

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Virtual Meeting

Meeting Date: July 25, 2024

Agenda Item 2

For:

☐ Approval

☒ Discussion

☐ Information

CLIMATE-RELATED DISCLOSURES

Project summary	The project objective is to support global action to combat climate change by providing principles for public sector climate-related disclosures that provide information for improved decision-making and accountability.	
Project staff lead	<ul style="list-style-type: none"> Celine Chan, Principal Karen Leung, Manager 	
Climate Topic Working Group members	<ul style="list-style-type: none"> Ian Carruthers, IPSASB Chair (Topic Working Group Chair) Lisa French, Canadian Sustainability Standards Board Max Greenwood, HM Treasury Jack Bisset, IPSASB Technical Advisor Miguel Perez Ludena, GRI Alan Teixeira, International Sustainability Standards Board Liang Yang, IPSASB Member 	
Meeting objectives Project management	Topic	Agenda Item
	Climate-related Disclosures: Exposure Draft Dashboard	2.1.1
	Instructions up to Previous Meeting	2.1.2
	Decisions up to Previous Meeting	2.1.3
	Climate-related Disclosures: Project Roadmap	2.1.4
Decisions required at this meeting	Project Management Process and Next Steps	2.2.1
	June Instructions – Public Policy Programs	2.2.2
	June Instructions – Draft ED Structure	2.2.3
	Implementation Guidance and Illustrative Examples – IFRS S1 and S2 Topic Alignment	2.2.4
	Implementation Guidance and Illustrative Examples – Proposed New Topics	2.2.5

Other supporting items	[Draft] IPSASB SRS ED X, Climate-related Disclosures – Clean version	2.3.1
	[Draft] IPSASB SRS ED X, Climate-related Disclosures – with Track Changes	2.3.2

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

Topic	Past Meetings	June 2024	July 2024	August 2024	Sept 2024
Project Management	✓				
Review and Approval of ED					
Specific Matters for Comment (SMCs)					
Climate-related Disclosures – Authoritative Text					
Objective & Scope	✓				
Definitions	✓	✓			
Conceptual Foundations	✓				
• Materiality	✓				
Governance	✓				
Strategy	✓				
Risk and Impacts Management	✓				
Metrics and Targets		✓			
General Requirements		✓			
Application Guidance	✓	✓			
Climate-related Disclosures – Non-Authoritative Text					
Basis for Conclusions		✓			
Implementation Guidance					
Illustrative Examples					

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

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
June 2024	1. Simplify the distinction between “own operations” and “public policy programs” by focusing on defining the public sector specific area of public policy, including reviewing application guidance such as B.AG7 and B.AG22, and consider additional illustrative guidance and/or a supporting framework.	1. Updated definitions relating to “own operations”, and “policy activities” - see Agenda Item 2.2.2 . 2. Provided application guidance upfront at the beginning of AGs to clarify the concepts – see Agenda Item 2.2.3 . 3. Proposed additional IGs in Agenda Item 2.2.5 and Appendix 2 .
	2. Refine BC16 to clarify additional disclosures should be based on relevance to stakeholder needs.	4. See Agenda Item 2.3.1 Paragraphs AG5, AG17-18 and BC16.
	3. Include an SMC to ask constituents whether they agree that the scope of the future Standard should require disclosure of material climate-related information about public policy programs explicitly designed to address climate change or whether disclosures should be provided for all types of public policy programs that may impact climate, such as policies relating to energy, transport, and agriculture sectors.	5. SMC to be drafted for review and discussion in September 2024.
	4. Consider revising structure and location of requirements and guidance relating to public policy programs to improve flow and understanding.	6. See Agenda Item 2.2.3 .
	5. Review paragraph 25 with reference to RPG 1 to determine whether removing the relief to lower thresholds for disclosures relating to climate-related public policy programs is appropriate. Consider a SMC to seek stakeholder feedback.	7. SMC to be drafted for review and discussion in September 2024.
	6. Consider adding reference to IPSAS 3 in the BCs to reflect that materiality is pervasive and applies to scenario analysis.	8. See Agenda Item 2.3.1 Paragraph BC80.
	7. Clarify how metrics and policies are determined based on the authority of, (source / driver of the policy such as national commitments), linked to, and tracked against, outcomes.	9. See Agenda Item 2.3.5 and Appendix 2 IE2.

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	8. Consider whether clarification is needed regarding the baseline/starting point to determine the change in GHG emissions of the policy.	10. See Agenda Item 2.3.5 and Appendix 2 IE2.
	9. Provide guidance to help preparers navigate what disclosures and metrics may be considered for climate-related public policy programs, such as a flowchart to assist entities in navigating the right metrics.	11. See Agenda Item 2.3.1 Paragraph 3.
	10. Provide guidance on principles or indicators for entities to determine which other metrics relating to climate-related public policy programs may be useful for disclosure.	12. See Agenda Item 2.3.1 updates to Paragraph AG143. 13. Appendix 1 – Other metrics could also provide useful guidance.
	11. Add BC to acknowledge that other metrics used to monitor and measure performance of their climate-related policy activities is a developing space and the rationale for providing a non-prescriptive approach.	14. See Agenda Item 2.3.1 updates to Paragraph BC70-72.
	12. Develop BCs and an SMC about the Board's discussion and considerations regarding rebuttable presumption for use of the GHG Protocol.	15. See Agenda Item 2.3.1 Paragraph BC52. 16. SMC to be drafted for review and discussion in September 2024.
	13. Qualify that if a methodology other than GHG protocol is used, the methodology used should be based on an established and accepted framework.	17. See Agenda Item 2.3.1 Paragraph AG71.
	14. Provide clarification on scope 3 reporting and the relation to public policy programs, including whether and how emissions from policy implementers/takers are included in scope 3 reporting of a policy setter.	18. See Agenda Item 2.3.1 updates to Paragraph BC69.
	15. Include an SMC on the IPSASB's proposal to provide a rebuttable presumption for using the GHG Protocol Corporate Accounting and Reporting Standard.	19. SMC to be drafted for review and discussion in September 2024.

