

**Meeting:** International Public Sector Accounting Standards Board

**Meeting Location:** Toronto, Canada

**Meeting Date:** June 10–13, 2025

# Agenda Item 5

For:  
 Approval  
 Discussion  
 Information

## CLIMATE-RELATED DISCLOSURES

<b>Project summary</b>	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.	
<b>Project staff leads</b>	<ul style="list-style-type: none"> <li>• Karen Leung, Manager</li> <li>• Alex Metcalfe, Principal Consultant</li> </ul>	
<b>Climate Topic Working Group members</b>	The composition of the Climate Topic Working Group to be confirmed in project planning.	
<b>Meeting objectives</b> <b>Project management</b>	<b>Topic</b>	<b>Agenda Item</b>
	<a href="#">Final Pronouncement Dashboard</a>	<a href="#">5.1.1</a>
	<a href="#">Climate-related Disclosures: Project Roadmap</a>	<a href="#">5.1.2</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">5.1.3</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">5.1.4</a>
<b>Decisions required at this meeting</b>	<a href="#">Project Overview</a>	<a href="#">5.2.1</a>
	<a href="#">Cross-Cutting Theme: Single or Separate Standards</a>	<a href="#">5.2.2</a>
	<a href="#">Own Operations – Alignment with IFRS S2</a>	<a href="#">5.2.3</a>
	<a href="#">Own Operations – Use of GHG Protocol</a>	<a href="#">5.2.4</a>
	<a href="#">Own Operations – Scope 3 GHG Emissions</a>	<a href="#">5.2.5</a>
	<a href="#">General Requirements – Alignment with IFRS S1</a>	<a href="#">5.2.6</a>
	<a href="#">Materiality</a>	<a href="#">5.2.7</a>
	<a href="#">Climate-related Disclosures Project Plan</a>	<a href="#">5.2.8</a>

Prepared by: Karen Leung and Alex Metcalfe (May 2025)

The 'International Public Sector Accounting Standards Board', 'International Public Sector Accounting Standards', 'Recommended Practice Guidelines', 'International Federation of Accountants', 'IPSASB', 'IPSAS', 'RPG', 'IPSASB SRS', 'IFAC', the IPSASB logo, and IFAC logo are trademarks of IFAC, or registered trademarks and service marks of IFAC in the US and other countries.

**CLIMATE-RELATED DISCLOSURES:  
 FINAL PRONOUNCEMENT DASHBOARD**

Topic	Past Meetings	April 2025	June 2025	Sept 2025	Dec 2025
Project Management	✓				
Review and Approve the Final Pronouncement					
<b>Climate-related Disclosures – Authoritative Text</b>					
Objective & Scope	✓				
Definitions	✓				
Conceptual Foundations	✓				
Governance	✓				
Strategy	✓				
Risk and Outcome Management	✓				
Metrics and Targets	✓				
General Requirements	✓				
Application Guidance	✓				
<b>Climate-related Disclosures – Non-Authoritative Text</b>					
Basis for Conclusions	✓				
Implementation Guidance	✓				
Illustrative Examples	✓				
<b>Analyze and Address Responses to IPSASB SRS ED 1</b>					
Review of Responses to IPSASB SRS ED 1		✓			
Discussion of Issues					

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

**CLIMATE-RELATED DISCLOSURES  
PROJECT ROADMAP**

<b>Meeting</b>	<b>Completed Actions or Discussions / Planned Actions or Discussions:</b>
March 2025	1. Summary of outreach and managing consultation responses
April 2025	2. Preliminary review of responses
June 2025 – November 2025	1. Discuss Issues 2. Develop final IPSASB SRS X, <i>Climate-related Disclosures</i>
December 2025	1. Approve IPSASB SRS X, <i>Climate-related Disclosures</i>

**INSTRUCTIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Instruction</b>	<b>Actioned</b>
September 2024	1. All instructions provided up until September 2024 were reflected in <a href="#">IPSASB SRS ED 1, Climate-related Disclosures</a> .	1. All instructions provided up until September 2024 were reflected in <a href="#">IPSASB SRS ED 1, Climate-related Disclosures</a> .
March 2025	2. Address implementation-related issues through an ongoing phase of the project.	2. In progress
April 2025	3. Ensure responses are sufficiently reflected for the following issues: (a) Alignment with IFRS S2; (b) Just transition and trade-off decisions; (c) Proportionality considerations; and (d) Potential implications of adopting IPSASB SRS independently of IPSAS.	3. In progress; <a href="#">Agenda Item 5.2.2</a> , <a href="#">Agenda Item 5.2.3</a> .
	4. Consider further and analyze potential reasons for high rates of non-response to certain SMCs.	4. In progress
	5. Prepare a feedback statement for publication with the final pronouncement on how the IPSASB has addressed the feedback received.	5. To be prepared with the publication of the final pronouncement.
	6. Present a detailed project plan at the June 2025 meeting, including possible options for addressing the cross-cutting issue of developing a single standard or separate standards.	6. <a href="#">Agenda Item 5.2.8</a>
	7. Provide analysis on issues of principle related to Own Operations at the June 2025 meeting.	7. <a href="#">Agenda Item 5.2.3</a> , <a href="#">Agenda Item 5.2.4</a> , <a href="#">Agenda Item 5.2.5</a>
	8. Defer discussion on issues of principle related to Public Policy Programs to future meetings.	8. <a href="#">Agenda Item 5.2.8</a>

**DECISIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Instruction</b>	<b>BC Reference</b>
September 2024	1. All decisions have been reflected in <a href="#">IPSASB SRS ED 1, <i>Climate-related Disclosures</i></a> .	1. Not Applicable
March 2025	2. Maintain flexibility and transparency in undertaking the consultation analysis and in the categorization of key issues.	2. In progress

## Project Overview

### Purpose

1. This paper provides an overview of the climate-related disclosures project, IPSASB SRS ED 1, *Climate-related Disclosures*, to date.

### Background

2. The [IPSASB SRS ED 1, \*Climate-related Disclosures\*](#) consultation closed on February 28, 2025. The IPSASB received 96 comment letters, representing a wide variety of regions and functions.
3. In April 2025, staff presented a summary of comments to the Board ([Agenda Item 2](#)) and identified thematic categories across three levels:
  - (a) A cross-cutting theme – A pervasive theme that affects how the IPSASB proceeds with developing the climate-related disclosures standard(s);
  - (b) Issues of principle – Recurring issues of principle that will require Board deliberation; and
  - (c) Implementation issues – Issues related to providing further support and guidance, which the IPSASB discussed in the March 2025 meeting ([Agenda Item 13.2.3](#)) to be addressed through an ongoing phase of the project.
4. In reviewing the summary of responses, the Board instructed staff to:
  - (a) Present a project plan at the June 2025 meeting, including options for addressing the cross-cutting issue of developing single or separate standards; and
  - (b) Provide analysis on issues of principle related to Own Operations at the June 2025 meeting.
5. In preparation for the June 2025 meeting, and consistent with the instructions from the April 2025 meeting, staff analyzed stakeholder responses relating to the following key issues and put forward recommendations to the Board:
  - (a) The cross-cutting theme regarding whether the project should proceed as single or separate standards ([Agenda Item 5.2.2](#));
  - (b) The alignment with [IFRS S2 \*Climate-related Disclosures\*](#) (IFRS S2) private sector guidance ([Agenda Item 5.2.3](#));
  - (c) The rebuttable presumption that entities should apply the GHG Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol) in accounting for greenhouse gas (GHG) emissions ([Agenda Item 5.2.4](#));
  - (d) The proposed requirement for entities to disclose Scope 3 emissions ([Agenda Item 5.2.5](#));
  - (e) The alignment of General Requirements with [IFRS S1 \*General Requirements for Disclosure of Sustainability-related Financial Information\*](#) (IFRS S1) ([Agenda Item 5.2.6](#)); and
  - (f) The proposed materiality definition, which is drawn from the IPSASB Conceptual Framework (CF) ([Agenda Item 5.2.7](#));
6. A detailed project plan is presented in [Agenda Item 5.2.8](#), which sets out a planned approach by staff for 2025, reflecting Board discussions from the April 2025 meeting.

**Decisions Required**

7. No decision required. For information purposes only.

## **Cross-Cutting Theme: Single or Separate Standards**

### **Question**

1. Does the IPSASB believe it should continue developing a single climate standard or, based on constituent feedback, develop two separate standards?

### **Recommendation**

2. Staff recommend that:
  - (a) The climate-related disclosure guidance be finalized as two separate standards; and
  - (b) Own Operations to be finalized first in the project plan.

### **Background**

3. In March 2024 ([Agenda Item 10.2.3](#)), the IPSASB discussed the unique role of public sector entities in influencing the activities and behaviors of other entities and/or individuals, through public sector-specific tools and levers such as subsidies, legislations, taxation, laws or regulations.
4. The IPSASB recognized this dual role as a key public sector difference that requires public sector-specific principles. While disclosure requirements on Own Operations are based off private sector guidance, the IPSASB decided that additional public sector-specific principles and application guidance are needed to address the information needs related to the policy and regulatory role of public sector entities.
5. Therefore, the IPSASB SRS ED 1 proposed reporting requirements for public sector climate-related disclosures, which includes disclosure requirements for both an entity's Own Operations and Public Policy Programs in a single standard.

