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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	<b><u>Text changes for public sector adaptations</u></b> to IFRS Sustainability Standards or GRI Standards
<b><i>Text reviewed in December 2023</i></b>	
Shaded cell	Text reviewed by the Board in December 2023
Track changes in shaded cells	<b><u>Text changes from December 2023</u></b> resulting from Board Decisions, recommendations from SRG, CTWG or staff, or editorial updates are tracked.

This annotated draft ED includes commentary, including:

December 2023 Draft	May 2024 Draft	Source	Notes
Text reviewed by the Board in December 2023 for reference	<b><u>Text for Board review in May 2024</u></b> , which includes updates to the December 2023 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.

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 for decision making and accountability purposes that enables users to evaluate its climate-related impacts, risks and opportunities that could be reasonably expected to affect an entity's service delivery and financial commitments over the short, medium or long term.</p>	<p>1. The objective of this [draft] Standard is to provide principles for an entity to disclose information in their 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. This [draft] Standard requires an entity to disclose material information about:</p> <p>(a) The climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity, and</p> <p>(b) Where an entity has climate-related policy activities, the outcomes that could reasonably be expected as a result of these.</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"><li>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.</li><li>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 from 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.)</li></ul>
<p>2. 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.</p>		<p>Based on SDG 13</p>	<p>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.</p>

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>(a) Climate-related impacts on the economy, environment or people;</p> <p>(b) Climate-related risks to which an entity is exposed, including but not limited to physical risks and transition risks; and</p> <p>(c) Climate-related opportunities available to the entity.</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.</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 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	No changes
Definitions			
<p>6. The following terms are used in this Standard with the meanings specified:</p>	<p>6. The following terms are used in this Standard with the meanings specified:</p> <p>Climate resilience is the capacity of an entity to adjust to climate-related changes, developments or</p>	Based on IFRS S2 Appendix A Defined Terms	

	<p>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.</p>		
<p>Climate-related impacts refers to the effects an entity has or could have on the economy, environment and people, as a result of the entity's activities or relationships.</p>		<p>Based on GRI 3</p>	<p>Based on March 2024 Board instruction about impacts, staff recommend 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.</p>
	<p>Climate-related physical risks 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>Based on IFRS S2 Appendix A Defined Terms</p>	

<p><u>Climate-related risks and opportunities</u> refers to the potential negative and positive effects, respectively, of climate change on an entity. Climate-related risks may include climate-related physical risks and transition risks, as well as other public sector risks such as policy leadership, value for money, accountability and coordination and delivery risk. 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	<p>Reflects definition and decisions by the Board in December 2023, with updates for instructions including:</p> <ul style="list-style-type: none"><li>• Separated definitions for climate-related risks and opportunities, and moved discussion of other public sector risks to AGs per Dec 2023 Board discussions.</li><li>• Clarified that risks and opportunities relate to an entity's own operations, not policy activities.</li></ul>
	<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 change can produce climate-related opportunities for an entity.</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 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>Greenhouse gases</u> are the seven greenhouse gases listed in the Kyoto Protocol— carbon dioxide (CO<sub>2</sub>); methane (CH<sub>4</sub>); nitrous oxide (N<sub>2</sub>O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF<sub>3</sub>); perfluorocarbons (PFCs) and sulfur hexafluoride (SF<sub>6</sub>).</p>	Based on IFRS S2 Appendix A Defined Terms	

	<b><u>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.</u></b>	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
	<b><u>Long-term fiscal sustainability</u> is the ability of an entity to meet service delivery and financial commitments, both now and in the future.</b>	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)
	<b><u>Own operations</u> are an entity's activities, other than policy activities.</b>		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.
<b><u>Outcomes</u> are the consequences which occur as a result of, or are reasonably attributable to, the entity's activities and services.</b>	<b><u>Outcomes</u> are the impacts on society which occur as a result of, or are reasonably attributable to, the entity's outputs.</b>	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
	<b><u>Outputs</u> are the services provided by an entity to recipients external to the entity.</b>	RPG 3	Added definition for outputs (aligned with RPG3 definition) as outputs it part of definition of outcomes above
	<b><u>Policy activities</u> 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; voluntary agreements; implementation of new technologies, processes, or practices; and public or private sector financing and investment, among others.</b>	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.  Staff recommend aligning the definition of policy activities with that in the GHG Protocol Policy and Action Standard for consistency to support entities in use of the standard for policy-related metrics

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>(b) Where an entity has policy activities, its climate-related policies and achievement of the intended outcomes (see paragraph 9).</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"><li>- How governing arrangements provide oversight over policy activities (paragraph 9);</li></ul>
	<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</p>	IFRS S2.6	<p>Aligns requirements for an entity's own operations with IFRS S2 as decided upon at March 2024 meeting</p>



	<p>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 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 [to be updated with reference to metrics section]) , including whether and how related performance metrics are included in remuneration policies (see paragraph [to be updated with reference to metrics section]).</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-</p>		
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	related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.		
	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.	Based on IFRS 2.7	
<b>Strategy</b>			
	<b>Strategy</b>		
	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"> <li>(a) climate-related risks and opportunities to its own operations (see paragraphs 12-23); and</li> <li>(b) Where an entity has climate-related policy activities, their outcomes (see paragraphs 24-27).</li> </ul>	Based on IFRS S2.8	As per March 2024 Board decision, include: <ul style="list-style-type: none"> <li>- disclosure requirements for an entity's own operations aligned with IFRS S2, and</li> <li>- additional disclosure requirements for an entity's policy activities, where applicable.</li> </ul>
	Climate-related risks and opportunities and effects on an entity's own operational model and value chain		
	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:	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

	<div>(a) Describe climate-related risks and opportunities that could reasonably be expected;</div> <div>(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;</div> <div>(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</div> <div>(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.</div>		
	<div>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:</div> <div>(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</div> <div>(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 public sector entities or private sector entities, or groups of individuals).</div>	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

	<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 operational 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 operations development through capital expenditure or additional expenditure on research and development; and acquisitions or divestments);</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>