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	16. Include an SMC on whether there are other Scope 3 emissions specific for the public sector, not within the categories according to the GHG Protocol Scope 3 Guidance that should be required for disclosure.	20. SMC to be drafted for review and discussion in September 2024.
	17. Consider whether to align with IFRS S2 on disclosures relating to Scope 2 or whether revisions are necessary to reflect public sector differences.	21. See Agenda Item 2.3.1 updates to paragraphs AG78-79, BC54.
	18. Include an SMC on the proposed transition provisions, and ask respondents to specify what additional exemptions may be needed for public sector and the rationale.	22. SMC to be drafted for review and discussion in September 2024.
	19. Clarify in drafting that entities may begin disclosures in year 1 if data is available and ready, without use of relief, and consider leveraging IPSAS 33 for any similar language.	23. See Agenda Item 2.3.1 updates to Paragraph 44.
	20. Determine whether AGs on sources of guidance from IFRS S1 are relevant for a climate-specific disclosure standard.	24. See Agenda Item 2.3.1 removed from Paragraph B.AG61.
	21. Review requirement to disclose climate-related information at the same time as financial statements and consider an SMC on timing of reporting.	25. SMC to be drafted for review and discussion in September 2024.
	22. Review drafting related to measurement uncertainty in sustainability.	26. See Agenda Item 2.3.1 updates to Paragraph B40.
	23. Review ISSB requirements and guidance on retrospective application.	27. See Agenda Item 2.3.1 Paragraph BC84.

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
June 2024	1. Subject to the instructions above, it is appropriate that the scope of reporting for public policy programs should be limited to those policies that are explicitly designed to address climate.	BC16
	2. Subject to the instructions above, the instructions from the IPSASB May check-in meeting were appropriately addressed.	N/A
	3. Subject to the instructions above, the principles and guidance for disclosing greenhouse gas emissions of climate-related public policy programs through an estimated amount of change, is appropriate.	BC70
	4. It is appropriate to adopt a principled approach in allowing entities to determine what other metrics to disclose relating to public policy programs.	BC69-70
	5. Subject to the instructions above, it is appropriate to (i) align disclosure requirements relating to GHG emissions for an entity's own operations with IFRS S2, except for requiring the use of the GHG Protocol Corporate Accounting and Reporting standard, and (ii) including a rebuttable presumption that public sector entities report using the GHG Protocol Corporate Accounting and Reporting standard.	BC52
	6. Entities should report material Scope 3 emissions relating to their own operations.	BC55
	7. Private sector industry-based guidance should be used as an optional reference for industry-based metrics.	BC60
	8. Internal carbon price is appropriate for the public sector, both within own operations and for setting strategy for climate-related public policy programs.	BC59

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	9. Subject to the instructions above, the transitional provisions to (i) exclude comparative information, (ii) exclude Scope 3 GHG emissions disclosures and (iii) report climate-related disclosures after publication of the entity's financial statements in the first annual reporting period, are appropriate.	BC75
	10. It is appropriate to align with IFRS S1 guidance on (i) location of disclosures, (ii) comparative information, (iii) compliance, and (iv) judgments.	BC83
	11. Subject to the instructions above, the guidance on (i) timing of reporting, (ii) measurement uncertainty, (iii) errors, and (iv) sources of guidance, are appropriate.	BC83-75
March 2024	1. Subject to the instructions from March 2024, a key objective and aim of public sector Climate-related Disclosures is to provide disclosures of climate-related information to support decision making and accountability of entity's contribution to the latest international agreements and jurisdictional commitments to combat climate change.	BC19-21
	2. Subject to the instructions from March 2024, a key difference for public sector reporting that requires additional guidance is the public sector's ability to influence other entities, including other economic sectors, through its policy setting and regulatory activities, including impacts on the economy, environment and people of its policies.	BC5-11
	3. Subject to review of the draft ED, governance, strategy and risk management disclosures may be aligned with IFRS S2 for an entity's own operations, however, additional disclosures are required for an entity's policy setting activities, as applicable.	BC12-17
December 2023	1. Subject to the instructions above, the objective of public sector Climate-related Disclosures is to provide principles for disclosures of information on climate-related impacts, risks and opportunities to support decision making and accountability of entity's contribution to combat climate change.	BC19-38

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	2. Subject to the instructions above, the guidance for identifying information for disclosures, including (i) understanding the entity's context, (ii) identifying climate-related impacts, risks and opportunities and (iii) determining material information, is appropriate.	To be drafted
	3. The definition of materiality as per the IPSASB Conceptual Framework should be used for climate-related disclosures.	BC79
September 2023	1. The Board decided that Climate-related Disclosures should be developed based on the process including: <ul style="list-style-type: none"> building off of IFRS S2 and GRI climate-related topic standards, leveraging sustainability expertise through the IPSASB's education sessions, and drawing on the discussions in the IPSASB Sustainability Reference Group and the Climate Topic Working Group. 	BC13
	2. The Board decided that the terms and definitions recommended for operational model, GPFRs, primary users of GPFRs, and reporting entity, were appropriate subject to refinement to reflect its instructions.	N/A
June 2023	1. The Board decided unanimously to move forward with the development of guidance on Climate-related Disclosures.	N/A
	2. The Board decided that sustainability reporting pronouncements should be issued as authoritative standards that should be separate from the current suite of IPSAS.	N/A
	3. The Board approved the Climate-related disclosures project brief by a vote.	N/A
March 2023	1. The Board decided to move forward with scoping the potential initial sustainability reporting projects using a framework based on: <ul style="list-style-type: none"> Consultation Paper on Advancing Public Sector Sustainability Reporting Guidance and feedback received from constituents; IPSASB Conceptual Framework as it relates to objectives, users and information needs; IFRS Sustainability Standards; and GRI Standards. 	N/A

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December 2022	1. The Board decided to commence scoping and research work on potential public sector sustainability reporting projects pending securing the resources needed to begin guidance development.	N/A
March 2022	1. All instructions provided up until March 2022 were reflected in the Consultation Paper on Advancing Public Sector Sustainability Reporting	N/A

SUSTAINABILITY REPORTING PROJECT ROADMAP

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
March 2022	1. Approve Consultation Paper
May 2022 – September 2022	1. Document Out for Comment
October 2022	1. Preliminarily Review of Responses
December 2022	1. Review of Responses to Consultation Paper 2. Discussion of Issues
June 2023	1. Approval of Climate-related disclosures Project Brief
September 2023	1. Review project plan and roadmap
December 2023	1. Review [draft] ED sections: Objective, Scope and Conceptual Foundations 2. Page flip
March 2024	1. Discuss principles for [draft] ED sections: Governance, Strategy, Impacts and Risk Management
May 2024	1. Review [draft] ED: Governance, Strategy, Impacts and Risk Management 2. Page flip
June 2024	1. Review [draft] ED: Metrics and Targets, General Requirements and Transitional Provisions 2. Page flip
July 2024	1. Review [draft] ED sections: Scope, Restructure of all sections 2. Discussion of Implementation Guidance and Illustrative Examples
August 2024	1. Review [draft] ED: Implementation Guidance and Illustrative Examples 2. Page flip 3. Discussion of any remaining one-off issues if necessary
September 2024	1. Review final changes 2. Review SMCs 3. Approval of ED

Project Management Process and Next Steps

Purpose

1. This paper provides an overview of the activities and developments relating to the IPSASB Sustainability Reporting Standards™ (IPSASB SRST™) ED Climate-related Disclosures Standard since the Board's June 2024 meeting. This paper is provided for information purposes.

