

Meeting: International Public Sector Accounting
Standards Board

Meeting Date: September 15–17, 2026

Agenda Item 8

CLIMATE-RELATED DISCLOSURES: PUBLIC POLICY OUTCOMES

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.	
Meeting objective	The objective of this meeting is to discuss and develop a final pronouncement for [draft] IPSASB SRS [X], <i>Climate-related Disclosures: Public Policy Outcomes</i> .	
Project staff lead[s]	• Celine Chan, Principal • Karen Leung, Senior Manager • Alex Metcalfe, Principal Consultant	
Task Force members	N/A	
	Topic	Agenda Item
Essential Documents (Required Reading)	Conceptual Foundations	8.A.1
	General Requirements	8.A.2
	Frequency of Measuring Metrics	8.A.3
	Transitional Relief and Proportionality	8.A.4
	Amendments for June Board instructions and Section-by-Section Review	8.A.5
Supporting Documents (Encouraged Reading: Posted Separately on Meeting Page)	Climate-related Disclosures: Public Policy Outcomes Final Pronouncement Dashboard	8.B.1
	Supporting Document 1 – Response Analysis to SMC 9 (Transition)	8.B.2
	Supporting Document 2 – Response Analysis to SMC 10 (Other Comments)	8.B.3
Background Information (Available on the project webpage)	Decisions and Instructions from Previous IPSASB Meetings	
	Due Process Checklist	
	Project Timeline	

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	Other background information on the IPSASB's Climate-related Disclosures: Public Policy Outcomes project can be found on the project page at: https://www.ipsasb.org/consultations-projects/climate-related-disclosures-public-policy-outcomes Responses to IPSASB SRS ED 1 can be found on the publication page at: https://www.ipsasb.org/publications/ipsasb-srs-exposure-draft-1-climate-related-disclosures
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Conceptual Foundations**Decision Required**

1. The IPSASB is required to decide whether the materiality definition that the Board agreed to in IPSASB SRS 1 continues to apply for this [draft] Standard.

Context

2. SMC 7 asked respondents whether they agreed that the proposed definition of materiality, which is based on the IPSASB Conceptual Framework (CF), meets the information needs of primary users for climate-related disclosures.
3. In finalizing IPSASB SRS 1, the IPSASB deliberated comments received and decided to retain the proposed materiality definition, consistent with the CF, and that it appropriately reflects the information needs of primary users while providing a consistent conceptual basis across IPSASB pronouncements.
4. Therefore, in IPSASB SRS 1, in the context of climate-related disclosures, material information is defined as “information that, if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity’s general purpose financial reports prepared for that reporting period”.
5. This paper considers whether there are any unique differences to further consider for reporting on climate-related outcomes of a public policy, compared to those issues already considered and decided on by the Board in finalizing IPSASB SRS 1.

Analysis*Materiality Definition*

6. In developing IPSASB SRS 1, the IPSASB decided that the materiality definition as drawn from the CF and proposed in the ED, was appropriate. The IPSASB discussed differing interpretations of the proposed materiality definition, which referenced materiality labels such as “financial”, “double”, and “impact”, while others suggested alternative approaches, such as aligning with regional requirements.
7. The IPSASB noted that these labels are not used in IPSASB literature, similar to how the ISSB do not reference “financial materiality” in its standards. Further, the IPSASB noted that these issues had been discussed extensively during the development of the ED, with advice from the SRG and industry practitioners. Overall, in analyzing respondent comments, the IPSASB noted that respondents did not propose any substantive alternatives to the proposed definition of materiality.
8. Accordingly, staff have not identified further substantive issues to consider in the feedback received that has not been considered and discussed by the Board in finalizing IPSASB SRS 1. See Appendix 1 for corresponding drafting updates on the relevant sections in Appendix B and Appendix B.AG.

Clarity of Materiality Definition – Application in Practice

9. In finalizing IPSASB SRS 1, the IPSASB recognized the need to support application of the materiality definition within the public sector context, and decided that it would accelerate Phase 3 of Making Materiality Judgements, where staff would develop educational material on materiality in the IPSASB SRS Standards, through adapting the ISSB document titled “[Sustainability-related risks and opportunities and the disclosure of material information](#)”.

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10. Staff will provide an update on the progress of this project at the September 2026 meeting.

Conceptual Foundations

11. IPSASB SRS 1 includes conceptual foundations in Appendix C, which are in alignment with the CF. Staff have not identified further substantive issues to consider in the feedback received, beyond those already considered by the Board in finalizing IPSASB SRS 1, that would justify a different approach in this [draft] Standard.

Recommendation

12. Staff recommend that the materiality definition in IPSASB SRS 1 should apply and be included in IPSASB SRS [X], *Climate-related Disclosures: Public Policy Outcomes*.

General Requirements

Decision Required

1. The IPSASB is required to decide whether the general requirements, including on the location of disclosures and the timing of reporting agreed for IPSASB SRS 1, continue to apply in developing IPSASB SRS [X], *Climate-related Disclosures: Public Policy Outcomes*.

Context

2. SMC 8 asked respondents whether the disclosure requirements proposed in the general requirements (paragraphs B16 - B46 of the ED) are appropriate for public sector entities. The SMC referenced the requirements for an entity to (a) include its climate-related disclosures in its general purpose financial reports (GPFRs), and (b) report its climate-related disclosures at the same time as its related financial statements.
3. There was broad support for the general requirements. Respondents stated that the proposed approach improves the connectivity between climate-related disclosures and financial information, enhancing the usefulness and coherence of both financial and sustainability reporting, and welcomed the alignment with private sector guidance.
4. In finalizing IPSASB SRS 1, the IPSASB retained the requirements on both the location and the timing of climate-related disclosures, concluding that no public sector-specific reason had been identified to depart from private sector guidance for reporting on an entity's own operations. It acknowledged the difficulties respondents raised in providing sustainability and financial reporting information at the same time, and decided that existing guidance addresses them (paragraph BC99).
5. Respondents commented on an exposure draft that covered both reporting perspectives under a single set of general requirements, so feedback on the second reporting perspective was often framed in generic terms. Some respondents accepted that reporting on own operations should align with the financial statements, but considered that disclosures on public policy programs should be permitted at a different timeframe since the outcomes of those programs are longer term and are evaluated over cycles longer than the annual reporting period.

Analysis

6. In finalizing IPSASB SRS 1, the IPSASB considered whether there was a public sector reason to depart from private sector guidance on the location and timing of reporting. Staff considered the difficulties respondents described against reporting practice in Australia, Canada and Singapore – where public sector entities already publish climate-related and financial information together – and the IPSASB concluded that no such reason had been identified in these cases. The question for this paper is whether that indication holds for the [draft] Standard, where respondent concerns were specific to reporting on the outcomes of public policies.

Location of Disclosures

7. Respondents that raised concerns about including policy outcome disclosures in the GPFRs considered that the information would be more comparable in a standalone report. That option is already available within the draft guidance. Because the GPFRs are not confined to a single document, a separately published report can form part of them, provided it covers the same entity and period, is published at the same time as the related financial statements, and meets the

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connected information requirements. Staff identified no argument for a different location for the reporting that focused on the outcomes of public policies compared to the existing principles and thinking agreed for IPSASB SRS 1.

Timing of Reporting

8. The difficulties respondents described in reporting at the same time as the financial statements arise under both reporting perspectives, and paragraph BC99 of IPSASB SRS 1 records how the IPSASB addressed these difficulties.
9. What is distinctive about reporting on public policy is that outcome measures are often produced on evaluation cycles that are longer than a typical reporting period. Staff assess this as a question of how often the underlying measure is prepared, rather than of when the entity reports. Annual reporting on the outcomes of climate-related policies is an established practice in some jurisdictions. For example, under Australia's Climate Change Act 2022, an annual statement to Parliament is required, detailing progress towards emissions-reduction targets and the effectiveness of government policies. An entity would report annually and disclose an amount for each reporting period. The frequency at which metrics are measured is addressed in [Agenda Item 8.A.3](#).
10. A few respondents felt that aligning outcome-focused disclosures with the budget process may matter more than aligning them with the GPFRs. Staff acknowledge that government budgets are often important documents for announcing and establishing public policy, and the [draft] Standard does not restrict an entity from also presenting similar information during its budget process. Staff do not recommend anchoring the disclosures to the budget process, which would weaken the connection with the financial statements without changing how often an entity reports, since appropriation cycles are typically annual.

Recommendation

11. Staff recommend that the IPSASB retain the requirements on the location of disclosures and the timing of reporting agreed in IPSASB SRS 1 for the climate-related outcomes of public policies.

Frequency of Measuring Metrics

Decision Required

1. The IPSASB is required to decide whether the metrics in the [draft] Standard are remeasured each reporting period, as required for IPSASB SRS 1.

Context

2. In finalizing IPSASB SRS 1, the IPSASB required an entity to measure the metrics it discloses for each reporting period. This includes Scope 1, 2 and 3 GHG emissions and the cross-industry metrics. IPSASB SRS 1 does not provide relief to an entity from measuring a metric at each reporting period.
3. Paragraph 14(a) of the [draft] Standard requires an entity to disclose the change in GHG emissions reasonably attributable to a public policy for each reporting period. In comparison, where data cannot be collected and reported annually for the other metrics that an entity uses to measure and monitor the climate-related outcomes of public policies (under paragraph 14(b)), the [draft] Standard allows an entity to disclose the expected frequency of reporting and the rationale for it.
4. In March 2026 the IPSASB decided that the [draft] Standard should address the climate-related outcomes of public policies, whether positive or negative, intended or unintended, and asked staff to include adaptation policy explicitly within its scope. Mitigation outcomes are reported through the change in GHG emissions, and adaptation outcomes through other metrics. The difference described in the previous paragraph therefore means that mitigation outcomes are measured each reporting period, while adaptation outcomes are measured at whatever frequency the entity monitors them.
5. Respondents also raised measurement frequency for public policy metrics in their comments on IPSASB SRS ED 1 (in SMC 6 and SMC 8), noting that entities may measure policy metrics less frequently or on different dates than their GPFRs, and asked the IPSASB to require disclosure of the measurement date and frequency. This paper addresses how often an entity measures the metrics disclosed under paragraph 14 of the draft standard. Responses and staff analysis relating to timing of reporting is addressed in [Agenda Item 8.A.2](#).

Analysis

Measurement Frequency in IPSASB SRS 1

6. Staff considered the same starting point for the [draft] Standard as an entity's GHG emissions under IPSASB SRS 1, where metrics for climate-related outcomes of public policies would be measured during each reporting period.
7. Measuring metrics for every reporting period is not always practicable in a public policy context. In June 2026 the IPSASB decided to include the proportionality mechanisms in paragraph 16 of the [draft] Standard, on the basis that attributing GHG emissions to a public policy is a modelling exercise rather than the measurement of an observed outcome. The cost of repeating that exercise every year may exceed the value of the information for primary users, and respondents told the IPSASB that outcomes are often evaluated less frequently. Members of the Sustainability Implementation Forum (SIF) reported that only a limited number of metrics are required annually in their jurisdictions, and that practice on the other metrics varies, with one member reporting them as largely optional and another as required annually across sectors such as energy, transportation and agriculture.

Measurement Frequency in IPSAS Accounting Standards

8. The IPSASB has addressed similar questions of measurement frequency in the IPSAS Accounting Standards. For example, both IPSAS 39 and IPSAS 45 require an entity to measure with sufficient regularity that the amount reported for revalued property, plant and equipment and net defined benefit liability/asset, respectively, does not differ materially from the amount that would be determined at the reporting date. IPSAS 39 applies this to the net defined benefit liability (asset), and IPSAS 45 to revalued property, plant and equipment.
9. Measurement frequency therefore depends on how materially the amount changes. IPSAS 45 also requires an entity to disclose the effective date of the revaluation.

Indications of a Material Change in a Metric

10. An entity would need to assess whether the information disclosed still holds without carrying out a full remeasurement. Staff recommend application guidance setting out an assessment at each reporting date against indications that the information disclosed would differ materially if the metric were measured at that date. Those indications could include:
 - (a) The public policy has been amended, or the resources committed to it have changed;
 - (b) A change has occurred in the factors that drive the climate-related outcomes of the public policy, including changes in technology or in economic conditions;
 - (c) Information from the monitoring and evaluation of the public policy indicates a significant change in the metric since it was last measured; and
 - (d) The inputs and assumptions used to measure the metric have significantly changed.

Proposed Drafting

11. Staff propose the following additions to the [draft] Standard:

“[17] An entity shall measure each metric disclosed under paragraph 14 with sufficient regularity that the information disclosed does not differ materially from the information that would be disclosed if the metric were measured at the reporting date (see paragraph AG48).”

“[AG46] In applying paragraph 14, an entity shall assess at each reporting date whether there is an indication that the information disclosed would differ materially if the metric were measured at that date. Where such an indication exists, the entity shall measure the metric. Indications could include that:

- (a) The public policy has been amended, or the resources committed to it have changed;
 - (b) A change has occurred in the factors that drive the climate-related outcomes of the public policy, including changes in technology or in economic conditions;
 - (c) Information from the monitoring and evaluation of the public policy indicates a change in the metric since it was last measured; and
 - (d) The inputs and assumptions used to measure the metric have changed.”
12. Through this proposed drafting, measuring with sufficient regularity would apply to every metric an entity discloses under paragraph 14, covering mitigation outcomes reported through the change in greenhouse gas emissions and adaptation outcomes through other metrics.

Recommendation

13. Staff recommend that an entity measures each metric with sufficient regularity that the information disclosed is not materially different from the information that measurement at the reporting date would produce, and to disclose when the metric was last measured and how often it is measured. The proposed drafting is set out above and in [Appendix 1](#).

Transition Relief and Proportionality

Decision Required

1. The IPSASB is required to decide which disclosure requirements in the [draft] Standard provide proportionality mechanisms, which provide transition relief, and for how long.

Context

2. The IPSASB previously considered the transition reliefs and proportionality mechanisms required in finalizing IPSASB SRS 1 – deciding to retain the private sector transition reliefs while extending the relief for reporting Scope 3 greenhouse gas emissions to three reporting periods. The Scope 3 reporting requirement also included the proportionality mechanisms, because value chain data may not be available to an entity without undue cost or effort. Scope 3 reporting provided a three-year transition relief in IPSASB SRS 1, as the Board acknowledged that the arrangements needed to obtain this information from other entities would take time to build.
3. The [draft] Standard already applies both proportionality mechanisms to the change in GHG emissions reasonably attributable to a public policy. IPSASB SRS ED 1 proposed transition relief for the reporting on public policy outcomes that would provide relief by allowing:
 - (a) No comparative information in the first reporting period;
 - (b) Reporting within nine months of the first reporting period; and
 - (c) Relief from disclosing the change in GHG emissions for public policies in place at the date of adoption.
4. Respondents supported greater proportionality for public policy reporting, and did so across every constituent group, but their advice was general and did not identify the specific requirements that should receive it. On transition, most respondents considered one reporting period insufficient and suggested two to five years.

Analysis

What is Different for Reporting on Public Policy Outcomes

5. Respondents gave three reasons why reporting on public policy outcomes is often more difficult than reporting on the climate-related risks and opportunities of an entity's own operations:
 - (a) The immaturity of methods for attributing outcomes to a public policy, which is a matter of readiness and best addressed by transition relief;
 - (b) The dependence of the entity responsible for a public policy on data held by implementing entities is both a matter of readiness and proportionality; and
 - (c) The tendency of climate-related outcomes to materialize over long periods, which concerns how often a metric is measured rather than whether an entity can measure it at all.

Principles in Allocating Proportionality and Relief

6. In completing their analysis, staff considered the basis the IPSASB used for IPSASB SRS 1. A disclosure includes a proportionality mechanism where the constraint is a matter of resource constraints, limited availability of high-quality external data, and limited availability of specialist skills.

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A disclosure receives transition relief where the constraint is a matter of adoption and implementation readiness. A disclosure requirement provides both where both apply, similar to Scope 3 emissions for IPSASB SRS 1.

7. By applying these principles, in addition to the proportionality mechanisms to the change in GHG emissions reasonably attributable to a public policy agreed upon in June 2026, staff propose that the 'other metrics' requirements receive both proportionality mechanisms and transition relief, as measuring an outcome depends on methods and data the entity may not hold, and on arrangements with other entities that may take time to build.

How Long Transition Relief Should Last

8. IPSASB SRS 1 gave three years where a disclosure depends on data held by other entities, and one reporting period where it does not. An entity responsible for a public policy commonly relies on outcome data from the entities that implement or evaluate it, and paragraph AG8 confirms that those entities do not themselves apply the [draft] Standard.
9. Staff therefore recommend a three-year transition relief for the disclosures that relate to measuring a climate-related outcome, and no change for the other existing transition reliefs. Specifically:
 - (a) The transition reliefs in the first reporting period, being no comparative information and reporting within nine months, are unchanged;
 - (b) Amending and extending the existing transition relief to the change in GHG emissions for public policies in place at the date of adoption to all public policies to three years; and
 - (c) Adding transition relief for three years to disclosures on other metrics.

Summary of Relief and Proportionality for the [draft] Standard

10. The table below summarizes the staff analysis and recommendations for transition relief and proportionality in the [draft] Standard. Checkmarks show what the [draft] Standard already provides, including proportionality mechanisms agreed by the Board in June 2026 and transition relief retained from IPSASB SRS ED 1. Additions proposed in this paper are shown as "new", and existing relief that staff propose to change is shown as "amended".

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Table 1: Overview of Proportionality Mechanisms and Transition Reliefs by Requirement

Disclosure requirement	Proportionality Mechanisms related to		Transition relief
	Reasonable and supportable information	Skills, capabilities and resources	
Comparative information			✓ first period
Timing of reporting			✓ first period
Identifying climate-related outcomes reasonably attributable to the public policy	✓		
Change in GHG emissions attributable to a public policy	✓	✓	Amended, three periods
Other metrics used to measure and monitor outcomes	New	New	New, three periods

Recommendation

- Staff recommend that transition relief and proportionality in the [draft] Standard are updated to reflect Table 1 above.

Amendments for June 2026 Board Instructions and Section-by-Section Review

Decision Required

1. The IPSASB is required to decide whether the proposed amendments to the [draft] Standard reflect the June 2026 Board decisions and instructions, and to complete a section-by-section review of the authoritative text in the [draft] Standard.