	<div>(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);</div> <div>(iv) Current and anticipated indirect mitigation and adaptation efforts (for example, through working with service recipients and supply chains);</div> <div>(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</div> <div>(vi) How the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets described in accordance with paragraphs X–X (cross-references to be updated based on Metrics and Targets drafting next quarter).</div> <div>(b) Information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a) .</div> <div>(c) Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a)</div>		
	Current and anticipated financial effects on an entity’s own Financial position, financial performance and cash flows		

	<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, 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,</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>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> <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>		
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	<div><div>(a) Those effects are not separately identifiable; or</div><div>(b) The level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful.</div></div> <div>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.</div> <div>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 paragraphs19-20, the entity shall:<div><div>(a) Explain why it has not provided quantitative information;</div><div>(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</div><div>(c) 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.</div></div></div> <div>Climate resilience of an entity’s own strategy and operational model</div>		
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	<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–AG33). 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 model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;</p> <p>(ii) The significant areas of uncertainty considered in the entity’s assessment of its climate resilience;</p> <p>(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;</p>	IFRS S2.22-23	<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>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>(b) How and when the climate-related scenario analysis was carried out, including:<div><div>(i) Information about the inputs the entity used, including:<div><div>a. Which climate-related scenarios the entity used for the analysis and the sources of those scenarios;</div><div>b. Whether the analysis included a diverse range of climate-related scenarios;</div><div>c. Whether the climate-related scenarios used for the analysis are associated</div></div></div></div></div>		
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	<div>with climate-related transition risks or climate-related physical risks;</div> <div>d. Whether the entity used, among its scenarios, a climate-related scenario aligned with the latest International agreement on climate change;</div> <div>e. Why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</div> <div>f. The time horizons the entity used in the analysis; and</div> <div>g. What scope of operations the entity used in the analysis (for example, the operating locations and services included in the analysis);</div> <div>(ii) The key assumptions the entity made in the analysis, including assumptions about:<div>a. Climate-related policies in the jurisdictions in which the entity operates;</div><div>b. Macroeconomic trends;</div><div>c. National- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources);</div></div>		
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	<div>d. Energy usage and mix; and</div> <div>e. Developments in technology; and</div> <div>(iii) The reporting period in which the climate-related scenario analysis was carried out (see paragraph AG33).</div> <div>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.</div>		
	Strategy for Climate-related Policy Activities		
	<div>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:</div> <div>(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;</div> <div>(b) The entity’s decision-making process and factors in determining its strategy for climate-related policies, such as:</div> <div>(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,</div>	<div>Text highlighted in blue is based on IFRS S2.10,13,14 and IFRS S1.33(c)</div> <div>Text highlighted in green is based on GRI 3</div>	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

	<div>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);</div> <div>(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 expects these to occur and any areas of concentration, any trade-off decisions between climate-related outcomes from climate-related policy activities; and</div> <div>(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;</div> <div>(c) The entity's climate-related policy activities, including:<div>(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;</div><div>(ii) Any climate-related transition plan policy activities, including information about key assumptions used in developing its</div></div>		
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	<p>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>(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>(e) 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		
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		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

	<p>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>(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>which extends to the funding needs for those entities that are affected by the policies.</p>
	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, 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;</p> <p>c. The entity's capacity to adjust or adapt how it achieves its intended policy related outcomes.</p>	<p>Based on IFRS S2.22</p>	<p>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</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)).		
Risk and Outcome Management			
	28. The objective of climate-related financial disclosures on risk and outcome management is to enable primary users of general purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor: (a) climate-related risks and opportunities to its own operations, and (b) where an entity has policy activities, its climate-related policy activities and related outcomes.	IFRS S2.24	
	29. For an entity's own operations, an entity shall disclose information about: (a) The processes and related internal risk management policies the entity uses to identify, assess, prioritize and monitor climate-related risks, including information about: (i) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes); (ii) Whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) How the entity assesses the nature, likelihood, magnitude and timing of the	IFRS S2.25	As discussed at March 2024 Board meeting, this section aligns disclosure requirements for an entity's own operations with IFRS S2



	<p>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>(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>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</p>	<p>Based on IFRS S2.26</p>	

	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 duplication by providing integrated disclosures instead of separate disclosures for each climate-related risk, opportunity or policy activity.		
Metrics and Targets			
	[To be completed]		
	Effective Date and Transition		
	[To be completed]		

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>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>

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)		
	<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

	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.		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.		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 an entity’s funding from higher levels of government as a result of changes in climate-related policies.		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.

	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 class="list-item">(a) A revenue authority contributes to climate-related policies through its collection of carbon taxes through paperless communications, or</p> <p class="list-item">(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 class="list-item">(c) A local government may build infrastructure to address rising sea levels as part of its climate adaptation efforts.</p> <p>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</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"><li>- How strategy is set by different levels of government;</li><li>- How an entity may also set its own strategy</li><li>- How strategy should be considered in the context of the entity’s mandate, role and responsibilities; and</li><li>- How strategy can change with changes in government.</li></ul>

	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)		
	<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>		Drafting based on Dec 2023 breakout group discussions.
	Climate resilience of an entity's own strategy and operations (see paragraphs 22-23)		
	<p>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. Paragraphs AG16–AG33 provide guidance on how an entity uses scenario analysis to assess the entity's climate resilience. Specifically:</p>	IFRS S2.B1	As discussed at March 2024 Board meeting, this section aligns disclosure requirements for an entity's own operations with IFRS S2.

