its oversight of climate-related risks and opportunities and outcomes from climate-related policy activities, the entity shall integrate the disclosures on governance instead of providing separate disclosures on governance for each climate-related risk and opportunity and outcomes from climate-related policy activities.</p>	IFRS S1.B41	
<p>68-B.AG64. Drawing connections between disclosures involves, but is not limited to, providing necessary</p>	<p>B.AG66. Drawing connections between disclosures involves, but is not limited to, providing necessary explanations</p>	IFRS S1.B42	

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<p>explanations and cross-references and using consistent data, assumptions, and units of measure. In providing connected information, an entity shall:</p> <ol style="list-style-type: none"> Explain connections between disclosures in a clear and concise manner; and Disclose information about significant differences between the data and assumptions used in preparing the entity's climate-related disclosures and the data and assumptions used in preparing the related financial statements. 	<p>and cross-references and using consistent data, assumptions, and units of measure. In providing connected information, an entity shall:</p> <ol style="list-style-type: none"> Explain connections between disclosures in a clear and concise manner; and Disclose information about significant differences between the data and assumptions used in preparing the entity's climate-related disclosures and the data and assumptions used in preparing the related financial statements. 		
<p>B.AG69<u>B.AG65</u>. For example, in providing connected information an entity might need to explain the effect or likely effect of its strategy on its financial statements and financial planning, or explain how that strategy relates to the metrics the entity uses to measure progress against targets. Another entity might need to explain how its use of natural resources or changes within its <u>supply-value</u> chain could amplify or, in contrast, reduce its climate-related impacts, risks and opportunities. The entity might need to link the information about its use of natural resources or changes within its <u>supply-value</u> chain to information about current or anticipated financial effects, its strategic response to mitigate those risks and its related investment in new assets. The entity might need to link narrative information to the related metrics and targets and to information in the related financial statements.</p>	<p>B.AG67. For example, in providing connected information an entity might need to explain the effect or likely effect of its strategy on its financial statements and financial planning, or explain how that strategy relates to the metrics the entity uses to measure progress against targets. Another entity might need to explain how its use of natural resources or changes within its value chain could amplify or, in contrast, reduce its climate-related risks and opportunities. The entity might need to link the information about its use of natural resources or changes within its value chain to information about current or anticipated financial effects, its strategic response to mitigate those risks and its related investment in new assets. The entity might need to link narrative information to the related metrics and targets and to information in the related financial statements.</p>	IFRS S1.B43	
<p>70-B.AG66. Other examples of connected information include:</p>	<p>B.AG68. Other examples of connected information include:</p> <ol style="list-style-type: none"> An explanation of the combined effects of the entity's climate-related risks and opportunities and its strategy on its long-term fiscal sustainability over 	IFRS S1.B44	

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<p>a. An explanation of the combined effects of the entity’s climate-related impacts, risks and opportunities and its strategy on its service delivery and financial commitmentslong-term fiscal sustainability over the short, medium and long term. For example, an entity might face decreasing demand for its products because of consumer preferencessocial pressure and increasing demand for lower-carbon alternatives. The entity might need to explain how its strategic response, such as transitioning to electric buses effects the useful lives of its assets and on impairment assessments.</p> <p>b. A description of the alternatives that an entity evaluated in setting its strategy in response to its climate-related impacts, risks and opportunities and outcomes from climate-related policy activities, including a description of the trade-offs between those climate-related risks and opportunities and outcomes from climate-related policy activities that the entity considered (see paragraph). For example, an entity might need to explain the potential effects of its policies to support transition to renewable energy, in response to a climate-related risks on local communities.</p>	<p>the short, medium and long term. For example, an entity might face social pressure and increasing demand for lower-carbon alternatives. The entity might need to explain how its strategic response, such as transitioning to electric buses effects the useful lives of its assets and on impairment assessments.</p> <p>b. A description of the alternatives that an entity evaluated in setting its strategy in response to its climate-related risks and opportunities and outcomes from climate-related policy activities, including a description of the trade-offs between those climate-related risks and opportunities and outcomes from climate-related policy activities that the entity considered (see paragraph 42). For example, an entity might need to explain the potential effects of its policies to support transition to renewable energy in response to climate-related risks on local communities.</p>		
General Requirements			
	<p>Sources of Guidance (paragraphs B16-B21)</p> <p>B.AG69. This (draft) Standard requires (see paragraph B19) that in the absence of an IFRS Sustainability Disclosure StandardIPSASB SRS that specifically</p>	IFRS S1.C1	

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	<p>applies to a sustainabilityclimate-related risk or opportunity, an entity shall apply judgement to identify information that:</p> <p>a. Is relevant to the decision-making of and enables accountability by primary users of general purpose financial reports; and</p> <p>b. Faithfully represents that sustainabilityclimate-related risk or opportunity and where applicable, outcomes from climate-related policy activities.</p>		
	<p>B.AG70. In making that judgement, an entity may—to the extent that these sources assist the entity in meeting the objective of this Standard (see paragraphs 1–2) and do not conflict with IFRS Sustainability Disclosure StandardsIPSASB SRS—refer to and consider the applicability of <u>sources such as:</u></p> <p>a. The Global Reporting Initiative Standards</p> <p>a-b. <u>UN CEEA</u>; and</p> <p>b-c. <u>Country or region-specific sources (e.g. The European Sustainability Reporting Standards).</u></p>	IFRS S1.C2	
	<p>B.AG71. In applying the sources of guidance specified in paragraph B.AG70, an entity shall not obscure material information required by IFRS Sustainability Disclosure Standardsthe IPSASB SRS (see paragraph B.AG57). If an entity applies the sources of guidance specified in paragraph B.AG70 without applying the requirements in IFRS Sustainability Disclosure Standardsthe IPSASB SRS, the entity shall not make an explicit and unreserved statement of</p>	IFRS S1.C3	

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	<p>compliance with IFRS Sustainability Disclosure StandardsIPSASB SRS.</p> <p>Information included by cross-reference (paragraph B2563)</p> <p>B.AG72. Information required by an IFRS Sustainability Disclosure Standard IPSASB SRS might be available in another report published by the entity. For example, the required information could be disclosed in the related financial statements. Material information can be included in an entity's sustainabilityclimate-related financial disclosures by cross-reference, provided that:</p> <p>a. the cross-referenced information is available on the same terms and at the same time as the sustainabilityclimate-related financial disclosures; and</p> <p>b. the complete set of sustainabilityclimate-related financial disclosures is<u>are</u> not made less understandable by including information by cross-reference.</p> <p>B.AG73. Information included by cross-reference becomes part of the complete set of sustainabilityclimate-related financial disclosures and shall comply with the requirements of IFRS Sustainability Disclosure Standards. For example, it needs to be relevant, representationally faithful, comparable, verifiable, timely and understandable. The body(s) or individual(s) that authorizes the general purpose financial reports takes the same responsibility for the</p>	IFRS S1.B45-47	

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	<p>information included by cross-reference as it does for the information included directly.</p> <p>B.AG74. If information required by an IFRS Sustainability Disclosure Standard is included by cross-reference:</p> <p>a. the sustainability-related financial disclosures shall clearly identify the report within which that information is located and explain how to access that report; and</p> <p>b. the cross-reference shall be to a precisely specified part of that report.</p>		
	<p>Interim Reporting (paragraph B3169)</p> <p>B.AG75. In the interest of timeliness and cost considerations, and to avoid repetition of information previously reported, an entity may be required or choose to provide less information at interim dates than it provides in its annual sustainabilityclimate-related financial disclosures. Interim sustainabilityclimate-related financial disclosures are intended to provide an update on the latest complete set of annual disclosures of sustainabilityclimate-related financial information. These disclosures focus on new information, events and circumstances and do not duplicate information previously reported. Although the information provided in interim sustainabilityclimate-related financial disclosures may be more condensed than in annual sustainabilityclimate-related financial disclosures, an entity is not prohibited or discouraged from publishing a complete set of sustainabilityclimate-related financial disclosures report as specified in this (draft)</p>	IFRS S1.B48	

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	Standard as part of its interim general purpose financial report.		
	Comparative Information		
	B.AG76. Paragraph B3279 requires an entity to disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period.	IFRS S1.B49	
	<p>Metrics</p> <p>B.AG77. In some cases, the amount disclosed for a metric is an estimate. Except as specified in paragraph B.AG78, if an entity identifies new information in relation to the estimated amount disclosed in the preceding period and the new information provides evidence of circumstances that existed in that period, the entity shall:</p> <p>a. Disclose a revised comparative amount that reflects that new information;</p> <p>b. Disclose the difference between the amount disclosed in the preceding period and the revised comparative amount; and</p> <p>c. Explain the reasons for revising the comparative amount.</p>	IFRS S1.B50	
	<p>B.AG78. In applying the requirement in paragraph B50B AG73, an entity need not disclose a revised comparative amount:</p> <p>a. If it is impracticable to do so (see paragraph B.AG81).</p>	IFRS S1.B51	

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	<p>b. If the metric is forward-looking. Forward-looking metrics relate to possible future transactions, events and other conditions. The entity is permitted to revise a comparative amount for a forward-looking metric if doing so does not involve the use of hindsight.</p>		
	<p>B.AG79. If an entity redefines or replaces a metric in the reporting period, the entity shall:</p> <p>a. Disclose a revised comparative amount, unless it is impracticable to do so;</p> <p>b. Explain the changes; and</p> <p>c. Explain the reasons for those changes, including why the redefined or replacement metric provides more useful information.</p>	IFRS S1.B52	
	<p>B.AG80. If an entity introduces a new metric in the reporting period, it shall disclose a comparative amount for that metric unless it is impracticable to do so.</p>	IFRS S1.B53	
	<p>B.AG81. Sometimes, it is impracticable to revise a comparative amount to achieve comparability with the reporting period. For example, data might not have been collected in the preceding period in a way that allows retrospective application of a new definition of a metric, and it might be impracticable to recreate the data. If it is impracticable to revise a comparative amount for the preceding period, an entity shall disclose that fact.</p>	IFRS S1.B54	
	<p>Errors</p> <p>B.AG82. Paragraph B43 requires an entity to correct material prior period errors.</p>	IFRS S1.B55	