### **Analysis**

6. There was significant support from respondents on the proposed approach for Own Operations, with many welcoming the alignment of disclosure requirements with IFRS S2 private sector guidance ([Agenda Item 5.2.3](#)).
7. In contrast, respondents raised several issues of principle relating to the Public Policy Programs portion of the ED. These include concerns on whether the TCFD pillars (i.e. Governance, Strategy, Risk Management, Metrics and Targets) are appropriate for public policy programs, the scope of public policy programs, as well as issues related to the proposed public sector definitions.
8. In addition, respondents frequently described the structure of the ED as overly complex. The core text combines both Own Operations and Public Policy Program perspectives, which are further addressed in Application Guidance 1 and 2, respectively. In addition, all entities are expected to report Own Operations, while only a limited number of entities are expected to report on Public Policy Programs. Some respondents found the two perspectives confusing when in a single standard, particularly in determining which disclosure requirements apply. In general, respondents often noted that this complex structure might impede adoption and implementation, particularly for entities with limited reporting capacity.
9. As discussed in the April 2025 meeting, staff view the decision on whether to split the standard as a cross-cutting issue, given its implications on several issues of principle that were identified through

responses received. This decision will be an important factor that affects how the IPSASB proceeds with developing the climate-related disclosures standard(s).

*Overview of Options*

10. Staff considered two options in addressing the cross-cutting theme:
- (a) Under **Option 1**, the IPSASB would retain the overall structure of IPSASB SRS ED 1, in which the guidance for both Own Operations and Public Policy Programs remains within a single standard. In this case, the structure of the standard would largely remain the same as the ED, with a consolidated core text and accompanying Application Guidance.
  - (b) Under **Option 2**, the IPSASB would split the ED into two separate standards. The first standard would address climate-related disclosure requirements in relation to an entity’s own operations, and the second standard would cover those related to public policy programs. To ensure that each standard is self-contained and independent, some duplication of the proposed guidance may be necessary.

*Assessment of Options*

11. Staff considered both options against a list of assessment criteria, which were informed by advice from the Sustainability Reference Group (SRG). The following table presents these criteria along with a staff analysis of the better option under each criterion:

<b>Criterion based on ED analysis</b>	<b>Main arguments</b>	<b>Better Option</b>
Clarity of guidance	<ul style="list-style-type: none"> <li>• Respondents noted the diluted focus of the ED in its attempt to address the dual role in a single standard. This aligns with paragraph AV3(a) in the Alternative View.</li> <li>• A limited number of entities are expected to be required to apply the Public Policy Program guidance. Therefore, maintaining a single standard creates additional complexity and potential confusion for many preparers in navigating the standard.</li> </ul>	Option 2
Timeliness of issuing guidance	<ul style="list-style-type: none"> <li>• Constituents clearly articulated the urgent need for a public sector-specific climate-related disclosures standard, considering the global climate emergency. Keeping the disclosure requirements in a single standard – given multiple issues of principle on Public Policy Programs – may impede the timely development of a final pronouncement.</li> <li>• A few respondents raised concerns that deferring disclosure requirements on Public Policy Programs would undermine the urgent need for</li> </ul>	Option 2

Criterion based on ED analysis	Main arguments	Better Option
	<p>global climate action. Should the IPSASB proceed with separate standards, it will be important to clearly signal its continued intention to deliver guidance on Public Policy Programs.</p>	
<p>Integrated approach to Own Operations and Public Policy Programs</p>	<ul style="list-style-type: none"> <li>• Separate standards may increase the risk of divergence in terminology and underlying concept between Own Operations and Public Policy Programs. Maintaining a single standard could support the Board in mitigating this risk.</li> <li>• Some respondents suggested that policies and operations in the public sector are inherently interconnected. From their perspective, the development and implementation of public policy programs should be considered part of an entity's operations.</li> <li>• In contrast, some respondents argued that there was misalignment between Own Operations and Public Policy Programs in terms of their respective objectives and conceptual boundaries<sup>1</sup>. Separating the standards would allow the IPSASB to clearly communicate any differences in the guidance between the two perspectives.</li> </ul>	<p>Option 1</p>
<p>Supporting preparers with adoption and implementation</p>	<ul style="list-style-type: none"> <li>• Respondents noted that the typical implementation roadmap for the Own Operations guidance would be significantly different than the changes to systems or processes required for adopting and implementing Public Policy Program disclosure requirements.</li> <li>• Providing separate standards would allow public sector entities to make a full statement of compliance with Own Operations, even if they are still progressing the implementation of Public Policy Programs.</li> <li>• On the other hand, a few respondents expressed a preference for a single standard to provide a</li> </ul>	<p>Option 2</p>

<sup>1</sup> For example, one respondent argued that guidance on Public Policy Programs should focus on how climate-related policy interacts with other policy areas, whole-of-government reporting, and other related frameworks – rather than being designed to co-exist with entity-level climate risk management.

Criterion based on ED analysis	Main arguments	Better Option
	“one-stop” guidance on climate-related disclosures for public sector entities.	