Background

2. At the June 2024 IPSASB meeting, the Board discussed:
 - (a) How staff have addressed Board instructions from the May 2024 check-in meeting;
 - (b) Issues relating to the new sections of drafting provided for review at the meeting, including:
 - (i) Climate-related Policy Activity Metrics and Targets
 - (ii) Climate-related Metrics and Targets for an Entity's Own Operations
 - (iii) Transition
 - (iv) Appendix B General Requirements
3. The Board also reviewed the first complete draft ED which included all sections in the core text, application guidance and appendices. This was the Board's:
 - (a) First review the sections on climate-related metrics and targets, transition, and general requirements reflecting both the feedback from March 2024 breakout group discussions, and advice and recommendations from the SRG and CTWG; and
 - (b) Second review of previously reviewed sections of the ED for the updates in accordance with the decisions and instructions from the March and May 2024 meetings.
2. All Board instructions from the June 2024 Board meeting and staff actions to address those instructions are summarized in [Agenda Item 2.1.2](#).

July Check-in Meeting

3. At the July check-in meeting, the Board discussion will focus on:
 - (a) How staff have addressed two key areas of Board instruction from the June meeting:
 - (i) Further clarification and guidance on an entity's own operations versus climate-related public policy programs (see [Agenda Item 2.2.2](#));
 - (ii) Restructuring the draft ED to better reflect the disclosure requirements and guidance relating to an entity's own operations versus climate-related public policy programs (See [Agenda Item 2.2.3](#)); and

Note: Staff have actioned all other Board instructions as summarized in [Agenda Item 2.1.2](#). If Board members have any questions or comments on these, please reach out to staff directly.
 - (b) Proposed implementation guidance and illustrative examples:
 - (i) Aligned with Accompanying Guidance on IFRS S1 and S2 (see [Agenda Item 2.2.4](#)) and

- (ii) Public sector specific proposals to address principles relating to climate-related public policy programs (see [Agenda Item 2.2.5](#))
- 4. To accompany this review, the Board will be provided with the complete draft ED in the formal ED format. Two versions will be provided - [Agenda Item 2.3.1](#) provides a clean version and [Agenda Item 2.3.2](#) provides track changes to the version reviewed in June for reference.
- 5. When reviewing the updated draft ED, members are encouraged to focus on the Core Text and Application Guidance that have the most significant updates and changes, specifically:
 - (a) Updates to **Scope in the Core Text and Application Guidance** to clarify an entity's own operations versus climate-related public policy programs in line with staff recommendations in [Agenda Item 2.2.2](#); and
 - (b) Updates to **Governance, Strategy, Risk Management and Metrics and Targets in the Core Text and Application, with specific focus on the Strategy sections**, to restructure the draft ED in line with staff recommendations in [Agenda Item 2.2.3](#).

These focus areas for Board member review are shaded in grey in [Agenda Item 2.3.1](#) and [Agenda Item 2.3.2](#) for reference.
- 6. Staff continue to work through other sections of the draft ED and note that further updates may be required to flow through the proposed recommendations. However, to facilitate review of other June instructions that affect other areas such as Appendix B application guidance or Basis for Conclusions as summarized in [Agenda Item 2.1.2](#), Board members are provided the full text. Some specific items that continue to be in progress:
 - (a) Cross-references to paragraphs across the ED may not all be updated; and
 - (b) Basis for Conclusions requires further updates to reflect discussions since June and July proposals.
- 7. In view of the planned approval of the draft ED in September, IPSASB members are encouraged to consider priority issues and topics that need to be addressed at the July check-in meeting.
- 8. Board members are encouraged to reach out to and send editorials directly to staff in advance of the July and August check-in meetings. Should members have any remaining questions of understanding or concerns regarding the direction of the draft ED, please reach out as soon as possible.

Next Steps and H2 2024 Activities

- 9. Staff will focus and prioritize key issues and instructions arising from the July 2024 check-in meeting to bring back to the IPSASB at the optional check-in meeting on August 22, 2024.
- 10. Staff will also present the draft implementation and illustrative guidance at the optional August check-in.
- 11. Given the progress up to June 2024 and the focus on drafting and refining the draft ED, staff determined that meetings with the SRG and CTWG would not be required this quarter and will resume in Q4 2024. That said, staff continue to engage with CTWG members on a one-on-one basis as needed to support drafting and technical issues.

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12. Staff will also meet with ISSB members and staff for a review of the draft ED to identify and resolve any unintended conflicts with IFRS S2.
13. Staff will work to prepare the ED for approval in September 2024 along with specific matters for comment (SMC).

June Instructions – Public Policy Programs

Question

1. Does the IPSASB agree with the recommendations to clarify an entity's own operations from climate-related public policy programs?

Recommendations

2. Staff recommend:
 - (a) Providing guidance, including a flow chart, in the scope section of the draft ED to direct readers to the relevant guidance on own operations vs. climate-related public policy programs;
 - (b) Revising terms and definitions related to own operations and public policy programs to clarify the concepts;
 - (c) Providing detailed application guidance in one place to help preparers navigate and identify the relevant disclosure requirements and guidance based on their functions and activities.