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	B.AG83. Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.	IFRS S1.B56	
	B.AG84. Potential reporting period errors discovered in that period are corrected before the sustainabilityclimate -related financial disclosures are authorised authorized for issue. However, material errors are sometimes not discovered until a subsequent period.	IFRS S1.B57	
	B.AG85. If an entity identifies a material error in its prior period(s) sustainabilityclimate -related financial disclosures, it shall disclose: <ul style="list-style-type: none"> a. The nature of the prior period error; b. The correction, to the extent practicable, for each prior period disclosed; and c. If correction of the error is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected. 	IFRS S1.B58	
	B.AG86. When it is impracticable to determine the effect of an error on all prior periods presented, the entity shall restate the comparative information to correct the error from the earliest date practicable.	IFRS S1.B59	

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Appendix C: Qualitative Characteristics

DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	Original Source	
<i>This Appendix is an integral part of [draft] IPSASB ED SRS X.</i>	<i>This Appendix is an integral part of [draft] IPSASB ED SRS X.</i>		
Introduction	Introduction		
C1. The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Conceptual Framework) was issued by the International Public Sector Accounting Standards Board (IPSASB). It describes the objective of, and the concepts that apply to, general purpose financial reporting by public sector entities. One purpose of the Conceptual Framework is to assist the IPSASB to develop International Public Sector Accounting Standards (IPSAS) for preparing financial statements based on consistent concepts.	C1. The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Conceptual Framework) was issued by the International Public Sector Accounting Standards Board (IPSASB). It describes the objective of, and the concepts that apply to, general purpose financial reporting by public sector entities. One purpose of the Conceptual Framework is to assist the IPSASB to develop International Public Sector Accounting Standards (IPSAS) for preparing financial statements based on consistent concepts.	Based on IFRS S1.D1	
C2. Climate-related disclosures are part of general purpose financial reports. The qualitative characteristics in the Conceptual Framework, therefore, apply to climate-related financial information. However, the nature of some of the information required to meet the objective of this [draft] Standard (see paragraphs 1-2) differs in some respects from the information provided in financial statements.	C2. Climate-related disclosures are part of general purpose financial reports. The qualitative characteristics in the Conceptual Framework, therefore, apply to climate-related financial information. However, the nature of some of the information required to meet the objective of this [draft] Standard (see paragraphs 1-2) differs in some respects from the information provided in financial statements.	Based on IFRS S1.D2	
C3. Climate-related information is useful if it has the qualitative characteristics of relevance, faithful representation, understandability, timeliness, comparability and verifiability.	C3. Climate-related information is useful if it has the qualitative characteristics of relevance, faithful representation, understandability, timeliness, comparability and verifiability.	Based on IFRS S1.D3 and IPSASB CF	

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Qualitative characteristics of useful climate-related information	Qualitative characteristics of useful climate-related information		
<i>Relevance</i>	<i>Relevance</i>		
C4. Climate-related information is relevant if it is capable of making a difference in achieving the objectives of reporting, that is for accountability and decision-making purposes. Information may be capable of making a difference, and thus be relevant, even if some users choose not to take advantage of it or are already aware of it from other sources. It is capable of making a difference in decisions or evaluation of accountability by users if it has confirmatory value, predictive value, or both.	C4. Climate-related information is relevant if it is capable of making a difference in achieving the objectives of reporting, that is for accountability and decision-making purposes. Information may be capable of making a difference, and thus be relevant, even if some users choose not to take advantage of it or are already aware of it from other sources. It is capable of making a difference in decisions or evaluation of accountability by users if it has confirmatory value, predictive value, or both.	Based on IPSASB CF 3.6-3.7	
C5. Climate-related information has confirmatory value if it confirms or changes past (or present) expectations.	C5. Climate-related information has confirmatory value if it confirms or changes past (or present) expectations.	IPSASB CF 3.7	
C6. Climate-related information has predictive value in helping form expectations about the future. Climate-related information need not be a prediction or forecast to have predictive value. For example, information about water quality, which can include information about the water being polluted, could inform the expectations of users about the ability of an entity to meet local water-quality requirements.	C6. Climate-related information has predictive value in helping form expectations about the future. Climate-related information need not be a prediction or forecast to have predictive value. For example, information about water quality, which can include information about the water being polluted, could inform the expectations of users about the ability of an entity to meet local water-quality requirements.	Based on IPSASB CF 3.7 and IFRS S1.D5	

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C7. The confirmatory and predictive roles of information are interrelated—for example, information for the current year about greenhouse gas emissions, which can be used as the basis for predicting greenhouse gas emissions in future years, can also be compared with predictions about greenhouse gas emissions for the current year that were made in past years. The results of those comparisons can help a user to correct and improve the processes that were used to make those previous predictions.	C7. The confirmatory and predictive roles of information are interrelated—for example, information for the current year about greenhouse gas emissions, which can be used as the basis for predicting greenhouse gas emissions in future years, can also be compared with predictions about greenhouse gas emissions for the current year that were made in past years. The results of those comparisons can help a user to correct and improve the processes that were used to make those previous predictions.	Based on IPSASB CF 3.8 and IFRS S1.D7	
<i>Faithful representation</i>	<i>Faithful representation</i>		
C8. To be useful, climate-related information must faithfully represent the substance of the phenomena that it purports to represent. To be a faithful representation, a depiction would be complete, neutral and free from material error.	C8. To be useful, climate-related information must faithfully represent the substance of the phenomena that it purports to represent. To be a faithful representation, a depiction would be complete, neutral and free from material error.	IPSASB CF 3.10	
C9. In practice, it may not be possible to know or confirm whether information presented is complete, neutral, and free from material error. However, information should be as complete, neutral, and free from error as is possible.	C9. In practice, it may not be possible to know or confirm whether information presented is complete, neutral, and free from material error. However, information should be as complete, neutral, and free from error as is possible.	IPSASB CF 3.11	
C10. An omission of some information can cause the representation of a phenomenon to be false or misleading, and thus not useful to users. A complete depiction of a climate-related impact, risk or opportunity	C10. An omission of some information can cause the representation of a phenomenon to be false or misleading, and thus not useful to users. A complete depiction of a climate-related impact, risk or opportunity or outcome from climate-related policy activity includes	Based on IPSASB CF 3.12 and IFRS S1.D11	

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includes all material information necessary for primary users to understand that impact, risk or opportunity .	all material information necessary for primary users to understand that impact, risk, or opportunity or outcome .		
C11. Neutrality in reporting is the absence of bias. It means that the selection and presentation of climate-related information is not made with the intention of attaining a particular predetermined result—for example, to influence in a particular way users' assessment of the discharge of accountability by the entity or a decision or judgment that is to be made, or to induce particular behavior.	C11. Neutrality in reporting is the absence of bias. It means that the selection and presentation of climate-related information is not made with the intention of attaining a particular predetermined result—for example, to influence in a particular way users' assessment of the discharge of accountability by the entity or a decision or judgment that is to be made, or to induce particular behavior.	IPSASB CF 3.13	
C12. Neutral information faithfully represents the phenomena that it purports to represent. However, to require information included in GPFRs to be neutral does not mean that it is not without purpose or that it will not influence behavior. Relevance is a qualitative characteristic and, by definition, relevant information is capable of influencing users' assessments and decisions. Some climate-related information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors that could prevent an entity from achieving these aspirations.	C12. Neutral information faithfully represents the phenomena that it purports to represent. However, to require information included in GPFRs to be neutral does not mean that it is not without purpose or that it will not influence behavior. Relevance is a qualitative characteristic and, by definition, relevant information is capable of influencing users' assessments and decisions. Some climate-related information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors that could prevent an entity from achieving these aspirations.	IPSASB CF 3.14 and IFRS S1.D13	
C13. Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that positive impacts or opportunities are not overstated and negative impacts or risks are not understated. Equally, the exercise of	C13. Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgements under conditions of uncertainty. The exercise of prudence means that positive impacts effects or opportunities are not overstated and negative impacts-effects or risks are not understated. Equally,	Based on IPSASB CF 3.14A	

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prudence does not allow for the understatement of positive impacts or opportunities or the overstatement of negative impacts or risks.	the exercise of prudence does not allow for the understatement of positive impacts-effects or opportunities or the overstatement of negative impacts-effects or risks.		
C14. The exercise of prudence does not imply a need for asymmetry; for example, a systematic need for more persuasive evidence to support disclosure of climate-related risks than opportunities. Particular standards may contain asymmetric requirements where there is a consequence of decisions intended to select the most relevant information that faithfully represents what it purports to represent.	C14. The exercise of prudence does not imply a need for asymmetry; for example, a systematic need for more persuasive evidence to support disclosure of climate-related risks than opportunities. Particular standards may contain asymmetric requirements where there is a consequence of decisions intended to select the most relevant information that faithfully represents what it purports to represent.	<i>IPSASB CF 3.1B</i>	
C15. The phenomena represented in GPFRs generally occur under conditions of uncertainty. Information included in GPFRs will therefore often include estimates that incorporate management's judgment. To faithfully represent phenomenon, an estimate must be based on appropriate inputs, and each input must reflect the best available information. Caution will need to be exercised when dealing with uncertainty. It may sometimes be necessary to explicitly disclose the degree of uncertainty in climate-related information to faithfully represent the phenomena.	C15. The phenomena represented in GPFRs generally occur under conditions of uncertainty. Information included in GPFRs will therefore often include estimates that incorporate management's judgment. To faithfully represent phenomenon, an estimate must be based on appropriate inputs, and each input must reflect the best available information. Caution will need to be exercised when dealing with uncertainty. It may sometimes be necessary to explicitly disclose the degree of uncertainty in climate-related information to faithfully represent the phenomena.	<i>IPSASB CF 3.15</i>	
C16. Free from material error does not mean complete accuracy in all respects. Free from material error means there are no errors or omissions that are individually or	C16. Free from material error does not mean complete accuracy in all respects. Free from material error means there are no errors or omissions that are individually or	<i>IPSASB CF 3.16</i>	