	<p>(a) Paragraphs AG16–AG22 set out the factors the entity shall consider when assessing its circumstances;</p> <p>(b) Paragraphs AG236–AG30 set out the factors the entity shall consider when determining an appropriate approach to climate-related scenario analysis; and</p> <p>(c) Paragraphs AG31–AG33 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 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 example, an entity that carries out its climate-related scenario analysis every three years to align with its strategic planning cycle (see paragraph AG33) would be required to reconsider for this purpose its exposure to</p>	IFRS S2.B3	



	climate-related risks and opportunities and the skills, capabilities and resources available at that time.		
	<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 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).</p>	IFRS S2.B4-B5	

	<p>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>Skills, capabilities and resources available</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 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 a function of government where climate-related scenario analysis is</p>	<p>IFRS S2.B6-B7</p>	<p>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.</p>

	<p>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 its role or function of government, 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 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.</p>		
	<p>Determining the appropriate approach</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>	IFRS S2.B8-B10	

	<p>(a) Selecting inputs to the climate-related scenario analysis (see paragraphs AG26–AG28); and</p> <p>(b) Making analytical choices about how to carry out the climate-related scenario analysis (see paragraphs AG29–AG30).</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>		
	<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</p>	IFRS S2.B11-B13	

	<p>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 or performed by senior levels of government. 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 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>		
	Making analytical choices	IFRS S2.B14-B15	

	<p>AG29. 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>AG30. 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>Additional considerations</p> <p>AG31. 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-related risks and opportunities and the skills, capabilities and resources available for the scenario analysis. Those</p>	IFRS S2.B16-B18	

	<p>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 AG33).</p> <p>AG32. 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>AG33. 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 previous reporting period if the entity does not conduct a scenario analysis annually. The entity shall—at a</p>		
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	<p>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.</p>		
	<p>Strategy for climate-related policy activities (see paragraph 24)</p>		
	<p>AG34. Public sector policy activities may include the following:</p> <ul style="list-style-type: none"><li>(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;</li><li>(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;</li><li>(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;</li><li>(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</li></ul>		<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>



	<p>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>(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>		
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	<div><div>(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</div><div>(k) Financing and investment such as public or private sector grants or loans for supporting development strategies.</div></div>		
	<div>AG35. 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:</div> <div><div>(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;</div><div>(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</div><div>(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.</div></div>		
	<div>AG36. 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</div>	<div>Based on RPG 3</div>	

	<p>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>AG37. 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 behaviors, and may also indirectly effect inflation and the economy.</p>		
	<p>Current and anticipated financial effects of climate-related policy activities (paragraph 25)</p>		
	<p>AG38. 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>AG39. An entity’s climate-related policy activities as disclosed in paragraph 24(c) may result in costs to entities and</p>		<p>Drafting based on December 2023 breakout group discussions</p>

	<p>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>(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>AG40. 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>		
	Climate resilience informed policy activities (paragraphs 26-27)		
	<p>AG41. 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"><li>- Examples of the types of risks that climate-related scenario analysis can inform policy activities (from <a href="#">NGFS guide to climate scenario analysis</a>) and</li><li>- Clarify how S2 guidance for climate-related scenario analysis may differ for public sector policy setters</li></ul>

	<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>AG42. 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>		
<b>Risk and Outcome Management (see paragraphs 27-29)</b>			
	<p>Risk Management relating to an Entity’s Own Operations</p> <p>AG43. 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</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"><li>- Provide guidance on how national risk registers may inform the risk</li></ul>

	<p>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>AG44. Where an entity has policy activities, entities also identify, assess, prioritize and manage:</p> <p>(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>(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 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.</p>		<p>management processes of public sector entities.</p> <p>Propose additional guidance and examples on a policy setter's risk and outcome management</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			
B1. The following terms are used in this [draft] Standard with the meanings specified:	B1. The following terms are used in this [draft] Standard with the meanings specified:		
<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 sustainability-related disclosures.	<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.	IPSASB CF	
Disclosure is <u>impracticable</u> when an entity cannot apply a requirement after making every reasonable effort to do so.	Disclosure is <u>impracticable</u> when an entity cannot apply a requirement after making every reasonable effort to do so.	IFRS S1 Definitions	
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 users make on the basis of the entity’s general purpose financial reports prepared for that reporting period.	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.	Based on IPSASB CF	
An <u>operational model</u> is an entity’s system of activities, including setting legislation, policies and regulations, and funding sources that contribute to delivery of services and outcomes that aims to fulfill the entity’s objectives.	An <u>operational model</u> is an entity’s system of activities and funding sources that contribute to delivery of services, goods and outputs that aims to fulfill the entity’s objectives.	Based on IFRS S1 Definitions	Definition expanded in Sep 2023 based on feedback from CTWG to include policy setting and regulatory roles of public sector entities.  Definition updated based on December 2023 Board instruction.



<p><b>Primary users of GPFRs (primary user or users) are existing and potential service recipients and their representatives and resource providers and their representatives.</b></p>	<p><b>Primary users of GPFRs (primary user) are existing and potential service recipients and their representatives and resource providers and their representatives.</b></p>	IPSASB CF	
<p><b>A reporting entity is a government or other public sector organization, program or identifiable area of activity that prepares general purpose financial reports.</b></p>	<p><b>A reporting entity is a government or other public sector organization, program or identifiable area of activity that prepares general purpose financial reports.</b></p>	IPSASB CF	
<p><b>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.</b></p>	<p>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.</p> <p>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 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>
<b>Conceptual Foundations</b>			
<p><b>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.</b></p>	<p><b>B3. 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.</b></p>	Based on IPSASB CF	

Fair presentation			
B4. A reporting entity shall present fairly all climate-related impacts, risks and opportunities that could reasonably be expected to affect an entity (see paragraph 2).	B5. A reporting entity shall present fairly: (a) 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 (b) 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).	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.
B6. To identify sustainability-related impacts, risks and opportunities that could affect an entity an entity shall apply paragraphs B.AG1–B.AG26.	B7. 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.AG2–B.AG55.	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.
B8. Fair presentation requires disclosure of relevant information about climate-related impacts, risks and opportunities that could affect the entity and their faithful representation in accordance with the principles set out in this [draft] Standard. To achieve faithful representation, an entity shall provide a depiction of those sustainability-related impacts, risks and opportunities that is complete, neutral and free from material error.	B9. 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 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 complete, neutral and free from material error.	Based on IFRS S1.13	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly.
B10. Fair presentation also requires an entity: (a) To present information in a manner that provides relevant, understandable, timely, comparable, and verifiable information (see Appendix C); and	B11. Fair presentation also requires an entity: (a) To present information in a manner that provides relevant, understandable, timely, comparable, and verifiable information (see Appendix C); and	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