Context

2. In March 2026, in response to feedback from constituents on IPSASB SRS ED 1, the Board decided that the scope of the [draft] Standard should focus on material information relating to the climate-related outcomes of public policies. The Board also decided to use the defined terms “public policy”, “public policy outcomes”, and introduce a new defined term, “climate-related outcomes”. Further, the Board instructed staff to reflect in the [draft] Standard that climate-related outcomes include both positive and negative climate-related outcomes.
3. In June 2026, the Board decided that entities with primary responsibility for public policy with climate-related outcomes apply the [draft] Standard and instructed staff to reflect on the appropriate terminology and application guidance needed. The Board also decided to require disclosures relating to financial implications to the entity itself and to others, with instruction to ensure differentiation of these are clear.
4. This paper provides a summary of how staff have addressed the June 2026 decisions and instructions on the issues of the reporting entity primarily responsible for public policies and the financial implications of public policies with climate-related outcomes.
5. Staff have prepared the Core Text, Application Guidance, Appendix B and its related Application Guidance, Appendix C and parts of the Basis for Conclusions to reflect the decisions to date.

Analysis

Determining the Reporting Entity with Primary Responsibility for a Public Policy with Climate-related Outcomes

6. In June 2026, the Board clarified that not all entities involved in a public policy would be required to apply the [draft] Standard as this may provide fragmented information. With a focus on what information is most useful for primary users, the Board concluded to consider the drafting to state that the reporting entity with “primary” responsibility for a public policy should be the entity required to apply the [draft] Standard. The Board instructed staff to reflect on the drafting to make this clear.
7. Staff undertook research, including discussions with finance professionals in different jurisdictions and consulted the SIF. From that research, it was noted that in practice, an entity is often designated as the lead entity and would have primary responsibility for that public policy. This designation is often based on legislation, policy directives and policy plans. Staff updated the drafting to the Objective and Scope and Application Guidance to reflect this clarification as instructed by the Board (see paragraphs 1-4 and AG3-AG10).
8. In addition, the Board discussed the implications of entity level reporting on a public policy at the June 2026 meeting. Staff drafted guidance on considering policy interaction and aggregation/disaggregation (see paragraphs AG14 and AG26) and on the reporting entity and connected information (see paragraphs B.AG52-B.AG54).

Financial Implications of Public Policies with Climate-related Outcomes

9. In June 2026, the Board discussed extending disclosures about the financial implications of climate-related outcomes of public policies beyond the entity itself based on respondent feedback. The Board expressed concerns around the availability of such information and the capability to prepare and disclose such information, even with proposed proportionality mechanisms. The Board also instructed staff to ensure clarity between the disclosures relating to financial implications to the entity itself and relating to others.
10. Staff undertook research, including discussions with policy specialists from different jurisdictions and consulted the SIF, to understand the availability and usefulness of such information about the financial implications of public policies on others. Staff noted that this information is generally not available. While there may be information from economic modeling in policy development, this may be complex analysis that is policy specific, is not generally standardized or consistently available. Though some policy specialists agreed that this information could be estimated and some SIF members agreed that the information could be valuable, they also noted that this may also be a significant effort and review of additional resources would be required.
11. Based on this research, which indicates that there is limited availability and considering the cost versus the potential benefits of the information for decision-making, staff amended the [draft] Standard to clarify the disclosure requirements around financial implications of public policies beyond the entity to relate to:
 - (a) Disclosing information about financial implications on economy, environment and people, such as information used in economic modeling where it is a key factor and assumption in setting policy (see paragraph 9(b)(v) of the [draft] Standard in [Appendix 1](#)), and
 - (b) Disclosing how the entity prioritizes and monitors climate-related outcomes, for example including the consideration of financial implications on economy, environment and people to prioritize climate-related outcomes (see paragraph 12(a)(iii) of the [draft] Standard in [Appendix 1](#)).
12. Staff also refined the drafting around the requirements to disclose financial implications of the policy itself for greater clarity (see paragraph 9(d) and AG29-AG32).

Recommendation

13. Staff recommend that the changes to the [draft] Standard included in [Appendix 1](#) address decisions and instructions from June 2026.

Appendix 1**[draft] IPSASB SRS X, *Climate-related Disclosures: Public Policy Outcomes*****REVIEW INSTRUCTIONS:**

1. IPSASB members, Technical Advisors, and Observers are asked to note the following when reviewing the draft IPSASB Sustainability Reporting Standard™ (IPSASB SRS™) X, *Climate-related Disclosures: Public Policy Outcomes*
 - (a) When reviewing the [draft] Standard, members are encouraged to focus on clarity of drafting aligned with Board decisions instructions from the June 2026 meeting.
 - (b) These components are formatted as follows for easier reference:

Format	Format description
Text	Key areas of focus for Board review reflecting major changes to the draft final pronouncement
Track changes	Text changes from the ED in Appendices B, B.AG and C

Notes:

- Paragraph cross-references may not all be up to date as paragraph numberings may change during drafting. Staff will do a detailed check of these before review of the final document.
- Basis for Conclusions reflect Board decisions to-date and will continue to be updated for additional decisions until approval.
- Implementation Guidance and Illustrative Examples are not included in Appendix 1. These will be updated to reflect the principles of the Standard and shared at a future meeting.

Final Pronouncement
[Month Year]

IPSASB SRS™

*International Public Sector Accounting Standards
Board SRS™*

**IPSASB SRS [X], *Climate-
related Disclosures: Public
Policy Outcomes***



International Public
Sector Accounting
Standards Board®

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The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting and sustainability reporting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances and sustainable development.

In meeting this objective, the IPSASB sets International Public Sector Accounting Standards™ (IPSAS®), IPSASB SRS™ Standards, IPSAS® Practice Statements, and Recommended Practice Guidelines™ (RPG™), for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSAS Accounting Standards relate to the general purpose financial statements (financial statements) and are authoritative. IPSASB SRS Standards relate to sustainability disclosures and are authoritative. RPG Guidelines are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. IPSAS Practice Statements are non-mandatory guidance. Unlike IPSAS Accounting Standards and IPSASB SRS Standards, IPSAS Practice Statements, and RPG Guidelines do not establish requirements. IPSASB SRS Standards, IPSAS Practice Statements, and RPG Guidelines do not provide guidance on the level of assurance (if any) to which information should be subjected.

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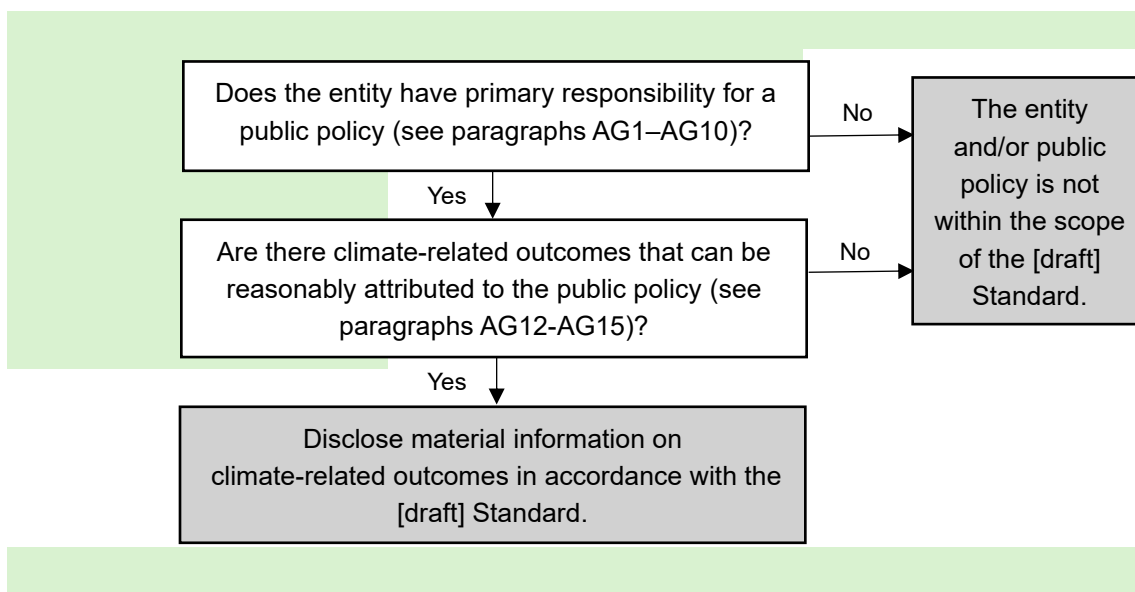
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Objective

1. The objective of this [draft] Standard is to provide principles for an entity to disclose information in its general purpose financial reports about the climate-related outcomes of its public policies that is useful to primary users for accountability and decision-making purposes.
2. This [draft] Standard requires an entity to disclose material information (see paragraphs B8–B10 in Appendix B¹) about the climate-related outcomes that could reasonably be attributed to a public policy for which it has primary responsibility.

Scope

3. An entity shall apply this [draft] Standard in reporting on the climate-related outcomes of a public policy for which it has primary responsibility (see paragraphs AG1–AG10).



4. An entity may apply this [draft] Standard irrespective of whether the entity's related general purpose financial statements (referred to as "financial statements") are prepared in accordance with International Public Sector Accounting Standards (IPSAS) or other generally accepted accounting principles or practices (GAAP)².

Definitions

5. The following terms are used in this [draft] Standard with the meanings specified:

Climate-related outcomes are public policy outcomes relating to climate change mitigation or adaption.

Public policies are any type or set of interventions taken or mandated by a public sector entity exercising its sovereign powers to influence the decisions or behaviors of other entities or individuals.

Public policy outcomes are the positive and negative impacts on the economy, environment and/or people, which occur as a result of, or are reasonably attributable to, the public policy.

¹ Appendix B: General Requirements for Climate-related Disclosures sets out key concepts used in this Standard.

² In the context of this Standard, "GAAP" refers to the relevant international or national accounting standards.

Terms defined in other IPSASB SRS Standards are used in this [draft] Standard with the same meaning as in those Standards. The following terms are defined in IPSASB SRS 1: greenhouse gases, and latest international agreement.

Governance

6. **The objective of climate-related disclosures on governance is to enable primary users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related outcomes of a public policy.**
7. To achieve this objective, an entity shall disclose information about:
 - (a) The governing body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for the oversight of climate-related outcomes of the public policy. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:
 - (i) How responsibilities for climate-related outcomes of the public policy is reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);
 - (ii) How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies for climate-related outcomes of the public policy;
 - (iii) How and how often the body(s) or individual(s) is informed about climate-related outcomes of the public policy;
 - (iv) How the body(s) or individual(s) takes into account climate-related outcomes of the public policy, when overseeing the strategy and decisions on the public policy, and its processes to identify, assess, prioritize and monitor climate-related outcomes including whether the body(s) or individual(s) has considered associated trade-offs; and
 - (v) How the body(s) or individual(s) oversees the setting of climate-related targets for the public policy, and monitors progress towards those targets (see paragraphs 18–20).
 - (b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related outcomes of the public policy, including information about:
 - (i) Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and
 - (ii) Whether management uses controls and procedures to support the oversight of climate-related outcomes of the public policy and, if so, how these controls and procedures are integrated with other internal functions.

Strategy

8. **The objective of climate-related disclosures on strategy is to enable primary users of general purpose financial reports to understand an entity's strategy for managing climate-related outcomes of a public policy.**
9. To achieve this objective, an entity shall disclose information about:
 - (a) The scope of the entity's public policy mandate, including an overview of the entity's responsibilities for the public policy and reporting boundaries;
 - (b) A description of the public policy, including:

- (i) The specific objectives of the public policy;
- (ii) The type or set of interventions taken or mandated to achieve the objectives;
- (iii) Implementation date and status of the public policy;
- (iv) An overview of entities or groups of entities involved in designing, implementing, monitoring and evaluating the public policy; and
- (v) Key climate-related factors and assumptions used in design and decision making in setting the public policy, such as climate-related scenario analysis, financial implications on economy, environment and people, trade-off decisions, policy coordination and coherence;

(c) A description of the climate-related outcomes that are reasonably attributable to the public policy, including:

- (i) The scope of the economy, environment and/pr people expected to be affected; and
- (ii) The time horizons – short, medium or long term – over which the entity expects these to occur; and
- (iii) How the entity defines “short term”, “medium term” and “long term” and how these definitions are linked to the planning horizons used by the entity for policy setting and strategic decision making (see paragraph AG27).

(d) The current and anticipated financial implications of the public policy, including;

- (i) The total expenses and revenues incurred and generated, and anticipated to be incurred and generated as a result of the public policy; and
- (ii) The implications of the public policy on the entity’s financial position, financial performance and cash flows.

10. In identifying climate-related outcomes of the public policy disclosed in paragraph 9(c), the entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions.

Outcome Management

11. **The objective of climate-related disclosures on outcome management is to enable primary users of general purpose financial reports to understand an entity’s processes to identify, assess, prioritize and monitor climate-related outcomes of a public policy, including whether and how those processes are integrated into and inform the entity’s overall policy design and monitoring processes.**

12. To achieve this objective, an entity shall also disclose information about:

- (a) The processes the entity uses to identify, assess, prioritize and monitor climate-related outcomes of the public policy, including:
 - (i) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes, how the entity has engaged with stakeholders and experts);
 - (ii) How the entity assesses the nature, likelihood and magnitude of those climate-related outcomes (for example, whether the entity considers qualitative factors, quantitative thresholds, or other criteria);
 - (iii) How the entity prioritizes and monitors those climate-related outcomes (for example, whether the entity considers financial implications on economy, environment or people); and

- (iv) Whether and how the entity has changed the processes it uses compared with the previous reporting period.
- (b) The extent to which, and how, the processes disclosed in paragraph 12(a) are integrated into and inform the entity's overall policy design and monitoring processes.

Metrics and Targets

13. **The objective of climate-related disclosures on metrics and targets is to enable primary users of general purpose financial reports to understand the climate-related outcomes of a public policy, progress towards any climate-related targets set for the public policy, and any targets it is required to meet by law or regulation, in relation to the climate-related outcomes of the public policy.**

Climate-related metrics

14. An entity shall disclose the metrics used to assess, prioritize and monitor climate-related outcomes of the public policy, including information relevant to the following metric categories:
- (a) The change in greenhouse gas emissions reasonably attributable to the public policy during the reporting period (see paragraphs AG33–AG36); and
 - (b) Other metrics the entity uses to measure and monitor the climate-related outcomes of the public policy (see paragraphs AG37–AG40).
15. An entity shall disclose the approach it uses to measure each metric disclosed in paragraph 14, including:
- (a) The methodology, measurement approach, inputs and assumptions it uses to measure the metric;
 - (b) The reason why the entity has chosen the metric, the methodology, measurement approach, inputs and assumptions it uses to measure climate-related outcomes of the public policy; and
 - (c) Any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes.
16. In preparing the disclosures required under paragraph 14, an entity shall:
- (a) Use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and
 - (b) Use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.
17. An entity shall measure each metric disclosed under paragraph 14 with sufficient regularity that the information disclosed does not differ materially from the information that would be disclosed if the metric were measured at the reporting date (see paragraph AG46).

Climate-related targets

18. An entity shall disclose any quantitative and qualitative climate-related targets set in relation to the public policy, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:
- (a) The metric used to set the target (see paragraphs AG33–AG40);
 - (b) The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);
 - (c) The scope to which the target applies (for example, whether the target applies to the entirety of the jurisdiction or only a part of it);

- (d) The period over which the target applies;
 - (e) The base period from which progress is measured;
 - (f) Any milestones and interim targets;
 - (g) If the target is quantitative, whether it is an absolute target or an intensity target; and
 - (h) How the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.
19. An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:
- (a) A description of any validation process employed in setting the target and the methodology;
 - (b) The entity's processes for reviewing the target;
 - (c) The metrics used to monitor progress towards reaching the target; and
 - (d) Any revisions to the target and an explanation for those revisions.
20. An entity shall disclose information about the performance against each climate-related target and an analysis of its trends or changes.

Effective Date and Transition

Effective Date

21. **An entity shall apply this [draft] Standard for annual reporting periods beginning on or after January 1 [YYYY]. Earlier application is permitted. If an entity applies this [draft] Standard earlier, it shall disclose that fact.**
22. **For the purposes of applying paragraphs 23–27, the date of adoption is the beginning of the annual reporting period in which an entity first applies this [draft] Standard.**

Transition

23. An entity is not required to provide the disclosures specified in this [draft] Standard for any period before the date of adoption. Accordingly, an entity is not required to disclose comparative information in the first annual reporting period in which it applies this [draft] Standard.
24. In the first annual reporting period in which an entity applies this [draft] Standard, the entity is permitted to report its climate-related disclosures after it publishes its related financial statements, within nine months of the end of the annual reporting period in which the entity first applies this [draft] Standard.
25. The entity is not required to disclose the following within the first three years in which it applies this [draft] Standard:
- (a) The change in greenhouse gas emissions reasonably attributable to a public policy, and the approach it uses to measure that change (see paragraph 14(a) and 15); and
 - (b) The other metrics it uses to measure and monitor climate-related outcomes of the public policy, and the approach it uses to measure those metrics (see paragraph 14(b) and 15).
26. An entity may elect an earlier date of adoption without a transition period.
27. If an entity uses the relief in paragraph 25, the entity is permitted to continue to use that relief for the purposes of presenting that information as comparative information in subsequent reporting periods.

Appendix A: Application Guidance

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

Scope and definitions (see paragraphs 3–5)

- AG1. Some public sector entities have sovereign powers, either inherent or delegated, to influence the decisions or behaviors of other parties, including other public sector entities, private sector entities and/or individuals, through setting of public policy.
- AG2. Public policies include overarching objectives and principles that are implemented and delivered through a single or multiple policy instruments and tools, actions and programs such as:
- (a) Regulations and standards, such as requirements, codes, or other enforceable measures;
 - (b) Fiscal policies, such as levies, duties, or subsidies applied to specific activities, products, or services;
 - (c) Voluntary or collaborative policies, such as negotiated agreements, voluntary commitments, or partnership arrangements involving public or private sector actors;
 - (d) Research, development and innovation policies, such as public funding, investment, or other measures intended to support technological research, development, demonstration, and deployment activities; and
 - (e) Infrastructure and development policies, such as policies relating to the provision, funding, or facilitation of transport, water, or energy infrastructure.