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<p>DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i></p> <p>collectively material in the description of the phenomenon, and the process used to produce the reported information has been applied as described. In some cases, it may be possible to determine the accuracy of some information—for example, the governance and impact and risk management practices of the entity. However, in other cases it may not—for example, the accuracy of an estimate of Scope 3 greenhouse gas emissions. In these cases, the estimate will be free from material error if the amount is clearly described as an estimate, the nature and limitations of the estimation process are explained, and no material errors have been identified in selecting and applying an appropriate process for developing the estimate.</p>	<p>DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i></p> <p>collectively material in the description of the phenomenon, and the process used to produce the reported information has been applied as described. In some cases, it may be possible to determine the accuracy of some information—for example, the governance and impact and risk management practices of the entity. However, in other cases it may not—for example, the accuracy of an estimate of Scope 3 greenhouse gas emissions. In these cases, the estimate will be free from material error if the amount is clearly described as an estimate, the nature and limitations of the estimation process are explained, and no material errors have been identified in selecting and applying an appropriate process for developing the estimate.</p>	Original Source	
<p><i>Understandability</i></p> <p>C17. Climate-related financial information shall be clear and concise. For climate-related financial disclosures to be concise, they need:</p> <p>(a) To avoid generic information, sometimes called 'boilerplate', that is not specific to the entity;</p> <p>(b) To avoid duplication of information in the general purpose financial reports, including unnecessary duplication of information also provided in the related financial statements; and</p>	<p><i>Understandability</i></p> <p>C17. Climate-related financial information shall be clear and concise. For climate-related financial disclosures to be concise, they need:</p> <p>(a) To avoid generic information, sometimes called 'boilerplate', that is not specific to the entity;</p> <p>(b) To avoid duplication of information in the general purpose financial reports, including unnecessary duplication of information also provided in the related financial statements; and</p> <p>(c) To use clear language and clearly structured sentences and paragraphs.</p>	IFRS S1.D26	

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(c) To use clear language and clearly structured sentences and paragraphs.			
C18. The clearest form a disclosure can take will depend on the nature of the information and might include tables, graphs or diagrams in addition to narrative text. If graphs or diagrams are used, additional text or tables might be necessary to avoid obscuring material detail.	C18. The clearest form a disclosure can take will depend on the nature of the information and might include tables, graphs or diagrams in addition to narrative text. If graphs or diagrams are used, additional text or tables might be necessary to avoid obscuring material detail.	IFRS S1.D27	
C19. Clarity might be enhanced by distinguishing information about developments in the reporting period from ‘standing’ information that remains unchanged, or changes little, from one period to the next—for example, by separately describing features of an entity’s climate-related governance and risk management processes that have changed since the previous reporting period.	C19. Clarity might be enhanced by distinguishing information about developments in the reporting period from ‘standing’ information that remains unchanged, or changes little, from one period to the next—for example, by separately describing features of an entity’s climate-related governance and risk management processes that have changed since the previous reporting period.	IFRS S1.D28	
C20. Disclosures are concise if they include only material information. Any immaterial information included shall be provided in a way that avoids obscuring material information.	C20. Disclosures are concise if they include only material information. Any immaterial information included shall be provided in a way that avoids obscuring material information.	IFRS S1.D29	
C21. Some climate-related information may be particularly complex and might be difficult to present in a manner that is easy to understand. All efforts should be undertaken to represent the information in a manner that is understandable to a wide range of users.	C21. Some climate-related information may be particularly complex and might be difficult to present in a manner that is easy to understand. All efforts should be undertaken to represent the information in a manner that is understandable to a wide range of users. However, information should not be excluded from	Based on IPSASB CF 3.18	

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However, information should not be excluded from climate-related disclosures solely because it may be too complex or difficult for some users to understand without assistance.	climate-related disclosures solely because it may be too complex or difficult for some users to understand without assistance.		
C22. Understandability is enhanced when information is classified, characterized, and presented clearly and concisely. Comparability also can enhance understandability. The completeness, clarity and comparability of climate-related financial information all rely on information being presented as a coherent whole. For climate-related financial information to be coherent, it shall be presented in a way that explains the context and the connections between the related items of information.	C22. Understandability is enhanced when information is classified, characterized, and presented clearly and concisely. Comparability also can enhance understandability. The completeness, clarity and comparability of climate-related financial information all rely on information being presented as a coherent whole. For climate-related financial information to be coherent, it shall be presented in a way that explains the context and the connections between the related items of information.	IPSASB CF 3.17 and IFRS S1.D31	
C23. If climate-related information located in one part of an entity's general purpose financial reports have implications for information disclosed in other parts, the entity shall include the information necessary for users to assess those implications.	C23. If climate-related information located in one part of an entity's general purpose financial reports have implications for information disclosed in other parts, the entity shall include the information necessary for users to assess those implications.	IFRS S1.D32	
C24. Coherence also requires an entity to provide information in a way that allows users to relate information about its climate-related impacts, risks and opportunities to information in the entity's financial statements.	C24. Coherence also requires an entity to provide information in a way that allows users to relate information about its climate-related impacts, risks and opportunities to information in the entity's financial statements.	IFRS S1.D33	
<i>Timeliness</i>	<i>Timeliness</i>		

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C25. Timeliness means having information available for users before it loses its capacity to be useful for accountability and decision-making purposes. Having relevant information available sooner can enhance its usefulness as input to assessments of accountability and its capacity to inform and influence decisions that need to be made. A lack of timeliness can render information less useful.	C25. Timeliness means having information available for users before it loses its capacity to be useful for accountability and decision-making purposes. Having relevant information available sooner can enhance its usefulness as input to assessments of accountability and its capacity to inform and influence decisions that need to be made. A lack of timeliness can render information less useful.	IPSASB CF 3.19	
<i>Comparability</i>	<i>Comparability</i>		
C26. Comparability is the quality of information that enables users to identify similarities in, and differences between, two sets of phenomena. Comparability is not a quality of an individual item of information, but rather a quality of the relationship between two or more items of information.	C26. Comparability is the quality of information that enables users to identify similarities in, and differences between, two sets of phenomena. Comparability is not a quality of an individual item of information, but rather a quality of the relationship between two or more items of information.	IPSASB CF 3.21	
C27. Comparability differs from consistency. Consistency refers to the use of the same approaches and basis of preparation of sustainability-related information, either from period to period within an entity or in a single period across more than one entity. Comparability is the goal, and consistency helps in achieving that goal. In some cases, the approaches or methodologies adopted by an entity may be revised to better represent particular climate-related information. In these cases, the inclusion of additional disclosures or explanation	C27. Comparability differs from consistency. Consistency refers to the use of the same approaches and basis of preparation of sustainability-related information, either from period to period within an entity or in a single period across more than one entity. Comparability is the goal, and consistency helps in achieving that goal. In some cases, the approaches or methodologies adopted by an entity may be revised to better represent particular climate-related information. In these cases, the inclusion of additional disclosures or explanation	IPSASB CF 3.22	

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may be necessary to satisfy the characteristics of comparability.	may be necessary to satisfy the characteristics of comparability.		
C28. Comparability also differs from uniformity. For information to be comparable, like things must look alike and different things must look different. An over-emphasis on uniformity may reduce comparability by making unlike things look alike. Comparability of climate-related information is not enhanced by making unlike things look alike, any more than it is by making like things look different.	C28. Comparability also differs from uniformity. For information to be comparable, like things must look alike and different things must look different. An over-emphasis on uniformity may reduce comparability by making unlike things look alike. Comparability of climate-related information is not enhanced by making unlike things look alike, any more than it is by making like things look different.	IPSASB CF 3.23	
<i>Verifiability</i>	<i>Verifiability</i>		
C29. Verifiability is the quality of information that helps to give users confidence that information faithfully represents the phenomena that it purports to represent. The characteristic implies that different knowledgeable and independent observers could reach general consensus, although not necessarily complete agreement, that either:	C29. Verifiability is the quality of information that helps to give users confidence that information faithfully represents the phenomena that it purports to represent. The characteristic implies that different knowledgeable and independent observers could reach general consensus, although not necessarily complete agreement, that either:	Based on IPSASB CF 3.26 and IFRS S1.D21	
C30. The information represents the phenomena that it purports to represent without material error or bias; or	C30. The information represents the phenomena that it purports to represent without material error or bias; or	IPSASB CF 3.26	
C31. An appropriate recognition, measurement, or representation method has been applied without material error or bias.	C31. An appropriate recognition, measurement, or representation method has been applied without material error or bias.	IPSASB CF 3.26	

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C32. To be verifiable, information need not be a single point estimate. A range of possible amounts and the related probabilities also can be verified.	C32. To be verifiable, information need not be a single point estimate. A range of possible amounts and the related probabilities also can be verified.	IPSASB CF 3.27	
C33. The quality of verifiability is not an absolute—some information may be more or less capable of verification than other information. However, the more verifiable the information is, the more it will help to give users confidence that the information faithfully represents the phenomena that it purports to represent. Climate-related financial information can be more verifiable by, for example: a. Including information that can be corroborated by comparing it with other information available to primary users about an entity’s operations, about other entities with similar activities or operations, or about the external environment in which the entity operates; b. Providing information about inputs and methods of calculation used to produce estimates or approximations; and c. Providing information reviewed and agreed by the entity’s governing bodies, committees or equivalent.	C33. The quality of verifiability is not an absolute—some information may be more or less capable of verification than other information. However, the more verifiable the information is, the more it will help to give users confidence that the information faithfully represents the phenomena that it purports to represent. Climate-related financial information can be more verifiable by, for example: a. Including information that can be corroborated by comparing it with other information available to primary users about an entity’s operations, about other entities with similar activities or operations, or about the external environment in which the entity operates; b. Providing information about inputs and methods of calculation used to produce estimates or approximations; and c. Providing information reviewed and agreed by the entity’s governing bodies, committees or equivalent.	IPSASB CF 3.29 and IFRS S1.D23	

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C34. Some climate-related information may include financial and other quantitative information and explanations about the anticipated future effects or outcomes, or prospective financial and non-financial information. It may not be possible to verify the accuracy of all quantitative representations and explanations of such information until a future period, if at all.	C34. Some climate-related information may include financial and other quantitative information and explanations about the anticipated future effects or outcomes, or prospective financial and non-financial information. It may not be possible to verify the accuracy of all quantitative representations and explanations of such information until a future period, if at all.	IPSASB CF 3.30	
C35. To help give confidence to users that prospective financial and non-financial information and explanations faithfully represents the phenomena that they purport to represent, the assumptions that underlie the information disclosed, the methodologies adopted in compiling that information, and the factors and circumstances that support any opinions expressed or disclosures made should be transparent. This will enable users to form judgments about the appropriateness of those assumptions and the method of compilation, measurement, representation and interpretation of the information.	C35. To help give confidence to users that prospective financial and non-financial information and explanations faithfully represents the phenomena that they purport to represent, the assumptions that underlie the information disclosed, the methodologies adopted in compiling that information, and the factors and circumstances that support any opinions expressed or disclosures made should be transparent. This will enable users to form judgments about the appropriateness of those assumptions and the method of compilation, measurement, representation and interpretation of the information.	IPSASB CF 3.31 and IFRS S1.D21	
Constraints on Information Included in General Purpose Financial Reports	Constraints on Information Included in General Purpose Financial Reports		
<i>Materiality</i>	<i>Materiality</i>		
C36. 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	C36. 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. Materiality depends on both the	IPSASB CF 3.32	