<p>(b) To disclose additional information as needed to enable users of general-purpose financial reports to sufficiently understand the effects of sustainability-related impacts, risks and opportunities on the entity.</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 climate-related policy activities.</p>		
<p>B12. 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.</p>	<p>B13. Applying this [draft] Standard, with additional information disclosed when necessary (see paragraph B11(b)), is presumed to result in climate-related disclosures that achieve fair presentation.</p>	<p>Based on IFRS S1.16</p>	
<b>Materiality</b>			
<p>B14. An entity shall disclose material information about the climate-related impacts, risks and opportunities that could be reasonably expected to affect the entity.</p>	<p>B15. An entity shall disclose material information about an entity's climate-related risks and opportunities and, where applicable, outcomes climate-related policy activities.</p>	<p>Based on IFRS S1.17</p>	<p>Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly</p>
<p>B16. 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 users make on the basis of the entity's general purpose financial reports prepared for that reporting period.</p>	<p>B17. 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.</p>	<p>Based on IPSASB CF</p>	
<p>B18. To identify and disclose material information, an entity shall apply paragraphs B.AG27–B.AG59.</p>	<p>B19. To identify and disclose material information, an entity shall apply paragraphs B.AG57–B.AG118.</p>	<p>Based on IFRS S1.19</p>	
<b>Reporting Entity</b>			
<p>B20. An entity's climate-related disclosures shall be for the same reporting entity as the related financial statements (see paragraph B.AG60).</p>	<p>B21. An entity's climate-related disclosures shall be for the same reporting entity as the related financial statements (see paragraph B.AG120).</p>	<p>IFRS S1.20</p>	

Connected Information			
<p>B2. An entity shall provide information in a manner that enables users of sustainability reports to understand the following types of connections:</p> <p>(a) The connections between the items to which the information relates —such as connections between various climate-related impacts, risks and opportunities that could affect the entity; and</p> <p>(b) The connections between disclosures provided by the entity:</p> <p>(i) Within its climate-related disclosures—such as connections between disclosures on governance, strategy, risk and impact 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.AG54-B.AG58).</p>	<p>B22. An entity shall provide information in a manner that enables users of climate-related reports to understand the following types of connections:</p> <p>(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</p> <p>(b) The connections between disclosures provided by the entity:</p> <p>(i) Within its climate-related disclosures—such as connections between disclosures on governance, strategy and 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.AG122–B.AG132).</p>	Based on IFRS S1.21	Changes to reflect Dec 2023 Board instruction to make drafting climate-specific
		IFRS S1.22	
		Based on IFRS S1.23	
<p>B23. An entity shall identify the financial statements to which the climate disclosures relate.</p>	<p>B24. An entity shall identify the financial statements to which the climate-related disclosures relate.</p>		
<p>B25. 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</p>	<p>B26. 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</p>		

	and assumptions used in preparing the related financial statements (see paragraph B.AG64).	and assumptions used in preparing the related financial statements (see paragraph B.AG128).		
B27.	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.	B28. 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.	IFRS S1.24	

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)			
B.AG1. This Standard provides principles for an entity to disclose information about climate-related impacts, risks and opportunities that could affect the entity (see paragraph 2).	B.AG2. 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).	Based on IFRS S1.B1	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly
B.AG3. 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.AG18-20):  a. To identify the climate-related impacts, risks and opportunities that could reasonably be expected to affect the entity; and  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.	B.AG4. 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):  a. To identify the climate-related risks and opportunities and, where applicable, outcomes climate-related policy activities ; and  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.	Based on IFRS S1.B6	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly
B.AG5. In identifying the climate-related impacts, risks and opportunities that could reasonably be expected to affect the entity and determine related material information for disclosure, an entity shall:  a. Understand its context (paragraphs B.AG4-9);	B.AG6. In identifying the climate-related risks and opportunities and, where applicable, outcomes climate-related policy activities and determining related material information for disclosure, an entity shall:  a. Understand its context (paragraphs B.AG4-B.AG11);	Based on IFRS S1.B7 and GRI	Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly

<p>b. Identify actual and potential impacts, and related risks and opportunities (paragraphs B.AG10-25); and</p> <p>c. Determine material information for disclosure (paragraphs B.AG26-58).</p>	<p>b. Identify climate-related risks and opportunities, and, where applicable outcomes from climate-related policy activities (paragraphs B.AG29-B.AG55); and</p> <p>c. Determine material information for disclosure (paragraphs B.AG59-B.AG118).</p>		
<p><b>Understand the entity’s context</b></p>	<p><b>Understand the entity’s context</b></p>		
<p>B.AG7. Understanding an entity’s own context is an important first step that provides the entity with critical information for identifying its own impacts, risks and opportunities. To understand an entity’s own context, the entity should understand its activities, relationships, stakeholders, and its sustainability context in which these occur.</p>	<p>B.AG8. 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 an entity’s own context, the entity should understand its activities, relationships, stakeholders, and its climate context in which these occur.</p>	<p>Based on GRI 3 Step 1</p>	<p>Changes reflect March 2024 decision to focus on climate-related policy impacts instead of impacts more broadly</p>
<p>B.AG9. 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.AG10. 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>	<p>Based on GRI 3 Step 1</p>	
	<p>B.AG11. 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</p>	<p>Draft based on the GHG Policy and Action Standard definition for</p>	<p>Additional guidance and clarification on policy setting activities and how this informs the entity’s context and disclosures</p>

	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.	"policies" and "actions"	
<p>B.AG12. An entity's relationships are those across its value chain, including:</p> <ul style="list-style-type: none"><li>a. Upstream suppliers and service providers; and</li><li>b. Downstream delivery of services to beneficiaries.</li></ul> <p>For example, 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 services.</p>	<p>B.AG13. 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:</p> <ul style="list-style-type: none"><li>a. a 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;</li><li>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;</li><li>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.</li></ul>		<p>Expanded examples on value chain based on feedback from Dec 2023 Board discussions.</p>
	<p>B.AG14. Public sector value chains are based on public value creation, rather than profit oriented, through providing</p>		<p>Staff recommend additional guidance on value chains for public sector based on discussion with SRG in Q1 2024</p>



