

SUSTAINABILITY CLIMATE- RELATED DISCLOSURES

IPSASB Meeting – September 2024

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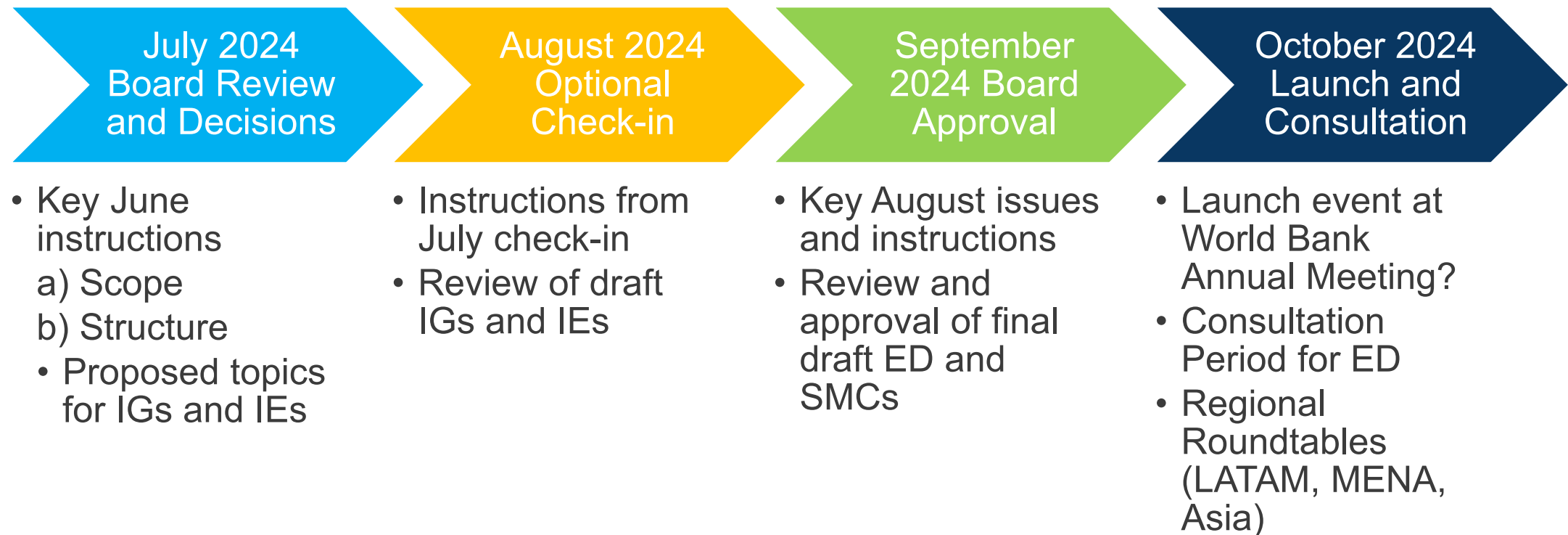
Brussels, Belgium



AGENDA

- 1. Project Management**
- 2. Responsibility for Climate-related Public Policy Programs**
- 3. Own Operations and Value Chain**
- 4. Risks and Opportunities**
- 5. Specific Matters for Comment**
- 6. Approval of draft ED**