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entity's general purpose financial reports prepared for that reporting period. Materiality depends on both the nature and magnitude of the item judged in the particular circumstances of each entity.	nature and magnitude of the item judged in the particular circumstances of each entity.		
C37. Assessments of materiality will be made in the context of the legislative, institutional and operating environment within which the entity operates and, in respect of prospective financial and non-financial information, the preparer's knowledge and expectations about the future. Disclosure of information about compliance or non-compliance with legislation, regulation or other authority may be material because of its nature—irrespective of the magnitude of any amounts involved. In determining whether an item is material in these circumstances, consideration will be given to such matters as the nature, legality, sensitivity and consequences of past or anticipated transactions and events, the parties involved in any such transactions and the circumstances giving rise to them.	C37. Assessments of materiality will be made in the context of the legislative, institutional and operating environment within which the entity operates and, in respect of prospective financial and non-financial information, the preparer's knowledge and expectations about the future. Disclosure of information about compliance or non-compliance with legislation, regulation or other authority may be material because of its nature—irrespective of the magnitude of any amounts involved. In determining whether an item is material in these circumstances, consideration will be given to such matters as the nature, legality, sensitivity and consequences of past or anticipated transactions and events, the parties involved in any such transactions and the circumstances giving rise to them.	IPSASB CF 3.33	
C38. Materiality is classified as a constraint on information included in GPFRs in the IPSASB Conceptual Framework. In developing the [draft] Standard, the IPSASB will consider the materiality of the consequences of disclosure requirements of a particular item or type of information. Subject to the requirements of the [draft] Standard, entities preparing climate-related disclosures will also consider the materiality of the separate disclosure of particular items of information.	C38. Materiality is classified as a constraint on information included in GPFRs in the IPSASB Conceptual Framework. In developing the [draft] Standard, the IPSASB will consider the materiality of the consequences of disclosure requirements of a particular item or type of information. Subject to the requirements of the [draft] Standard, entities preparing climate-related disclosures will also consider the materiality of the separate disclosure of particular items of information.	IPSASB CF 3.34	

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DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	Original Source	
<i>Cost-Benefit</i>	<i>Cost-Benefit</i>		
C39. Reporting climate-related information imposes costs. The benefits of reporting should justify those costs. Assessing whether the benefits of providing information justify the related costs is often a matter of judgment, because it is often not possible to identify and/or quantify all the costs and all the benefits of information included in GPFRs.	C39. Reporting climate-related information imposes costs. The benefits of reporting should justify those costs. Assessing whether the benefits of providing information justify the related costs is often a matter of judgment, because it is often not possible to identify and/or quantify all the costs and all the benefits of information included in GPFRs.	IPSASB CF 3.35	
C40. The costs of providing information include the costs of collecting and processing the information, the costs of verifying it and/or presenting the assumptions and methodologies that support it, and the costs of disseminating it. Users incur the costs of analysis and interpretation. Omission of useful information also imposes costs, including the costs that users incur to obtain needed information from other sources and the costs that result from making decisions using incomplete data provided by GPFRs.	C40. The costs of providing information include the costs of collecting and processing the information, the costs of verifying it and/or presenting the assumptions and methodologies that support it, and the costs of disseminating it. Users incur the costs of analysis and interpretation. Omission of useful information also imposes costs, including the costs that users incur to obtain needed information from other sources and the costs that result from making decisions using incomplete data provided by GPFRs.	IPSASB CF 3.36	
C41. Preparers expend the majority of the effort to provide climate-related information. However, service recipients and resource providers ultimately bear the cost of those efforts—because resources are redirected from service delivery activities to preparation of information for inclusion in GPFRs.	C41. Preparers expend the majority of the effort to provide climate-related information. However, service recipients and resource providers ultimately bear the cost of those efforts—because resources are redirected from service delivery activities to preparation of information for inclusion in GPFRs.	IPSASB CF 3.37	

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DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	<i>Original Source</i>	
C42. Users reap the majority of benefits from the climate-related information. However, sustainability-related information may also be used internally by management and result in better decision making by management. The disclosure of climate-related information consistent with this [draft] Standard will enhance and reinforce perceptions of the transparency of climate reporting by governments and other public sector entities and contribute to the more accurate pricing of public sector debt. Therefore, public sector entities may also benefit in a number of ways from climate reporting.	C42. Users reap the majority of benefits from the climate-related information. However, sustainability-related information may also be used internally by management and result in better decision making by management. The disclosure of climate-related information consistent with this [draft] Standard will enhance and reinforce perceptions of the transparency of climate reporting by governments and other public sector entities and contribute to the more accurate pricing of public sector debt. Therefore, public sector entities may also benefit in a number of ways from climate reporting.	IPSASB CF 3.38	
C43. Application of the cost-benefit constraint involves assessing whether the benefits of reporting information are likely to justify the costs incurred to provide and use the information. When making this assessment, it is necessary to consider whether one or more qualitative characteristic might be sacrificed to some degree to reduce cost.	C43. Application of the cost-benefit constraint involves assessing whether the benefits of reporting information are likely to justify the costs incurred to provide and use the information. When making this assessment, it is necessary to consider whether one or more qualitative characteristic might be sacrificed to some degree to reduce cost.	IPSASB CF 3.39	
C44. In developing this [draft] Standard, the IPSASB considers information from preparers, users, academics, and others about the expected nature and quantity of the benefits and costs of the proposed requirements. Disclosure requirements which result in the presentation of climate-related information useful to users for accountability and decision-making purposes and satisfy the qualitative characteristics are prescribed by this [draft] Standard when the benefits of compliance with those disclosures	C44. In developing this [draft] Standard, the IPSASB considers information from preparers, users, academics, and others about the expected nature and quantity of the benefits and costs of the proposed requirements. Disclosure requirements which result in the presentation of climate-related information useful to users for accountability and decision-making purposes and satisfy the qualitative characteristics are prescribed by this [draft] Standard when the benefits of compliance	IPSASB CF 3.40	

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DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	DRAFT IPSASB ED SRS X, <i>Climate-related Disclosures</i>	<i>Original Source</i>	
requirements are assessed by the IPSASB to justify their costs.	with those disclosures requirements are assessed by the IPSASB to justify their costs.		
<i>Balance Between the Qualitative Characteristics</i>	Balance Between the Qualitative Characteristics		
C45. The qualitative characteristics work together to contribute to the usefulness of information. For example, neither a depiction that faithfully represents an irrelevant phenomenon, nor a depiction that unfaithfully represents a relevant phenomenon, results in useful information. Similarly, to be relevant, information must be timely and understandable.	C45. The qualitative characteristics work together to contribute to the usefulness of information. For example, neither a depiction that faithfully represents an irrelevant phenomenon, nor a depiction that unfaithfully represents a relevant phenomenon, results in useful information. Similarly, to be relevant, information must be timely and understandable.	IPSASB CF 3.41	
C46. In some cases, a balancing or trade-off between qualitative characteristics may be necessary to achieve the objectives of climate-related reporting. The relative importance of the qualitative characteristics in each situation is a matter of professional judgment. The aim is to achieve an appropriate balance among the characteristics in order to meet the objectives of climate reporting.	C46. In some cases, a balancing or trade-off between qualitative characteristics may be necessary to achieve the objectives of climate-related reporting. The relative importance of the qualitative characteristics in each situation is a matter of professional judgment. The aim is to achieve an appropriate balance among the characteristics in order to meet the objectives of climate reporting.	IPSASB CF 3.42	

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Basis for Conclusions			
<i>This Basis for Conclusions accompanies, but is not part of, [draft] IPSASB ED SRS X.</i>			
Background			
BC1. IPSASB SRS ED, X Climate-related Disclosures is a result of proposals set out in the Consultation Paper (CP), <i>Advancing Public Sector Sustainability Reporting</i> published in May 2021. Respondents strongly supported the need for public sector specific sustainability reporting standards, prioritizing climate-related disclosures as the most urgent topic.	BC1. IPSASB SRS ED, X Climate-related Disclosures is a result of proposals set out in the Consultation Paper (CP), <i>Advancing Public Sector Sustainability Reporting</i> published in May 2021. Respondents strongly supported the need for public sector specific sustainability reporting standards, prioritizing climate-related disclosures as the most urgent topic.		
Scope of the Standard			
	<p>BC2. Consistent with IPSAS, IPSASB SRS standards are designed to apply to public sector entities that meet all of the following 3 criteria:</p> <ul style="list-style-type: none">(a) Are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth;(b) Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees; and(c) Do not have the primary objective to make profits. <p>BC3. Paragraph 1.8 of the IPSASB Conceptual Framework provides a wide range of examples of public sector entities for which the standards are designed:</p>		

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	<ul style="list-style-type: none"> (a) National, regional, state/provincial and local governments (b) Government ministries, departments, programs, boards, commissions, agencies (c) Public sector social security funds, trusts and statutory authorities; and (d) International governmental organizations. <p>BC4. Services encompasses goods, services and policy advice, including to other public sector entities.</p>		
Primary users and Public Sector Policy and Regulatory Role	Primary users and Public Sector Policy and Regulatory Role		
<p>BC2. General purpose financial reports of public sector entities are developed primarily to respond to the information needs of service recipients and resource providers who do not possess the authority to require a public sector entity to disclose the information they need for accountability and decision-making purposes.</p> <p>BC3. The IPSASB agreed that service recipients and resource providers, including representatives of these such as legislature (or a similar body), members of parliament (or a similar representative body) are also the primary users of climate-related disclosures.</p> <p>BC4. Service recipients and resource providers include citizens, residents who pay taxes, multilateral or bilateral donor agencies and lenders that provide resources, including investors.</p> <p>BC5. Therefore, the primary users of public sector reporting are broader than for private sector standards where the</p>	<p>BC5. General purpose financial reports of public sector entities are developed primarily to respond to the information needs of service recipients and resource providers who do not possess the authority to require a public sector entity to disclose the information they need for accountability and decision-making purposes.</p> <p>BC6. <u>Consistent with the IPSASB Conceptual Framework,</u> the IPSASB agreed that service recipients and resource providers, including representatives of these such as legislature (or a similar body), members of parliament (or a similar representative body) are also the primary users of climate-related disclosures.</p> <p>BC7. Service recipients and resource providers include citizens, residents who pay taxes, multilateral or bilateral donor agencies and lenders that provide resources, including investors.</p>		