Responsibility for a Public Policy with Climate-related Outcomes

- AG3. In many jurisdictions, multiple public sector entities may be involved in a public policy depending on how functions are organized and responsibilities are delegated. The entity that has been delegated primary responsibility for a public policy with climate-related outcomes shall provide disclosures required in this [draft] Standard. Factors that may indicate that an entity has primary responsibility for a public policy include, but are not limited to:
- (a) Legislation or other policy directive, such as a mandate letter, memorandum of understanding or plans, that state that the entity has responsibility for the public policy;
 - (b) Responsibility for the design of the public policy, including ability to make decisions about changes to the public policy or introduction of new public policies; or
 - (c) Accountability to service recipients and resource providers for the consequences of not achieving the objectives of the policy.
- AG4. In some cases, legislation or other policy directive, such as mandate letters, other memorandums or policy plans, may clearly state which entities have primary responsibility for one or multiple public policies with climate-related outcomes (see paragraph AG4(a)). For example, a Ministry of Environment with legal responsibility to set policy to address a nation's response to climate change and a Ministry of Defense with legal responsibility to set defense policies with climate-related outcomes may both be subject to the requirements of this [draft] Standard. In other circumstances, an assessment and coordination between entities shall be necessary to determine which entity provides disclosures required by the [draft] Standard.
- AG5. The entity that designs the public policy may be primarily responsible and would provide the disclosures required by the [draft] Standard (see paragraph AG4(b)). Entities across different levels and functions of government may have different roles across different stages of public policy. In practice, the roles across

stages may overlap across entities and can shift over time due to evolving priorities and organizational restructuring. Different roles and stages of public policy often include:

- (a) Policy design which includes the development of strategies and analysis of alternatives to address an identified public policy problem, the identification and prioritization of specific objectives of a public policy, and assessing potential impacts, costs, and stakeholder reactions;
- (b) Policy implementation which includes administration and delivery of the public policy by one or multiple implementing entities to operationalize a public policy; and
- (c) Policy monitoring which includes monitoring public policy outcomes and evaluating the effectiveness of policies to achieve its objectives, and whether there are any outcomes indicating the need to amend the public policy.

AG6. Entities that solely implement the public policy or monitor and evaluate performance of the policy, and would not otherwise be primarily responsible for the public policy, are not required to apply the [draft] Standard. However, such other entities may be expected to provide information to the entity with primary responsibility to support reporting.

AG7. In some cases, there may be no legislation that states responsibility to a reporting entity or the entity that designs the policy does not have primary responsibility for that public policy. Entities will need to apply judgment and consider which entity would be accountable to service recipients and resource providers for the consequences of not achieving the objectives of the public policy.

AG8. Entities with primary responsibility may be across different levels of government. For example, in a federal system of government, national, regional and local governments may have delegated sovereign powers and design public policy for their respective jurisdictions and would be accountable to their respective service recipients and resource providers. Each may determine that they have primary responsibility for a public policy.

AG9. An entity shall consider all facts and circumstances when assessing whether it has primary responsibility for a public policy with climate-related outcomes. Meeting any of these factors, or a combination of these, can establish responsibility, although other relevant factors may also apply. Entities may need to exercise judgment in determining whether they have primary responsibility for a public policy.

AG10. In preparing disclosures required by the [draft] Standard, entities with primary responsibility for public policy with climate-related outcomes will often need to coordinate with and collect information from other entities involved in the public policy, such as information regarding metrics from entities that implement the public policy and monitor and evaluate performance.

Climate-related outcomes of a public policy

AG11. Many public policies have climate-related outcomes, regardless of whether those outcomes are intended, included as part of the public policy's objectives, contributing to the latest international agreements on climate change. Climate-related outcomes of public policy can be positive or negative, supporting or hindering climate mitigation or adaptation efforts. International climate literature, including the United Nations Framework Convention on Climate Change (UNFCCC), identify climate change mitigation and climate change adaptation as two key aspects of climate change:

- (a) Climate change mitigation refers to actions taken to reduce or prevent greenhouse gas emissions, or enhance greenhouse gas sinks in order to limit global warming; and
- (b) Climate change adaptation refers to the process of adjusting to the current or expected effects of climate change, in order to moderate harm or take advantage of beneficial opportunities.

AG12. Climate-related outcomes may arise from all types of public policies, regardless of whether they have objectives to support climate mitigation or adaptation. For example:

- (a) A highway expansion policy may increase traffic volumes and continued reliance on emissions-intensive activities. This may increase greenhouse gas emissions, which is a climate-related outcome that negatively affects progress towards climate mitigation; and
- (b) An urban zoning policy may restrict development in flood-prone areas and require green spaces in urban planning. These measures may reduce exposure to flooding and other climate-related hazards, which is a climate-related outcome that positively supports climate change adaptation.

AG13. There may be a strong, direct causal link between an entity's actions and its outcomes, but this will not always be the case. Climate-related outcomes are often driven by interactions and dependencies outside the entity's direct control through a series of cause-and-effect relationships. Factors beyond the entity's control may intervene to either hinder or facilitate the entity's achievement of objectives and outcomes. Climate-related outcomes of a public policy may be influenced by various factors, such as:

- (a) Policy leadership factors – the challenges posed by inconsistent strategies and public policies across levels of government or insufficient funding or support for entities to implement policies;
- (b) Accountability factors – the lack of clear roles and responsibilities on how entities contribute to public policy outcomes;
- (c) Coordination and delivery factors – the failure to collaborate effectively across public sector entities involved with public policies to address system-wide challenges;
- (d) Other internal factors – resource constraints, operational challenges, and technical limitations; and
- (e) Other external factors – broader market or societal factors, individuals or third parties' regulatory constraints, economic conditions, and local opposition.

AG14. A public policy may be an individual intervention or an overarching policy with multiple different types of interventions such as different policy tools and instruments, programs and actions. Public policies and interventions may have complementary or contradicting climate-related outcomes. There may be multiple public policies that contribute to the same climate-related outcomes, such as a group of policies as part of national climate plans to decrease greenhouse gas emissions, or policies that have opposite effects, such as a Ministry of Energy that has both policies that support oil and gas sectors as well as develop renewal energy alternatives. Entities shall consider the appropriate level of aggregation or disaggregation of disclosures about the climate-related outcomes of a public policy (see paragraph AG26).

Governance (see paragraphs 6–7)

AG15. Public sector governance structures vary considerably between and across jurisdictions. Oversight of a public policy and its climate-related outcomes may come from an entity's own governing body, another entity or a specially convened cross-government group. An entity shall disclose the governance arrangement as required in paragraph 7(a).

AG16. Oversight of climate-related outcomes of a public policy may include:

- (a) Policy oversight, including oversight of policy design and strategy, such as whether the policy meets the entity's mandate and responsibilities, the policy tools and delivery of the policy, and the resourcing needed;
- (b) Oversight of outcome management, including the identification and assessment of climate-related outcomes of a public policy;
- (c) Oversight for setting climate-related targets, including the analysis performed to support the targets; or

- (d) Oversight for and monitoring actual climate-related outcomes, which may include oversight of the activities to achieve those climate-related targets and collection of relevant data from other entities that may be involved in the implementation of the public policy.

AG17. If no group(s) or individual(s) has responsibility for oversight of the particular public policy, then this fact should be disclosed.

Strategy (see paragraphs 8–10)

Public policy

AG18. Climate-related disclosures on strategy enable primary users of general purpose financial reports to understand an entity's strategy for managing climate-related outcomes of a public policy. This information may often be from formal policy templates, guidelines or analytical frameworks that are applied and documented at the time public policy decisions are made.

AG19. Paragraph 9(a) requires entities to provide a description of the scope of its public policy mandate, including its reporting boundary. Some public policies may affect other parties inside and outside of the entity's jurisdiction, such as energy policies that affect other jurisdictions that rely on the entity's power supply. Disclosures should provide users with an understanding of the limitations and constraints of the analysis and the boundary to which disclosed information relates.

AG20. Paragraph 9(b) requires entities to provide disclosures about the public policy. Public policy has specific objectives to address an identified public problem that requires a single intervention such as a regulation or a set of interventions through various policy instruments and programs. Disclosures provided in accordance with paragraph 9(b)(i)–9(b)(ii) should provide primary users with sufficient information to understand the public problem the intervention(s) seek to address, the specific objectives of the public policy, through what intervention(s) the policy will address the problem.

AG21. Public policy development and delivery spans across reporting periods. Disclosures provided in accordance with paragraph 9(b)(iii) should include the status of the public policy, including when it was implemented in a current or past reporting period, or whether it was significantly amended or terminated in the current reporting period. Where a public policy was significantly amended or terminated in the reporting period, users may find information about the reasons and the effect on previously disclosed expected climate-related outcomes and targets to be material and helpful and therefore, entities are encouraged to disclose such information.

AG22. Public policy implementation may involve a small or large number of public sector entities. Disclosures provided in accordance with paragraph 9(b)(iv) should provide users with sufficient information to understand the roles across entities or groups of entities involved in the public policy.

AG23. Paragraph 9(b)(v) requires entities to provide disclosures about key climate-related factors and assumptions used in setting the public policy. Public policy outcomes include positive or negative impacts on the economy, environment and people, which are interconnected by nature, and influence the activities and behaviors of a breadth of stakeholders. Therefore, public policy strategy and design require considerable analysis, taking into account key factors and assumptions. Disclosures about key factors and assumptions may include information about:

- (a) Climate-related scenario analysis used to inform policy design to stress-test public policy alternatives and outcomes under different climate scenarios;
- (b) Financial implications on the economy, environment and people, such as information and analysis from economic modeling used to assess the financial implications of public policy outcomes under different public policy alternatives, including the cost of greenhouse gas emissions attributable to the public policy estimated using an established emissions price;

- (c) Trade-off decisions between conflicting positive and negative impacts on economy, environment and people, such as weighing the short-, medium- and long-term costs and benefits from a public policy to transition from fossil fuel production to renewable energy production to reduce greenhouse gas emissions that may also have impacts on the local economy as well as the local workforce; and
- (d) Policy coherence and coordination, such as how a public policy interacts with other public policies, and the extent to which achieving the policy objectives depends on coordinated actions across entities and public policies. Public policy strategy and decision-making may also be affected by changes in governments and/or other policies, which may require clearly articulated strategies that can be adjusted as circumstances change.

Climate-related Outcomes

- AG24. Paragraph 9(c) requires an entity to provide disclosures about the climate-related outcomes of the public policy. A public policy may have multiple climate-related outcomes, such as how a public policy related to building codes may have climate-related outcomes that improve energy efficiency as well as reduce risk of overheating in towns and cities.
- AG25. An entity's identification of climate-related outcomes shall consider the extent to which climate-related outcomes can be attributed to the public policy and other factors that have influenced the climate-related outcomes. It shall not include climate-related outcomes that cannot be reasonably attributed to the public policy (see paragraph 2). Disclosures shall be sufficient to ensure that the primary users can understand the entity's role with respect to either improving or worsening climate-related outcomes.
- AG26. Entities may provide disclosures about climate-related outcomes on an individual policy basis or a group of policies depending on what information is material for primary users, how interdependent policies may be and how feasible preparation of aggregated or disaggregated disclosures may be. Policies may interact if they are related to the same sector, if they have the same or related outcomes, if they affect the same source or sink for greenhouse gas emissions, or if they are implemented at the same time. Policies interact if they produce total effects, when implemented together, that are greater or lesser than the sum of the individual effects had they been implemented separately.
- AG27. Paragraph 9(c)(ii) requires disclosure of the time horizons over which the entity expects the climate-related outcomes to occur. Climate-related outcomes can occur over short-, medium-, and long-term time horizons. The determination of time horizons for disclosure can vary between entities and depend on many factors, including the planning horizons used for policy design, capital planning and investment horizons, the time horizons over which primary users of general purpose financial reports conduct their assessments, and the time horizons aligned with the latest international climate agreements.
- AG28. Paragraph 10 requires an entity to use all reasonable and supportable information that is available to it without undue cost or effort in identifying those climate-related outcomes. Information about identified climate-related outcomes may be readily available as part of the policy design process in analyzing alternatives to address specific public problems and identifying potential outcomes of the alternatives. Information produced through those processes is generally available to the entity without undue cost or effort.

Current and Anticipated Financial Implications of the Public Policy

- AG29. Paragraph 9(d) requires disclosures about current and anticipated financial implications of the public policy. Public sector entities' resources are predominantly provided by taxpayers, transfers from different levels of government or external lenders such as bondholders. An entity's disclosures shall enable primary users of general purpose financial reports to understand the total expenditures for and revenues from the public policy with climate-related outcomes. Current revenues and expenditures include those in the current reporting period. Anticipated revenues and expenditures include those over the entity's planning period forecasts.

- AG30. Current and anticipated expenditures include costs related to administering and implementing the public policies, the extent of funding, future costs. Current and anticipated revenues include potential income generated from the public policy, such as from taxes or fees. For example, this may include the current and anticipated increase in tax revenue from carbon taxes, or current and anticipated costs for agricultural subsidies.
- AG31. Funding for and revenues generated from a public policy may or may not flow directly through the reporting entity. An entity shall provide quantitative information about the incurred and anticipated costs, amounts funded or unfunded, and any income or fees related to the program that affect the entity's own financial position, financial performance, cash flows in the current reporting period and expected over the entity's planning period forecasts.
- AG32. This may also include disclosure of how these financial implications link to public budget reports.

Metrics and targets (see paragraphs 13–20)

Greenhouse gas emissions

- AG33. Paragraph 14(a) requires an entity to disclose the change in greenhouse gas emissions reasonably attributable to a public policy. In identifying the greenhouse gas emissions reasonably attributable to a public policy, an entity may consider the intermediate effects and greenhouse gas effects of the public policy. For example:
- (a) An entity may include climate-related outcomes resulting from a fossil fuel subsidy in its estimation of greenhouse gas emissions such as:
 - (i) Intermediate effects, such as increased fossil fuel production, lower energy prices, and increased fossil fuel consumption; and
 - (ii) Greenhouse gas effects, such as increased greenhouse gas emissions from the combustion of fossil fuels; and
 - (b) An entity may include climate-related outcomes resulting from a home insulation subsidy in its estimation of greenhouse gas emissions such as:
 - (i) Intermediate effects, such as reduced demand for electricity and natural gas for heating; and
 - (ii) Greenhouse gas effects, such as reduced emissions from electricity generation and use of natural gas.
- AG34. Paragraph 15 requires an entity disclose the approach used to measure the change in greenhouse gas emissions. Entities may have established methodologies to estimate the change in greenhouse gas emissions reasonably attributable to the public policy. Entities may also consider guidance on estimating greenhouse gas emissions from the public policy from other standards, such as the Greenhouse Gas Protocol Policy and Action Standard (2014).
- AG35. In addition, an entity shall disclose the measurement approach, inputs and assumptions used to estimate the change in greenhouse gas emissions reasonably attributable to the public policy. An entity may consider:
- (a) Establishing a baseline scenario and estimate baseline emissions in the absence of the public policy. For example, in the case of a fossil fuel subsidy, this may include estimating greenhouse gas emissions based on projected levels of fossil fuel production and combustion if the subsidy had not been provided; and
 - (b) Establishing a policy scenario and estimating emissions in the presence of the public policy. For example, in the case of a fossil fuel subsidy, this may include estimating changes in greenhouse gas emissions resulting from increased fossil fuel production and combustion associated with the subsidy.

- AG36. Entities shall disclose the change in greenhouse gas emissions for the public policy in effect during the reporting period. Disclosures about a public policy that has ended in a prior period or are no longer in effect are not required.

Other metrics

- AG37. Paragraph 14(b) requires an entity to disclose other metrics used to measure and monitor climate-related outcomes of the public policy, which may be quantitative or qualitative in nature. In some cases, climate-related outcomes may be described through narrative descriptions along with qualitative metrics to assess their progress.
- AG38. In selecting metrics to disclose in accordance with paragraph 14(b), an entity shall consider which other metrics are relevant to the primary users of its climate-related disclosures and any established metrics that it already reports for the climate-related outcomes of a public policy, including those for reporting on the latest international agreement on climate change or other jurisdictional climate commitments. An entity may disclose the metrics identified through cross-references to the entity's other reports (see paragraph B25).
- AG39. In selecting metrics, entities may consider factors such as geographical scope, service areas, and affected stakeholders, or other metrics relating to climate-related outcomes that affect the economy, environment and people such as metrics relating to:
- (a) Climate-related transition risks, for example metrics to monitor climate-related outcomes of regulations;
 - (b) Climate-related physical risks, for example the amount or percentage of the entity's policy activities that reduce exposure to climate-related physical risks;
 - (c) Climate-related opportunities, for example metrics to evaluate climate-related technologies and opportunities;
 - (d) Climate change adaptation, for example metrics relating to resilience improvements, adaptation capacity and the effectiveness of adaptation measures;
 - (e) Sinks and reservoirs, for example land use, land-use change and forestry management metrics;
 - (f) Carbon markets and non-markets, for example carbon market efficiency and effectiveness metrics;
 - (g) International financial, technological and development support, for example metrics related to capacity building support provided by developed nations for developing nations;
 - (h) Remuneration, if any climate-related outcomes are directly factored into remuneration of key management personnel; and
 - (i) Internal carbon prices, such as for project appraisals and policy design in relation to an entity's public policy.
- AG40. In applying paragraph 15 to the other metrics disclosed in accordance with paragraph 14(b), an entity shall also disclose:
- (a) How the metric is defined, the source of the metric (see paragraph B.AG60) and how the metric disclosed by the entity differs from the metric specified in that source, if adjusted.
 - (b) Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure (such as a red, amber, green—or RAG—status).

Skills, Capabilities, and Resources Available

- AG41. An entity shall consider the available skills, capabilities and resources when determining an appropriate approach to use for its climate-related metrics (see paragraph 16). These skills, capabilities and resources

might include both internal and external skills, capabilities and resources. The entity's available skills, capabilities and resources provide context to inform its consideration of the potential cost and level of effort required by a particular approach. For example, if an entity has only just begun to explore methodologies to measure the climate-related outcomes of a public policy, it might be unable to use a quantitative or technically sophisticated approach without undue cost or effort. For the avoidance of doubt, if resources are available to the entity then it will be able to invest in obtaining or developing the necessary skills and capabilities.

- AG42. Measuring and monitoring metrics can be resource intensive and might—through an iterative learning process—be developed and refined over multiple monitoring and evaluation cycles. As an entity repeats the exercise, it is likely to develop skills and capabilities that will enable the entity to strengthen its approach to measuring and monitoring metrics over time.

Reasonable and Supportable Information Available Without Undue Cost or Effort

- AG43. Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions, and may be quantitative or qualitative. It includes information obtained from an external source, such as from another public sector entity, as well as information owned or developed internally.
- AG44. Entities with primary responsibility for a public policy will often have prepared analysis of expected costs and benefits as part of policy design and budget processes, such as policy or regulatory impact assessments and business cases. Information produced through those processes is generally available to the entity without undue cost or effort and may provide a basis for measuring the metrics used to monitor them. Information that is connected to the entity's financial statements is considered to be available to the entity without undue cost or effort.
- AG45. An entity uses judgment to identify the reasonable and supportable information that is available to it without undue cost or effort and to determine how to use that information. The degree of judgment required depends on the availability of information. As the time horizon lengthens and the availability of information decreases, the degree of judgment required increases.

Remeasurement

- AG46. In applying paragraph 17, an entity shall assess at each reporting date whether there is an indication that the information disclosed would differ materially if the metric were measured at that date. Where such an indication exists, the entity shall measure the metric. Indications could include that:

- (a) The public policy has been amended, or the resources committed to it have changed;
- (b) A change has occurred in the factors that drive the climate-related outcomes of the public policy, including changes in technology or in economic conditions;
- (c) Information from the monitoring and evaluation of the public policy indicates a change in the metric since it was last measured; and
- (d) The inputs and assumptions used to measure the metric have changed.