	<p>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.AG15. Public sector entities serve the public interest and have a wide-ranging set of stakeholders. Climate-related reporting must consider all relevant stakeholders whose interests are affected or could be affected by the entity's activities, including those that may have a direct relationship with the entity (e.g. employees, local communities, suppliers) or those who do not or are unable to articulate views (e.g. future generations, nature and the environment).</p>	<p>B.AG16. 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 affected by policy activities) or those who do not or are unable to articulate views (e.g. future generations). 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</p>	<p>Based on GRI 3 Step 1</p>	<p>Removed nature as a stakeholder based on Dec 2023 discussions – to be considered in a BC</p>

<p><b>B.AG17.</b> Public sector entities are accountable for their commitments. Climate-related reporting should consider the wider context and latest international developments on sustainability. Sustainability context includes:</p> <p>a. Objective and authoritative developments and measures such as scientific research or consensus on issues;</p> <p>b. The latest international agreements on climate-related goals and conditions;</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>B.AG18.</b> 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>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>Based on GRI 3 Step 1</p>	
	<p><b>B.AG19.</b> 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</p>		<p>Added paragraph on referring to national risk registers based on Dec 2023 Board discussions</p>

	circumstances and may avoid duplication of efforts to the extent applicable.		
B.AG20. The entity should consider the activities, relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in (e.g., controlled entities, joint arrangements, associates), including minority interests.	B.AG21. 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).	Based on GRI 3 Step 1	
Identify actual and potential impacts, and related risks and opportunities	Identify climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities		Re-ordered paragraphs in this section to clarify guidance relating to climate-related risks and opportunities vs. outcomes from climate-related policy activities
Impacts may give rise to risks and opportunities to the entity. Risks and opportunities to an entity's service delivery and financial commitments may arise 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 commitments over the short, medium and long term.	Climate-related risks and opportunities  B.AG22. 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.  B.AG23. 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. These interactions take place within an	IFRS S1.B2	Added separate heading for clarity  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.

		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.		
B.AG24. 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 and services the entity needs to access or the relationships it has with suppliers, distributors and customers. Furthermore, resources and relationships include, but are not limited to, the resources and relationships recognized as assets in the entity's financial statements.	B.AG25. 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.		IFRS S1.B4	
	B.AG26. Due to the interconnected nature of resources and relationships in the public sector, an entity often: <ul style="list-style-type: none"><li>a. depends on other public sector entities, such as for funding;</li><li>b. is affected by other public sector entities, such as policies and targets set by senior levels of government, or</li></ul>			Moved guidance on public sector specific risks from core text (included in definitions in December 2023) to application guidance

	<p>c. where an entity has policy activities, depends on other entities to implement them.</p> <p>B.AG27. 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>		
	Climate-related Policy Activity Outcomes		Added separate heading for clarity
B.AG28. Impacts may also give rise to risks and opportunities to the economy, environment and people. 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	<p>B.AG29. Climate-related policy activities mandate actions or create obligations for other entities and/or individuals to support the achievement of outcomes that have an impact on society, which includes 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</p>	Based on RPG 3	<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> <p>Added examples to illustrate how economy, environment and people may be impacted, and how this may include direct recipients or others</p>

<p>to the economy, environment and people which may also become risks and opportunities for the entity. For example, 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, risk and opportunities to the economy, environment and people, which in turn may lead to risks such as reputational risk for the entity.</p>	<p>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>B.AG30. Impacts on the economy, environment and people are interrelated. For example, an entity's impacts on the economy and environment can result in impacts on people, such as the increase in greenhouse gas emissions can negatively contribute to poorer 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 decisions of that entity's users. 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.AG31. 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 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>	

B.AG32. 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.	B.AG33.		Moved to AG37
	B.AG34. 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.	RPG 3	Added further guidance from RPG 3 on how outcomes should be attributable to policy activities
Engagement with stakeholders	Engagement with Stakeholders to Identify Outcomes from Climate-related Policy Activities		

<p><b>B.AG35.</b> Entities should seek to engage with relevant stakeholders in identifying 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.</p>	<p><b>B.AG36.</b> Public sector entities regularly engage with stakeholders on various issues. 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 impacts.</p>	<p>Based on GRI 3 Box 2</p>	<p>Moved section up to make clear this relates to identification of outcomes climate-related policy activities</p>
<p><b>B.AG37.</b> 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>B.AG38.</b> 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>Based on GRI 3 Box 2</p>	
<p><b>B.AG39.</b> In such cases, the organization may engage with credible stakeholder representatives or proxy organizations (e.g., non-governmental organizations, trade unions). For example, when considering a decision to introduce strategies 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.</p>	<p><b>B.AG40.</b> 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.</p>	<p>Based on GRI 3 Box 2</p>	
<p>Peer / Industry disclosures</p>	<p>Peer / Industry disclosures</p>		
<p><b>B.AG41.</b> Entities should consider impacts, risks and opportunities that are common to other entities with similar operations, function of government, and/or geographic location as such disclosures may be expected by users and may inform an entities materiality judgements.</p>	<p><b>B.AG42.</b> Entities are encouraged to consider the applicability of climate-related risks and opportunities and, where applicable, outcomes of 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</p>		<p>In the absence of industry or sector type guidance for the public sector, entities may look to peers in place of IFRS S1.B7.</p> <p>Revised language to avoid inflating disclosures per Dec 2023 Board instruction</p>