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<p>primary user is existing and potential investors. However, based on the IPSASB's experience in setting International Public Sector Accounting Standards, the information needs of non-investor public sector users often align with those of investors. Information needs generally differ where there are transactions unique to the public sector.</p> <p>BC6. In the case of climate-related disclosure, the IPSASB decided that the regulatory role of public sector entities is a key characteristic of the public sector that required disclosure not applicable for the private sector.</p> <p>BC7. Many governments and other public sector entities have power to regulate other entities, including other public sector entities, private sector entities and/or individuals, either directly or through specifically created agencies. The underlying public policy rationale for regulation is to safeguard public interest in accordance with specified public policy objectives, such as combatting climate change.</p> <p>BC8. Therefore, the IPSASB developed the (draft) ED to address the information needs for entities own operations (where the entity has no policy activities) based on private sector guidance, and developed additional requirements and guidance for the public sector's regulatory role through policy activities for those entities that have such responsibilities.</p>	<p>BC8. Therefore, the primary users of public sector reporting are broader than for private sector standards where the primary user is existing and potential investors. However, based on the IPSASB's experience in setting International Public Sector Accounting Standards, <u>while</u> the information needs of non-investor public sector users <u>may</u> often align with those of investors <u>in many cases -</u> the information needs generally differ where there are transactions unique to the public sector.</p> <p>BC9. In the case of climate-related disclosure<u>s</u>, the IPSASB decided that the regulatory role of public sector entities is a key characteristic of the public sector that requires<u>se</u> disclosure<u>s</u> not <u>applicable-required</u> for the private sector.</p> <p>BC10. <u>In particular, as a result of their sovereign powers, Many</u> governments and other public sector entities have <u>powerthe ability</u> to regulate other entities, including other public sector entities, private sector entities and/or individuals, either directly or through specifically created agencies. The underlying public policy rationale for regulation is to safeguard public interest in accordance with specified public policy objectives, such as combatting climate change.</p> <p>BC11. Therefore, the IPSASB <u>decided that own operations for public sector entities are similar to that of the private sector, and</u> developed the (draft) ED to address the information needs for entities own operations (where the entity has no policy activities) based on private sector guidance, and developed additional requirements and guidance for th<u>ose</u> public sector <u>entities that set policies for other entities or individuals (not internal policies for its own operations), such as regulation, legislation,</u></p>		

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<p>Overall Development Approach</p> <p>BC9. Most CP respondents supported the approach of building off of private sector guidance to the extent appropriate, starting with the IFRS Sustainability Disclosure Standards, but also considering the multistakeholder approach from GRI Standards.</p> <p>BC10. Therefore, IPSASB SRS ED X has been developed using the following primary sources:</p> <p> Consultation Paper (CP), <i>Advancing Public Sector Sustainability Reporting</i> and feedback from constituents drive the principles and needs for public sector sustainability reporting;</p> <p> IPSASB literature including the IPSASB Conceptual Framework (CF) which addresses general purpose financial reports and non-financial information, provides key public sector concepts (e.g. defines primary users, the objective of reporting being for decision making and accountability, defines reporting entity and qualitative characteristics of reporting) and Reporting Practice Guidelines;</p> <p> International standards:</p> <p> Building on ISSB Sustainability Disclosure Standards using IPSASB's existing process for Reviewing and Adapting IASB Documents, and</p> <p> Applying relevant GRI Standards guidance.</p> <p>BC11. During the development of this [draft] Standard, the IPSASB considered the challenges to developing public</p>	<p>subsidies, taxes's regulatory role through policy activities for those entities that have such responsibilities.</p> <p>BC12. Most CP respondents supported the approach of building off of private sector guidance to the extent appropriate, starting with the IFRS Sustainability Disclosure Standards, but also considering the multistakeholder approach from GRI Standards.</p> <p>BC13. Therefore, IPSASB SRS ED X has been developed using the following primary sources:</p> <p> (a) Consultation Paper (CP), <i>Advancing Public Sector Sustainability Reporting</i> and feedback from constituents drive the principles and needs for public sector sustainability reporting;</p> <p> (b) IPSASB literature including the IPSASB Conceptual Framework (CF) which addresses general purpose financial reports and non-financial information, provides key public sector concepts (e.g. defines primary users, the objective of reporting being for decision making and accountability, defines reporting entity and qualitative characteristics of reporting) and Reporting Practice Guidelines;</p> <p> (c) International standards:</p> <p> (i) Building on ISSB Sustainability Disclosure Standards using IPSASB's existing process for Reviewing and Adapting IASB Documents, and</p> <p> (ii) Applying relevant GRI Standards guidance.</p>		<p>Added paragraph to address rationale to focus requirements on climate-related policy activities rather than all policy activities</p>

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<p>sector-specific sustainability reporting standards, specifically:</p> <p>The need for public sector specific guidance: given the diversity of services and reporting contexts, across different levels of public sector entities,;</p> <p>The need for alignment with private sector guidance where possible and appropriate: given the importance of interoperability due to (i) the interaction of value chains across public and private sector reporting and (ii) investors will be primary users of public sector sustainability reporting which will be important given the capital inflows needed to address climate change;</p> <p>The urgent need for a climate-related disclosure standards given the urgency of addressing climate change and the importance of public sector action in bringing about widespread changes.</p> <p>BC12. To balance these potential challenges, the draft Standard disclosure requirements and guidance for the public sector’s unique role in policy activities, such as legislation and regulation, while aligning requirements and guidance for an entity’s own operations (i.e., activities other than those related to setting policies for other entities) with private sector disclosure requirements, primarily from IFRS S2 <i>Climate-related Disclosures</i> (IFRS S2).</p> <p>BC13. The IPSASB decided that guidance aligned with IFRS S2 for an entity’s own operations should meet the information needs of primary users of public sector climate-related disclosures and would provide information regarding the entity’s long term fiscal</p>	<p>BC14. During the development of this [draft] Standard, the IPSASB considered the challenges to developing public sector-specific sustainability reporting standards, specifically:</p> <p>(a) The need for public sector specific guidance: given the diversity of services and reporting contexts, across different levels of public sector entities,;</p> <p>(b) The need for alignment with private sector guidance where possible and appropriate: given the importance of interoperability due to (i) the interaction of value chains across public and private sector reporting and (ii) investors will be primary users of public sector sustainability reporting which will be important given the capital inflows needed to address climate change;</p> <p>(c) The urgent need for a climate-related disclosure standards given the urgency of addressing climate change and the importance of public sector action in bringing about widespread changes.</p> <p>BC15. To balance these potential challenges, the draft Standard disclosure requirements and guidance for the public sector’s unique role in policy activities, such as legislation and regulation, while aligning requirements and guidance for an entity’s own operations (i.e., activities other than those related to setting policies for other entities) with private sector disclosure requirements, primarily from IFRS S2 <i>Climate-related Disclosures</i> (IFRS S2).</p> <p>BC15-BC16. <u>Given the potential breadth of public sector entities’ mandates, the volume of public sector policies,</u></p>		

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<p>sustainability, including efficient delivery of services and effective and efficient allocation of resources, that enabled better decision making and accountability.</p> <p>BC14. As this [draft] Standard will be the first IPSASB SRS, the IPSASB also leveraged IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)</i> to provide the framework, guidance included in Appendix B and C, needed to support climate reporting.</p>	<p><u>and the need to balance practical implementation and cost-benefit challenges, the IPSASB decided that the scope of policy activities required for disclosure be limited to those with explicit objectives to address climate. The IPSASB acknowledged that many policies will have an effect on climate, however, it would be onerous to require disclosure for the indirect climate effects of all policy activities of the public sector. The IPSASB determined that the climate effects of other non-climate-related policy activities should be captured in disclosures relating to own operations. Further, where an entity determines information relating to other policy activities is material in the context of climate, e.g. via stakeholder engagement, the entity is not precluded from providing such disclosures.</u></p> <p>BC16-BC17. The IPSASB decided that guidance aligned with IFRS S2 for an entity’s own operations should meet the <u>core</u> information needs of primary users of public sector climate-related disclosures and would provide information regarding the entity’s long term fiscal sustainability, including efficient delivery of services and effective and efficient allocation of resources, that enabled better decision making and accountability.</p> <p>BC17-BC18. As this [draft] Standard will be the first IPSASB SRS, the IPSASB also leveraged <u>appropriate parts of</u> IFRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)</i> to provide the framework, guidance included in Appendix B and C, <u>that are</u> needed to support climate reporting.</p>		
Objective and Scope	Objective and Scope		

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<p>BC15. Many countries have signed or ratified the latest international agreement on climate change, have national commitments enforceable through legislation and have developed national transition and adaptation plans. Consistent with these requirements, and the IPSASB Conceptual Framework, the objective of this climate-related disclosures standard is to provide information that supports decision making, and accountability for the actions taken to deliver on these international commitments. Reporting and disclosure is not an aim in and of itself, but to affect change in behaviors and global action to combat climate change.</p> <p>BC16. At the time of developing the [draft] Standard, the latest international agreement on climate change was the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).</p> <p>BC17. The IPSASB acknowledged that not all countries have signed or will sign the latest international agreements on climate change and that each country's national strategies provide more specific commitments. However, the IPSASB decided that it was important for the standard to be capable of being used to support accountability for the delivery of climate-change programs in accordance with the latest international agreements.</p>	<p>BC18.BC19. Many countries have signed or ratified the latest international agreement on climate change, have national commitments enforceable through legislation and/or have developed national transition and adaptation plans. Consistent with these requirements, and the IPSASB Conceptual Framework, the objective of this climate-related disclosures standard is to provide information <u>for primary users</u> that supports decision making, and accountability for the actions taken to deliver on these international commitments. Reporting and disclosure is not an aim in and of itself, but <u>to affect it should help encourage the changes in individual and corporate behaviors and global actions more broadly that are needed</u> to combat climate change.</p> <p>BC19.BC20. At the time of developing the [draft] Standard, the latest international agreement on climate change was the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).</p> <p>BC20.BC21. The IPSASB acknowledged that not all countries have signed or will sign the latest international agreements on climate change and that each country's national strategies provide more specific commitments. However, the IPSASB decided that it was important for the standard to be capable of being used to support accountability for the delivery of climate-change programs in accordance with the latest international agreements.</p>		
Climate-related risks and opportunities and their effect on an entity's long-term fiscal sustainability	Climate-related risks and opportunities and their effect on an entity's long-term fiscal sustainability		