*Rationale for staff recommendation*

12. Considering the assessment criteria and main arguments, staff recommend the IPSASB pursue Option 2. There were arguments for retaining a single standard, but on balance staff concluded that Option 2 would:
  - (a) Result in more targeted and relevant disclosures for primary users;
  - (b) Allow the IPSASB additional time to fully explore the issues of principle relating to Public Policy Programs;
  - (c) Communicate the differences between the two perspectives in a clear manner; and
  - (d) Reduce the complexity of the guidance, supporting adoption and implementation.
13. Finally, respondents in favor of separate standards consistently advocated that the IPSASB prioritize disclosure requirements relating to Own Operations. In line with this feedback, [Agenda Item 5.2.8](#) sets out a proposed project plan for advancing the climate-related disclosures project. The plan has been developed on the basis that the IPSASB adopts the staff recommendation to proceed with Option 2 and pursue separate standards for Own Operations and Public Policy Programs, and would require revision if the Board decides to pursue a different option.

**Decision Required**

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

## **Own Operations: Alignment with IFRS S2**

### **Question**

1. Does the IPSASB agree with the staff recommendation?

### **Recommendation**

2. Staff recommend that the IPSASB continue to align Own Operations with IFRS S2 private sector guidance.

### **Background**

3. In September 2023 ([Agenda Item 13.2.1](#)), the IPSASB discussed the approach to developing the Climate-related Disclosures Standard. The IPSASB decided that it was appropriate to leverage existing international guidance, and that this process of developing the IPSASB SRS ED 1 was consistent with the [Process for Reviewing and Adapting IASB documents](#) followed by IPSASB in developing financial reporting standards.
4. Following its standard-setting processes and advice from the SRG and Climate Topic Working Group (CTWG), the IPSASB decided to develop the IPSASB SRS ED 1 based on IFRS S2. The IPSASB SRS ED 1 is structured in line with the four pillars of the IFRS S2: Governance, Strategy, Risk Management, and Metrics and Targets.
5. In particular, the IPSASB decided that existing private sector guidance offers a robust foundation for addressing climate-related disclosures related to an entity's own operations. As such, the own operations perspective in IPSASB SRS ED 1 is closely aligned with IFRS S2, with public sector adaptations.

### **Analysis**

#### *Alignment with IFRS S2*

6. Respondents generally expressed support for the IPSASB's proposed approach to align Own Operations with IFRS S2, citing several key benefits:
  - (a) Improving the quality and completeness of climate-related information across the value chain;
  - (b) Promoting consistency and comparability between entities, and across both public and private sectors;
  - (c) Enhancing the credibility of public sector climate-related disclosures by drawing on an internationally recognized global baseline;
  - (d) Supporting the timely development of a public sector-specific standard by building on established private sector guidance; and
  - (e) Facilitating knowledge transfer and capacity building by drawing on existing private sector expertise and implementation experience.
7. Some respondents were less supportive of the strong alignment with IFRS S2, arguing that the proposals were overly specific and prescriptive. They suggested that the IPSASB should adopt a higher-level approach, guided by the relevance of disclosure requirements for users, rather than pursuing comparability with IFRS S2. Additionally, some respondents believed that private sector guidance was not fully compatible with the public sector context and the wider range of users.

8. Staff note that IPSASB SRS ED 1 takes a principles-based approach and allows flexibility for entities in how they apply the requirements. Overall, staff did not identify any new substantial arguments to support a departure from the proposed approach. Similarly, the ED acknowledges the importance of understanding an entity's context, including its activities and stakeholders, which addresses concerns about applicability to a wider public sector audience.
9. On balance, staff conclude that IFRS S2 provides a suitable and credible foundation for developing Own Operations guidance in the public sector, and recommend the IPSASB continue the alignment to IFRS S2. This approach would enable the IPSASB to address constituent needs, focus on targeted public sector adaptations, leverage existing knowledge from the private sector, while also enhancing interoperability with broader climate reporting initiatives.

### *Addressing Ongoing Amendments to IFRS S2*

10. Respondents also noted that IFRS S2 is currently undergoing consultation for proposed amendments (see [Exposure Draft Amendments to Greenhouse Gas Emissions Disclosures](#)). The ISSB aims to finalize these amendments by the end of 2025, subject to stakeholder feedback. Staff have been maintaining regular communication with ISSB staff and are actively monitoring these developments, which includes proposals to amend IFRS S2 in relation to:
  - (a) Relief from the measurement and disclosure of Scope 3 Category 15 GHG emissions associated with derivatives and with specific financial activities related to investment banking;
  - (b) Relief from the use of the Global Industry Classification Standard (GICS)<sup>2</sup> in applying specific requirements related to the disclosure of information about financed emissions;
  - (c) The use of a method for measuring greenhouse gas emissions other than the GHG Protocol; and
  - (d) The use of global warming potential (GWP) values other than the GWP values based on a 100-year time horizon from the latest Intergovernmental Panel on Climate Change (IPCC) assessment available at the reporting date.
11. Staff acknowledge that the applicability of the above proposed amendments to IFRS S2 will depend on their relevance to the public sector context and the extent to which the relevant disclosure requirements were incorporated into the IPSASB's Exposure Draft. As such, not all amendments may be relevant to the IPSASB's Climate-related Disclosures Standard.
12. Therefore, subject to timing and capacity considerations, and given that the ISSB finalizes the amendments to IFRS S2 by the end of 2025, staff will evaluate and incorporate relevant changes into the final pronouncement of the Standard. If this is not feasible within the planned timeline ([Agenda Item 5.2.8](#)), any necessary alignment may be addressed through a subsequent narrow-scope amendment following the issuance of the final pronouncement. In any case, staff will advise the Board in due course depending on when the ISSB finalizes its revised IFRS S2 guidance.