Appendix B: General Requirements for Climate-related Disclosures

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

Definitions

~~B1. The following terms are used in this [draft] Standard with the meanings specified:~~

~~General purpose financial reports are reports that provide financial and non-financial information about a reporting entity that is useful to primary users in making decisions and to enable accountability. General purpose financial reports include but are not restricted to an entity's general purpose financial statements and climate-related disclosures.~~

~~Disclosure is impracticable when an entity cannot apply a requirement after making every reasonable effort to do so.~~

~~In the context of climate-related disclosures, material information is information that, if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity's general purpose financial reports prepared for that reporting period.~~

~~Primary users of general purpose financial reports (primary user) are existing and potential service recipients and their representatives and resource providers and their representatives.~~

~~Terms defined in other IPSASB SRS are used in this [draft] Standard with the same meaning as in those Standards. The following terms are defined in IPSASB SRS 1: general purpose financial reports, material information and primary users of general purpose financial reports (primary users).~~

~~B1. Terms used in this Standard with the meanings specified in IPSAS Standards are set out in Appendix D.~~

Conceptual Foundations

B2. For climate-related information to be useful, it must provide information that is relevant, faithfully represents what it purports to represent, is understandable, timely, comparable and verifiable. These are qualitative characteristics of information included in general purpose financial reports.

Fair Presentation

~~B5. A reporting entity shall present fairly:~~

~~(f) Its climate-related risks and opportunities that could reasonably be expected to affect the long-term fiscal sustainability of the entity, and~~

~~(g) B3. Where an entity has responsibility for climate-related public policy programs, the climate-related outcomes that could reasonably be expected as a result of their climate-related public policy programs for which it is primarily responsible (see paragraph 22).~~

~~B3-B4. To identify an entity's climate-related risks and opportunities and, where applicable, climate-related outcomes of public policy program outcomes, an entity shall apply paragraphs B.AG1B.AG1–B.AG26 B.AG27.~~

~~B4-B5. Fair presentation requires disclosure of relevant information about climate-related risks and opportunities and, where applicable, climate-related outcomes of public policy program outcomes and their faithful representation in accordance with the principles set out in this [draft] Standard. To achieve faithful representation, an entity shall provide a depiction of those climate-related risks and opportunities and, where applicable, climate-related outcomes of a public policy program outcomes that are complete, neutral and free from material error.~~

~~B5-B6.~~ Fair presentation also requires an entity:

- (a) To present information in a manner that provides relevant, understandable, timely, comparable, and verifiable information (see Appendix C: Qualitative Characteristics); and
- (b) To disclose additional information as needed to enable primary users of general purpose financial reports to sufficiently understand the ~~effects of the entity's climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of a public policy program outcomes.

~~B6-B7.~~ Applying this [draft] Standard, with additional information disclosed when necessary (see paragraph B6(b)~~B6(b)~~), is presumed to result in climate-related disclosures that achieve fair presentation.

Materiality

~~B7-B8.~~ An entity shall disclose material information about ~~an entity's climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of public policy program outcomes for which an entity is primarily responsible.

~~B8-B9.~~ In the context of climate-related disclosures, information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity's general purpose financial reports prepared for that reporting period.

~~B9-B10.~~ To determine and disclose material information, an entity shall apply paragraphs B.AG27~~B.AG238~~–B.AG50~~B.AG4752~~.

Reporting Entity

~~B10-B11.~~ An entity's climate-related disclosures shall be for the same reporting entity as the related financial statements (see paragraph B.AG52~~53~~).

Connected Information

~~B11-B12.~~ An entity shall provide information in a manner that enables primary users of general purpose financial reports to understand the following types of connections:

- (a) The connections between the items to which the information relates—such as connections between various ~~climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of public policy program outcomes; and
- (b) The connections between disclosures provided by the entity:
 - (iii) Within its climate-related disclosures—such as connections between disclosures on governance, strategy, risk management, and metrics and targets; and
 - (iv) Across its climate-related disclosures and other general purpose financial reports published by the entity —such as its related financial statements (see paragraphs B.AG52~~B.AG4954~~–B.AG59~~B.AG594~~).

~~B12-B13.~~ An entity shall identify the financial statements to which the climate-related disclosures relate.

~~B13-B14.~~ Data and assumptions used in preparing the climate-related disclosures shall be consistent—to the extent possible, considering the requirements of IPSAS Standards or other applicable generally accepted accounting principles (GAAP), with the corresponding data and assumptions used in preparing the related financial statements (see paragraph B.AG52~~7~~).

~~B14-B15.~~ When currency is specified as the unit of measure in the climate-related disclosures, the entity shall use the presentation currency of its related financial statements.

General Requirements

Sources of Guidance

Identifying eClimate-Related ~~risks and opportunities~~ Outcomes

B15-B16. An entity shall apply this [draft] Standard in identifying ~~climate-related risks and opportunities that could reasonably be expected to affect an entity's long-term fiscal sustainability and, where applicable, climate-related~~ outcomes of public policy-program outcomes.

B16-B17. In addition to this [draft] Standard, an entity may refer to and consider the applicability of:

- (a) ~~The policy design and costing process that the entity used in developing and determining its the public policy strategy;~~
- (a)(b) The most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of primary users of general purpose financial reports; and
- (b)(c) ~~The climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of public policy-program outcomes identified by peer entities or entities that operate in the same function of government with related or similar public policy or in the same geographical region(s). An entity may refer to and consider sector standards such as the Sustainability Accounting Standards Board (SASB) Standards and GRI Sector Standards to consider applicability to the entity's circumstances.

Identifying Applicable Disclosure Requirements

B17-B18. An entity shall apply this [draft] Standard in identifying ~~the applicable disclosure requirements about climate-related risks and opportunities to the entity's own operations and, where applicable, climate-related~~ outcomes of a public policy-program outcomes.

B18-B19. In the absence of guidance or metrics in this [draft] Standard that specifically apply to an entity's specific circumstances and ~~climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of public policy-program outcomes, an entity shall apply judgment to identify information that:

- (a) Is relevant to the decision-making of and enables accountability by primary users of general purpose financial reports; and
- (b) Faithfully represents ~~theat climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of a public policy-program outcomes.

B19-B20. In making the judgment described in paragraph B19:

- (a) An entity ~~shall~~ may refer to and consider the applicability of peer ~~disclosure~~ metrics and may consider other guidance ~~such as SASB Standards or GRI Sector Standards~~. An entity ~~may~~ might conclude that such peer metrics are not applicable in the entity's circumstances.
- (b) An entity may—to the extent that these sources do not conflict with this [draft] Standard—refer to and consider the applicability of:
 - (v) The most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of primary users of general purpose financial reports; and
 - (vi) The information, including metrics, disclosed by peer entities or entities that operate in the same function of government or geographical region(s).

Disclosure of ~~I~~information about ~~S~~sources of ~~g~~Guidance

~~B20-B21.~~ An entity shall identify and disclose:

- (a) The specific standards, pronouncements, ~~industry practice~~ and other sources of guidance that the entity has applied in preparing its climate-related disclosures, including, if applicable, peer ~~disclosure~~ metrics; and
- (b) Other sources of guidance ~~relating to a particular industry(s)~~ that the entity has applied in preparing its climate-related disclosures, including in identifying applicable metrics.

Location of ~~D~~disclosures

~~B21-B22.~~ An entity is required to provide disclosures required by this [draft] Standard as part of its general purpose financial reports.

~~B22-B23.~~ Subject to any regulation or other requirements that apply to an entity, there are various possible locations in its general purpose financial reports in which to disclose climate-related information. Climate-related disclosures could be included in an entity's management commentary or a similar report when it forms part of an entity's general purpose financial reports. Management commentary or a similar report is a required report in many jurisdictions. It might be known by or included in reports with various names, such as "management report", "management's discussion and analysis", "operating and financial review", "integrated report" or "strategic report".

~~B23-B24.~~ An entity may disclose information required by this [draft] Standard in the same location as information disclosed to meet other requirements, such as information required by regulators. The entity shall ensure that the climate-related disclosures are clearly identifiable and not obscured by that additional information (see paragraph B.AG48~~B.AG449~~).

~~B24-B25.~~ Information required by this [draft] Standard may be included in climate-related disclosures by cross-reference to another report published by the entity. If an entity includes information by cross-reference, the entity shall apply the requirements in paragraphs B.AG62~~B.AG5762~~–B.AG64~~B.AG5964~~.

Timing of ~~r~~Reporting

~~B25-B26.~~ An entity shall report its climate-related disclosures at the same time as its related financial statements. The entity's climate-related disclosures shall cover the same reporting period as the related financial statements.

~~B26-B27.~~ Normally, an entity prepares climate-related disclosures for a 12-month period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This [draft] Standard does not preclude that practice.

~~B27-B28.~~ When an entity changes the end of its reporting period and provides climate-related disclosures for a period longer or shorter than 12 months, it shall disclose:

- (a) The period covered by the climate-related disclosures;
- (b) The reason for using a longer or shorter period; and
- (c) The fact that the amounts disclosed in the climate-related disclosures are not entirely comparable.

~~B28-B29.~~ If, after the end of the reporting period but before the date on which the climate-related disclosures are authorized for issue, an entity receives information about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions in the light of the new information.

~~B29-B30.~~ An entity shall disclose information about transactions, other events and conditions that occur after the end of the reporting period, but before the date on which the climate-related disclosures are authorized for issue,

if non-disclosure of that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports.

~~B30-B31.~~ This [draft] Standard does not mandate which entities would be required to provide interim climate-related disclosures, how frequently, or how soon after the end of an interim period. If an entity is required or elects to publish interim climate-related disclosures in accordance with this [draft] Standard, the entity shall apply paragraph ~~B.AG65~~B.AG605.

Comparative ~~I~~nformation

~~B34-B32.~~ An entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the climate-related disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive climate-related information (see paragraphs B.AG616–B.AG716).

~~B32-B33.~~ Amounts reported in climate-related disclosures might relate, for example, to metrics and targets or to current and anticipated financial ~~effects of climate-related risks and opportunities and, where applicable, implications of climate-related outcomes of public policy-program outcomes.~~

Statement of ~~e~~Compliance

~~B33-B34.~~ An entity whose climate-related disclosures comply with all the requirements of this [draft] Standard shall make an explicit and unreserved statement of compliance. An entity shall not describe climate-related disclosures as complying with this [draft] Standard unless they comply with all the requirements of this [draft] Standard.

~~B34-B35.~~ This [draft] Standard relieves an entity from disclosing information otherwise required if law or regulation prohibits the entity from disclosing that information (see paragraph ~~B.AG46~~B.AG42). An entity using this exemption is not prevented from asserting compliance with this [draft] Standard.

Judgements, ~~U~~ncertainties, and ~~e~~Errors

Judgements

~~B35-B36.~~ An entity shall disclose information to enable primary users of general purpose financial reports to understand the judgments, apart from those involving estimations of amounts (see paragraph B38~~B38~~), that the entity has made in the process of preparing its climate-related disclosures and that have the most significant effect on the information included in those disclosures.

~~B36-B37.~~ In the process of preparing climate-related information, an entity makes various judgments, apart from those involving estimations, that can significantly affect the information reported in the entity's climate-related disclosures. For example, an entity makes judgments in:

- (a) Identifying ~~climate-related risks and opportunities and, where applicable,~~ climate-related outcomes of a public policy-program outcomes;
- (b) Determining which sources of guidance to apply in accordance with paragraphs B16~~B16~~–B20~~B20~~;
- (c) Determining material information to include in the climate-related disclosures; and
- (d) Assessing whether an event or change in circumstances is significant and requires reassessment of the scope of ~~all affected climate-related risks and opportunities throughout the entity's value chain and, where applicable,~~ climate-related outcomes of a public policy-program outcomes (see paragraph B.AG227).

Measurement ~~u~~Uncertainty

B37-B38. An entity shall disclose information to enable primary users of general purpose financial reports to understand the most significant uncertainties affecting the amounts reported in its climate-related disclosures.

B38-B39. An entity shall:

- (a) Identify the amounts that it has disclosed that are subject to a high level of measurement uncertainty; and
- (b) In relation to each amount identified in paragraph B39(a) **B39(a)**, disclose information about:
 - (vii) The sources of measurement uncertainty—for example, the dependence of the amount on the outcome of a future event, on a measurement technique or on the availability and quality of data from the entity's value chain; and
 - (viii) The assumptions, approximations and judgments the entity has made in measuring the amount.

B39-B40. When amounts reported in climate-related disclosures cannot be measured directly and can only be estimated, measurement uncertainty arises. In some cases, an estimate involves assumptions about possible future events with uncertain outcomes. The use of reasonable estimates is an essential part of preparing climate-related ~~information disclosures~~ and does not undermine the usefulness of the information if the estimates are accurately described and explained. However, high levels of measurement uncertainty could potentially diminish the reliability of an estimate in providing useful information. In the context of climate-related disclosures, the incorporation of qualitative information can also enhance the overall usefulness of the information.

B40-B41. The requirement in paragraph B38 **B38** for an entity to disclose information about the uncertainties affecting the amounts reported in climate-related disclosures relates to the estimates that require the entity's most difficult, subjective or complex judgments. As the number of variables and assumptions increases, those judgments become more subjective and complex, and the uncertainty affecting the amounts reported in the climate-related disclosures increases accordingly.

B41-B42. The type and extent of the information an entity might need to disclose vary according to the nature of the amount reported in the climate-related disclosures—the sources of and the factors contributing to the uncertainty and other circumstances. Examples of the type of information an entity might need to disclose are:

- (a) The nature of the assumption or other source of measurement uncertainty;
- (b) The sensitivity of the disclosed amount to the methods, assumptions and estimates underlying its calculation, including the reasons for the sensitivity;
- (c) The expected resolution of an uncertainty and the range of reasonably possible outcomes for the disclosed amount; and
- (d) An explanation of changes made to past assumptions concerning the disclosed amount, if the uncertainty remains unresolved.

Errors

B42-B43. An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so.

B43-B44. Prior period errors are omissions from, and misstatements in, the entity's climate-related disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that:

- (a) Was available when the climate-related disclosures for that period(s) were authorized for issue; and

- (b) Could reasonably be expected to have been obtained and considered in the preparation of those disclosures.

~~B44:B45.~~ Corrections of errors are distinguished from changes in estimates. Estimates are approximations that an entity might need to revise as additional information becomes known.

~~B45:B46.~~ If an entity identifies a material error in its prior period climate-related disclosures, it shall apply paragraphs B.AG67~~B.AG6772~~–B.AG71~~B.AG7176~~.

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

This Appendix is an integral part of [draft] IPSASB SRS [X] (ED-1).

~~Climate-related risks and opportunities and, where applicable, c~~Climate-related outcomes of public policy program outcomes

B.AG1. This [draft] Standard provides principles for an entity to disclose information about ~~its climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of a public policy for which it has primary responsibility ~~program outcomes~~ (see paragraphs 14–22).

~~B.AG2.~~ An entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort (see paragraphs B.AG19~~B.AG16~~~~20~~–B.AG24~~B.AG20~~~~25~~);:

~~(c)~~ — To identify the climate-related risks and opportunities;

~~(d)~~ — To determine the scope of its value chain, including its breadth and composition, in relation to each of those climate-related risks and opportunities; and

~~(e)~~ B.AG2. To identify climate-related outcomes of public policy ~~program outcomes, where applicable~~ for which it has primary responsibility.

B.AG3. In determining material information for disclosure, an entity shall:

(a) Understand its context (paragraphs B.AG4~~B.AG4~~–B.AG14~~B.AG11~~~~5~~);

~~(a)(b)~~ Identify climate-related risks and opportunities, and where applicable, climate-related outcomes of a public policy ~~program outcomes~~ (paragraphs B.AG15~~B.AG15~~~~16~~–B.AG26~~B.AG22~~~~27~~); and

~~(b)(c)~~ Determine material information for disclosure (paragraphs B.AG27~~B.AG23~~~~28~~–B.AG51~~B.AG47~~~~52~~).

Understand the ~~e~~Entity's cContext

B.AG4. Understanding an entity's ~~own~~ context is an important first step that provides the entity with critical information for identifying ~~its climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of a ~~ef climate-related public policy programs~~. To understand ~~from an entity's own~~ context, the entity should understand its activities, relationships, stakeholders, and the climate context in which these occur.

~~B.AG5.~~ An entity's activities include all types of activities that an entity carries out to achieve its objectives. An entity should consider all aspects of its activities including, for example, the types of activities to deliver its services, the geographic location of these activities, the operating environment and economy, the intended beneficiaries, the nature of employees and non-employees (e.g., contractors or volunteers) and the work they perform for the entity.

~~B.AG6.~~ B.AG5. Where an entity has public policy programs, its ~~p~~Public policy programs directly or indirectly influences the behaviors and activities of other public sector entities, private sector entities, and/or individuals. Public policy programs ~~refers to any incentives or obligations for other entities or individuals, and may include, but is not limited to, laws, directives, and decrees; regulations and standards; taxes, charges, subsidies and~~ incentives may include regulations and standards, fiscal policies, voluntary commitments, and development policiess (see paragraph AG2~~AG2~~~~4~~). This does not include an entity's internal policies that apply to the entity itself. An entity should consider all aspects of ~~its the~~ public policy ~~activities programs~~ in understanding its ~~own~~ context, including its policy setting responsibilities, mandate and objectives and the other public sector entities or individuals that are within its scope of responsibilities and are or would be affected by involved in implementing or monitoring the its public policy programs.

B.AG7-B.AG6. An entity's relationships include ~~upstream suppliers and service providers, and downstream delivery of services or goods to beneficiaries, or other~~ public sector entities, private sector entities or individuals that are or would be affected by its public policy ~~programs~~. For example:

~~(c) A public hospital's relationships may include upstream suppliers of medical equipment and emergency vehicles as well as downstream patients receiving services;~~

~~(d)~~(a) A regulator's relationships may include legislative bodies that approve policies and public or private corporations that are required to implement and adopt the regulator's policies; and

~~(e)~~(b) A taxation authority's relationships may include legislative bodies and private corporations and individuals that are required to pay taxes.

B.AG8-B.AG7. ~~Public policies addresses identified public problems, intended for public value rather than profit oriented, through policy tools and instruments for the benefit of those in its jurisdiction. Public sector value chains are based on public value creation, rather than profit oriented, through providing essential services to improve service recipients' quality of life and fostering trust in the jurisdiction.~~ Public sector entities serve the public interest and have a wide-ranging set of stakeholders, including primary users. ~~Value chains~~ Policy design, and determining boundaries, is for an entity are often complex, involving extensive analysis as policy delivery and outcomes rely on and affect various relationships and interactions with multiple stakeholders, including citizens, other public sector agencies, private corporations and nonprofit institutions.