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<p>BC18. The IPSASB decided that, unlike the private sector, the information needs for the users of public sector climate-related disclosures extend beyond financial effects of climate-related risks and opportunities and should also include the effects on an entity's services and resources.</p> <p>BC19. The IPSASB decided that this broader concept of an entity's prospects is captured by 'long-term fiscal sustainability' as defined in the Reporting Practice Guideline (RPG) 1, <i>Reporting on the Long-term Sustainability of an Entity's Finances</i>.</p> <p>BC20. RPG 1 has been approved through the IPSASB's due process which addresses the complex operational model for public sector entities, including each of the inter-related dimensions of long-term fiscal sustainability, including services, revenue and debt. RPG 1 was also amended to provide implementation guidance to emphasize and explain its applicability to reporting information on the impact of sustainability programs.</p>	<p>BC21-BC22. The IPSASB decided that, unlike <u>in</u> the private sector, the information needs for the <u>primary</u> users of public sector climate-related disclosures extend beyond financial effects of climate-related risks and opportunities and should also include the effects on an entity's services and resources.</p> <p>BC22-BC23. The IPSASB decided that this broader concept of an entity's prospects is captured by 'long-term fiscal sustainability' as defined in the Reporting Practice Guideline (RPG) 1, <i>Reporting on the Long-term Sustainability of an Entity's Finances</i>.</p> <p>BC23-BC24. RPG 1 has been<u>was</u> approved through the IPSASB's due process which addresses the complex operational model for public sector entities, including each of the inter-related dimensions of long-term fiscal sustainability, including comprising services, revenue and debt. RPG 1 was also amended <u>during 2023</u> to provide implementation guidance to emphasize and explain its applicability to reporting information on the impact of sustainability programs.</p>		
<p>Climate-related risks and opportunities</p> <p>BC21. The climate-related risks that an entity may face include physical risks and transition risks associated with the transition to a lower-carbon economy. These categories of climate-related risk are consistent with those in the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures.</p> <p>BC22. Climate-related physical risks can be:</p> <p>Acute – driven by events such as storms, precipitation or temperatures.</p>	<p>Climate-related risks and opportunities</p> <p>BC24-BC25. The climate-related risks that an entity may face include physical risks and transition risks associated with the transition to a lower-carbon economy. These categories of climate-related risk are consistent with those in the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures.</p> <p>BC25-BC26. Climate-related physical risks can be:</p>	Based on IFRS S2 BCs	

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<p>Chronic – resulting from longer-term factors such as an increase in mean temperatures, shifts in precipitation patterns or rising sea levels. Chronic risks could also have longer-term consequence for entities.</p> <p>BC23. Transition risks are associated with policy, legal, technology and market changes resulting from efforts to limit global warming and move to a lower carbon economy. The public sector generally plays a key role in these areas, so it is important that it is accountable for the policy activities that it undertakes, as well as needing better information for decision making.</p> <p>BC24. An entity may pursue adaptation responses, such as investing in infrastructure, to address climate-related physical risks; and an entity may pursue mitigation responses, such as adopting new technologies to reduce its greenhouse gas emissions, to address climate-related transition risks.</p> <p>BC25. An entity may also pursue climate-related opportunities, such as developing new services to meet shifting service recipient needs. Climate-related risks and opportunities are distinct but not always mutually exclusive.</p>	<p>(a) Acute – driven by events such as storms, precipitation or temperatures.</p> <p>(b) Chronic – resulting from longer-term factors such as an increase in mean temperatures, shifts in precipitation patterns or rising sea levels. Chronic risks could also have longer-term consequence for entities.</p> <p>BC26-BC27. Transition risks are associated with policy, legal, technology and market changes resulting from efforts to limit global warming and move to a lower carbon economy. The public sector generally plays a key role in these areas, so it is important that it ispublic sector entities are accountable for the policy activities that theyit undertakes, as well as needing better information for decision making.</p> <p>BC27-BC28. An entity may pursue adaptation responses, such as investing in infrastructure, to address climate-related physical risks; and an entity may pursue mitigation responses, such as adopting new technologies to reduce its greenhouse gas emissions, to address climate-related transition risks.</p> <p>BC28-BC29. An entity may also pursue climate-related opportunities, such as developing new services to meet shifting service recipient needs. Climate-related risks and opportunities are distinct but not always mutually exclusive.</p>		
Addressing Impacts through Outcomes from Climate-related Policy Activities	Addressing Impacts through Outcomes from Climate-related Policy Activities		
BC26. In response to the Consultation Paper, <i>Advancing Public Sector Sustainability Reporting</i> , respondents supported	BC29-BC30. In response to the Consultation Paper, <i>Advancing Public Sector Sustainability Reporting</i> ,		

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<p>the need for broader reporting by the public sector given its public interest role.</p> <p>BC27. To address this call from respondents as well as to address the additional transparency demands of policy and regulatory role of public sector entities, the IPSASB decided that information about the outcomes from public sector entity’s policy activities should be included in public sector climate-related disclosures.</p> <p>BC28. The IPSASB acknowledges that there is existing reporting practice about ‘impacts’, however, noted that there is varied understanding of impacts across sustainability reporting and the sustainable development space. For example, following are varying definitions of impacts:</p> <p>Capitals Coalition defines natural capital impact as the negative or positive effect of business activity on natural capital.</p> <p>GRI defines impact as 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. The impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible. These impacts indicate the organization’s contribution, negative or positive, to sustainable development.</p> <p>Impact Management Platform defines impact management as the process by which an organization understands, acts on and communicates its impacts on people and the natural environment, in order to reduce negative</p>	<p>respondents supported the need for broader reporting by the public sector given its public interest role.</p> <p>BC30.BC31. To address this call from respondents as well as to address the additional transparency demands of policy and regulatory role of public sector entities, the IPSASB decided that information about the outcomes from public sector entity’s policy activities should be included in public sector climate-related disclosures.</p> <p>BC31.BC32. The IPSASB acknowledges that there is existing reporting practice about ‘impacts’, however, noted that there is varied understanding of the meaning of the term ‘impacts’ across sustainability reporting and the sustainable development space. For example, the following are varying definitions of impacts:</p> <p>(a) Capitals Coalition defines natural capital impact as the negative or positive effect of business activity on natural capital.</p> <p>(b) GRI defines impact as 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. The impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible. These impacts indicate the organization’s contribution, negative or positive, to sustainable development.</p> <p>(c) The Impact Management Platform defines impact management as the process by which an organization understands, acts on and</p>		

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<p>impacts, increase positive impacts, and ultimately to achieve sustainability and increase well-being.</p> <p>BC29. Given the variation in definitions, some of which focus on very specific understandings of impacts while others are much broader, the IPSASB considered the extent to which IPSASB's existing literature could help address the challenges, in particular guidance in the IPSASB Conceptual Framework and Recommended Practice Guideline (RPG) 3, <i>Reporting Service Performance Information</i>.</p> <p>BC30. The Conceptual Framework provides useful overarching context: (i) The objectives of financial reporting by public sector entities are to provide information about the entity that is useful to users for accountability purposes and for decision-making purposes and (ii) The primary users of General Purpose Financial Reports (GPFRs) are service recipients and their representatives, and resource providers and their representatives (referred to as 'service recipients and resource providers')</p> <p>BC31. Although the IPSASB literature does not define impacts they are referred to in the definition of outcomes in RPG 3: 'the impacts on society which occur as a result of, or are reasonably attributable to the entity's outputs'. Outputs are defined in RPG 3 as: 'services provided by an entity to recipients external to the entity'.</p> <p>BC32. These definitions have been approved through the normal IPSASB due process and was updated to emphasize its applicability to sustainability reporting programs in 2023 through Implementation Guidance and Illustrative Examples.</p>	<p>communicates its impacts on people and the natural environment, in order to reduce negative impacts, increase positive impacts, and ultimately to achieve sustainability and increase well-being.</p> <p>BC32-BC33. <u>BC33-BC34.</u> Given the variation in definitions, some of which focus on very specific understandings of impacts while others are much broader, the IPSASB considered the extent to which IPSASB's existing literature could help address the challenges, in particular guidance in the IPSASB Conceptual Framework and Recommended Practice Guideline (RPG) 3, <i>Reporting Service Performance Information</i>.</p> <p>BC33-BC34. <u>BC34-BC35.</u> The Conceptual Framework provides useful overarching context: (i) The objectives of financial reporting by public sector entities are to provide information about the entity that is useful to <u>primary</u> users for accountability purposes and for decision-making purposes and (ii) The primary users of General Purpose Financial Reports (GPFRs) are service recipients and their representatives, and resource providers and their representatives (referred to as 'service recipients and resource providers')</p> <p>BC34-BC35. <u>BC35-BC36.</u> Although the IPSASB literature does not define impacts they are referred to in the definition of outcomes in RPG 3: 'the impacts on society which occur as a result of, or are reasonably attributable to the entity's outputs'. Outputs are defined in RPG 3 as: 'services provided by an entity to recipients external to the entity'. <u>These services would include an entity's own operations and policy activities.</u></p>		

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<p>BC33. While the outcomes definition refers to ‘impacts’, it is consistent with the guidance in the Conceptual Framework in that it considers only those impacts ‘which occur as a result of, or are reasonably attributable to, an entity’s outputs. This is consistent with the guidance in the Conceptual Framework in relation to GPFRs, that while users other than the primary users may find the information provided by GPFRs useful, GPFRs are not developed to specifically respond to their information needs</p> <p>BC34. Though the definition of outcomes does not explicitly include the economy and environment explicitly as some of the definitions of impacts, the effects on economy and environment are interrelated with the effects on society and therefore may be considered implicit in ‘the impact on society’. For example, climate-related policy activities may impact the economy, environment and people:</p> <p>Climate-related policy activities such as providing incentives for new technologies or introducing carbon taxes may impact the economy;</p> <p>Climate-related policy activities such as transition to new sources of energy may impact people and the workforces that previous energy producers employed; and</p> <p>Climate-related policy activities such as grant schemes related to land use, conservation and sustainable management practices may impact the environment.</p> <p>BC35. The [draft] Standard requires disclosure of an entity’s ‘impacts’ on climate change, that is its GHG emissions from its value chain and operational model, while</p>	<p>BC35.BC36. These definitions have beenwere approved through the normal IPSASB due process and was updated to emphasize its applicability to sustainability reporting programs in 2023 through Implementation Guidance and Illustrative Examples.</p> <p>BC37. While the outcomes definition refers to ‘impacts’, it is consistent with the guidance in the Conceptual Framework in that it considers only those impacts ‘which occur as a <u>direct</u> result of, or are reasonably attributable to, an entity’s outputs. This is consistent with the guidance in the Conceptual Framework in relation to GPFRs, that while users other than the primary users may find the information provided by GPFRs useful, GPFRs are not developed to specifically respond to their information needs.</p> <p>BC36.BC38. <u>This definition also provides a more clearly defined reporting boundary than ‘impacts’ may in some interpretations. The approach is more consistent with the reporting model in IPSASB’s Conceptual Framework as well as the TCFD model and the Integrated Reporting Framework. As well as being more conceptually consistent, the Board acknowledged the practical challenges of implementation and the immediate need for reporting. Therefore it decided that it was appropriate to require disclosures based on outcomes rather than more broad-ranging concepts of ‘impacts’.</u></p> <p>BC37.BC39. Though the <u>RPG 3</u> definition of outcomes does not explicitly include the economy and environment explicitly as <u>in</u> some of the definitions of impacts, the effects on economy and environment are interrelated with the effects on society and <u>are</u> therefore may be</p>		