---

<sup>2</sup> The Global Industry Classification Standard (GICS) is a framework for categorizing companies into industries and sectors based on their primary business activities. Developed by MSCI and S&P Dow Jones Indices, it is commonly used by investors, analysts, and regulators to compare companies across global markets.

## Decision Required

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

## **Own Operations: Use of GHG Protocol**

### **Question**

1. Does the IPSASB agree with the staff recommendation?

### **Recommendation**

2. Staff recommend that the IPSASB retain the use of the rebuttable presumption that entities use the GHG Protocol.

### **Background**

3. In June 2024, the IPSASB decided to include a rebuttable presumption that public sector entities report their GHG emissions using the GHG Protocol, unless another methodology is more appropriate. This flexibility would allow entities to choose methodologies other than GHG Protocol if that is more appropriate in their own circumstances.

### **Analysis**

4. Respondents generally supported the proposed approach, noting the following benefits:
  - (a) **Consistency & Comparability** – Promotes consistent measurement and reporting across entities using the GHG Protocol, enhancing comparability within the public sector and with the private sector;
  - (b) **Simplicity & Efficiency** – Streamlines reporting processes and avoids duplication of effort through leveraging existing tools and guidance;
  - (c) **Non-Prescriptive Approach** – The GHG Protocol also provides a principle-based approach, which aligns with the overall approach taken by the IPSASB in developing the IPSASB SRS;
  - (d) **Familiarity & Reduced Transition Costs** – The GHG Protocol is already widely used by both private and public sector organizations globally. Most entities are accustomed to its frameworks, reducing training and transition costs and enabling knowledge sharing between private and public sectors; and
  - (e) **Flexibility for Local Requirements** – Allows entities to adopt alternative methods where national or sector specific rules apply. In particular, one respondent noted that this is similar to the approach used in their jurisdiction, where high-emission entities are required to apply a methodology other than the GHG Protocol.
5. While there was general agreement with the proposed approach, views were not uniform. Some suggested the GHG Protocol should be presented as a recommendation rather than a rebuttable presumption, to allow for greater jurisdictional flexibility. Others raised concerns that a rebuttable presumption could compromise consistency and comparability, potentially reducing the usefulness of reported information.
6. There were also a few comments that raised issues of principle relating to the use of the GHG Protocol, including potential labelling issues. Staff acknowledge the importance of these considerations and plan to bring back recommendations to the IPSASB for further deliberation in due course.

7. There was general support for the GHG Protocol as a principled and globally recognized methodology, which is appropriate for measuring the GHG emissions of public sector entities. While some stakeholders emphasized the importance of consistency, others highlighted the need for jurisdictional flexibility. The existing approach provides a pragmatic balance between global alignment and local adaptability. Overall, staff recommend the IPSASB retain the rebuttable presumption on using the GHG Protocol.

### **Decision Required**

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

## **Own Operations: Scope 3 GHG Emissions**

### **Question**

1. Does the IPSASB agree with the staff recommendations?

### **Recommendation**

2. Staff recommend that the IPSASB:
  - (a) Retain the disclosure requirements on Scope 3 GHG emissions; and
  - (b) Consider an extended transition timeline for reporting Scope 3 GHG emissions.

### **Background**

3. In June 2024, the IPSASB decided that entities should be required to disclose Scope 3 GHG emissions in relation to their own operations ([Agenda Item 6.2.7](#)). While the Board acknowledged the complexities and challenges associated with Scope 3 emissions, it viewed such disclosures as a critical area of focus, given their potential to provide insights into an entity's management of emissions across its entire value chain.
4. The IPSASB also recognized the significant challenges of Scope 3 reporting in both the public and private sectors, including issues related to data availability, estimation, and control. However, it noted that some entities are making progress in reporting Scope 3 emissions, and that regulators globally are beginning to require or propose requirements for Scope 3 disclosures from private sector entities.
5. Further, to better understand the relevance of Scope 3 emissions in the public sector context, the IPSASB referred to jurisdictions that currently require or encourage some form of Scope 3 reporting by public sector entities, which included:
  - (a) The UK – The [HM Treasury TCFD application guidance](#) requires entities to disclose Scope 3 emissions from other categories if they are material. If a source is deemed material, but is not disclosed, the entity is required to provide the reason for omission and set out the expected timeframe for inclusion, where appropriate; and
  - (b) New Zealand – Where the national government's [Carbon Neutral Government Programme](#) requires disclosures of Scope 3 emissions that an organization can reasonably be expected to measure and has access to data. It mandates disclosures in relation to specific categories where data is expected to be available, while still requiring disclosure of any other material Scope 3 categories.
6. Therefore, based on jurisdictional examples demonstrating the applicability of Scope 3 emissions in the public sector, and recognizing the importance of Scope 3 emissions in understanding and managing total emissions, the IPSASB decided to propose Scope 3 disclosure requirements in the ED.