Background

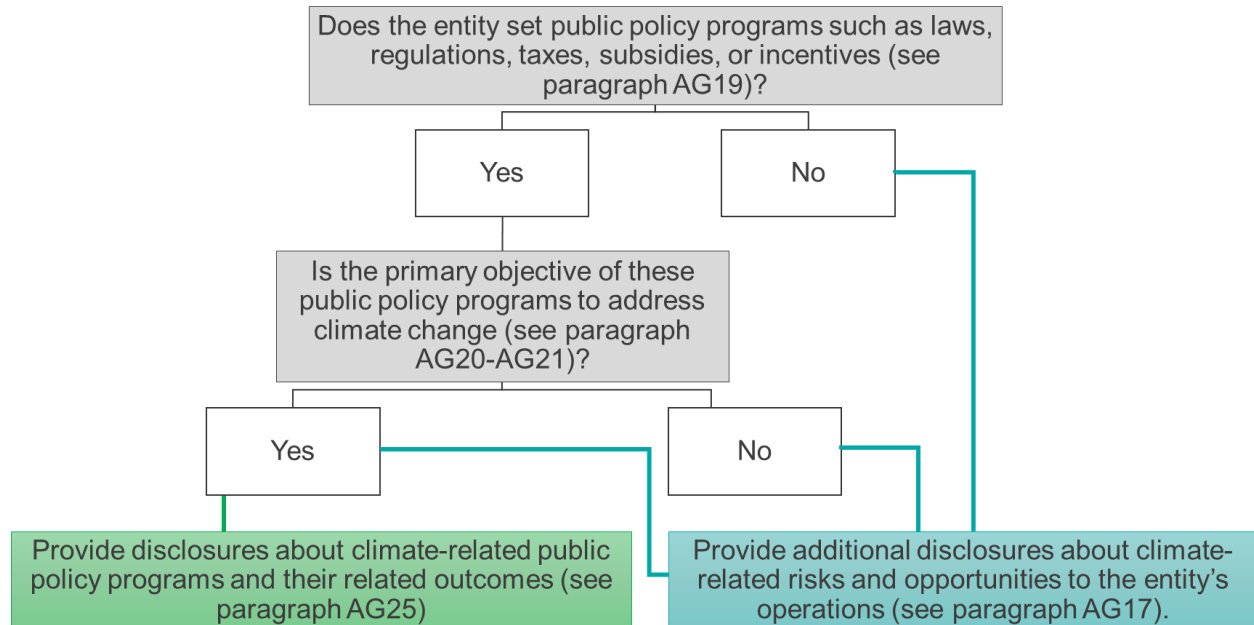
3. At the June Board meeting, the IPSASB discuss the scope of reporting for public sector climate-related information. The Board discussed the previous proposed distinctions between an entity's "own operations", "policy activities" and "climate-related policy activities".
4. Based on these discussions, the IPSASB noted the potential for confusion across these concepts and definitions, and therefore instructed staff to provide further clarification by:
 - (a) Revisiting the term and definition of policy activities to address confusion and the complexity of public policy;
 - (b) Simplify the distinction by focusing on defining public sector specific area of public policy and considering removing the definition and concept of 'own operations';
 - (c) Review application guidance and consider additional guidance needed such as illustrative guidance and/or a supporting framework.
5. The following paper outlines the staff proposals to address these instructions.

Analysis

Navigating the draft ED

6. The objective and scope of the draft ED require disclosures about (see paragraph 2 of the draft ED at [Agenda Item 2.3.1](#)):
 - (a) The climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity, including the long-term sustainability of the services and/or programs it delivers; and
 - (b) Where an entity has climate-related public policy programs, the outcomes that could reasonably be expected as a result of its climate-related public policy programs, including their effects on society, the environment and economy.

7. To support preparers in navigating the draft ED and determine what disclosure requirements apply to (a) and (b) above, and assess whether or not they have a policy setting role, staff propose including the following flowchart upfront in the scope section of the core text:



8. This flowchart directs users to application guidance that:
- (a) Clarifies the concepts behind an entity's own operations and climate-related public policy programs, and
 - (b) Specifies paragraph references as to what disclosure requirements and application guidance relate to each.
9. See discussion on application guidance below for further details on the contents of these AGs.

Definitions and Application Guidance

Own operations

10. At the end of the June Board meeting, staff had considered whether it would be possible to remove the term own operations to simplify the issue and focus on defining public policy programs. However, after further reflection, staff recommend to retain the term in order to facilitate navigation of the document (e.g. having terms to refer to the two 'buckets' of the flowchart). Further, staff recommend that it would be appropriate to use "own operations" as the short-hand in relation to climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of an entity (see paragraph 2(a) of the draft ED at [Agenda Item 2.3.1](#)).
11. That said, to help clarify and simplify the issue raised by Board members at the June meeting, staff considered the confusion raised between external and internal policy activities and recommend the following change to the definition for "own operations":

Own operations are an entity's activities, other than ~~external policy activities~~ public policy programs.

12. This change implies that an entity's own operations include all of the activities performed by entities, whether they are service delivery functions, policy setting / advisory functions, or a combination of both. Reporting on the delivery of public policy programs, including the performance and effectiveness of those programs, is excluded from reporting on the climate-related risks and opportunities to an entity's own operations. Such reporting on public policy programs would be addressed by the guidance on climate-related public policy programs.
13. For example, an entity that has a policy setting function would consider the activities of that function within its disclosures about climate-related risks and opportunities as they are part of its own operations. The downstream effects of the public policy programs would not form part of its value chain, so it would not be required to disclose these as part of its own operations. This is clarified in AG4 – see [Agenda Item 2.3.1](#).
14. While an entity provides additional disclosures for climate-related public policy programs, an entity's public policy program activities that are not climate-related would just be addressed within the disclosures about its own operations. The draft ED does not **require** them to be disclosed in accordance with the additional requirements for climate-related public policy programs. However it has the option of providing these additional disclosures if it considers that appropriate. This is clarified in AG4 and AG22 – see [Agenda Item 2.3.1](#).
15. In turn, staff propose revisions to other terms and definitions that are related to "own operations", specifically:
 - (a) Operational model

An operational model is an entity's system of transforming inputs through its activities and funding sources that contribute to the delivery of services, goods and outputs into outputs and outcomes that aims to fulfill the entity's objectives.

The proposed changes simplify and bring the definition of operational into closer alignment with IFRS S1. Staff recommend it is important to align this key definition with IFRS S1 and S2 so that the understanding of the concept for 'own operations' is consistent with the IFRS S2 aligned disclosure requirements and application guidance.

- (b) Value chain

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, including other public sector entities.

A value chain encompasses the interactions, resources and relationships an entity uses and depends on to create its goods or provide services, ~~including public policy programs~~, 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. A value chain does not encompass public policy programs.

The proposed change clarifies that an entity is not required to consider the upstream and downstream interactions, resources and relationships related to its public policy programs in reporting on its own operations. This means that an entity would not be required to include emissions from policy takers or implementers in its scope 3 emissions reporting. This is consistent with the GHG Protocol Corporate Accounting and Reporting Standard which the draft ED applies to own operations as this does not address scope 3 emissions from policy programs and they are not included in any of the 15 categories of scope 3 emissions. This is clarified in AG4 and BC25-BC27– see [Agenda Item 2.3.1](#).