Project Management Process – Next Steps

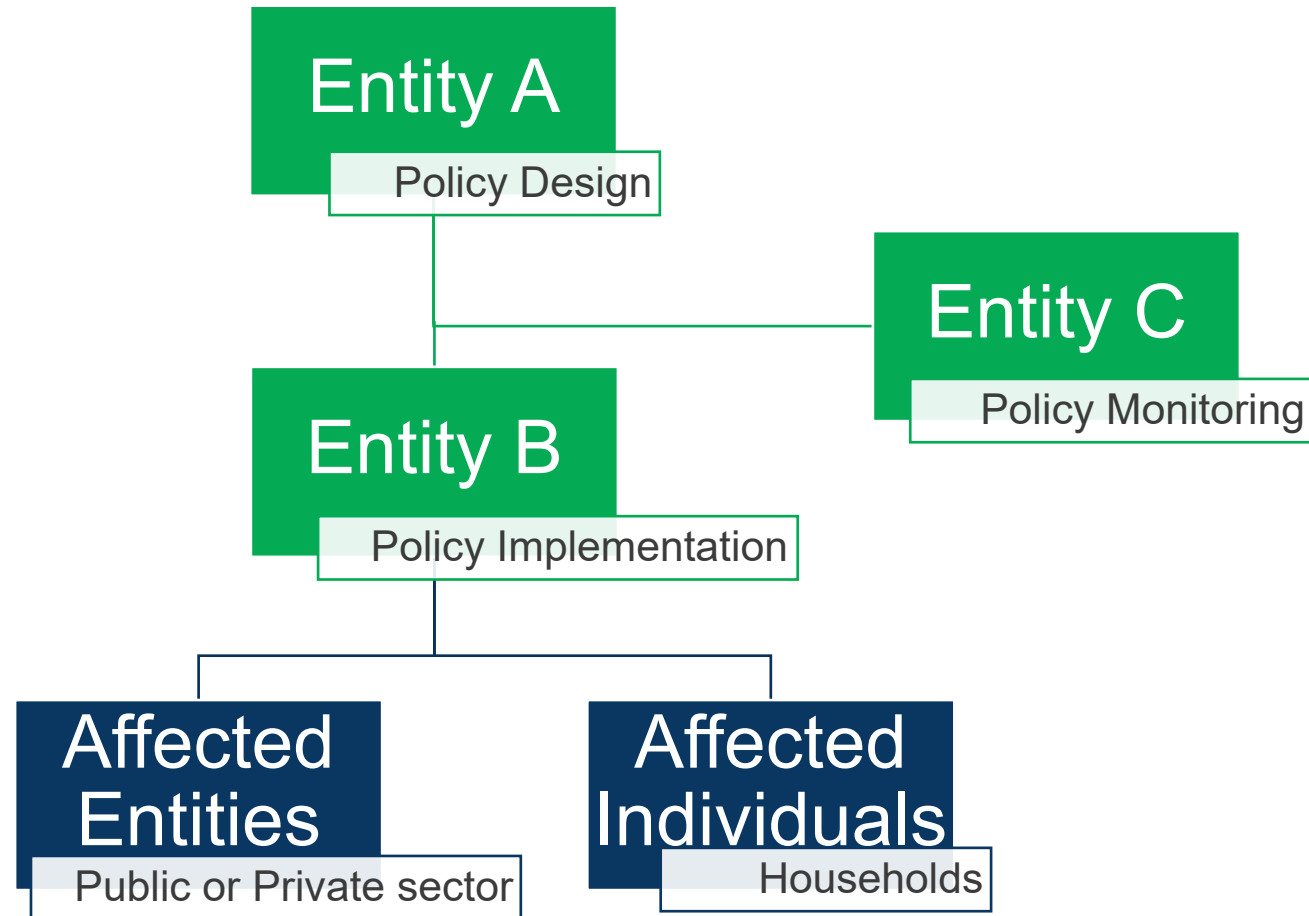


Government and its Relation to Other Economic Sectors

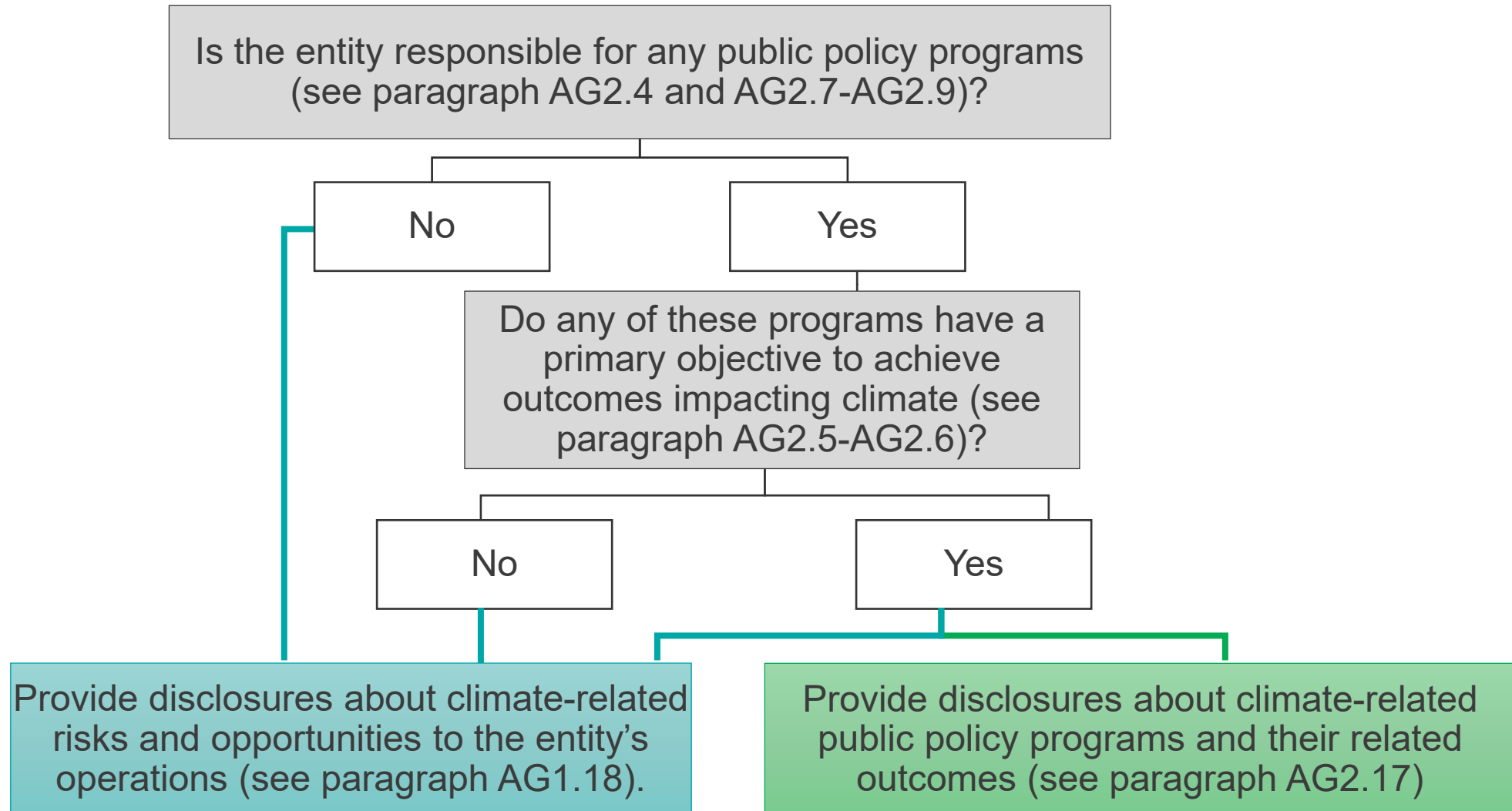
Public-sector guidance is needed for the public policy role of governments



Public policy program process and roles



Own Operations vs. Public Policy Programs – Flow chart



Responsibility for climate-related public policy programs

Analysis

- Need for principled approach to address:
 - **Complexity and diversity of structures** for policy design, implementation and monitoring across jurisdictions
 - **Completeness and complementarity** of disclosures across different entities with different responsibilities for climate-related public policy programs