B.AG9-B.AG8. Climate-related reporting shall consider all relevant stakeholders whose interests could reasonably be expected to be affected by the entity's activities, including those that may have a direct relationship with the entity (e.g., employees, local communities, suppliers, other entities or individuals that may be affected by public policy ~~programs~~) or those who do not or are unable to articulate views (e.g., future generations).

B.AG10-B.AG9. An understanding of these stakeholders supports identification of ~~the climate-related risks and opportunities and climate-related~~ outcomes of a climate-related public policy ~~programs~~. This may result in a broad set of climate-related ~~outcomes-risks and opportunities and climate-related of public policy program outcomes~~, as engagement may be with a broader group than primary users of general purpose financial reports. However, this information will support the ultimate determination of material information that meets the needs of primary users for decision-making and accountability purposes.

B.AG11-B.AG10. This is consistent with the guidance in the ~~IPSASB~~ *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the "Conceptual Framework") that acknowledges that, while those other than the primary users may find the information provided by general purpose financial reports useful, general purpose financial reports are not developed to specifically respond to their information needs.

B.AG12-B.AG11. Climate-related reporting should consider the wider context and latest international developments on climate. Climate context includes:

- (a) Objective and authoritative developments and measures such as scientific research or consensus on climate issues;
- (b) The latest international agreements on climate-related goals and conditions; and
- (c) Expectations of responsible conduct set out in authoritative intergovernmental instruments e.g., United Nations (UN) Sustainable Development Goals from the 2030 Agenda for Sustainable Development, UN Framework Convention on Climate Change, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Declaration on the Rights of Indigenous Peoples and in other recognized sector-specific, local, regional or global instruments.

B.AG13-B.AG12. An entity shall understand its public policy role and objectives and how it ~~supports or hinders~~ contributes to ~~delivery~~ ring on climate change commitments, including the latest international agreements on climate change

and related regional, national or subnational transition and adaptation plans. For example, an energy regulator whose objective is to ensure safe and efficient delivery of energy to its jurisdiction will contribute to climate change commitments by setting public policies that support resource development or transition towards lower-emitting energy sources. ~~In addition, the energy regulator would also identify climate-related risks and opportunities such as emissions from its operations or physical risks to facilities located near areas with increasing frequency of severe wildfires.~~

~~B.AG14.~~ B.AG13. If certain processes or assessments have been performed by higher levels of government relating to these commitments, such as processes to engage relevant stakeholders, established national risk registers or climate-related scenario analysis, an entity may consider the applicability of these to the entity's own circumstances and may avoid duplication of efforts to the extent applicable.

~~B.AG15.~~ B.AG14. The entity shall consider the activities, relationships, stakeholders, and climate context relating to the public policy of all the entities it controls or has an interest in (e.g., including policy design, implementation, monitoring and affected individuals and private sector entities ~~controlled entities, joint arrangements, associates or holdings of other minority interests~~).

Identify ~~climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of a public policy program outcomes

Engagement with stakeholders to identify climate-related outcomes of a public policy program outcomes

~~B.AG16.~~ B.AG15. Public sector entities regularly engage with stakeholders on various issues. To support its ~~climate-related reporting~~ identification of climate-related outcomes, an entity should also seek to consult relevant stakeholders directly or through their representatives and consult internal and external experts to provide input or feedback on its conclusions regarding outcomes.

~~B.AG17.~~ B.AG16. Broad engagement with stakeholders may be challenging in cases that involve stakeholders across jurisdictions or in cases that involve impacts resulting in collective harm. For example, broad engagement may be a challenge in the case of greenhouse gas emissions, which contribute to collective transboundary harm.

~~B.AG18.~~ B.AG17. In such cases, the entity may engage with credible stakeholder representatives or proxy organizations (e.g., non-governmental organizations or trades unions). For example, when considering a decision to introduce a strategy to reduce production and/or consumption of fossil fuels and transition to renewable energy production, it may be important to engage with companies and trades unions to consider the employment impacts of the decision.

Peer ~~d~~Disclosures

~~B.AG19.~~ B.AG18. Entities are encouraged to consider the applicability of ~~climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of a public policy program outcomes that are common to other ~~entities similar public policies with similar operations, function of government, and/or geographic location~~ because such disclosures may be expected by primary users of general purpose financial reports and may inform an entity's materiality judgments.

Reasonable and supportable information

~~B.AG20.~~ B.AG19. To identify ~~climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of a public policy program outcomes, including the processes to engage relevant stakeholders (see paragraphs ~~B.AG4~~ B.AG16–B.AG14 ~~B.AG18~~), the entity shall use all reasonable and supportable information available to the entity without undue cost or effort.

~~B.AG21~~B.AG20. Reasonable and supportable information used by an entity in preparing its climate-related disclosures shall cover factors that are specific to the ~~entity policy, including as well as~~ general conditions in the external environment. In some cases—such as in identifying ~~a public policy's then entity's~~ climate-related ~~risks and opportunities~~outcomes of a public policy—reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.

~~B.AG22~~B.AG21. An entity may use various sources of data that may be both internal and external. Possible data sources include:

~~(d)~~—The ~~entity's risk management~~policy design processes;

~~(e)(a)~~ ~~Peer group experience~~; and

~~(f)(b)~~ Internal and ~~E~~external ratings, reports and statistics.

~~B.AG23~~B.AG22. Information that is used by the entity in preparing its financial statements, operations, setting its strategy and managing its ~~risks and opportunities~~outcomes is considered to be available to the entity without undue cost or effort.

~~B.AG24~~B.AG23. An entity need not undertake an exhaustive search for information to identify ~~an entity's climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of public policy ~~program outcomes~~. The assessment of what constitutes undue cost or effort depends on the entity's specific circumstances and requires a balanced consideration of the costs and efforts for the entity and the benefits of the resulting information for primary users. That assessment can change over time as circumstances change.

~~B.AG25~~B.AG24. In some cases, an entity may leverage another entity's processes, such as a national risk register or climate-related scenario analysis performed by centralized public sector entities in its jurisdiction. The entity ~~may~~shall consider the applicability of the other entity's processes and findings and, where applicable, cross-reference to the other entity's reports and consider whether additional entity-specific information is required for primary users' decision-making and accountability needs ~~(see paragraphs B.AG62 B.AG57 B.AG64 B.AG59)~~.

Reassessment of the ~~s~~Scope of ~~climate-related risks and opportunities and, where applicable, climate-related outcomes of public policy~~ program outcomes

~~B.AG26~~B.AG25. Climate-related ~~risks and opportunities and, where applicable, climate-related~~ outcomes of public policy ~~program outcomes~~, may change over time as the entity's activities, relationships, stakeholders and climate context evolve. New activities, new relationships, and major changes in ~~operations or the operating~~ context could lead to changes in the ~~entity's climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of the public policy ~~program outcomes~~. For this reason, the entity may, but is not required to, reassess its context and identify ~~climate-related risks and opportunities and, where applicable, climate-related~~ outcomes of the public policy ~~program outcomes~~ on an ongoing basis.

~~B.AG27~~B.AG26. At a minimum, an entity shall reassess the scope of all ~~affected climate-related risks and opportunities throughout its value chain and, where applicable, climate-related~~ outcomes of the public policy ~~program outcomes~~, on the occurrence of a significant event or significant change in circumstances. A significant event or significant change in circumstances can occur without the entity being involved in that event or change in circumstances, or as a result of a change in what the entity assesses to be important to primary users of general purpose financial reports. For example, such significant events or significant changes in circumstances might include:

~~(a)~~—A significant change in the ~~entity's operations model, activities or structure of a public policy~~ (for example, a change in the objectives changes in structure of the public policy or climate-related policy programs following a change in political leadership); and

(a)

~~(b) A significant change in exposure to climate-related risks and opportunities factors that affect the climate-related outcomes of a public policy (for example, an increase in frequency or severity of extreme weather events in the entity's jurisdiction that changes the expected climate-related outcomes reasonably attributable to the public policy increases risks to the entity); and~~

~~(b)~~

~~A significant change in the entity's value chain (for example, a supplier in the entity's value chain makes a change that significantly alters the supplier's greenhouse gas emissions).~~

Materiality (see paragraphs B8B8–B10B10)

~~B.AG28.B.AG27.~~ Primary users of public sector general purpose financial reports include service recipients and their representatives, such as legislature or members of parliament who act as representatives of citizens, eligible residents and taxpayers, and resource providers and their representatives, such as multilateral or bilateral donor agencies and lenders and corporations that provide resources to, and transact with, government.

~~B.AG29.B.AG28.~~ Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity's general purpose financial reports prepared for that reporting period. Materiality depends on both the nature and magnitude of the item judged in the particular circumstances of each entity.

~~B.AG30.B.AG29.~~ Assessing whether information could reasonably be expected to influence decisions made by primary users requires an entity to consider the characteristics of primary users while also considering the entity's own circumstances.

~~B.AG31.B.AG30.~~ Service recipients and resource providers require climate-related information for accountability purposes that contributes to, and informs, decision-making. Climate-related information needs for accountability and decision-making may be different for different users. For example, a service recipient may look for information on the the entity's climate-related outcomes of a public policy resilience and ability to deliver its service objectives considering climate-related physical risks to inform how they vote or where they choose to live; while a central government may look for the entity's effective implementation of public policy programs and contribution to national transition and adaptation plans to inform its policy setting strategies and/or allocation of resources.

~~B.AG32.B.AG31.~~ Climate-related disclosures are prepared for primary users who have a reasonable knowledge of the public policy sector programs and operations and who review and analyze the information diligently. At times, even well-informed and diligent primary users may need the aid of an adviser to understand climate-related information.

~~B.AG33.B.AG32.~~ Individual primary users may have different, and sometimes even conflicting, information needs and desires. Information needs of primary users may also evolve over time. Climate-related disclosures are intended to meet common information needs of primary users.

Determining material information

~~B.AG34.B.AG33.~~ Materiality depends on both qualitative and quantitative information judged in the circumstances of each entity during the reporting period and in the future. Consequently, it is not possible to specify a uniform characteristic or set of characteristics at which a particular type of information becomes material.

~~B.AG35.B.AG34.~~ To determine material information about a climate-related risk or opportunity, or, where applicable, a climate-related policy outcomes of a public policy, an entity shall apply, as the starting point, the requirements of this [draft] Standard.

~~B.AG36.B.AG35.~~ An entity shall assess whether the information identified in applying this [draft] Standard, either individually or in combination with other information, is material in the context of the entity's climate-related disclosures taken as a whole. In assessing whether information is material, an entity shall consider both quantitative and qualitative factors. For example, an entity might consider ~~the magnitude and the nature of the effect of a climate-related risk or opportunity or, where applicable, the magnitude and nature of a climate-related policy outcome.~~

~~B.AG37.B.AG36.~~ An entity need not disclose information otherwise required by this [draft] Standard if the information is not material. This is the case even if this [draft] Standard contains a list of specific requirements.

~~B.AG38.B.AG37.~~ Though materiality judgments are specific to an entity, entities are encouraged to consider the applicability of disclosures provided by peers. ~~For example, if an entity is not exposed to a risk to which other peer entities are exposed, the lack of exposure to that particular risk could also be material information where an entity may be expected to incur that risk.~~

Qualitative judgments in materiality

~~B.AG39.B.AG38.~~ An entity generally assesses whether information is quantitatively material by considering the magnitude, such as the amount and size, of the ~~revenue or expenditure to achieve any climate-related targets of the public policy transaction~~ against measures of the entity's financial position, financial performance and cash flows. For example, the anticipated expenses ~~of~~ developing green infrastructure ~~or revenue from carbon taxes~~ may be of such a size ~~that~~ it could reasonably be expected to influence decisions that primary users make on the basis of that information.

~~B.AG40.B.AG39.~~ However, an item of information could reasonably be expected to influence primary users' decisions and assessment of accountability regardless of magnitude or size compared against the entity's financial position, financial performance and cash flows. For example:

- (a) How difficult it is to remediate greenhouse gas emissions may influence an entity's primary users' decisions regardless of the size of those emissions;
- (b) The lack of processes, such as the lack of climate-related reporting processes, could be material information;
- (c) The number of individuals affected by climate-related ~~public policy programs outcomes of a public policy~~ may be of such magnitude that it could reasonably be expected to influence decisions of primary users; and
- (d) The range of estimates and the number of assumptions required to estimate the ~~financial implications of public policy on the economy, environment and people~~ financial effects of a climate-related opportunity could influence how useful the information may be to meet primary users' accountability and decision-making needs.

~~B.AG41.B.AG40.~~ Information about a single ~~climate-related risk or opportunity or, where applicable, climate-related public policy programs outcome,~~ may not be material on an individual basis, but ~~similar climate-related risks or opportunities or, where applicable, climate-related public policy program outcomes~~ may be material when taken in aggregate. For example, an entity ~~may be primarily responsible for several public policies that contribute to the same climate-related outcome might be exposed to several climate-related risks, each of which could cause the same type of disruption (such as disruptions to the entity's supply chain).~~ Information about ~~the climate-related outcome of an individual public policy might not be material, especially if achieving the policy objectives depends highly on coordinated actions with other public policies an individual source of risk might not be material if disruption from that source is highly unlikely to occur.~~ However, information about the aggregate- ~~climate-related outcomes of those public policies risk—the risk of supply chain disruption from all sources—~~ might be material.

~~B.AG42-B.AG41.~~ With regard to potential future ~~climate-related risks and opportunities and, where applicable, climate-related public policy program~~ outcomes, an entity may assess whether information is qualitatively material by considering the likelihood of the ~~potential climate-related risk or opportunity or climate-related policy~~ outcome. For example:

- (a) Information about a possible future event is more likely to be judged as being material if the potential effects are significant and the event is likely to occur; ~~and~~
- ~~(b)~~ If a possible future event is expected to affect an entity or society, but only many years in the future, information about that event is usually less likely to be judged material than information about a possible future event with similar effects that are expected to occur sooner; ~~and~~
- ~~(c)(b)~~ ~~Whether a climate-related opportunity the climate-related outcome is currently being pursued as part of its approved strategy, as opposed to a general opportunity for the entity, may affect how useful the information is to the user for decision-making purposes.~~

~~B.AG43-B.AG42.~~ In some circumstances, an item of information could reasonably be expected to influence primary users' decisions regardless of the magnitude of the potential effects of the future event or the timing of that event. For example, this might happen if information about a particular ~~risk or opportunity~~ climate-related outcome is highly scrutinized by primary users of an entity's general purpose financial reports.

~~B.AG44-B.AG43.~~ An entity must consider the context in which it operates when making materiality judgments, and in respect of prospective information, the preparer's knowledge and expectations about the future, including the range of possible outcomes and the likelihood within that range and all pertinent facts and circumstances. An entity shall also consider whether information about low-probability and high-severity outcomes might be material either individually or in combination with information about other low-probability and high-severity outcomes.

Interaction with law or regulation

~~B.AG45-B.AG44.~~ Laws or regulations might specify requirements for an entity to disclose climate-related information in its general purpose financial reports. In such circumstances, the entity is permitted to include in its climate-related disclosures information to meet legal or regulatory requirements, even if that information is not material. However, such information shall not obscure material information.

~~B.AG46-B.AG45.~~ An entity shall disclose material climate-related information, even if a law or regulation permits the entity not to disclose such information.

~~B.AG47-B.AG46.~~ An entity need not disclose information otherwise required by this [draft] Standard if a law or regulation prohibits the entity from disclosing that information. If an entity omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction to the extent allowed by law and regulation.

Reporting material information

~~B.AG48-B.AG47.~~ An entity should report information in a concise way and aggregate information where useful without omitting necessary details. An entity should consider the appropriate level of aggregation or disaggregation, for example, by geographical location, by nature or by function, in light of all relevant facts and circumstances.

~~B.AG49-B.AG48.~~ An entity should not obscure material information. Information is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that information. Examples of circumstances that might result in material information being obscured include:

- (a) Material information is not clearly distinguished from additional information that is not material;
- (b) Material information is disclosed in the climate-related disclosures, but the language used is vague or unclear;

- (c) Material information about ~~a climate-related risk or opportunity or climate-related public policy program outcomes of a public policy~~ is unreasonably scattered throughout the climate-related disclosures;
- (d) Items of information that are dissimilar are inappropriately aggregated;
- (e) Items of information that are similar are inappropriately disaggregated; and
- (f) The understandability of the climate-related disclosures is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

~~B.AG50.~~B.AG49. An entity shall reassess its materiality judgments at each reporting date to take account of changed circumstances and assumptions. Because of changes in the entity's individual circumstances, or in the external environment, some types of information included in an entity's climate-related disclosures for prior periods might no longer be material. Conversely, some types of information not previously disclosed might become material.

Aggregation and disaggregation

~~B.AG51.~~B.AG50. When an entity applies this [draft] Standard, it shall consider all facts and circumstances and decide how to aggregate and disaggregate information in its climate-related disclosures. The entity shall not reduce the understandability of its climate-related disclosures by obscuring material information with immaterial information or by aggregating material items of information that are dissimilar to each other.

~~B.AG52.~~B.AG51. An entity shall not aggregate information if doing so would obscure information that is material. Information shall be aggregated if items of information have shared characteristics and shall not be aggregated if they do not have shared characteristics. For example, the entity might need to disaggregate information about ~~climate-related risks and opportunities and climate-related a public policy y program outcomes~~ outcomes of a public policy by geographical location.

Reporting entity and connected information (see paragraphs B11B41–B15B45)

~~B.AG53.~~B.AG52. Unlike consolidated financial statements, which combine the finances of controlled entities, climate-related disclosures reported by a controlling entity is not always a combination of the information reported solely by its controlled entities. However, ~~Climate~~climate-related disclosures should be reported for the same reporting entity as the related general purpose financial statements. This enables primary users of general purpose financial reports to understand the effects of ~~climate-related risks and opportunities and climate-related a public policy program outcomes activities to achieve climate-related targets of public policy~~ on the reporting entity's finances. The information about climate-related outcomes presented is also relevant to the reporting entity's own responsibility and accountability for the public policy.

B.AG53. A public sector reporting entity may comprise two or more separate entities that present GPFRs as if they are a single entity—such a reporting entity is referred to as a group reporting entity.

B.AG54. Paragraph B12B42 requires an entity to provide information in a manner that enables primary users of general purpose financial reports to understand connections both between various climate-related outcomes of a public policy the items that could reasonably be expected to affect the entity's long-term fiscal sustainability and between disclosures provided by the entity in its general purpose financial reports.