Climate-related public policy programs

16. At the June Board meeting, the Board directed staff to consider another term for “policy activities” and “climate-related policy activities”. Based on discussions and agreement with the Board at the end of the meeting, staff propose the following terms and definitions relating to “climate-related public policy programs”:

(a) Public policy programs:

~~Policy activities~~ Public policy programs are any type of intervention taken or mandated by a public sector entity exercising its sovereign powers to influence the decisions or behaviors of other entities or individuals ~~which may include laws, regulations and standards; taxes, charges, subsidies and incentives; and public or private sector financing and investment, among others.~~

The proposed change in terminology addresses previous concerns and confusion around internal and external policies and clarifies the public policy role of government. The proposed change in definition simplifies the concepts and detailed examples are provided in AG19 – see [Agenda Item 2.3.1](#).

(b) Climate-related public policy programs:

Staff received comments on the challenges with part of the definition for climate-related public policy programs, specifically the phrase ‘explicitly designed’.

Staff consider that the RPG 3 concept of service performance objectives is relevant for public policy programs, and it provides different examples of how service performance objectives are expressed, such as “using performance indicators of inputs, outputs, outcomes or efficiency, or through a combination of one or more of these four performance indicators. A service performance objective may also be expressed using a narrative description of a desired future state resulting from provision of services.” Staff therefore propose aligning the definition for climate-related programs with RPG 3 rather than defining ‘explicitly designed’, as follows:

Climate-related ~~policy activities~~ public policy programs are ~~policy activities~~ public policy programs with a primary objective ~~explicitly designed~~ to address climate ~~change-related risks and opportunities.~~

This guidance, aligned with RPG 3, is included in AG21 – see [Agenda Item 2.3.1](#).

(c) Public policy program Outcomes:

Public policy program Outcomes are the impacts on society, which occur as a result of, or are reasonably attributable to, the ~~entity's outputs~~ public policy programs.

Staff note that the concept of “outcomes” as drafted in the ED is intended to apply to disclosures relating to public policy programs, not an entity’s own operations. Therefore, staff recommend adapting the RPG 3 definition of outcomes to allow it to be applied more specifically to public policy programs to avoid any confusion with the more general use of the term outcomes that arises in S2 aligned disclosures for an entity’s own operations.

Application Guidance

17. Staff recommend application guidance is required up front to help readers understand the concepts and navigate the draft ED (see [Agenda Item 2.3.1](#)). Specifically, this application guidance provides guidance on:

(a) Climate-related risks and opportunities to an entity’s own operations:

- (i) What public sector entities’ own operations comprise (AG1-4)
- (ii) What climate-related risks and opportunities include in the public sector context (AG5-13)
- (iii) Where to find disclosure requirements and guidance for climate-related risks and opportunities across governance, strategy, risk management and metrics sections (AG14-AG15);

(b) Climate-related public policy programs and related outcomes:

- (i) What public policy programs comprise (AG19);
- (ii) What climate-related public policy programs include and factors to help identify them based on RPG 3 (AG20-AG21);
- (iii) Whether entities should provide disclosures for other non-climate-related public policy programs (AG22);
- (iv) What outcomes from climate-related public policy programs comprise (AG23-AG24);
- (v) Where to find disclosure requirements and guidance for climate-related public policy programs and their outcomes across governance, strategy, risk management and metrics sections (AG25-AG26); and
- (vi) Guidance to support determining if an entity is considered a policy setter or taker (e.g. principle or agent for policies based on IPSAS 35) (AG27-AG28).

18. This application guidance is largely based on guidance in the previous draft EDs, however it:

- (a) Brings the information all together in one place, up front, to help users to understand the scope and context of the disclosure requirements; and
- (b) Provides additional clarification to an entity’s own operations and climate-related public policy programs as discussed above.

19. Staff considered additional implementation guidance and illustrative examples as discussed in [Agenda Item 2.2.5](#).

Decisions Required

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

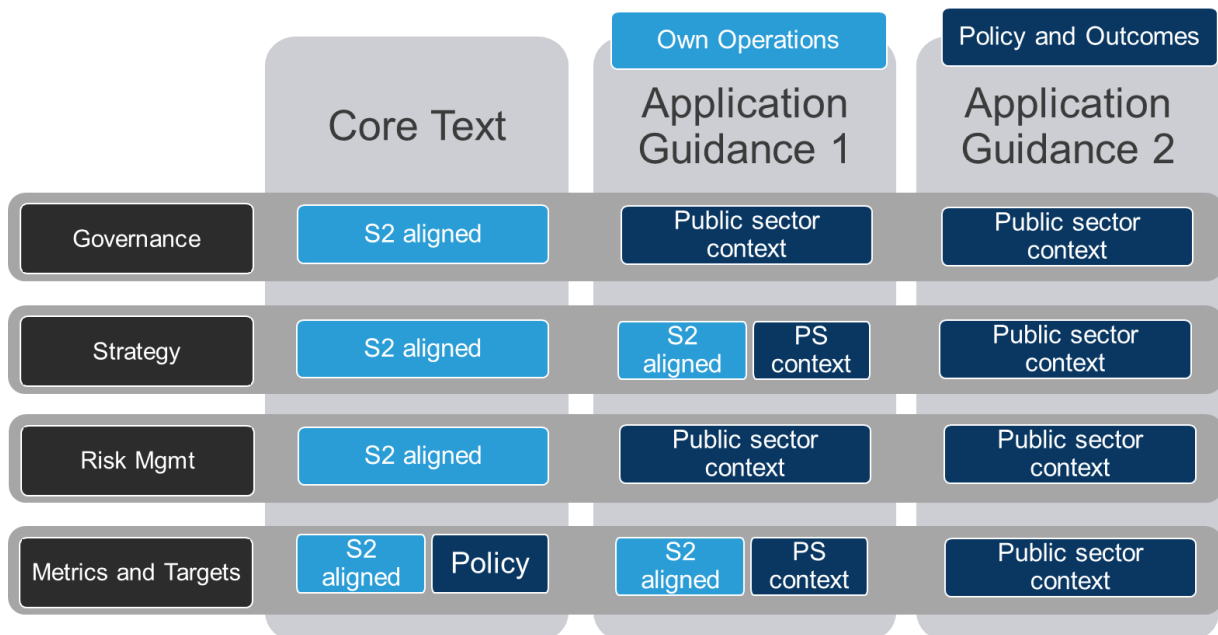
June Instructions – Draft ED Structure

Question

1. Does the IPSASB agree that the proposed revisions to restructure and simplify the draft ED?

Recommendations

2. Staff recommend:
 - (a) For governance, strategy and risk management:
 - (i) In the core text – Providing disclosure requirements aligned with S2 that apply to both an entity's own operations and climate-related public policy programs;
 - (ii) In the application guidance – Providing public sector context and any unique disclosure requirements for an entity's own operations and climate-related public policy programs in separate sections, including S2-aligned application guidance for an entity's own operations; and
 - (b) For metrics and targets:
 - (i) In the core text – Providing S2-aligned disclosure requirements for an entity's own operations and separate distinct disclosure requirements for climate-related public policy programs; and
 - (ii) In the application guidance – Providing S2-aligned application guidance for an entity's own operations and separate application guidance for climate-related public policy programs.