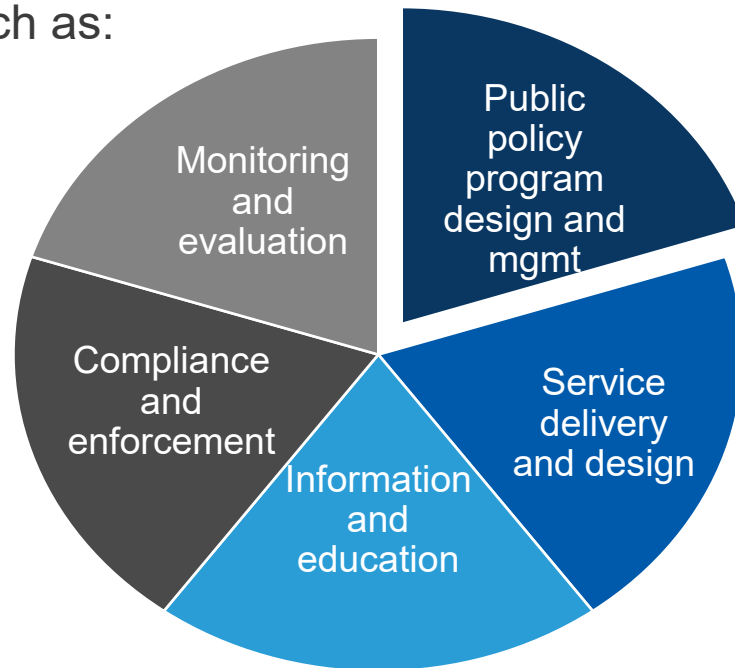
Recommendation

- Require disclosures from all entities with responsibility for climate-related public policy programs to provide relevant disclosures about these public policy programs and their outcomes
- Provide application guidance, implementation guidance and illustrative examples

Own Operations vs. Public Policy Programs

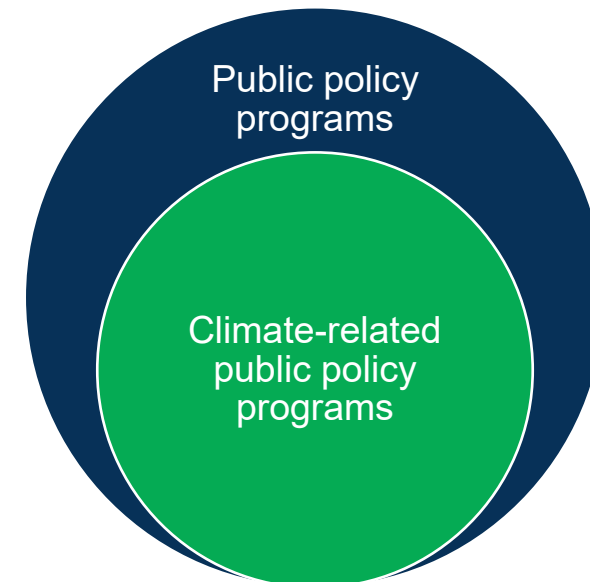
Own Operations

- Disclosures about climate-related risks and opportunities to an entity's own operations
- Public sector activities may range from service delivery to policy-related activities, such as:



Climate-related Public Policy Programs

- Disclosures about the objectives and outcomes of climate-related public policy programs
- Public policy programs are those from exercising sovereign powers to influence others



Own Operations and Value Chain

Analysis

- **Maintain alignment with IFRS S2:**
 - Integrate definition of own operations with operational model and value chain
 - Align definition of value chain with IFRS S2
- Address **public policy program related emissions** from:
 - **An entity's own activities** (i.e. policy design, implementation or monitoring)
 - **Other entities' and/or individuals' activities** (i.e. other public sector entities, private sector entities or households)

Recommendation

- Clarify that own operations includes all activities in an entity's operational model
- Clarify reporting on own operations excludes Scope 3 value chain emissions from other entities and/or individuals
- Provide application guidance, implementation guidance and illustrative examples