### **Analysis**

7. Respondents expressed a range of views on the proposed requirement to disclose Scope 3 GHG emissions, which generally fell into three distinct categories:
  - (a) **Support for ED Proposal** – This group of respondents generally composed of users, preparers, and professional organizations. They noted that Scope 3 disclosures provide a fuller

picture of climate-related impacts along the value chain, enhance transparency, comparability, and alignment with global frameworks, and can support better decision-making by public sector entities and stakeholders. Despite their support, there was a broad consensus within this group that additional time should be provided for the implementation of Scope 3 reporting;

- (b) **Support Scope 3 Emissions but Recommend a Voluntary Approach** – This group consisted primarily of preparers and audit offices. While acknowledging the value of Scope 3 disclosures, they argued that the practical and cost-related challenges justify a voluntary or phased approach. These respondents suggested that mandatory disclosure is premature given current data limitations, particularly with respect to downstream and financed emissions; and
  - (c) **Oppose Inclusion of Scope 3 Emissions in the Standard** – This group of respondents, which included preparers and audit offices, argued that Scope 3 disclosures should not be included in the Standard. They raised concerns about the cost, complexity, and limited relevance of Scope 3 information, particularly for public sector entities involved in regulatory or service delivery functions.
8. Although some respondents argued that there is a “lack of clear benefit to users”, this position was not supported by the responses received from users, who emphasized the usefulness of Scope 3 emissions disclosures for understanding climate-related risks across the full value chain.
  9. At the same time, many respondents, especially preparers, noted significant implementation challenges. These include capacity constraints, data limitations, and overall readiness within public sector entities. The complexity and diversity of public sector value chains were identified as key challenges for producing consistent and reliable Scope 3 reporting.
  10. Despite these challenges, staff continue to note Scope 3 reporting requirements in some jurisdictions for sector entities. Other than New Zealand and the United Kingdom, staff also identified France as a jurisdiction where such reporting is required for public sector entities.
  11. Overall, staff concluded that Scope 3 disclosures are essential for presenting a comprehensive picture of an entity’s climate action, and recommend that the IPSASB retain the disclosure requirements on Scope 3 emissions. While the IPSASB has acknowledged the complexity of Scope 3 emissions, and has discussed these challenges during the development of the ED – no substantive arguments were identified against the relevance of Scope 3 emissions for the public sector.
  12. However, in view of the widespread call for additional time to build capacity and systems for Scope 3 reporting, staff recommend that the IPSASB consider an extended transition period to support effective implementation by public sector entities, and will bring further proposals if the Board accepts this recommendation.

### Decision Required

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

## **General Requirements: Alignment with IFRS S1**

### **Question**

1. Does the IPSASB agree with the staff recommendations?

### **Recommendation**

2. Staff recommend that the IPSASB:
  - (a) Retain the current alignment of General Requirements with IFRS S1; and
  - (b) Continue to address the issues of principle raised in relation to General Requirements.

### **Background**

3. In September 2023 ([Agenda Item 13.2.1](#)), the IPSASB discussed the approach to developing the Climate-related Disclosures Standard, and decided that it was appropriate to leverage existing international guidance in developing the standard.
4. Following its standard-setting processes and advice from the SRG and CTWG, the IPSASB decided to develop the IPSASB SRS ED 1 based off IFRS S2 and align General Requirements with IFRS S1.
5. Therefore, the proposed General Requirements section, which can be found in Appendix B of the ED, aligns with IFRS S1, providing preparers with guidance on the concepts and requirements that are intended to make climate-related information useful to primary users.