Note: In the current draft ED Agenda Item 2.3.1 there is one appendix with all of the application guidance. Staff intend to separate the application guidance into two sets as illustrated above (e.g. AG1 relating to an entity's own operations and AG2 relating to climate-related public policy programs) and expect this to be reflected in the next version of the draft ED to be shared for the August 2024 check-in meeting.

Background

3. At the June 2024 IPSASB meeting, the Board instructed staff to review and consider alternatives to streamline the draft ED to facilitate and support readers in identifying and better navigating which disclosures relate to an entity's own operations versus climate-related public policy programs.
4. The following paper outlines the proposed changes to address this instruction.

Analysis

5. Staff recommend that the disclosure requirements in core text of the draft ED should be applicable for disclosures relating to an entity's own operations as well as climate-related public policy programs for the governance, strategy and risk management pillars. These pillars build up to and lead into the separate disclosures relating to metrics and targets that are specific the entity's operations and outcomes of climate-related public policy programs.
6. On the other hand, disclosure requirements or guidance that are unique to an entity's own operations or climate-related public policy programs are included in the respective sections of the application guidance. Specifically:
 - (a) For governance and risk management:
 - (i) The S2 disclosure requirements for governance and risk management apply to entity's own operations and to climate-related public policy programs and are therefore the core text is fully aligned with IFRS S2. The public sector context is provided in each of the respective application guidance sections.
 - (ii) To reflect this, staff removed paragraphs that previously referred readers to disclosure requirements for an entity's own operations where they also applied to climate-related public policy programs (i.e. paragraphs 9-10 and 30-31 in the [June draft ED](#)).
 - (iii) Staff also added climate-related public policy programs and their related outcomes throughout the core text that previously only referred to climate-related risks and opportunities to an entity's own operations (e.g. insertion of climate-related public policy programs and their outcomes in paragraph 9 of [Agenda Item 2.3.2](#));
 - (b) For strategy:
 - (i) Certain aspects of the S2 disclosure requirements for strategy only apply to an entity's own operations and certain principles proposed by IPSASB in previous version of the draft ED only applies to climate-related public policy programs.
 - (ii) To reflect this, staff identified which disclosure requirements relating to strategy in the previous draft ED apply to:
 - a. Both an entity's own operations and climate-related public policy programs (see [Table below](#)) which was retained in the core text;

- b. Only an entity's own operations (see [Table below](#)) which was moved to the application guidance for own operations; and
 - c. Only climate-related public policy programs (see [Table below](#)) which was moved to the application guidance for climate-related public policy programs;
- (c) For metrics and targets:
- (i) Staff propose that disclosure requirements and guidance are distinct for own operations and public policy programs, therefore, there were no major changes to these sections from the previous draft reviewed in June.

Strategy

7. As noted above, there are different disclosure requirements relating to strategy that apply to:
- (a) Both an entity's own operations and climate-related public policy programs;
 - (b) Only an entity's own operations; and
 - (c) Only climate-related public policy programs
8. Following is a summary of the principles applicable to each category which is outlined in paragraphs 11-12 of the draft ED and directs readers to the specific disclosure requirements in the core text and application guidance, as applicable:

Category	Disclosure requirements	Para ref. and source
Both an entity's own operations and climate-related public policy programs	<ul style="list-style-type: none"> (a) The climate-related risks and opportunities that could reasonably be expected to affect an entity's own operations (see paragraph 12), including: (b) The effects of those climate-related risks and opportunities on the entity's strategy and decision-making (see paragraph 13-14), including: (c) The current and anticipated effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period and over the short, medium and long term (see paragraphs 15-21); and (d) The climate resilience of the entity's strategy and operational model to climate-related changes, developments, uncertainties (see paragraph 22-24), including where applicable the scenario analysis that informed an entity's 	11(a)-(d) Aligned with IFRS S2

	climate-related public policy programs (see paragraph AG128-AG133).	
Only an entity's own operations	(i) The current and anticipated effects of those climate-related risks and opportunities on the entity's operational model and value chain (see paragraph AG30-33); and (ii) Information about how an entity has responded to, and plans to respond to, climate-related risks and opportunities in its own operations (see paragraph AG34)	12(a) Aligned with IFRS S2
Only climate-related public policy programs	(i) The climate-related risks and opportunities that inform an entity's climate-related public policy programs (see paragraph AG118); and (ii) Information about the entity's strategy and decision-making for climate-related public policy programs and how the entity plans to achieve their intended outcomes (see paragraph AG119-AG123)	12(b) New public sector requirements

Decisions Required

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

Implementation Guidance and Illustrative Examples – IFRS S1 and S2 Topic Alignment

Question

1. Does the IPSASB agree to include selected topics from the Accompanying Guidance on IFRS S1 and S2 in the Implementation Guidance (IGs) and Illustrative Examples (IEs) to the IPSASB SRS ED X, *Climate-related Disclosures*?

Recommendations

2. Staff recommend including selected topics into IGs and IEs, from:
 - (a) Accompanying Guidance on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information presented in [Appendix 1](#); and
 - (b) Accompanying Guidance on IFRS S2 Climate-related Disclosures presented in [Appendix 1](#).

Background

3. Given the feedback from the IPSASB, CAG and SRG, staff recognize the need to support preparers through IGs and IEs and began considering and proposing topics for which IGs and IEs would be useful.
4. Staff propose providing IGs and IEs that are aligned with IFRS S1, S2 as well as providing additional IGs and IEs to address public sector specific concepts introduced in its IPSASB SRS ED X, *Climate-related Disclosures*. This paper reviews and analyzes those IGs and IEs from IFRS S1, S2 and [Agenda Item 2.2.5](#) reviews and analyzes new proposals.
5. Staff reviewed whether the Accompanying Guidance on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and Accompanying Guidance on IFRS S2 Climate-related Disclosures was applicable for the public sector in line with the process for developing the draft ED per the [Process for Reviewing and Adapting IASB documents](#).
6. The [Accompanying Guidance on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) includes the following sections:
 - (a) Illustrative guidance on primary users and sources of guidance; and
 - (b) Illustrative examples on sources of guidance.
7. The [Accompanying Guidance on IFRS S2 Climate-related Disclosures](#) includes the following sections:
 - (a) Illustrative guidance on other metric categories;
 - (b) Illustrative examples on aggregation and disaggregation of greenhouse gas emissions; and
 - (c) Industry-based guidance on implementation, which was discussed in the June 2024 meeting ([Agenda Item 6.2.9](#)).