B.AG55. Connected information provides insight into connections between the items to which the information relates. For example:

- (a) If an entity ~~passed a particular climate-related policy~~ is primarily responsible for a policy with climate-related outcomes that resulted in an increase in the entity's tax revenue, connected information will

depict that relationship between the entity's strategy for managing climate-related outcomes of a public policy and its financial statements; and

- ~~(b)~~ If an entity identified a trade-off between outcomes of a public policy or two climate-related risks it is exposed to or climate-related outcomes, both within the same public policy and of across different climate-related public policies/programs, and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those risks or climate-related outcomes and the entity's strategy; and
- ~~(c)~~ (b) If an entity committed to a particular climate-related target, but that commitment has not yet affected the entity's financial position, financial performance, and cash flows because the applicable recognition criteria have not been met, connected information will depict that relationship.

B.AG56. Connected information includes:

- (a) Connections between various types of information about a particular climate-related risk or opportunity or climate-related outcomes of a public policy-program outcome, such as:
- (i) Between disclosures on governance, strategy and impact and risk outcome management; and
 - (ii) Between narrative information and quantitative information (including related metrics and targets and information in the related financial statements); and
- (b) Connections between disclosures about various climate-related risks and opportunities and, where applicable, climate-related outcomes of a public policy-program outcomes. For example, if an entity integrates its oversight of oversees the climate-related risks and opportunities and climate-related outcomes of a public policy on an integrated basis/program outcomes, the entity shall provide integrate the d governance disclosures on governance instead of providing separate governance disclosures on governance for each climate-related risk and opportunity and climate-related public policy-program outcomes.

B.AG57. Drawing connections between disclosures involves, but is not limited to, providing necessary explanations and cross-references and using consistent data, assumptions, and units of measure. In providing connected information, an entity shall:

- (a) Explain connections between disclosures in a clear and concise manner; and
- (b) Disclose information about significant differences between the data and assumptions used in preparing the entity's climate-related disclosures and the data and assumptions used in preparing the related financial statements.

B.AG58. For example, in providing connected information an entity might need to explain the effect or likely effect of its strategy on its financial statements and financial planning, or explain how that strategy relates to the metrics the entity uses to measure progress against targets. In some cases, funding, implementation and monitoring of the policy may be provided or performed by an entity other than the reporting entity. The entity might need to explain how the policy strategy and climate-related outcomes affects its financial statements. Another entity might need to explain how its use of natural resources or changes within its value chain could amplify or, in contrast, reduce its climate-related risks and opportunities. The entity might need to link the information about its use of natural resources or changes within its value chain to information about current or anticipated financial effects, its strategic response to mitigate those risks and its related investment in new assets. The entity might need to link narrative information to the related metrics and targets and to information in the related financial statements.

B.AG59. Other examples of connected information include:

- (a) An explanation of the combined effects of ~~the entity's climate-related risks and opportunities and its strategy on its long-term fiscal sustainability~~ how the climate-related outcomes of a public policy are expected to change over the short-, medium- and long-term. For example, in setting a policy to build public transit infrastructure, an entity might face social pressure and increasing demand for lower-carbon alternatives. ~~The entity might need to explain how its strategic response, such as transitioning to electric buses,~~ affects the useful lives of its assets and on impairment assessments.
- (b) A description of the alternatives that an entity evaluated in setting its strategy ~~in response to its climate-related risks and opportunities and for managing climate-related outcomes of a public policy~~ program outcomes, including a description of the trade-offs ~~between those climate-related risks and opportunities and climate-related public policy program outcomes~~ that the entity considered ~~(see paragraph AG2.25(c)).~~ For example, an entity might need to explain the alternative policy options it considered to reduce greenhouse gas emissions from the energy sector, and the trade-offs between accelerating the transition to renewable energy and the public policy outcomes on energy affordability, reliability, or affected communities ~~potential effects of its policies to support transition to renewable energy in response to climate-related risks on local communities.~~

General requirements

Sources of guidance (see paragraphs B16B16–B21B21)

B.AG60. An entity may—to the extent that these sources assist the entity in meeting the objective of this [draft] Standard (see paragraphs 14–22) and do not conflict with this [draft] Standard—refer to and consider the applicability of sources such as:

~~(c) — IFRS Sustainability Disclosure Standards;~~

~~(d) — The Global Reporting Initiative Standards;~~

~~(c) — UN Framework Convention on Climate Change (UNFCCC);~~

~~(e)~~ (d) UN System of Environmental Economic Accounting (UN SEEA); and

~~(f)~~ (e) Country or region-specific sources ~~(e.g., European Sustainability Reporting Standards).~~

B.AG61. In applying the sources of guidance specified in paragraph ~~B.AG60~~ B.AG60, an entity shall not obscure material information required by this [draft] Standard (see paragraph ~~B.AG49~~ B.AG48). If an entity applies the sources of guidance specified in paragraph ~~B.AG60~~ B.AG60 without applying the requirements in this [draft] Standard, the entity shall not make an explicit and unreserved statement of compliance with this [draft] Standard.

Information included by cross-reference (see paragraph B25B25)

B.AG62. Information required by this [draft] Standard might be available in another report published by the entity. For example, the required information could be disclosed in the related financial statements. Material information can be included in an entity's climate-related disclosures by cross-reference, provided that:

- (a) The cross-referenced information is available on the same terms and at the same time as the climate-related disclosures; and
- (b) The climate-related disclosures are not made less understandable by including information by cross-reference.

B.AG63. Information included by cross-reference becomes part of the climate-related disclosures and shall comply with the requirements of this [draft] Standard. For example, it needs to be relevant,

representationally faithful, comparable, verifiable, timely and understandable. The body~~iesy(s)~~ or individual~~(s)~~ that authorizes the general purpose financial reports takes the same responsibility for the information included by cross-reference as it does for the information included directly.

B.AG64. If information required by this [draft] Standard is included by cross-reference:

- (a) The climate-related disclosures shall clearly identify the report within which that information is located and explain how to access that report; and
- (b) The cross-reference shall be to a precisely specified part of that report.

Interim reporting (see paragraph B31~~B34~~)

B.AG65. In the interest of timeliness and cost considerations, and to avoid repetition of information previously reported, an entity may be required or choose to provide less information at interim dates than it provides in its annual climate-related disclosures. Interim climate-related disclosures are intended to provide an update on the latest climate-related information. These disclosures focus on new information, events and circumstances and do not duplicate information previously reported. Although the information provided in interim climate-related disclosures may be more condensed than in annual climate-related disclosures, an entity is not prohibited or discouraged from publishing a complete climate-related disclosures report as specified in this [draft] Standard as part of its interim general purpose financial report.

Comparative information (see paragraph B32~~B32~~)

B.AG66. Paragraph B32~~B32~~ requires an entity to disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period.

Metrics

B.AG67. In some cases, the amount disclosed for a metric is an estimate. Except as specified in paragraph B.AG68~~B.AG68~~, if an entity identifies new information in relation to the estimated amount disclosed in the preceding period and the new information provides evidence of circumstances that existed in that period, the entity shall:

- (a) Disclose a revised comparative amount that reflects that new information;
- (b) Disclose the difference between the amount disclosed in the preceding period and the revised comparative amount; and
- (c) Explain the reasons for revising the comparative amount.

B.AG68. In applying the requirement in paragraph B.AG67~~B.AG67~~, an entity need not disclose a revised comparative amount:

- (a) If it is impracticable to do so (see paragraph B.AG71~~B.AG71~~); or
- (b) If the metric is forward-looking. Forward-looking metrics relate to possible future actions, events and other conditions. The entity is permitted to revise a comparative amount for a forward-looking metric if doing so does not involve the use of hindsight.

B.AG69. If an entity redefines or replaces a metric in the reporting period, the entity shall:

- (a) Disclose a revised comparative amount, unless it is impracticable to do so;
- (b) Explain the changes; and
- (c) Explain the reasons for those changes, including why the redefined or replacement metric provides more useful information.

- B.AG70. If an entity introduces a new metric in the reporting period, it shall disclose a comparative amount for the preceding period for that metric unless it is impracticable to do so.
- B.AG71. Sometimes, it is impracticable to revise a comparative amount to achieve comparability with the reporting period. For example, data might not have been collected in the preceding period in a way that allows retrospective application of a new definition of a metric, and it might be impracticable to recreate the data. If it is impracticable to revise a comparative amount for the preceding period, an entity shall disclose that fact.

Errors

- B.AG72. Paragraphs B43B43–B46B46 requires an entity to correct material prior period errors.
- B.AG73. Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.
- B.AG74. Potential reporting period errors discovered in that period are corrected before the climate-related disclosures are authorized for issue. However, material errors are sometimes not discovered until a subsequent period.
- B.AG75. If an entity identifies a material error in its prior period(s) climate-related disclosures, it shall disclose:
- (a) The nature of the prior period error;
 - (b) The correction, to the extent practicable, for each prior period disclosed; and
 - (c) If correction of the error is impracticable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.
- B.AG76. When it is impracticable to determine the effect of an error on all prior periods presented, the entity shall restate the comparative information to correct the error from the earliest date practicable.

Appendix C: Qualitative Characteristics

This Appendix is an integral part of [draft] IPSASB ED SRS [X] ~~(ED 1)~~.

Introduction

- C1. The Conceptual Framework establishes the objective and concepts that underpin general purpose financial reporting by public sector entities.
- C2. Climate-related disclosures are part of general purpose financial reports. The qualitative characteristics in the Conceptual Framework, therefore, apply to climate-related information. However, the nature of some of the information required to meet the objective of this [draft] Standard (see paragraphs 11–2) differs in some respects from the information provided in general purpose financial statements.
- C3. Climate-related information is useful if it has the qualitative characteristics of relevance, faithful representation, understandability, timeliness, comparability and verifiability.

Qualitative characteristics of useful climate-related information

Relevance

- C4. Climate-related information is relevant if it is capable of making a difference in achieving the reporting objectives of accountability and decision-making. Information may be capable of making a difference, and thus be relevant, even if some primary users choose not to take advantage of it or are already aware of it from other sources. It is capable of making a difference in decisions or evaluation of accountability by primary users if it has confirmatory value, predictive value, or both.
- C5. Climate-related information has confirmatory value if it confirms or changes past (or present) expectations.
- C6. Climate-related information has predictive value in helping form expectations about the future. Climate-related information need not be a prediction or forecast to have predictive value. Climate-related information with predictive value is employed by primary users in making their own predictions. For example, information about water quality, which can include information about the water being polluted, could inform the expectations of primary users about the ability of an entity to meet local water-quality requirements. ~~Climate-related information with predictive value is employed by primary users in making their own predictions.~~
- C7. The confirmatory and predictive roles of information are interrelated—for example, information for the current year about greenhouse gas emissions, which primary users can use as the basis for predicting greenhouse gas emissions in future years, can also be compared with predictions about greenhouse gas emissions for the current year that were made in past years. The results of those comparisons can help primary users to correct and improve the processes they previously used to make those previous predictions.

Faithful representation

- C8. To be useful, climate-related information must faithfully represent the substance of the phenomena that it purports to represent. To be a faithful representation, a depiction would be complete, neutral and free from material error.
- C9. In practice, it may not be possible to know or confirm whether information presented in general purpose financial reports is complete, neutral, and free from material error. However, information should be as complete, neutral, and free from error as is possible.
- C10. An omission of some information can cause the representation of a phenomenon to be false or misleading, and thus not useful to primary users of general purpose financial reports. A complete depiction of a ~~climate-~~

~~related risk or opportunity, or outcome of~~ climate-related outcome of a public policy ~~program~~ includes all material information necessary for primary users to understand that risk, opportunity or outcome.

- C11. Neutrality in reporting is the absence of bias. It means that the selection and presentation of climate-related information is not made with the intention of attaining a particular predetermined result—for example, to influence in a particular way primary users’ assessment of the discharge of accountability by the entity or a decision or judgment that is to be made, or to induce particular behavior.
- C12. Neutral information faithfully represents the phenomena that it purports to represent. However, to require information included in general purpose financial reports to be neutral does not mean that it is not without purpose or that it will not influence behavior. Relevance is a qualitative characteristic and, by definition, relevant information is capable of influencing primary users’ assessments and decisions. Some climate-related information—for example, targets or plans—is aspirational. A neutral discussion of such matters covers both aspirations and the factors or challenges that could prevent an entity from achieving these aspirations.
- C13. Neutrality is supported by the exercise of prudence. Prudence is the exercise of caution when making judgments under conditions of uncertainty. The exercise of prudence means that positive outcomes ~~or opportunities~~ are not overstated and negative outcomes ~~or risks~~ are not understated. Equally, the exercise of prudence does not allow for the understatement of positive outcomes ~~or opportunities~~ or the overstatement of negative outcomes ~~or risks~~.
- C14. The exercise of prudence does not imply a need for asymmetry; for example, a systematic need for more persuasive evidence to support disclosure of negative climate-related ~~outcomes~~risks than positive climate-related outcomes~~opportunities~~. Particular standards may contain asymmetric requirements where there is a consequence of decisions intended to select the most relevant information that faithfully represents what it purports to represent.
- C15. The phenomena represented in general purpose financial reports generally occur under conditions of uncertainty. Information included in general purpose financial reports will therefore often include estimates that incorporate management’s judgment. To faithfully represent a phenomenon, an estimate must be based on appropriate inputs, and each input must reflect the best available information. Caution will need to be exercised when dealing with uncertainty. It may sometimes be necessary to explicitly disclose the degree of uncertainty in climate-related information to faithfully represent the phenomena.
- C16. Free from material error does not mean complete accuracy in all respects. Free from material error means there are no errors or omissions that are individually or collectively material in the description of the phenomenon, and the process used to produce the reported information has been applied as described. In some cases, it may be possible to determine the accuracy of some information included in the general purpose financial reports—for example, the governance and ~~impact and risk~~outcome management practices of the entity. However, in other cases it may not—for example, the accuracy of an estimate of the change in Scope 3 greenhouse gas emissions attributable to a public policy. In these cases, the estimate will be free from material error if the amount is clearly described as an estimate, the nature and limitations of the estimation process are explained, and no material errors have been identified in selecting and applying an appropriate process for developing the estimate.

Understandability

- C17. Climate-related information shall be clear and concise. For climate-related disclosures to be concise, they need:
- (a) To avoid generic information, sometimes called “boilerplate”, that is not specific to the entity;

- (b) To avoid duplication of information in the general purpose financial reports, including unnecessary duplication of information also provided in the related financial statements; and
- (c) To use clear language and clearly structured sentences and paragraphs.

- C18. The clearest form a disclosure can take will depend on the nature of the information and might include tables, graphs or diagrams in addition to narrative text. If graphs or diagrams are used, additional text or tables might be necessary to avoid obscuring material detail.
- C19. Clarity might be enhanced by distinguishing information about developments in the reporting period from 'standing' information that remains unchanged, or changes little, from one period to the next—for example, by separately describing features of an entity's climate-related governance and outcome~~risk~~ management processes that have changed since the previous reporting period.
- C20. Disclosures are concise if they include only material information. Any immaterial information included shall be provided in a way that avoids obscuring material information.
- C21. Some climate-related information may be particularly complex and might be difficult to present in a manner that is easy to understand. All efforts should be undertaken to represent the information in a manner that is understandable to a wide range of primary users. However, information should not be excluded from climate-related disclosures solely because it may be too complex or difficult for some primary users to understand without assistance.
- C22. Understandability is enhanced when information is classified, characterized, and presented clearly and concisely. Comparability also can enhance understandability. The completeness, clarity and comparability of climate-related information all rely on information being presented as a coherent whole. For climate-related information to be coherent, it shall be presented in a way that explains the context and the connections between the related items of information.
- C23. If climate-related information located in one part of an entity's general purpose financial reports has implications for information disclosed in other parts, the entity shall include the information necessary for primary users to assess those implications.
- C24. Coherence also requires an entity to provide information in a way that allows primary users to relate information about its climate-related ~~risks and opportunities and, where applicable, climate-related~~outcomes of a public policy program outcomes to information in the entity's financial statements.

Timeliness

- C25. Timeliness means having information available for primary users before it loses its capacity to be useful for accountability and decision-making purposes. Having relevant information available sooner can enhance its usefulness as input to assessments of accountability and its capacity to inform and influence decisions that need to be made. A lack of timeliness can render information less useful.

Comparability

- C26. Comparability is the quality of information that enables primary users to identify similarities in, and differences between, two sets of phenomena. Comparability is not a quality of an individual item of information, but rather a quality of the relationship between two or more items of information.
- C27. Comparability differs from consistency. Consistency refers to the use of the same approaches and basis of preparation of climate-related information, either from period to period within an entity or in a single period across more than one entity. Comparability is the goal, and consistency helps in achieving that goal. In some cases, the approaches or methodologies adopted by an entity may be revised to better represent particular

climate-related information. In these cases, the inclusion of additional disclosures or explanation may be necessary to satisfy the characteristics of comparability.

- C28. Comparability also differs from uniformity. For information to be comparable, like things must look alike and different things must look different. An over-emphasis on uniformity may reduce comparability by making unlike things look alike. Comparability of climate-related information is not enhanced by making unlike things look alike, any more than it is by making like things look different.

Verifiability

- C29. Verifiability is the quality of information that helps to give primary users confidence that information in the general purpose financial reports faithfully represents the phenomena that it purports to represent. The characteristic implies that different knowledgeable and independent observers could reach general consensus, although not necessarily complete agreement, that either:
- (a) The information represents the phenomena that it purports to represent without material error or bias; or
 - (b) An appropriate recognition, measurement, or representation method has been applied without material error or bias.
- C30. To be verifiable, information need not be a single point estimate. A range of possible amounts and the related probabilities also can be verified.
- C31. The quality of verifiability is not an absolute—some information may be more or less capable of verification than other information. However, the more verifiable the information is, the more it will help to give primary users confidence that the information faithfully represents the phenomena that it purports to represent. Climate-related information can be more verifiable by, for example:
- (a) Including information that can be corroborated by comparing it with other information available to primary users about ~~an entity's operations~~ the public policy, about other entities ~~with similar activities or operations~~ involved in implementing or monitoring the public policy, or about the external environment in which the entity operates;
 - (b) Providing information about inputs and methods of calculation used to produce estimates or approximations; and
 - (c) Providing information reviewed and agreed by the entity's governing bodies, committees or equivalent.
- C32. Some climate-related information may include financial and other quantitative information and explanations about the anticipated future effects or outcomes, or prospective financial and non-financial information. It may not be possible to verify the accuracy of all quantitative representations and explanations of such information until a future period, if at all.
- C33. To help give primary users confidence that prospective financial and non-financial information and explanations faithfully represent the phenomena that they purport to represent, the assumptions that underlie the information disclosed, the methodologies adopted in compiling that information, and the factors and circumstances that support any opinions expressed or disclosures made should be transparent. This will enable primary users to form judgments about the appropriateness of those assumptions and the method of compilation, measurement, representation and interpretation of the information.