### **Analysis**

6. Specific Matter for Comment (SMC) 8 asked whether constituents agreed that the general requirements section, aligned with IFRS S1, is appropriate for public sector entities. Overall, there was broad support for the current drafting of General Requirements ([Agenda Item 2.2.9](#)), both in terms of basing General Requirements on IFRS S1 and including it as an appendix to the Standard. Respondents noted that this alignment with IFRS S1 fosters consistency and enhances comparability between the private and public sectors – factors that are considered critical for users of climate-related disclosures.
7. Staff also noted additional feedback, where:
  - (a) Some respondents suggested that the IPSASB should separate General Requirements into a separate standard, establishing an overarching framework to guide emerging information needs across a range of sustainability-related topics. While the IPSASB acknowledge the merits of this suggestion, the Board is not in a position to address it at this time due to resource and capacity considerations. Therefore, at its March 2025 meeting ([Agenda Item 12.2.4](#)), the IPSASB agreed to include a General Sustainability-related Disclosures project in its list of potential future work program priorities; and
  - (b) Other comment letters raised issues of principle relating to General Requirements, including the timing and location of reporting. Staff acknowledge the importance of these considerations and plan to bring these issues back to the IPSASB for further deliberation in due course ([Agenda Item 5.2.8](#)).
8. Overall, staff note that no substantial arguments were made against aligning the General Requirements section with IFRS S1. Noting the benefits of aligning with the global baseline and the

importance of consistency and comparability across private and public sectors, particularly for users of climate-related disclosures, staff recommend that the Board retain the alignment of General Requirements with IFRS S1 at this stage of the project and address issues of principle raised regarding General Requirements in the upcoming meetings.

9. The proposed approach of bringing in the parts of IFRS S1 needed to operationalize the IFRS S2-aligned approach to Climate-related Disclosures, would allow the IPSASB to maintain consistency with the international baseline, while allowing it to consult with constituents on its future work program later in the year, including whether to undertake an IFRS S1-based project, and if so, how, and over what timeframe.

### **Decision Required**

10. Does the IPSASB agree with the staff [recommendations](#)?

## Materiality

### Question

1. Does the IPSASB agree with the staff recommendation?

### Recommendation

2. Staff recommend that the IPSASB retain the current materiality definition, which is drawn from the IPSASB CF.

### Background

3. In October 2023, the Board held an Education Session featuring presentations from the ISSB, Global Reporting Initiative (GRI), and the European Financial Reporting Advisory Group (EFRAG), which provided an overview of their respective approaches to materiality. This was followed by a “Materiality in Practice” session, where external speakers with practical experience were invited to share insights on the application of materiality in sustainability reporting.
4. In December 2023, the Board discussed the materiality approaches from across the sustainability landscape, as well as considering advice from the SRG meeting and through the Education Session. At the time, a main message to the IPSASB was that the focus of materiality should be on public sector users and that this approach would require professional judgement, given it is highly entity specific.
5. Based on this advice, the Board decided to rely on the IPSASB CF as a basis for public sector concepts, including in identifying users and establishing material information for public sector sustainability reporting. The IPSASB therefore decided that it was appropriate to:
  - (a) Align the definition of materiality in IPSASB SRS ED 1 with the IPSASB CF; and
  - (b) Provide application guidance to address characteristics of sustainability information, aligned with guidance in IFRS S1 and [GRI 3: Material Topics 2021](#).

See [Appendix 1](#) for a summary of the materiality definition used in IPSASB SRS ED 1, alongside other relevant materiality definitions across the sustainability reporting landscape.

6. To further address the challenges in making materiality judgements, in May 2025, as part of the Making Materiality Judgements project, the IPSASB published [ED 93, Definition of Material \(Amendments to IPSAS 1, IPSAS 4, and the CF\)](#). The project will be delivered in three phases:
  - (a) Phase 1 – Enhance consistency of the definition of material;
  - (b) Phase 2 – Materiality in IPSAS Standards; and
  - (c) Phase 3 – Materiality in the IPSASB SRS, where the IPSASB proposes to develop guidance on making materiality judgements when preparing sustainability reports in accordance with the IPSASB SRS Standards.

### Analysis

7. SMC 7 from IPSASB SRS ED 1 focused on the conceptual foundations of the ED. It specifically asked respondents whether the proposed definition of materiality, based on the IPSASB CF, meets the information needs of primary users.

8. Overall, staff analysis of SMC 7 responses revealed diverse interpretations to the ED's materiality definition. In identifying this diversity, staff note that materiality labels such as "financial", "double", and "impact" exist outside of IPSASB guidance – however, these labels have dominated recent debate on sustainability reporting. Similarly, the ISSB do not reference "financial materiality" in their standards; this is a term used in the ESRS literature.
9. These differing interpretations on the proposed materiality definition include:
  - (a) Some respondents interpreted the materiality definition in IPSASB SRS ED 1 as financial materiality. This interpretation was likely influenced by the definition's alignment with the IPSASB's CF, which traditionally focused on financial reporting by public sector entities, as well as the relevance of IFRS S2 in shaping the Own Operations guidance;
  - (b) Some respondents referenced the disclosure requirements under Own Operations and Public Policy Programs and concluded that the IPSASB SRS ED 1 applied a double materiality approach. They observed that, compared to IFRS S1 and S2, the disclosure requirements relating to the outcomes of Public Policy Programs, the broader stakeholder group<sup>3</sup>, and the emphasis on accountability requires preparers to adopt a double materiality approach to meet primary users' information needs; and
  - (c) Other respondents suggested alternative approaches to materiality. They suggested either aligning with regional requirements, such as the double materiality approach in the European Sustainability Reporting Standards (ESRS), or with other international reporting standards like the GRI. Others argued that the materiality definition should differ based on the information needs across each element of the ED (i.e. Public Policy Programs applying impact materiality and Own Operations applying financial materiality).
10. While there were different views, staff note that these issues had already been considered extensively by the IPSASB during the development of the ED, prior to its decision to align the materiality definition with the IPSASB CF. On balance, staff see that no new substantive or appropriate alternatives were offered by respondents on materiality. Therefore, staff recommend that the Board proceed with the current materiality definition, providing additional clarity in the Basis for Conclusions of the final pronouncement – as well as through Phase 3 of the Making Materiality Judgements project, and potentially through a future IFRS S1-based IPSASB project on General Requirements.