	expected by primary users of general purpose financial reports and may inform an entities materiality judgements.		
Reasonable and supportable information	Reasonable and supportable information		
B.AG43. To identify impacts, risks and opportunities to an entity, 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 engage with relevant stakeholders (see paragraphs B.AG21-23).	B.AG44. To identify climate-related risks and opportunities and , where applicable, outcomes from climate-related policy activities, including the processes to engage relevant stakeholders (see paragraphs B.AG36-B.AG40), 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.
B.AG45. 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 impacts, 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.	B.AG46. 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.	IFRS S1.B8	
B.AG47. An entity may use various sources of data that may be both internal and external. Possible data sources include:  a. The entity’s risk management processes;  b. Peer group experience; and  c. External ratings, reports and statistics.  d. Information that is used by the entity in preparing its financial statements, operations,	B.AG48. An entity may use various sources of data that may be both internal and external. Possible data sources include:  a. The entity’s risk management processes;  b. Peer group experience; and  c. External ratings, reports and statistics.  Information that is used by the entity in preparing its financial statements, operations, setting its	IFRS S1.B9	

setting its strategy and managing its risks and opportunities is considered to be available to the entity without undue cost or effort.	strategy and managing its risks and opportunities is considered to be available to the entity without undue cost or effort.		
B.AG49. An entity need not undertake an exhaustive search for information to identify climate-related impacts, risks and opportunities that could reasonably be expected to affect the entity. 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 efforts for the entity and the benefits of the resulting information for users. That assessment can change over time as circumstances change..	B.AG50. 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 efforts for the entity and the benefits of the resulting information for primary users to balance the advantages and disadvantages and value for money considerations of additional information. That assessment can change over time as circumstances change.	IFRS S1.B10	
	B.AG51. 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.		Additional disclosure based on Dec 2023 Board discussions
Reassessment of the scope of climate-related risks and opportunities and climate-related policy impacts	Reassessment of the scope of climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities		
B.AG52. Impacts, risks and opportunities may change over time as the entity's activities, relationships, stakeholders and sustainability context evolve. New activities, new relationships, and major changes in	B.AG53. Climate-related risks and opportunities and, where applicable, outcomes from climate-related policy activities may change over time as the entity's activities, relationships, stakeholders and climate	Based on GRI 3 Step 2 and IFRS S1.B12	

<p>operations or the operating context could lead to changes in the entity's impacts, risks and opportunities. For this reason, the entity may assess its context and identify impacts, risks and opportunities on an ongoing basis</p>	<p>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 opportunities and, where applicable, outcomes from climate-related policy activities on an ongoing basis.</p>		
<p>B.AG54. At a minimum, an entity shall reassess the scope of all affected climate-related impacts, risks and opportunities 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 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 significant change in the entity's operations model, activities or structure (for example, 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.AG55. 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>Based on IFRS S1.B11</p>	

<p>c. A significant change in exposure to sustainability-related impacts, 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).</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>		
<b>Materiality (see paragraphs B15-B19)</b>			
<p>B.AG56. 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 many lenders and corporations that provide resources to, and transact with, government. Service recipients and resource providers require information for accountability purposes that contribute to, and inform, decision making.</p>	<p>B.AG57. 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.</p>	<p>Based on IPSASB CF Chapter 2</p>	
<p>B.AG58. 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.</p>	<p>B.AG59. 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.</p>	<p>Aligned with IPSASB CF 3.32</p>	
<p>B.AG60. 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.</p>	<p>B.AG61. 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.</p>	<p>IFRS S1.B16</p>	

	<b>B.AG62.</b> 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.		Added examples on information needs of users based on Board December 2023 instruction.
<b>B.AG63.</b> 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.	<b>B.AG64.</b> 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.	IFRS S1.B17	
<b>B.AG65.</b> 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.	<b>B.AG66.</b> 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.	IFRS S1.B18	
<b>Identifying material information</b>	<b>Identifying material information</b>		
<b>B.AG67.</b> Materiality depends on both qualitative and quantitative information judged in the particular circumstances of each entity during the reporting	<b>B.AG68.</b> Materiality depends on both qualitative and quantitative information judged in the particular circumstances of each entity during the reporting	Based on IPSASB CF 3.32	

	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.		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.AG69.	To identify material information about a climate-related <b>impact</b> , risk or opportunity, an entity shall apply, as the starting point, the requirements of this [draft] Standard.	B.AG70.	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.AG71.	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 <b>impact</b> , risk or opportunity on the entity.	B.AG72.	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.AG73.	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.AG74.	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	
B.AG75.	Though materiality judgements are specific to an entity, entities should consider 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.	B.AG76.	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		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><b>B.AG77.</b> 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>	<p>information where an entity may be expected to incur that risk.</p>		<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</p>
<p>Qualitative judgements in materiality</p>	<p>Qualitative judgements in materiality</p>		
<p><b>B.AG78.</b> An entity generally assesses whether information is quantitatively material by considering 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 users make on the basis of that information. .</p>	<p><b>B.AG79.</b> 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.</p>		<p>Additional guidance for considerations relating to qualitative information</p>
<p><b>B.AG80.</b> However, an item of information could reasonably be expected to influence users' decisions and assessment of accountability regardless of size. For example, greenhouse gas (GHG) emissions may be considered a proxy for exposure to transition risk, and so be expected to influence an entity's users' decisions regardless of the size of those emissions.</p>	<p><b>B.AG81.</b> 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>		<p>Additional guidance for considerations relating to qualitative information</p>

<p>Another example is the lack of processes, such as the lack of climate-related reporting processes, could be material information.</p>	<div><div>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;</div><div>b. the lack of processes, such as the lack of climate-related reporting processes, could be material information;</div><div>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</div><div>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.</div></div>		
<p>B.AG82. 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> <div><div>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</div></div>			<p>Staff recommend to remove this from AG and consider for Illustrative Guidance</p>



negative impact is determined by the following characteristics:

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.

ii. Scale: how grave the impact is.

iii. Irremediable character: how hard it is to counteract or make good the resulting harm.

Any of the three characteristics (scale, scope, and irremediable character) can make an impact severe. But it is often the case that these characteristics are interdependent: the greater the scale or the scope of an impact, the less remediable it is.