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disclosure of outcomes from climate-related policy activities on society, including impacts on the economy, environment and people, is required regarding an entity's climate-related policy activities.	<p>considered—implicit in 'the impact on society'. For example, climate-related policy activities may impact the economy, environment and people:</p> <p>(a) Climate-related policy activities such as providing incentives for new technologies or introducing carbon taxes may impact the economy;</p> <p>(b) Climate-related policy activities such as transition to new sources of energy may impact people and the workforces that previous energy producers employed; and</p> <p>(c) Climate-related policy activities such as grant schemes related to land use, conservation and sustainable management practices may impact the environment.</p> <p>BC38-BC40. The [draft] Standard requires disclosure of both an entity's own effects 'impacts' on climate change, that is its GHG emissions from its value chain and operational model relating to its own operations, while disclosure of outcomes from climate-related policy activities on society, including impacts on the economy, environment and people, is required regarding concerning an entity's climate-related policy activities.</p>		
Governance			
BC36. The IPSASB acknowledged that public sector entities worldwide do not operate within a common legislative framework, nor do they have standard organizational structures, shapes or sizes.	BC39-BC41. The IPSASB acknowledged that public sector entities worldwide do not operate within a common legislative framework, nor do they have standard organizational structures, shapes or sizes.		
BC37. Despite the variation in governance structures, public sector entities share the same public interest objective of enhancing or maintaining the well-being of citizens.	BC40-BC42. Despite the variation in governance structures, public sector entities do share the same public interest objective of enhancing or maintaining the well-being of		

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<p>Therefore, public sector governance can be described as the arrangements put in place to ensure the intended outcomes for stakeholders are defined and achieved. Such arrangements can include political, economic, social, environmental, legal and administrative structures and processes, and other arrangements.</p> <p>BC38. The IPSASB acknowledged that governing bodies for public sector entities are similar to those for private sector in principle, however, differ in structure. Therefore the disclosure requirements in paragraphs 7-9 should be applicable for the governance arrangements of each public sector entity and additional application guidance to address public sector specific circumstances is provided in paragraphs AG1 - AG3.</p>	<p>citizens. Therefore, public sector governance can be described as the arrangements put in place to ensure the intended outcomes for stakeholders are defined and achieved. Such arrangements can include political, economic, social, environmental, legal and administrative structures and processes, and other arrangements.</p> <p>BC41-BC43. <u>BC43.</u> The IPSASB acknowledged that governing bodies for public sector entities are similar to those for private sector in principle, however, <u>they often</u> differ in <u>their structure and responsibilities</u>. Therefore <u>while</u> the disclosure requirements in paragraphs 7-9 should be applicable for the governance arrangements of each public sector entity, <u>and</u> additional application guidance to address public sector specific circumstances is provided in paragraphs AG1 - AG3.</p>		
Strategy			
<p>BC39. The IPSASB decided that the information needs relating to strategy for managing climate-related risks and opportunities for an entity's own operations are in many cases the same or very similar to those for users of private sector entity reporting (i.e. investors) and for the primary users of public sector reporting (i.e. service recipients and resource providers). However, application guidance would be needed to clarify how the principles and disclosure requirements apply in the public sector context.</p> <p>BC40. However, due to the public sector's ability to exercise policy and regulatory powers to influence the activities and behaviors of other entities and/or individuals across the economy, the IPSASB decided that public sector</p>	<p>BC42-BC44. <u>BC44.</u> The IPSASB decided that the <u>primary user</u> information needs relating to strategy for managing climate-related risks and opportunities for <u>a public sector</u> entity's own operations are in many cases the same or very similar to those for users of private sector entity reporting (i.e. investors) <u>and for the primary users of public sector reporting (i.e. service recipients and resource providers)</u>. However, application guidance would be needed to clarify how the principles and disclosure requirements apply in the public sector context.</p> <p>BC43-BC45. <u>BC45.</u> <u>However, due to</u> <u>As a result of</u> the public sector's ability to exercise policy and regulatory powers to influence the activities and behaviors of other entities</p>		

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entity’s strategy is also a key area of difference between public and private sector climate-related disclosures. Therefore, specific disclosure requirements and application guidance addressing how an entity should report on its strategy for managing its climate-related policy activities and outcomes were needed to address user information needs.	and/or individuals across the economy, the IPSASB decided that public sector entity’s strategy <u>for policy activities</u> is also a key area of difference between public and private sector climate-related disclosures. Therefore, specific disclosure requirements and application guidance addressing how an entity should report on its strategy for managing its climate-related policy activities and outcomes were needed to address user information needs.		
BC41.	<p><u>Strategy related disclosures for an entity’s own operations</u></p> <p>BC42. The IPSASB acknowledged that strategy for public sector entities may differ across functions, levels of government and jurisdictions. In some cases, entities may have significant operational freedoms to determine their own strategy to address climate-related risks and opportunities and therefore climate-related scenario analysis may support and inform its assessment of climate resilience.</p> <p><u>BC43. On the other hand, some entities may have limited operational freedom such that their own operations are limited by the mandates and responsibilities determined by a higher level of government.</u></p> <p><u>BC43-BC44. However, one of the objectives of reporting climate-related information is to hold entities accountable for their activities and contributions to climate commitments. The IPSASB determined that it is important that for reporting be at the reporting entity level to enable accountability Entities are therefore encouraged to consider their activities and contributions to climate commitments within their levels of operational freedom</u></p>		<p><u>Added BCs based on Board discussion in Q2 2024 about the relevance and applicability of disclosures where some public sector entities may have limited operational freedom</u></p>

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<p>Strategy for Climate-related Policy Activities</p> <p>BC44-BC45. The IPSASB decided that the information needs of primary users of climate-related disclosures in relation to strategy for climate-related policy activities included additional requirements compared to its strategy for own operations.</p> <p>BC45-BC46. The IPSASB acknowledged that the policy roles and responsibilities of different public sector entities across different levels of government vary across different jurisdictions. Therefore, disclosures about the entity’s policy role and scope of responsibilities will be critical to enable a user to understand the entity’s strategy.</p> <p>BC46-BC47. Strategy and policy development is also complex given the demands of various stakeholders, balanced with budget constraints in many jurisdictions, and managing the achievement of outcomes in the public interest. In many cases, this may include trade-offs that may affect different groups of people and/or sectors of the economy. Therefore, disclosures are needed to provide transparency over how an entity has made decisions about prioritization of its policy activities and its implementation strategy to ensure the intended outcomes are achieved.</p>	<p><u>and organizational mandates and provide disclosures that are determined to be material for its primary users.</u></p> <p>Strategy for Climate-related Policy Activities</p> <p>BC44-BC46. The IPSASB decided that the information needs of primary users of climate-related disclosures in relation to strategy for climate-related policy activities included additional requirements compared <u>with</u>to its strategiesy for own operations.</p> <p>BC45-BC47. The IPSASB acknowledged that the policy roles and responsibilities of different public sector entities across different levels of government vary across different jurisdictions. Therefore, disclosures about the entity’s policy role and scope of responsibilities will be critical to enable a user to understand the entity’s strategy.</p> <p>BC46-BC48. Strategy <u>and for</u> policy <u>development activities</u> is also <u>complex given complicated by the need to balance</u> the demands of various stakeholders, <u>balanced</u> with budget constraints <u>in many jurisdictions, and while</u> managing the achievement of outcomes in the public interest. In many cases, this may <u>require</u>include trade-offs that <u>may</u> affect different groups of people and/or sectors of the economy. Therefore, disclosures are needed to provide transparency over how an entity has made decisions about prioritization of its policy activities and its implementation strategy to ensure the intended outcomes are achieved.</p>		
Financial Position, Financial Performance and Cash flows and Generally Accepted Accounting Principles	Financial Position, Financial Performance and Cash flows and Generally Accepted Accounting Principles		

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<p>BC47-BC48. The IPSASB considered whether the (draft) Standard should refer to IPSAS and other generally accepted accounting principles (see paragraph 5) acknowledging that not all public sector entities apply accrual basis accounting.</p> <p>BC48-BC49. The IPSASB decided that, though the (draft) Standard is agnostic on the entity's financial reporting methodology and can be applied by all public sector entities including those on cash basis accounting, the use of accrual accounting, together with climate-related reporting, supports better public financial management and sustainable development.</p>	<p>BC47-BC49. The IPSASB considered whether the (draft) Standard should refer to IPSAS and other generally accepted accounting principles (see paragraph 5) acknowledging that not all public sector entities apply accrual basis accounting.</p> <p>BC48-BC50. The IPSASB decided that, though the (draft) Standard is agnostic on the entity's financial reporting methodology and can be applied by all public sector entities including those on cash basis accounting, the use of accrual accounting, together with climate-related reporting, supports better public financial management and sustainable development.</p>		
<p>Climate Resilience Informed Policy Activities</p> <p>BC49-BC50. The IPSASB acknowledged that the climate-related scenario analysis is highly relevant and applicable to public sector entities.</p> <p>BC50-BC51. The IPSASB decided that the principled requirements for climate-related scenario analysis for private sector entities should be applicable for a public sector entity's own operations. However, the objective and analysis performed in relation to policy activities would generally be broader, such as potentially assessing system-wide risks by a government central bank.</p>	<p>Climate Resilience Informed Policy Activities</p> <p>BC49-BC51. The IPSASB acknowledged that the climate-related scenario analysis is highly relevant and applicable to public sector entities.</p> <p>BC50-BC52. The IPSASB decided that the principled requirements for climate-related scenario analysis for private sector entities should be applicable for a public sector entity's own operations. However, the objective and analysis performed in relation to policy activities would generally be broader, such as potentially for <u>example the</u> assess<u>menting</u> of system-wide risks by a government central bank.</p>		
Risk Management			
<p>BC51-BC52. The IPSASB discussed the differences between public and private sector risk management practices and noted that though the practices are similar, it is the risks faced that are significantly different.</p>	<p>BC51-BC53. The IPSASB discussed the differences between public and private sector risk management practices and noted that though the practices are similar, it is the <u>nature and type of</u> risks faced that are significantly different.</p>		