### Decision Required

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

---

<sup>3</sup> For the IPSASB CF, primary users of general purpose financial reports are "existing and potential service recipients and their representatives and resource providers and their representatives". In comparison, IFRS S1 defines primary users more narrowly as "existing and potential investors, lenders and other creditors".

**Appendix 1 – Materiality Definitions**

- The following presents the materiality definition from the IPSASB SRS ED 1, and other relevant definitions from the sustainability reporting landscape:

IPSASB CF	IPSASB SRS ED 1	IFRS S1	GRI
<p>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>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>In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.</p>	<p>Information is material based on the impact of an organization and its activities across the value chain on the environment, society and economy. This can also be considered as an inside-out perspective.</p>

## Climate-related Disclosures Project Plan

### Purpose

1. This paper provides a proposed project plan to develop the final pronouncement for the Own Operations portion of the Climate-related Disclosures Standard, providing that the Board agrees with the approach articulated in these papers, and includes a detailed timeline that staff intend to deliver on.

### Project Plan

2. The planned project timeline below addresses cross-cutting issues and issues of principle, as identified and discussed in the April 2025 meeting. The timeline was drafted based on the assumption that the Board will move forward with the staff recommendation in [Agenda Item 5.2.2](#) to proceed with separate standards. In addition, subsequent meetings following the discussion of a given issue may also be used to close out that issue.

#	Thematic Category	Issue	Agenda Item
<b>June 2025</b>			
1	Cross-cutting Theme	Single or separate standards	<a href="#">Agenda Item 5.2.2</a>
2	Issues of Principle	Own Operations – Alignment with IFRS S2	<a href="#">Agenda Item 5.2.3</a>
3	Issues of Principle	Own Operations – Use of GHG Protocol	<a href="#">Agenda Item 5.2.4</a>
4	Issues of Principle	Own Operations – Scope 3 GHG emissions	<a href="#">Agenda Item 5.2.5</a>
5	Issues of Principle	General Requirements – Alignment with IFRS S1	<a href="#">Agenda Item 5.2.6</a>
6	Issues of Principle	Materiality	<a href="#">Agenda Item 5.2.7</a>
<b>July 2025</b>			
6	Issues of Principle	General Requirements – Timing and location of reporting	<i>July 2025</i>
7	Issues of Principle	Transition	<i>July 2025</i>
8	Issues of Principle	Outline of structure	<i>July 2025</i>
<b>September 2025</b>			
9	Issues of Principle	Review restructured standard	<i>September 2025</i>
10	Issues of Principle	Own Operations – Any additional issues	<i>September 2025</i>
11	N/A	SMC 10 – Other issues	<i>September 2025</i>
<b>October 2025</b>			
12	N/A	Review drafting and implementation of decisions	<i>October 2025</i>
<b>December 2025</b>			
13	N/A	Final review of drafting	<i>December 2025</i>
14	N/A	Approval of final pronouncement	<i>December 2025</i>
15	N/A	Effective Date	<i>December 2025</i>

3. Selected issues will be discussed with the appropriate sustainability expert groups ahead of Board meetings to provide advice and insight to support the Board’s discussions and decisions. In addition to the proposed timeline, the following activities are expected to be conducted on a recurring basis to leverage expertise and practical experience in supporting the Board for review and approval of the final pronouncement(s):

- (a) CAG Meetings – Planned for June 2025;

## Agenda Item 5.2.8

- (b) SRG Meetings – Planned to be held on a quarterly basis, ahead of each in-person Board meeting;
  - (c) CTWG Meetings – The CTWG will be re-established for this phase of the project and will consist of Board members designated as "issue owners". The primary role of issue owners is to act as Board sponsors for specific areas and support their advancement in collaboration with staff; and
  - (d) SIF Meetings – Planned to be held on a quarterly basis, ahead of each in-person Board meeting.
4. The timeline and series of activities above may change as the project progresses to reflect Board discussion and decisions on the issues, overall approach and timelines. Staff will adapt these processes and activities to meet the needs of the project and to manage the efficient use of resources available.

### **Decision Required**

5. No decision required. For information purposes only.