In the case of potential negative human rights impacts, the severity of the impact takes precedence over its likelihood.

b. 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>B.AG83. Information about a single risk may not be material on an individual basis, but similar risks 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.AG84. 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>Potential future impacts, risks and opportunities</p>			
	<p>B.AG85. 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> <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</p>	<p>Based on IFRS S1.B22-B24</p>	<p>Streamlined concepts from paragraphs below into one paragraph</p>

	<p>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>B.AG86. 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>	<p>B.AG87.</p>		<p>Moved up to paragraph B.AG91</p>
<p>B.AG88. 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 to occur sooner. However, in some circumstances, an item of information could reasonably be expected to influence users' decisions regardless of the</p>	<p>B.AG89. 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 primary users of an entity's general purpose financial reports.</p>	<p>Based on IFRS S1.B24</p>	<p>Partly moved up to B.AG85.b</p>

<p>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 users of an entity's general purpose financial reports.</p>			
<p>B.AG90. 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.</p>	<p>B.AG91. 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, 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.</p>	<p>Based on Conceptual Framework and IFRS S1.B22-B23</p>	
<p>B.AG92. 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> <ul style="list-style-type: none"><li>a. Whether the opportunity is currently being pursued as part of its approved strategy, as opposed to a general opportunity for the entity; and</li><li>b. 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.</li></ul>	<p>c.</p>		<p>Moved up as examples in paragraphs B.AG81.d and B.AG85.c</p>
<p>Material impacts or risks arising from actions to address climate-related matters</p>			

B.AG93. 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.			Staff recommend removing this and consider for future IE or IG
B.AG94. In such situations, the entity shall:  a. Disclose the existence of material negative impacts or material risks together with the actions that generate them; and  b. Provide a description of how the material negative impacts or material risks are addressed.	c.		Staff recommend removing this requirement
Interaction with law or regulation	Interaction with law or regulation		
B.AG95. 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, such information shall not obscure material information.	B.AG96. 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.	Based on IFRS S1.B31	Updated to clarify meaning based on Dec 2023 Board discussions

B.AG97. An entity shall disclose material climate-related financial information, even if law or regulation permits the entity not to disclose such information.	B.AG98. 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	
B.AG99. 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.AG100. 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.	IFRS S1.B33	
B.AG101. Classified and sensitive information			
B.AG102. 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.			Removed this section based on Dec Board discussion on prioritizing public interest perspective
B.AG103. An entity qualifies for the exemption specified in paragraph B.AG51 if, and only if:  a. The climate-related information is not already publicly available; and	a.		
B.AG104. The climate-related information has been subject to reasonable steps by the entity to keep it from being readily accessible to persons that normally deal with the kind of information in question.			
B.AG105. If an entity elects to use the exemption specified in paragraph B.AG51, the entity shall, for each item of information omitted:	a.		

<p>a. disclose the fact that it has used the exemption; and</p> <p>B.AG106. reassess, at each reporting date, whether the information qualifies for the exemption.</p>			
<p>B.AG107. 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>B.AG108. 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>Reporting material information</p> <p>B.AG109. 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>Based on and GRI</p>	
<p>B.AG110. 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> <p>a. Material information is not clearly distinguished from additional information that is not material;</p> <p>b. Material information is disclosed in the climate-related disclosures, but the language used is vague or unclear;</p> <p>c. Material information about a climate-related risk or opportunity is scattered throughout the sustainability-related disclosures;</p>	<p>B.AG111. 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> <p>a. Material information is not clearly distinguished from additional information that is not material;</p> <p>b. Material information is disclosed in the climate-related disclosures, but the language used is vague or unclear;</p> <p>c. Material information about a climate-related risk or opportunity or climate-related policy outcome</p>	<p>IFRS S1.B27</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>is unreasonably scattered throughout the climate-related disclosures;</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>B.AG112. 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.AG113. 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.AG114. 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.AG115. 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	



<p>B.AG116. 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, for example, by geographical location or in consideration of the geopolitical environment.</p>	<p>B.AG117. 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.</p>	<p>Based on IFRS S1.B30</p>	
	<p>B.AG118. 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.</p>	<p>Based on IFRS S2 BC.25</p>	<p>Staff recommend adding this as application guidance aligned with IFRS S2</p>
<p>Reporting entity and connected information (paragraph B21-B28)</p>			
<p>B.AG119. Climate-related disclosures should be reported for the same reporting entity as the related general purpose financial statements. This enables users of general purpose financial reports to understand the effects of climate-related impacts, risks and opportunities on the reporting entity's finances.</p>	<p>B.AG120. Climate-related disclosures should be reported for the same reporting entity as the related general purpose financial statements. This enables primary users of general purpose financial reports to understand the effects of climate-related risks and opportunities and outcomes from climate-related policy activities on the reporting entity's finances.</p>	<p>IFRS S1.B38</p>	

<p>B.AG121. Paragraph B12 requires an entity to provide information in a manner that enables 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.AG122. 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>	<p>IFRS S1.B39</p>	
<p>B.AG123. Connected information provides insight into connections between the items to which the information relates. For example:</p> <ul style="list-style-type: none"><li>a. If an entity pursued a particular climate-related opportunity and that resulted in an increase in the entity's revenue, connected information will depict that relationship between the entity's strategy and its financial performance;</li><li>b. If an entity identified a trade-off between two climate-related risks it is exposed to and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those risks and the entity's strategy; and</li><li>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.</li></ul>	<p>B.AG124. Connected information provides insight into connections between the items to which the information relates. For example:</p> <ul style="list-style-type: none"><li>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;</li><li>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</li><li>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.</li></ul>	<p>IFRS S1.B40</p>	
<p>B.AG125. Connected information includes:</p>	<p>B.AG126. Connected information includes:</p>	<p>IFRS S1.B41</p>	