Constraints on climate-related information included in general purpose financial reports*Materiality*

- C34. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that primary users make on the basis of the entity's general purpose financial reports prepared for that reporting period. Materiality depends on both the nature and magnitude of the item judged in the particular circumstances of each entity.
- C35. Assessments of materiality will be made in the context of the legislative, institutional and operating environment within which the entity operates and, in respect of prospective financial and non-financial information, the preparer's knowledge and expectations about the future. Disclosure of information about compliance or non-compliance with legislation, regulation or other authority may be material because of its nature—irrespective of the magnitude of any amounts involved. In determining whether an item is material in these circumstances, consideration will be given to such matters as the nature, legality, sensitivity and consequences of past or anticipated transactions and events, the parties involved in any such transactions and the circumstances giving rise to them.

Cost-benefit

- C36. Reporting climate-related information imposes costs. The benefits of reporting should justify those costs. Assessing whether the benefits of providing information justify the related costs is often a matter of judgment, because it is often not possible to identify and/or quantify all the costs and all the benefits of information included in general purpose financial reports.
- C37. The costs of providing information include the costs of collecting and processing the information, the costs of verifying it and/or presenting the assumptions and methodologies that support it, and the costs of disseminating it. Primary users incur the costs of analysis and interpretation. Omission of useful information also imposes costs, including the costs that primary users incur to obtain needed information from other sources and the costs that result from making decisions using incomplete data provided by general purpose financial reports.
- C38. Preparers expend the majority of the effort to provide climate-related information. However, service recipients and resource providers ultimately bear the cost of those efforts—because resources are redirected from service delivery activities to preparation of information for inclusion in general purpose financial reports.
- C39. Primary users reap the majority of benefits from the climate-related information. However, climate-related information may also be used internally by management and result in better decision-making by management. The disclosure of climate-related information consistent with this [draft] Standard will enhance and reinforce perceptions of the transparency of climate-related reporting by governments and other public sector entities and may contribute to the more accurate pricing of public sector debt. Therefore, public sector entities may also benefit in a number of ways from climate-related information provided by general purpose financial reports.
- C40. Application of the cost-benefit constraint involves assessing whether the benefits of reporting information are likely to justify the costs incurred to provide and use the information. When making this assessment, it is necessary to consider whether one or more qualitative characteristic might be sacrificed to some degree to reduce cost.

Balance between the qualitative characteristics

- C41. The qualitative characteristics work together to contribute to the usefulness of information. For example, neither a depiction that faithfully represents an irrelevant phenomenon, nor a depiction that unfaithfully

represents a relevant phenomenon, results in useful information. Similarly, to be relevant, information must be timely and understandable.

C42. In some cases, a balancing or trade-off between qualitative characteristics may be necessary to achieve the objectives of climate-related reporting. The relative importance of the qualitative characteristics in each situation is a matter of professional judgment. The aim is to achieve an appropriate balance among the characteristics in order to meet the objectives of climate-related reporting.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, [draft] IPSASB SRS [X].

Introduction

- BC1. IPSASB SRS [X], *Climate-related Disclosures: Public Policy Outcomes* requires an entity to disclose information about climate-related outcomes of a public policy, for which it is primarily responsible.
- BC2. After considering responses to the Consultation Paper (CP), *Advancing Public Sector Sustainability Reporting*, which was published in May 2021, the IPSASB concluded that there was strong support for the proposals in the CP, including:
- (a) The need for public sector specific sustainability reporting standards;
 - (b) That climate-related disclosures should be prioritized as the most urgent topic; and
 - (c) That it was appropriate to leverage private sector guidance, where relevant, starting with the IFRS Sustainability Disclosure Standards, while also considering the multistakeholder approach from the GRI Standards.
- BC3. These conclusions resulted in the development of IPSASB SRS ED 1, *Climate-related Disclosures*.
- BC4. Consistent with IPSAS, this [draft] Standard is designed to apply to public sector entities that meet all the following three criteria:
- (a) Are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth;
 - (i) Services encompasses goods, services and policy advice, including to other public sector entities;
 - (b) Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees; and
 - (c) Do not have the primary objective to make profits.
- BC5. Adoption of this [draft] Standard does not require adoption of IPSAS; entities may choose to adopt either standard without the requirement to adopt the other.
- BC6. Consistent with the Conceptual Framework, this [draft] Standard applies to a wide range of public sector entities, including:
- (a) National, regional, state/provincial and local governments;
 - (b) Government ministries, departments, programs, boards, commissions, agencies;
 - (c) Public sector social security funds, trusts and statutory authorities; and
 - (d) International governmental organizations.
- BC7. This [draft] Standard provides proportionality mechanisms for entities, which include:
- (a) Using reasonable and supportable information that is available at the reporting date without undue cost or effort, which is applied to:
 - (i) Identifying climate-related outcomes reasonably attributable to a public policy (see paragraphs 10, AG9, B.AG2 and B.AG19–B.AG24)
 - (ii) Disclosures on climate-related metrics (see paragraph 16(a) and AG43–AG45); and

- (b) Considering an entity's skills, capabilities and resources, which is applied to:
 - (i) Disclosures on climate-related metrics (see paragraphs 16(b) and AG41–AG42).

BC8. In setting out the proportionality mechanisms, the IPSASB acknowledged that, although such mechanisms could be perceived as creating opportunities for inconsistent application, they are essential to ensure that the requirements can be applied effectively across public sector entities. The IPSASB noted that these proportionality mechanisms support a capacity-building approach to achieving the objective of this [draft] Standard, encouraging entities to strengthen their skills, capabilities, systems, and resources progressively over time.

IPSAS Standards or other GAAP

- BC9. The IPSASB considered whether this Standard should refer to IPSAS Standards and other GAAP (see paragraph 4), acknowledging that not all public sector entities apply accrual basis accounting.
- BC10. The IPSASB decided that, though this Standard is agnostic on the entity's financial reporting methodology and can be applied by all public sector entities including those on a cash basis of accounting, the use of accrual accounting, together with climate-related reporting, supports better public financial management and sustainable development.

Background

Phased Approach of the IPSASB's Climate-Related Disclosures Project

- BC11. As a result of the feedback received from constituents on the IPSASB SRS ED 1, the climate-related disclosures project has been developed across two phases. Phase 1 aligns with IFRS S2 and corresponds to the "Own Operations" perspective described in IPSASB SRS ED 1, while Phase 2 reflects the unique policy and regulatory role of public sector entities, referred to as "Climate-related Public Policy Programs" in IPSASB SRS ED 1. The IPSASB's discussions and deliberations in developing these two phases include:
 - (a) Drawing on IFRS S1 and IFRS S2, together with public sector-specific adaptations (see paragraphs BC12–BC21);
 - (b) Recognizing the policy and regulatory role of public sector entities as a distinguishing characteristic that requires public sector-specific disclosures (see paragraphs BC22–BC26); and
 - (c) Deciding to use two separate standards to address these distinct reporting perspectives, rather than an integrated single standard (see paragraphs BC27–BC29).

Development of IPSASB SRS ED 1, Climate-related Disclosures

- BC12. General purpose financial reports of public sector entities are developed primarily to respond to the information needs of service recipients and resource providers who do not possess the authority to require a public sector entity to disclose the information they need for accountability and decision-making purposes.
- BC13. When developing IPSASB SRS ED 1, the IPSASB drew on the Conceptual Framework and agreed that service recipients and resource providers are the primary users of climate-related disclosures. These include citizens, taxpayers, multilateral or bilateral donor agencies, and lenders that provide resources, such as investors. In addition, representatives of these groups such as the legislature (or a similar body), and members of parliament (or a similar representative body) are also the primary users of climate-related disclosures.
- BC14. When developing IPSASB SRS ED 1, the IPSASB decided that the primary users for public sector reports are broader than for private sector reports, where the primary users are existing and potential investors. Based on experience in setting IPSAS, while the information needs of non-investor public sector primary

users may align with those of investors in many cases, information needs generally differ where there are transactions unique to the public sector. In the case of sustainability reports, primary user needs will extend beyond the financial effects of climate-related risks and opportunities.

- BC15. Therefore, the IPSASB developed the IPSASB SRS ED 1 reflecting the following primary sources:
- (a) The CP and feedback from constituents that drive the principles and needs for public sector sustainability reporting;
 - (b) IPSASB literature, including the Conceptual Framework which addresses general purpose financial reports and non-financial information, provides key public sector concepts (e.g., defines primary users, clarifies the objective of reporting (which is to facilitate accountability and decision making), defines the reporting entity and the qualitative characteristics of reporting) and IPSASB's non-mandatory Recommended Practice Guidelines (RPG); and
 - (c) International standards, primarily building on the IFRS Sustainability Disclosure Standards drawing from IPSASB's existing Process for Reviewing and Adapting International Accounting Standards Board (IASB) Documents.
- BC16. During the development of the IPSASB SRS ED 1, the IPSASB considered the challenges to developing public sector-specific sustainability reporting standards, specifically:
- (a) The need for public sector specific guidance, given the diversity of services and reporting contexts across different levels of public sector entities;
 - (b) The need for alignment with private sector guidance where possible and appropriate, given the importance of interoperability due to:
 - (i) The interconnectivity of value chains across public sector and private sector reporting;
 - (ii) The significance of sovereign bonds in the global bond market, where investors—one of the primary users of public sector sustainability reporting—provide resources for public sector entities; and
 - (iii) The growing use of blended finance in addressing climate challenges; and
 - (c) The need for a climate-related disclosure standard, given the urgency of addressing long-term shifts in temperature and weather patterns, and the importance of the public sector in driving widespread action.
- BC17. Given the urgent need for a climate-related reporting standard, the IPSASB considered the extent to which it could leverage private sector guidance, recognizing the potential similarities between the public and private sectors.
- BC18. The IPSASB decided that developing guidance aligned with IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2 *Climate-related Disclosures* (IFRS S2) would meet the core information needs of primary users of public sector climate-related disclosures, and would provide information regarding the entity's long-term fiscal sustainability, including efficient delivery of services, that would enable better decision making and accountability.
- BC19. Therefore, the IPSASB prioritized aligning with the IFRS S1 and IFRS S2 private sector guidance to ensure consistency and interoperability between public sector and private sector reporting, while considering the additional information needs of primary users of public sector climate-related disclosures. This alignment is reflected both in the core text and Application Guidance – where private sector guidance and definitions have been drawn on as directly as possible to meet the objectives of public sector reporting, applying the process from IPSASB's Process for Reviewing and Adapting IASB Documents.

- BC20. This alignment with IFRS S1 and IFRS S2 private sector guidance was generally supported by respondents to the IPSASB SRS ED 1, which cited benefits such as increasing interoperability with private sector guidance, promoting consistency and comparability between entities and across public and private sectors, enhancing the credibility of public sector climate-related disclosures by drawing on an internationally recognized global baseline, and improving the quality and completeness of climate-related information across the value chain. Respondents also noted that this alignment enables the IPSASB to build on established private sector guidance, facilitating knowledge transfer and capacity building, and supports the timely development of a public sector-specific climate-related disclosures standard.

Addressing the public sector policy and regulatory role

- BC21. As a result of their sovereign powers, governments and other public sector entities have the ability to regulate the activities of other entities, including other public sector entities, private sector entities and/or individuals, either directly or through specifically created agencies. The underlying rationale for such regulation is to safeguard the public interest in accordance with specified public policy objectives, such as combating climate change. Therefore, the IPSASB decided that in addition to aligning with the IFRS S1 and IFRS S2 private sector guidance, the policy and regulatory role of public sector entities is a key characteristic that requires public sector-specific disclosures. This public policy role differentiates public sector entities from the private sector.
- BC22. As part of the IPSASB SRS ED 1, the IPSASB proposed that in addition to disclosures on an entity's climate-related risks and opportunities in its day-to-day operations (referred to as "Own Operations" in the IPSASB SRS ED 1), entities should also provide disclosures on the outcomes that could reasonably be expected as a result of its climate-related public policy programs. In IPSASB SRS ED 1, "climate-related public policy programs" referred to any type or set of interventions taken or mandated by a public sector entity exercising its sovereign powers to influence the decisions or behaviors of other entities or individuals, with a primary objective to achieve climate-related outcomes. The IPSASB proposed addressing these dual reporting perspectives through a single standard with further clarification in two sections of Application Guidance.
- BC23. In developing the IPSASB SRS ED 1, the IPSASB noted that the "Own Operations" reporting perspective described in the IPSASB SRS ED 1 is expected to be applicable to most public sector entities. For instance, an entity with a policy or regulatory function is also expected to have activities in its operational model, such as managing staff and facilities, that may give rise to climate-related risks and opportunities.
- BC24. Responses to IPSASB SRS ED 1 raised concerns on the two reporting perspectives being combined into one standard, with some noting that separate standards would enhance clarity and the distinct nature of each reporting perspective. The IPSASB noted that a substantial number of comments were received on the proposed disclosure requirements on an entity's climate-related public policy programs, and identified a number of key issues raised by respondents that require further deliberation.
- BC25. In response to consultation feedback, the IPSASB decided that it was appropriate to address the two reporting perspectives in two phases, and therefore developed two separate standards as part of its climate-related disclosures project: Phase 1, which refers to the "Own Operations" reporting perspective described in IPSASB SRS ED 1, and was approved and published as IPSASB SRS 1, *Climate-related Disclosures*; Phase 2, which refers to the "Public Policy Programs" reporting perspective in IPSASB SRS ED 1. The IPSASB decided that this was a pragmatic approach considering the clearer resulting guidance, ease of navigating IPSASB SRS Standards, timeliness of issuing guidance, and the reduced initial reporting burden to support the adoption and implementation of IPSASB SRS Standards.

IPSASB SRS [X], Climate-related Disclosures: Public Policy Outcomes

- BC26. As a result of the IPSASB's decision to develop two separate standards, the Board concluded that Phase 2 of its climate-related disclosures project will provide guidance to address the policy and regulatory role of the public sector.
- BC27. In developing IPSASB SRS ED 1, the IPSASB framed the disclosure requirements around the four pillars in the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations: Governance, Strategy, Risk and Outcome Management, Metrics and Targets. Respondents generally supported the use of the TCFD pillars in the context of the ED, noting that it enhances comparability, interoperability, and consistency with global sustainability reporting frameworks. Therefore, the IPSASB decided that a TCFD-aligned structure should be retained, to offer a coherent and conceptually grounded framework for reporting climate-related outcomes of a public policy.
- BC28. In developing IPSASB SRS ED 1, the IPSASB also drew from IFRS S1 and the Conceptual Framework to provide the necessary general requirements and conceptual foundations through Appendix B, Appendix B.AG, and Appendix C. Considering broad support from respondents, the IPSASB decided that it would maintain consistency in General Requirements and Conceptual Foundations to ensure a coherent conceptual basis and promote consistent interpretation across the suite of Standards.
- BC29. Respondents to IPSASB SRS ED 1 generally supported the use of the TCFD pillars in the context of the ED, noting that it enhances comparability, interoperability, and consistency with global sustainability reporting frameworks.
- BC30. Therefore, in developing this [draft] Standard, the IPSASB maintained the overall structure of IPSASB SRS ED 1, while removing guidance already included in IPSASB SRS 1, *Climate-related Disclosures*. In particular, the IPSASB decided that it would retain a TCFD-aligned structure offers a coherent and conceptually grounded framework across the different stages of a public policy (see paragraph AG6), where:
- (a) Governance applies across policy design, implementation, and monitoring, reflecting the end-to-end oversight of the climate-related outcomes of a public policy;
 - (b) Strategy corresponds primarily to policy design, where an entity discloses how it manages the climate-related outcomes of a public policy;
 - (c) Outcome management corresponds to policy implementation and monitoring, including the processes used to identify, assess, prioritize, and monitor the climate-related outcomes of a public policy; and
 - (d) Metrics and targets corresponds to policy monitoring, through the metrics that an entity uses to measure and monitor climate-related outcomes of a public policy and its climate-related targets.

Objective and scope

- BC31. At the time of developing this [draft] Standard, the latest international agreements on climate change were the Paris Agreement and the United Nations Sustainable Development Goals (SDGs).
- BC32. Many countries have signed or ratified the latest international agreements on climate change, made national commitments enforceable through legislation and/or developed national transition and adaptation plans. Consistent with these requirements and the Conceptual Framework, the objective of this [draft] Standard is to provide information for primary users that support decision-making, and accountability for the actions taken to deliver on these international commitments. Reporting and disclosure are not an aim in and of itself, but it should help encourage changes in individual and organizational behaviors and global actions more broadly that are needed to combat climate change.
- BC33. The IPSASB acknowledged that not all countries have signed or will sign the latest international agreements on climate change and that each country's national strategies provide more specific commitments. However,

the IPSASB decided that it is important for the [draft] Standard to be capable of being used to support accountability for the climate-related outcomes of a public policy in accordance with the latest international agreements.

- BC34. IPSASB SRS ED 1 proposed an objective and scope to provide entities with principles to disclose “material information about the outcomes reasonably attributable to a climate-related public policy program”, where “climate-related public policy programs” were further defined as “public policy programs with a primary objective to achieve climate-related outcomes”. The Basis for Conclusions to IPSASB SRS ED 1 explained that the IPSASB intended entities to provide information about both the positive and negative effects of public policy programs on greenhouse gas emissions.
- BC35. Respondents’ primary concern in response to IPSASB SRS ED 1 was that the proposed scope was too narrow. Although their reasons varied, many respondents considered that limiting the scope to public policy programs with a primary objective of achieving climate-related outcomes could result in “greenwashing.” In particular, respondents noted that the proposed scope could exclude public policy programs with other primary objectives that nonetheless have significant negative climate-related outcomes. Respondents therefore called for the scope to encompass all public policy programs with material climate-related outcomes, regardless of their primary objective.
- BC36. In developing this [draft] Standard, the IPSASB noted that public policies are often intended to achieve multiple objectives, such as advancing economic development or improving transport infrastructure. Although achieving climate-related outcomes may not be the primary objective of such policies, their implementation may nonetheless result in significant positive or negative climate-related outcomes.
- BC37. The IPSASB therefore considered how the objective and scope of the [draft] Standard could better reflect its intended focus on the climate-related outcomes of public policies. The IPSASB concluded that requiring entities first to identify a narrowly defined subset of “climate-related public policy programs” could exclude public policies with significant climate-related outcomes. Instead, entities should consider the full range of public policies and apply materiality in determining which information about their climate-related outcomes should be disclosed.
- BC38. Accordingly, the IPSASB decided that “climate-related” should describe the outcomes rather than the public policies themselves. The IPSASB decided that this would address respondent concerns and reflect the IPSASB’s intention to capture policies that may have significant climate-related outcomes, regardless if they have climate-related primary objective or not, such as economic policies relating to fossil fuel production. The IPSASB therefore framed the objective of the [draft] Standard around the climate-related outcomes of public policies.
- BC39. Though governments set numerous public policies, in most cases, a few economic sectors may have the most significant climate-related outcomes and therefore are most likely to have material information about the climate-related outcomes of its public policies that are useful to primary users for accountability and decision-making purposes. For example, energy, agriculture, transport, industrial processes, waste, land-use change and forestry are responsible for a significant portion of global greenhouse gas emissions.