Analysis

8. Staff considered the Accompanying Guidance on IFRS S1 and S2 and identified:

- (a) IGs and IEs applicable for public sector entities, with proposed public sector-specific adaptations as applicable; and
 - (b) IGs and IEs that are private-sector specific and not relevant for public sector entities, and therefore not suitable for the IGs and IEs.
9. In addition, staff noted that “illustrative guidance” is used in the Accompanying Guidance on IFRS S1 and S2, which focuses on providing example material instead of the term “implementation guidance” used in IPSASB literature.
10. Therefore, in implementing the Board’s decisions the staff will make the necessary changes to align with the question-and-answer style of the proposed IGs on climate-related disclosures.
11. [Appendix 1](#) of this paper presents the list of topics with analysis on its public sector applicability and proposed adaptations, if any.
12. Drafting on the IGs and IEs will be included in the August optional check-in meeting.

Decisions Required

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

Appendix 1 – Public Sector Applicability of Accompanying Guidance on IFRS S1 and S2

Staff considered the applicability of IGs and IEs from the [Accompanying Guidance on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) and [Accompanying Guidance on IFRS S2 Climate-related Disclosures](#) for public sector entities. The rationale on applicable IG or IE topics is presented in the table below.

Topics	IFRS S1/S2 Reference	SRS Reference	Public Sector Applicability of Accompanying Guidance	Proposed Adaptations (If Any)
Accompanying Guidance on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information				
Illustrative Guidance				
Primary users—Meeting primary users' information needs	IFRS S1 IG1-IG6	B17-B20 B.AG9- B.AG11	Yes – As public sector entities should also meet the common information needs of its primary users.	Replace “sustainability” with “climate”, and to make public sector-specific adaptations, such as types of primary users.
Primary users—Use of publicly available information	IFRS S1 IG7	B17-B20 B.AG9- B.AG11	Yes – As primary users of public sector general purpose financial reports will also consider publicly available information outside of the report.	Replace “sustainability” with “climate”, and to make public sector-specific adaptations, such as remove information about the entity's competitors.
Applying sources of guidance—SASB Standards	IFRS S1 IG8-IG24	B16-B21 B.AG61- B.AG62	No – As the Board decided that the SASB Standards should not be required for public sector entities but entities may choose to consider these to the extent they are relevant (see Industry-based Guidance on Implementing IFRS S2 below).	N/A
Applying sources of guidance—CDSB	IFRS S1 IG25-IG27	B16-B21 B.AG61- B.AG63	No – As the CDSB Framework Application Guidance is private sector specific, and the Board decided to refer	N/A

Framework Application Guidance			to SASB and GRI sector standards as potential sources for reference, but not as requirements (see Industry-based Guidance on Implementing IFRS S2 below).	
Illustrative Examples				
Applying sources of guidance (SASB Standards) —An entity with a single line of business	IFRS S1 IE1-IE8	B16-B21 B.AG61- B.AG63	No – But SASB Standards may be relevant sources of guidance to a certain type of public sector activity (see Industry-based Guidance on Implementing IFRS S2 below)..	N/A
Applying sources of guidance (SASB Standards) — A large conglomerate with diverse activities	IFRS S1 IE9-15	B16-B21 B.AG61- B.AG63	No – But SASB Standards may be relevant sources of guidance to a certain type of public sector activity (see Industry-based Guidance on Implementing IFRS S2 below)..	N/A
Accompanying Guidance on IFRS S2 Climate-related Disclosures				
Illustrative Guidance				
Other metric categories	IFRS S2 IG1	27(b)-(e), AG98-99	Yes – The IG provides example metrics that entities may refer to when disclosing other metric categories, and is applicable for the public sector.	Public sector-specific adaptations, such as removing example metric on percentage of revenue from coal mining.
Illustrative Examples				
Disaggregating Scope 1 and Scope 2 greenhouse gas emissions between the consolidated accounting group and other investees	IFRS S2 IE1-IE5	27(a) AG67	Yes – The example illustrates the calculation of GHG emissions through the equity share approach within the organizational boundary, and is applicable for the public sector.	Public sector-specific adaptations, such as removing reference to industry-based guidance.

Disaggregating Scope 3 greenhouse gas emissions by Scope 3 categories	IFRS S2 IE6-IE12	27(a) AG71, AG77	Yes – As Scope 3 emissions of public sector entities also span across various Scope 3 categories, the example is applicable for the public sector given public sector-specific adaptations.	Public sector-specific adaptations, such as using a public sector entity as an example, as well as Scope 3 categories that are more common for public sector entities
Disaggregating greenhouse gas emissions by constituent greenhouse gases	IFRS S2 IE13-IE24	27(a) AG67	Yes – As public sector entities also produce different types of greenhouse gases across its value chain, the example is applicable for the public sector given public sector-specific adaptations.	Public sector-specific adaptations, such as replacing reference to industry-based guidance to the optional SASB Standard or GRI Sector Standard; replacing private sector examples with public sector entities.
Disaggregation of financed emissions by active and passive strategy	IFRS S2 IE25-IE32	27(a) AG67	No – Staff noted that this is a private sector-specific IE intended for the financial asset management industry. This disaggregation methodology is not applicable for the public sector.	N/A
Disaggregation of financed emissions by asset class	IFRS S2 IE33-IE38	27(a) AG67	No – Staff noted that this is a private sector-specific IE intended for financial the asset management industry. This disaggregation methodology is not applicable for the public sector.	N/A

Industry-based Guidance on Implementing IFRS S2

IFRS S2 requires entities to refer and consider the applicability of Sustainability Accounting Standards Board (SASB) industry-based metrics.

In the June 2024 meeting, the Board considered the lack of public sector equivalent and decided that it was appropriate to identify the SASB and GRI sector standards as optional references for consideration in identifying metrics that may also be relevant to a certain type of public sector activity.

Given the optional nature of these references, staff are considering the possibility of providing a staff document showing initial examples.