Risks and Opportunities

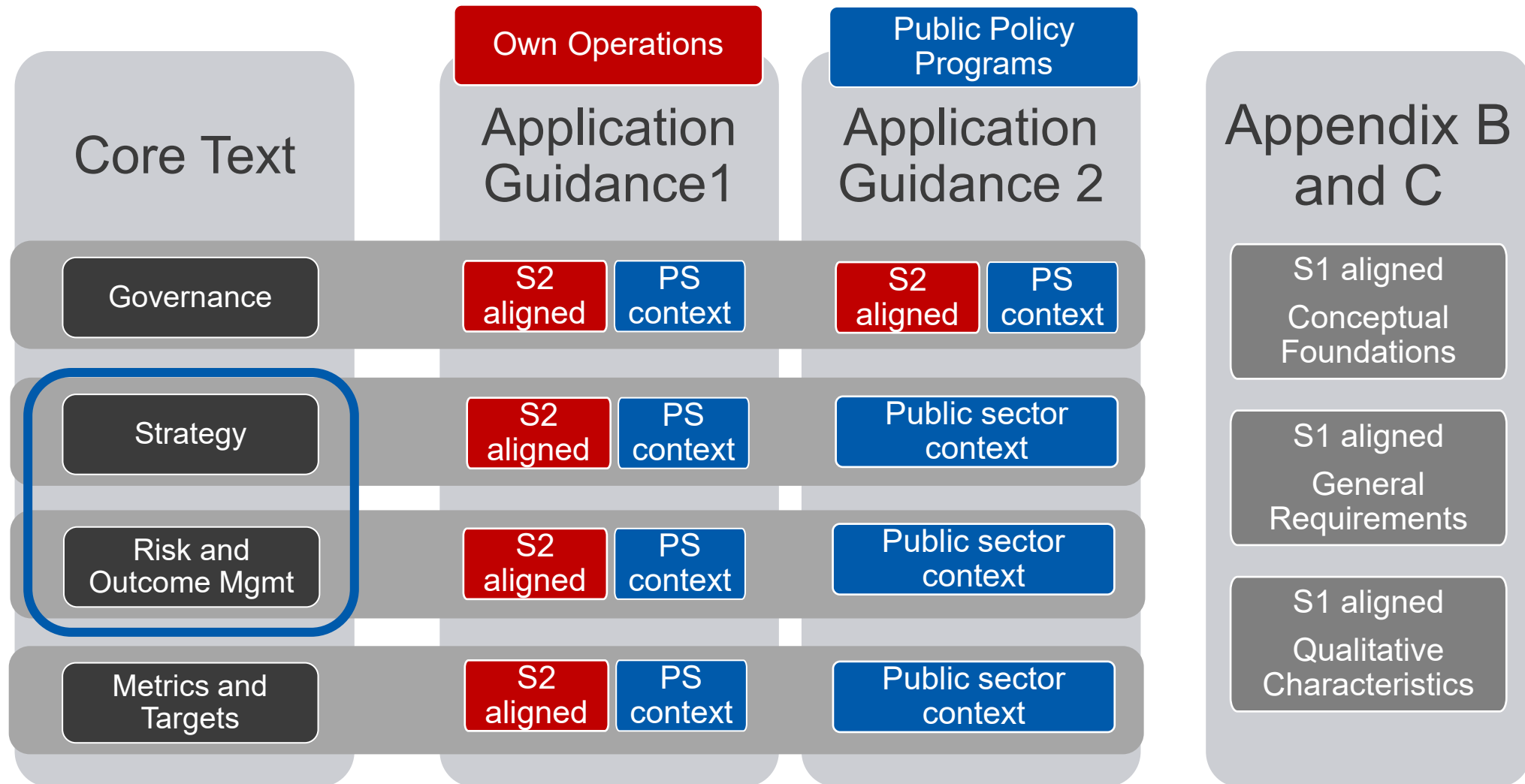
Analysis

- The IFRS S2 definition of **climate-related risks and opportunities** focuses on the entity itself. However, risks and opportunities for policy programs are much broader than affecting the entity itself
- Impractical to require entities to identify and disclose ‘risks and opportunities faced by other entities and/or individuals affected by the climate-related public policy program’
- **To align with primary users’ information needs, the disclosure requirements should address factors that impede the success of these policy programs in achieving their intended outcomes**

Recommendation

- Refer to these factors that may impede the achievement of intended outcomes as *“potential challenges in achieving the intended outcomes”*
- Consequential structural and content changes in disclosure requirements and application guidance relating to Strategy and Outcome Management (see next two slides)

Risks and Opportunities – Consequential Changes



Specific Matters for Comment

Analysis

- Propose 24 SMCs across the following topics:
 1. Conceptual Framework
 2. Overall scope and approach, including “own operations” and “public policy programs”
 3. Strategy for climate-related public policy programs
 4. Metrics, adaptations to S2 for “own operations”
 5. Metrics proposed for climate-related public policy programs
 6. Timing and Location of reporting for climate-related public policy programs
 7. Transitional relief for “own operations” and “climate-related public policy programs” disclosures

Recommendation

- Request for feedback on the proposed Specific Matters for Comment

Approval of ED [X]

Analysis

- Approval of IPSASB SRS ED [X], *Climate-related disclosures*
 - The proposed ED was developed consistent with the project objectives and process approved in the Project Brief in June 2023, including:
 - Building on the CP and constituent feedback
 - Drawing from international standards
 - Leveraging sustainability expertise
- Exposure period: 120 days as per IPSASB's Due Process and Working Procedures.

Recommendation

- Approve IPSASB SRS ED [X], *Climate-related disclosures*
- 120-day exposure period