<p>a. Connections between various types of information about a particular climate-related impact, risk or opportunity, such as:</p> <ul style="list-style-type: none"><li>i. Between disclosures on governance, strategy and impact and risk management; and</li><li>ii. Between narrative information and quantitative information (including related metrics and targets and information in the related financial statements).</li></ul> <p>b. Connections between disclosures about various climate-related impacts, risks and opportunities. For example, if an entity integrates its oversight of climate-related impacts, risks and opportunities, the entity shall integrate the disclosures on governance instead of providing separate disclosures on governance for each climate-related impact, risk and opportunity.</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> <ul style="list-style-type: none"><li>i. Between disclosures on governance, strategy and impact and risk management; and</li><li>ii. Between narrative information and quantitative information (including related metrics and targets and information in the related financial statements).</li></ul> <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>		
<p>B.AG127. Drawing connections between disclosures involves, but is not limited to, providing necessary explanations and cross-references and using consistent data, assumptions, and units of measure. In providing connected information, an entity shall:</p> <ul style="list-style-type: none"><li>a. Explain connections between disclosures in a clear and concise manner; and</li></ul>	<p>B.AG128. Drawing connections between disclosures involves, but is not limited to, providing necessary explanations and cross-references and using consistent data, assumptions, and units of measure. In providing connected information, an entity shall:</p> <ul style="list-style-type: none"><li>a. Explain connections between disclosures in a clear and concise manner; and</li></ul>	IFRS S1.B42	

<p>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>	<p>b. 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>		
<p>B.AG129. 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 supply 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 supply 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.AG130. 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>	<p>IFRS S1.B43</p>	

<p>B.AG131. Other examples of connected information include:</p> <ul style="list-style-type: none"><li>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 commitments over the short, medium and long term. For example, an entity might face decreasing demand for its products because of consumer preferences 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.</li><li>b. A description of the alternatives that an entity evaluated in setting its strategy in response to its climate-related impacts, risks and opportunities, including a description of the trade-offs between those risks and opportunities that the entity considered (see [Note to draft: paragraph number to be confirmed following drafting of strategy section]). For example, an entity might need to explain the potential effects of its policies to transition to renewable energy, in response to a climate-related risks on local communities.</li></ul>	<p>B.AG132. Other examples of connected information include:</p> <ul style="list-style-type: none"><li>c. 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 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.</li><li>d. 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 24(b)). 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.</li></ul>	<p>IFRS S1.B44</p>	
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Basis for Conclusions

	<i>This Basis for Conclusions accompanies, but is not part of, [draft] IPSASB ED SRS X.</i>		
	<b>Background</b>		
	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.		
	<b>Primary users and Public Sector Policy and Regulatory Role</b>		
	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.		
	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.		
	<b>BC4.</b> Service recipients and resource providers include citizens, residents who pay taxes, multilateral or bilateral donor agencies and lenders that provide resources, including investors.		
	<b>BC5.</b> Therefore, the primary users of public sector reporting are broader than for private sector standards where the		

	<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><b>Overall Development Approach</b></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</p>		

	<p>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> <ul style="list-style-type: none"><li>(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;</li><li>(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;</li><li>(c) International standards:<ul style="list-style-type: none"><li>(i) Building on ISSB Sustainability Disclosure Standards using IPSASB's existing process for Reviewing and Adapting IASB Documents, and</li><li>(ii) Applying relevant GRI Standards guidance.</li></ul></li></ul> <p>BC11. During the development of this [draft] Standard, the IPSASB considered the challenges to developing public sector-specific sustainability reporting standards, specifically:</p>		
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	<div><div><div><div><div></div><div>(a)</div></div><div>The need for public sector specific guidance: given the diversity of services and reporting contexts, across different levels of public sector entities;</div></div><div><div><div></div><div>(b)</div></div><div>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;</div></div><div><div><div></div><div>(c)</div></div><div>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.</div></div></div></div> <div><div>BC12.</div><div>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).</div></div> <div><div>BC13.</div><div>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 sustainability, including efficient delivery of services and</div></div>		
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	<p>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><b>Objective and Scope</b></p>		
	<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</p>		

	<p>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>Climate-related risks and opportunities and their effect on an entity's long-term fiscal sustainability</p> <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>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</p>	<p>Based on IFRS S2 BCs</p>	

	<p>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>(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>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>		
	Addressing Impacts through Outcomes from Climate-related Policy Activities		

	<p>BC26. In response to the Consultation Paper, <i>Advancing Public Sector Sustainability Reporting</i>, respondents supported 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>(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>		
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	<p>(c) 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 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 particularly 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>		
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	<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>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> <ul style="list-style-type: none"><li>(a) Climate-related policy activities such as providing incentives for new technologies or introducing carbon taxes may impact the economy;</li><li>(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</li></ul>		
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	<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>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 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>		
<b>Governance</b>			
	<p>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.</p> <p>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. 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</p>		



	public sector entity and additional application guidance to address public sector specific circumstances is provided in paragraphs AG1 - AG3.		
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 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.</p>		
	<p>Strategy for Climate-related Policy Activities</p> <p>BC41. 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>BC42. 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>BC43. 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>Financial Position, Financial Performance and Cash flows and Generally Accepted Accounting Principles</p> <p>BC44. 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>BC45. 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,</p>		

	supports better public financial management and sustainable development.		
	<p>Climate Resilience Informed Policy Activities</p> <p>BC46. The IPSASB acknowledged that the climate-related scenario analysis is highly relevant and applicable to public sector entities.</p> <p>BC47. 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>		
<b>Risk Management</b>			
	<p>BC48. 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>BC49. 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>BC50. 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>BC51. 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>		
Conceptual Foundations			
	<p>Fair presentation</p> <p>BC52. 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.</p> <p>Materiality</p> <p>BC53. 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>BC54. The IPSASB decided that the definition of material information from the IPSASB Conceptual Framework is appropriate for climate-related disclosures given:</p> <p>(a) <b>The Primary Users</b> 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</p>		

	<p>beyond investors and is aligned with what constituents called for;</p> <p>(b) <b>Objectives</b> 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>(c) <b>Connectivity</b> between financial and sustainability reporting is supported by aligning definitions of materiality across suites of reporting standards.</p> <p>BC55. 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>BC56. 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>		
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