Implementation Guidance and Illustrative Examples – Proposed New Topics

Question

1. Does the IPSASB agree with the proposed additional public sector topics and outline of the Implementation Guidance (IGs) and Illustrative Examples (IEs)?

Recommendations

2. Staff recommend drafting IGs and IEs based on the topics presented in [Appendix 2](#).

Background

3. Generally, the core text in an IPSAS sets out the accounting principles for the standard's subject matter, and the IPSASB develops Application Guidance (AG), Implementation Guidance (IG), and Illustrative Examples (IE) using the following approach:
 - (a) AGs are developed if the principles in the core text require further explanation on how they should be applied;
 - (b) IGs are developed if the core text and AGs require further explanation; and
 - (c) IEs are developed if the core text, AGs and IGs require further explanation and a fact-specific example would help further explain the principles.
4. Following on from the recommendations in [Agenda Item 2.2.4](#), staff identified gaps in the Accompanying Guidance on IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Accompanying Guidance that require further clarification
5. Therefore, staff propose additional topics in the IGs and IEs to cover areas that require further explanation, particularly in relation to unique public sector concepts introduced in the ED.
6. Drafting for the additional the IGs and IEs will be included in the August optional check-in meeting.

Analysis

7. Staff considered the principles and concepts presented in the authoritative text and identified which topics would benefit from additional IGs and IEs to support the principles presented. [Appendix 2](#) of this paper presents the list of proposed IG and IE topics with the following details:
 - (a) Supporting rationale for the proposed topic; and
 - (b) Preliminary IG questions and the key points for the planned responses; and
 - (c) Summaries of the sample facts to be used in the IEs and the preliminary conclusions or key principles which will be illustrated in each example.

Decisions Required

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

Appendix 2 – Proposals for Implementation Guidance and Illustrative Examples

Staff considered the principles and concepts presented in the authoritative text and identified which topics would benefit from additional IGs or IEs to support the principles presented. The rationale is presented for each proposed IG or IE topic in the tables below.

Topic / Core Principle	Core Text	Application Guidance	Recommendations & Analysis for Implementation Guidance (IG)	Recommendations & Analysis for Illustrative Examples (IE)
Definitions	7	-	<p>IG1. Are internal policy programs, such as policies for an entity's own operations, with a primary objective to address climate change, considered climate-related public policy programs?</p> <p>(a) Internal policies are separate from public policy programs, and are part of an entity's own operations, and may be part of how the entity is addressing climate-related risks and opportunities within its operational model and value chain.</p> <p>(b) Similarly, the implementation of public policy programs may also need to be addressed as part of managing the entity's climate-related risks and opportunities within the entity's operational model and value chain.</p> <p>IG2. What is considered a climate-related public policy program?</p> <p>(a) Climate-related public policy programs</p>	None, as concept is better explained in an IG.

			<p>are policy programs that mandate actions that influence the behaviors and decisions of other entities or individuals, with a primary objective to address climate change, which can be determined by indicators such as KPIs or narrative descriptions.</p> <p>IG3. Can an entity provide disclosures about public policy programs and related outcomes if its primary objective is not to address climate change?</p> <p>(a) Yes, entities have the discretion to provide disclosures regarding these public policy programs and their outcomes, even if their primary purpose does not involve addressing climate change.</p>	
Climate-related Public Policy Programs - Strategy	10-24	AG118-AG130	<p>IG4. Do entities need to disclose all impacts from climate-related public policy programs?</p> <p>(a) Entities are only required to disclose outcomes that are reasonably attributable (see paragraph 4) to the climate-related public policy program.</p>	<p>IE1. Example will illustrate the identification of reasonably attributable outcomes. For example, identifiable outcomes from a home insulation subsidy program may include:</p> <p>(a) Reduced electricity generation, due to consumers purchasing and installing insulation and reduced demand for electricity to heat homes, leading to a reduction in GHG emissions;</p> <p>(b) Increase in disposable income due to</p>

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				<p>savings from reduced electricity bills to heat homes, leading to increased GHG emissions from additional consumed goods; and</p> <p>(c) Increased emissions from insulation manufacturing when businesses produce more insulation, leading to increased GHG emissions.</p> <p>The example will explain that the entity determines which outcomes can be reasonably attributable to the public policy program. For instance, an entity may conclude that it is difficult to reasonably estimate and attribute the increase in GHG emissions from additional consumption of goods from increased disposable income, therefore decide not to include this outcome in their disclosures.</p>
Climate-related Public Policy Programs - Metrics and Targets	27-38	AG134-AG145	<p>IG5. Does the entity's emissions from its climate-related public policy programs include emissions resulting from its policy-setting and/or monitoring functions?</p> <p>(a) No. Metrics relating to climate-related public policy programs, such as emissions, are designed to capture outcomes of the program. Therefore, the entity's emissions from such programs should focus on outcomes, rather than emissions from its</p>	<p>IE2. Example will illustrate an approach to estimate the change of emissions from a climate-related public policy program:</p> <p>(a) Identifying direct, expected outcomes resulting from policy programs;</p> <p>(b) Defining a baseline scenario (scenario without the policy program) and quantifying baseline emissions;</p> <p>(c) Defining a policy scenario (scenario with the policy program) and</p>

			operational model and value chain, which are disclosed separately.	quantifying policy emissions; and (d) Quantifying policy scenario emissions in a given year (ex-ante or ex-post approach).
Transition	41-43	-	<p>IG6. Transition relief is granted for the “first annual reporting period in which an entity applies this Standard”. How is an entity considered to have applied the Standard?</p> <p>(a) A first time-adopter may determine the date on which it adopts the Standard;</p> <p>(b) The entity is considered to have applied this Standard from the date on which it adopts the Standard and prepares and presents its first climate-related disclosures after the date of adoption of the Standard;</p> <p>(c) This is different from the date of announcement, which is the date on which an entity formally and publicly announces its decision that it will adopt the Standard, which may or may not be the same as the date of adoption of the Standard.</p>	None, as concept is better explained in an IG.

Supporting Documents 1 - (draft) IPSASB SRS Exposure Draft [X], *Climate-related Disclosures* (Clean)

1. (draft) IPSASB SRS ED [X], *Climate-related Disclosures* referenced in [Agenda Item 2.3.1](#) is posted separately for easier readability.

Supporting Documents 2 - (draft) IPSASB SRS Exposure Draft [X], *Climate-related Disclosures* (Mark-up)

1. (draft) IPSASB SRS ED [X], *Climate-related Disclosures* with track changes referenced in [Agenda Item 2.3.2](#) is posted separately for easier readability.