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<p>BC52-BC53. Therefore, the principles of disclosure requirements for a public sector entity's own operations and policy activities are aligned with IFRS S2 private sector guidance.</p> <p>BC53-BC54. The IPSASB acknowledged that many countries have established national transition and adaptation plans, based on detailed national risk assessments documented in national risk registers. Therefore, the IPSASB decided that it is a critical resource for many public sector entities that may be leveraged as part of the entity's risk management processes.</p> <p>BC54-BC55. Additional application guidance is also provided to address considerations for public sector policy activities which would include identifying, assessing, prioritizing and monitoring the risks to other entities and/or individuals, not only to its own operations.</p>	<p>BC52-BC54. Therefore, the <u>Board decided that the</u> principles <u>of for</u> disclosure requirements for a public sector entity's own operations and policy activities <u>are—should be</u> aligned with IFRS S2 private sector guidance.</p> <p>BC53-BC55. The IPSASB acknowledged that many countries have established national transition and adaptation plans, based on detailed national risk assessments documented in national risk registers. Therefore, the IPSASB decided that <u>it is these can be</u> a critical resource for many public sector entities <u>that may which can</u> be leveraged as part of the entity's risk management processes.</p> <p>BC54-BC56. Additional application guidance is also provided to address considerations for public sector policy activities which would include identifying, assessing, prioritizing and monitoring the risks to other entities and/or individuals, not only to <u>its—an entity's</u> own operations.</p>		

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Metrics and Targets			

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	<p>Metrics and Targets for an entity’s own operations</p> <p>BC55-BC57. <u>BC57.</u> IPSASB decided that flexibility should be provided for preparers to use methodologies other than the GHG Protocol. This decision acknowledges that jurisdictions may have local approaches for national or subnational reporting and aims to alleviate any additional burden. IPSASB encourages entities to consider the primary user of the information and their specific needs. For instance, if primary users are donor agencies, the GHG Protocol might be a more appropriate methodology as donor agencies may need information about the climate-related risks and opportunities upstream and downstream of an entity’s value chain.</p> <p>BC56-BC58. <u>BC58.</u> The IPSASB recognized the complexities surrounding Scope 3 emissions and the cost-effectiveness considerations they entail. However, it decided that it is important for entities to monitor and manage emissions along its value chain, both in global public interest and for accountability. IPSASB noted that value chain emissions and hotspots varies between entities, and hence the ED encourages entities to identify and disclose Scope 3 categories where material.</p> <p>BC57-BC59. <u>BC59.</u> The (draft) Standard is applicable to the same public sector entities that apply IPSAS (see paragraph BC2). Though some public sector entities may provide financial services, and therefore scope 3 category 15 – Financed emissions may be relevant, the IPSASB expects this will not be a large volume of entities for whom the (draft) Standard has been written. Any entities for which category 15 is material may consider referring to other sources of guidance</p>		

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	<p>such as GHG Protocol or the Partnership for Carbon Accounting Financials (PCAF).</p> <p>BC58.<u>BC60.</u> Entities that are using methodologies in line with the GHG Protocol might find it useful to refer to IFRS S2 Accompanying Guidance or the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard for additional guidance and examples.</p> <p>BC59.<u>BC61.</u> IPSASB considered whether disclosures relating to remuneration tied to climate factors would be applicable for the public sector. While IPSASB acknowledged that this is expected to be infrequent in the public sector, the IPSASB concluded that it was prudent to incorporate this aspect in the draft ED to permit such disclosures in circumstances where they may be applicable.</p> <p>BC60.<u>BC62.</u> Internal carbon price – The IPSASB acknowledged that there are evolving terminologies and methodologies for valuing GHG externalities. The IPSASB explored the applicability of the terminology internationally, the applicability to public sector entities, and the importance of distinguishing internal carbon prices from the market price of carbon. In view of this, IPSASB agreed to align the terminology for this topic with that in IFRS S2.</p>		

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	<p>Metrics and targets for climate-related policy activities</p> <p>BC61.<u>BC63.</u> GHG emissions – Building upon the logic model framework outlined in RPG3, the IPSASB opted for a principle-based approach, recognizing the existing diversity in methodologies used by entities to attribute GHG emissions to climate-related policies. The IPSASB decided that it is most appropriate if entities are provided with the flexibility to develop and disclose their own methodologies based on IPSASB’s principled approach, provided that the entity discloses any necessary information that enables primary users to understand their chosen methodology.</p> <p>BC62.<u>BC64.</u> Other metrics – Though the IPSASB considered whether to require specific baseline metrics, the Board determined that most entities will have established metrics for monitoring policies and these metrics would generally be unique to each policy, so determined not to be prescriptive or add additional onerous requirements.</p> <p>BC63.<u>BC65.</u> The IPSASB acknowledge that this is an evolving space and best practice metrics and data will develop over time.</p> <p>BC64.<u>BC66.</u> The IPSASB acknowledged the various challenges to sustainability reporting, however, the IPSASB decided that an accelerated transition, aligned with the private sector, is prudent for the (draft) Standard given the urgent need for transparency and accountability to support climate action, the need for public sector leadership to move the dial in meeting climate targets, and the availability of initial metrics and data for national climate commitments already set in the public sector will</p>		

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	support the preparation of entities’ first climate-related reports.		
Effective Date			
	[To be updated]		
Transition			
	BC55-BC56. The IPSASB acknowledged the various challenges to the implementation of climate-related reporting, however, the Board decided that an accelerated transition, aligned with the private sector, was appropriate for the (draft) Standard given the urgent need for transparency and accountability for government initiatives to support climate action, and the need for public sector leadership on meeting climate targets. It decided that the likely availability of initial metrics and data for existing national climate commitments should support the preparation of entities’ first climate-related reports.		
Conceptual Foundations			
Fair presentation BC56-BC57. This [draft] Standard includes guidance on conceptual foundations, including the qualitative characteristics of reporting climate-related information, set out in Appendix B and C. This guidance is adapted from the IPSASB Conceptual Framework and are intended to ensure that information in climate-related disclosures is useful to users of those reports and provides information to assist an entity in the preparation of climate-related disclosures.	Fair presentation BC65-BC67. <u>In the absence of an IPSASB SRS framework for sustainability reporting,</u> t This [draft] Standard includes guidance on conceptual foundations, including the qualitative characteristics of reporting climate-related information, set out in Appendix B and C. This guidance is adapted from the IPSASB Conceptual Framework and are intended to ensure that information in climate-related disclosures is useful to users of those reports and		

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<p>Materiality</p> <p>BC57-BC58. The IPSASB acknowledged that at the time of developing the [draft] Standard, there was debate on the concepts of “single” or “financial” materiality versus “double” or “financial and impact” materiality.</p> <p>BC58-BC59. The IPSASB decided that the definition of material information from the IPSASB Conceptual Framework is appropriate for climate-related disclosures given:</p> <p>The Primary Users of public sector general purpose financial reports are 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;</p> <p>Objectives of reporting are to support users in evaluating information for decision-making and accountability purposes. This 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; and</p> <p>Connectivity between financial and sustainability reporting is supported by aligning definitions of materiality across suites of reporting standards.</p> <p>BC59-BC60. There is significant judgment required in determining material information. The [draft] Standard provides additional guidance to address the nature of</p>	<p>provides information to assist an entity in the preparation of climate-related disclosures.</p> <p>Materiality</p> <p>BC66-BC68. The IPSASB acknowledged that at the time of developing the [draft] Standard, there was <u>discussion</u> on the concepts of “single” or “financial” materiality versus “double” or “financial and impact” materiality.</p> <p>BC67-BC69. The IPSASB decided that the definition of material information from the IPSASB Conceptual Framework is appropriate for climate-related disclosures given:</p> <p>(a) The Primary Users of public sector general purpose financial reports are 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;</p> <p>(b) Objectives of reporting are to support users in evaluating information for decision-making and accountability purposes. This extends beyond the private sector focus on decision making solely for capital allocation purposes. The principles of decision-making and accountability equally apply to <u>sustainability—climate-related</u> reporting as with financial reporting for the public sector because of the need for accountability from a public interest perspective; and</p> <p>(c) Connectivity between financial and <u>sustainability climate-related</u> reporting is supported by aligning</p>		

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<p>risks and opportunities, and outcomes from climate-related policy activities, which are commonly considered when determining the materiality of information.</p> <p>BC60-BC61. The IPSASB considered whether information that is sensitive and considered secret may be excluded from disclosure and decided that such information in the public sector is expected to be rare and should not be excluded in the public interest.</p>	<p>definitions of materiality across suites of reporting standards.</p> <p>BC68-BC70. There is significant judgment required in determining material information. The [draft] Standard provides additional guidance to address the nature of risks and opportunities, and outcomes from climate-related policy activities, which are commonly considered when determining the materiality of information.</p> <p>BC69-BC71. The IPSASB considered whether information that is sensitive and/or considered secret may-should be excluded from disclosure. The Board-and decided that such information in the public sector is expected to be rare and should not be excluded in the public interest.</p>		
General Requirements			
	<p>BC61-BC62. The IPSASB determined that the general requirements on timing and location of reporting, comparative reporting, judgments, measurement uncertainty, and errors from IFRS S1 are appropriate for the public sector.</p> <p>BC62-BC63. However, since the sources of guidance as IFRS S1 relate to sustainability-related risks and opportunities, beyond climate, and are primarily developed for the private sector, the IPSASB determined to adapt this guidance for the (draft) Standard. The IPSAS acknowledged the importance of industry-based guidance to support preparers and standardized reporting. There is no current public sector equivalent at the time of developing the standard, however, there may be certain functions of government that can consider private sector industry</p>		

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	metrics (such as in health or education). Therefore, the IPSASB decided that SASB industry guidance should not be required for public sector entities but may choose to consider these to the extent they are relevant.		