Definitions

Public policy

- BC40. IPSASB SRS ED 1 proposed three interrelated defined terms as follows:
- (a) Public policy programs, defined as any type or set of interventions taken or mandated by a public sector entity exercising its sovereign powers to influence the decisions or behaviors of other entities or individuals;

- (b) Public policy program outcomes, defined as the impacts on the economy, environment and/or people, which occur as a result of, or are reasonably attributable to, the public policy programs; and
- (c) Climate-related public policy programs, defined as public policy programs with a primary objective to achieve climate-related outcomes.

- BC41. Respondents expressed concern that the term “public policy programs” could be interpreted as referring to two separate concepts: “public policies” and “programs”, and suggested using a simpler, more user-friendly term.
- BC42. Having considered this feedback, the IPSASB decided to replace “public policy programs” with the defined term “public policy”, while retaining the proposed definition. The IPSASB concluded that the revised term more clearly conveys the intended concept and better encompasses the range of interventions identified in paragraph AG2.

Public policy outcomes

- BC43. In developing IPSASB SRS ED 1, the IPSASB referred to the Recommended Practice Guideline (RPG) 3, *Reporting Service Performance Information*, which described:
- (a) “Outcomes” as the impacts on society which occur as a result of, or are reasonably attributable to, the entity’s outputs; and
 - (b) “Outputs” as services provided by an entity to recipients external to the entity.
- BC44. In developing IPSASB SRS ED 1, the IPSASB considered whether it would be more appropriate to refer to “outcomes” or “impacts”. The IPSASB considered that, while the definition of “outcomes” in RPG 3 refers to “impacts”, it considers only those impacts “which occur as a direct result of, or are reasonably attributable to, an entity’s outputs”. Further, the IPSASB acknowledged the practical challenges of implementing broader impact-related disclosures contrasted against the immediate need for reporting. Therefore, for both conceptual and practical reasons, the IPSASB decided to propose disclosure requirements in IPSASB SRS ED 1 based on “outcomes” rather than the broad-ranging concept of “impacts”.
- BC45. Given the different meanings and uses of the term “outcomes”, IPSASB SRS ED 1 proposed the defined term “public policy program outcomes”. In developing the definition, the IPSASB drew on the definition of “outcomes” in RPG 3. However, the IPSASB decided to broaden that definition to encompass effects on the economy, environment and people. The IPSASB concluded that this broader definition was necessary to reflect the interrelated effects that may arise from implementing public policies.
- BC46. In IPSASB SRS ED 1, while the term “public policy program outcomes” were not used extensively, it served as a nested definition within “climate-related public policy programs”, which was defined as “public policy programs with a primary objective to achieve climate-related outcomes”.
- BC47. Respondents to IPSASB SRS ED 1 expressed concern that, in the absence of an explicit reference to positive and negative outcomes, the proposed scope could be interpreted as requiring entities to report only on public policies with positive climate-related outcomes.
- BC48. Having considered this feedback, the IPSASB decided that it would better reflect its intention to clarify in the definition of public policy outcomes that these outcomes can be both positive and negative.

Climate-related outcomes

- BC49. IPSASB SRS ED 1 proposed disclosure requirements providing information to primary users to help understand how public sector entities contribute to climate action through public policy programs, while pragmatically balancing users’ information needs against the disclosure burden. Therefore, the IPSASB SRS ED 1 proposed that entities disclose “material information about the outcomes reasonably attributable to a

climate-related public policy program”, where “climate-related public policy programs” were further defined as “public policy programs with a primary objective to achieve climate-related outcomes”.

- BC50. Consistent with the decision on the scope of the [draft] Standard in paragraphs BC31–BC38, the IPSASB decided to introduce a new defined term, “climate-related outcomes”, replacing “climate-related public policy programs”. The IPSASB decided that this definition would enable disclosures to reflect how public policies contribute to climate action, irrespective of their stated primary objective, and would better align with the IPSASB’s intentions.
- BC51. In setting out the definition, the IPSASB looked to the UNFCCC and the Paris Agreement, combined with respondent feedback on how the [draft] Standard needs to have a better balance on addressing adaptation as well as mitigation. In particular, the IPSASB noted that Article 4 and Article 7 of the Paris Agreement are specifically about mitigation and adaptation, respectively. Therefore, the IPSASB decided that the definition of “climate-related outcomes” would be “public policy outcomes relating to climate change mitigation or adaptation”. The IPSASB determined this definition captures the outcomes that support or hinder mitigation or adaptation as the positive and negative characteristics are included in the definition of “public policy outcomes”

Primary Responsibility for a public policy with climate-related outcomes

- BC52. The IPSASB acknowledged that there are often multiple public sector entities involved in the various stages of public policy process and different entities may play different roles in a public policy. Therefore, there may be significant judgment in determining which entity is required to provide disclosures about the climate-related outcomes of a public policy. However, in developing IPSASB SRS ED 1, given the diversity of structures to develop and implement public policies across jurisdictions, the IPSASB decided that it was appropriate to provide key factors for identifying the responsible entity and additional implementation guidance and illustrative examples, which may support entities in making their judgment.
- BC53. In IPSASB SRS ED 1, the IPSASB proposed that entities that have responsibility for the outcomes of a climate-related public policy program should be required to provide the disclosures about climate-related public policy programs and their outcomes given that a key objective of disclosures on climate-related public policy programs is to help primary users understand whether a climate-related public policy program is achieving the intended outcomes, providing transparency and accountability for these programs.
- BC54. In developing IPSASB SRS ED 1, the IPSASB discussed and considered whether the disclosures should be required for entities that have “responsibility” or “accountability” for climate-related public policy programs. The IPSASB decided that “responsibility” is broader and “responsibility for outcomes” should adequately encapsulate the meaning of “accountability”. Therefore, an entity that has responsibility for the outcomes of climate-related public policy programs includes those entities that have accountability for climate-related public policy programs.
- BC55. Respondents to IPSASB SRS ED 1 were generally supportive of the proposals relating to responsibility. The key substantive comment from respondents focused on the challenges related to shared responsibility, highlighting a need for clarity regarding which entity should provide disclosures where responsibilities are shared across entities.
- BC56. Along with the decision in objective and scope to focus on climate-related outcomes of a public policy as noted in paragraphs BC31–BC38, the IPSASB decided to attach responsibility to public policies with climate-related outcomes, including all public policies that have climate-related outcomes, whether or not the policy has a climate focus, and including all climate-related outcomes, whether positive or negative, intended or unintended.

- BC57. Considering responses received, the IPSASB considered that information about a public policy and its climate-related outcomes would generally be most useful when provided by the entity with primary responsibility for those outcomes. That entity is generally best placed to provide a complete view of the policy, providing information for primary users for accountability and decision-making. This approach also reduces the risk that information is fragmented across multiple reports or unnecessarily duplicated by entities involved in different stages of the public policy process.
- BC58. The IPSASB noted that the entity with primary responsibility will depend on the arrangements within each jurisdiction. It is not necessarily the entity at the highest level of government. For example, a regional or local government may have primary responsibility for a public policy and its climate-related outcomes.
- BC59. The IPSASB also noted that identifying one entity as having primary responsibility does not preclude other entities involved in implementing the public policy or monitoring the outcomes of the public policy from reporting information about their respective contributions. Such entities may provide information about their own roles and activities and refer primary users to the disclosures of the entity with primary responsibility for the policy's climate-related outcomes.
- BC60. The IPSASB also acknowledged that entity-level reporting should support and enhance the quality of information available for whole-of-government reporting. Entity-level disclosures about the climate-related outcomes of public policies can also complement information reported through climate change commitments, including the latest international agreements on climate change and related regional, national or subnational transition and adaptation plans.

Governance

- BC61. The IPSASB acknowledged that while governing bodies for public sector entities are often similar to those for private sector in principle, in practice they often differ in their structure and responsibilities. For example, governance for climate-related outcomes of a public policy is often more complex, and can involve various layers of oversight and consultation in developing a public policy and monitoring their implementation. This can also include specialized advisory committees that provide expert input.
- BC62. Therefore, while the core disclosure requirements in paragraph 9 should also be applicable for the governance arrangements of each public sector entity, additional application guidance to address public sector specific circumstances, including the various types of oversight of climate-related outcomes of a public policy, is provided in paragraphs AG16–AG18.

Strategy

- BC63. As a result of the public sector's ability to exercise policy and regulatory powers to influence the activities and behaviors of other entities and/or individuals across the economy, the IPSASB decided that a public sector entity's strategy for public policy programs is a key area of difference between public and private sector climate-related disclosures. Therefore, IPSASB SRS ED 1 proposed disclosure requirements and application guidance addressing how an entity should report on its strategy for managing its climate-related public policy programs and their outcomes were needed to address user information needs.
- BC64. In developing IPSASB SRS ED 1, the IPSASB evaluated whether incorporating the concept of "risks and opportunities" would be appropriate in the context of climate-related public policy programs, and concluded that this approach could create misunderstanding with the IFRS S2 definition of "climate-related risks and opportunities", which applies to the entity itself.
- BC65. Most respondents commenting on the proposed strategy disclosure requirements provided feedback on the disclosure of financial implications. The IPSASB's consideration of this feedback is set out in paragraphs BC68–BC70 below.

- BC66. Respondents to IPSASB SRS ED 1 also requested further guidance on the use of scenario analysis in the context of public policies, noting that scenario analysis can enable entities to stress-test public policies and their expected outcomes under different climate scenarios. In response, the IPSASB decided to further elaborate in paragraph AG24 on how scenario analysis can be applied in the context of public policies.
- BC67. In addition, responses consistently emphasized the importance of coordination across public sector entities. The IPSASB acknowledged that achieving public policy objectives often depends on coordinated actions across entities and public policies. Accordingly, the IPSASB decided to address policy coherence in paragraph AG23(d) as part of an entity's considerations when setting public policies.

Financial implications

- BC68. In developing IPSASB SRS ED 1, the IPSASB proposed requiring disclosures on financial implications of climate-related public policy programs for the entity itself. While the IPSASB acknowledged the financial implications of climate-related public policy programs extend beyond the entity itself, affecting the broader economy, environment, and people, for practical reasons, however, the IPSASB has decided to only require disclosures on the financial implications of climate-related public policy programs on the entity itself. Nonetheless, in IPSASB SRS ED 1, the IPSASB encouraged entities to provide disclosures that reflect their consideration of various external factors when evaluating financial implications of climate-related public policy programs.
- BC69. Most respondents who provided specific comments on financial implications disclosures agreed that the proposed disclosure requirements provide useful information for primary users, highlighting the linkage between financial implications and public sector budgets. In addition, some respondents called for the disclosures to go beyond financial implications to the entity itself to capture the broader impact, extending beyond the reporting entity to the economy, environment and people.
- BC70. [To be updated following September meeting]

Outcome management

- BC71. IPSASB SRS ED 1 proposed that entities disclose climate-related information about their processes, and how these are integrated into and inform the entity's overall risk management process. Consistent with the [draft] Standard's revised focus on the climate-related outcomes of public policies, the IPSASB decided to refer to "outcome management" separately from "risk management". Accordingly, the [draft] Standard requires an entity to disclose information about the processes it uses to identify, assess, prioritize and monitor the climate-related outcomes of public policies.

Metrics and targets

Greenhouse gas emissions from public policies

- BC72. In developing IPSASB SRS ED 1, the IPSASB noted that the Greenhouse Gas Protocol and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) do not provide guidance for reporting on public policy programs. However, the IPSASB decided that it would reference the Greenhouse Gas Protocol Policy and Action Standard (2014) in IPSASB SRS ED 1, which provided relevant guidance in developing a principle-based approach to reporting on greenhouse gas emissions reasonably attributable to climate-related public policy programs.
- BC73. In developing IPSASB SRS ED 1, the IPSASB opted for a principle-based approach, based on the logic framework outlined in RPG 3 for inputs, outputs and outcomes, however, recognizing the existing diversity in methodologies used by entities to estimate greenhouse gas emissions from climate-related public policy programs. The IPSASB observed that jurisdictions may have already established their own methodology to measure greenhouse gas emissions from climate-related public policy programs, there is no standardized

international methodology, and there is a certain extent of estimation involved based on multiple factors, such as what the entity considers as a reasonably attributable outcome for their policy scenario. Therefore, in developing IPSASB SRS ED 1, the IPSASB decided that it is most appropriate if entities are provided with the flexibility to develop and disclose their own methodologies based on a high-level principle-based approach, provided that the entity discloses information necessary for primary users to understand their chosen methodology.

- BC74. While respondents highlighted the importance of disclosures relating to greenhouse gas emissions attributable to public policies, the main concern raised by respondents was about the complexity in attributing greenhouse gas emissions to specific public policy programs due to external factors and limitations in current data structures and determining what may be considered “reasonably attributable”.
- BC75. In developing this [draft] Standard, the IPSASB decided that it would retain the proposed disclosure requirement on attributing greenhouse gas emissions to public policies, however, considering the challenge for some entities, balancing the disclosure requirement with proportionality mechanisms, as noted in paragraph BC12.

Other metrics for public policies

- BC76. In developing IPSASB SRS ED 1, through considering national reporting requirements under international agreements, the IPSASB determined that the metrics necessary to understand the performance of an entity’s climate-related public policy programs may not be limited to the change in greenhouse gas emissions and therefore decided to require disclosures about other metrics. Although the IPSASB considered whether to require specific baseline metrics, the IPSASB determined that this is an evolving space, and that most entities may need to establish metrics for monitoring implementation of a given climate-related public policy program. It therefore decided that it would be most appropriate if entities were provided with the flexibility to develop and disclose other metrics based on a principled approach, which allow best practices to emerge over time.
- BC77. In developing IPSASB SRS ED 1, IPSASB considered other metrics relevant to climate-related public policy programs and decided that internal carbon prices may be applicable for climate-related public policy programs. Public sector entities may use an internal carbon price for project appraisals and policy design in consideration of greenhouse gas emissions. Accordingly, the IPSASB acknowledged that other metrics relating to internal carbon prices should enable primary users to understand the methodology including the approach (e.g., estimates of a social cost or shadow price of carbon), inputs and assumptions used to determine the internal carbon price.
- BC78. [To be updated following September 2026 meeting]

Effective date

- BC79. [To be updated]

Transition

- BC80. In developing IPSASB SRS ED 1, IPSASB acknowledged the significant challenges to the implementation of climate-related reporting in the public sector. However, after consultation with the IPSASB Sustainability Reference Group, the IPSASB decided to propose a transition approach aligned with the private sector, given the urgent need for transparency and accountability for government initiatives to support climate action, and the need for public sector leadership on meeting climate targets.
- BC81. [To be updated following September 2026 meeting]

Conceptual foundations

Fair presentation

- BC82. In the absence of a framework for sustainability reporting, this [draft] Standard includes guidance on conceptual foundations, including the qualitative characteristics of reporting climate-related information, set out in Appendix B: General Requirements for Climate-related Disclosures and Appendix C: Qualitative Characteristics. This guidance is adapted from the Conceptual Framework, is intended to ensure that information in climate-related disclosures is useful to primary users of general purpose financial reports, and provides information to assist an entity in the preparation of climate-related disclosures.

Determining material information for disclosure

- BC83. The IPSASB acknowledges that there are varying approaches and guidance to determining material information, topics or matters across different sustainability standards. The IPSASB decided that the steps to reporting appropriate information for the public sector disclosures include:
- (a) Step 1 - Understanding the entity's context;
 - (b) Step 2 - Identifying climate-related outcomes of a public policy; and
 - (c) Step 3 - Determining material information.
- BC84. This approach aligns with that of IPSASB SRS 1, which primarily draws on the approach in IFRS S1 but layers in GRI guidance on understanding the entity's context and engaging stakeholders.
- BC85. Step 1 is based on the first step in GRI 3 to determining material topics, which provides guidance on considering the entity's activities, relationships, stakeholders and context. The IPSASB decided that this is an important step to include for the public sector given the broad reach and responsibilities of the public sector. It is important for entities to understand their own activities, relationships, stakeholders, as well as the broader sustainability context including, for example, national targets and commitments to which a subnational entity contributes.
- BC86. As part of understanding an entity's context, the IPSASB considered the importance of the perspectives of Indigenous Peoples in sustainable development and therefore decided to add the UN Declaration of Rights of Indigenous Peoples as another authoritative intergovernmental instrument setting expectations for responsible conduct for understanding the broader climate context (see paragraph B.AG12).
- BC87. Step 2 and Step 3 draws on IFRS S1 guidance on identifying risks and opportunities and determining material information related to the identified risks and opportunities. This guidance has been adapted to identify climate-related outcomes of a public policy in support of the scope and objectives of this [draft] Standard. Additional guidance from GRI was leveraged to provide guidance on stakeholder engagement. The IPSASB decided that Step 2 and Step 3, which draws on the IFRS S1 approach, are appropriate because:
- (a) The purpose of the process is to determine material information for reporting (compared with other approaches that identify material topics rather than determine material information);
 - (b) The concept of materiality requires judgments about information from a quantitative and qualitative perspective (which is consistent with the approach to materiality for IFRS Sustainability Disclosure Standards which step 2 and 3 are based); and
 - (c) Guidance on engaging stakeholders is needed for the public sector, which is based on GRI 3 Material Topics 2021, given the demand for a multistakeholder approach in public sector reporting, it is an important process for an entity to follow in identifying its public policy outcomes.

Materiality

- BC88. When developing the IPSASB SRS ED 1, the IPSASB discussed the concepts of “single” or “financial” materiality versus “double” or “financial and impact” materiality. The IPSASB decided that the approach to determine materiality should mirror the approach used in the financial statements and the Conceptual Framework, which is also aligned with IFRS Sustainability Disclosure Standards. Therefore, the IPSASB determined that using the definition of material information from the Conceptual Framework is appropriate for climate-related disclosures given:
- (a) **The primary users** of public sector general purpose financial reports are service recipients and their representatives and resource providers and their representatives according to the Conceptual Framework;
 - (b) **The objectives** of reporting are to support primary users in evaluating information for decision making and accountability purposes. This extends beyond the private sector focus on decision making solely for capital allocation purposes. The principles of decision making and accountability apply equally to climate-related reporting as to financial reporting for the public sector because of the need for accountability from a public interest perspective; and
 - (c) **Connectivity** between financial and climate-related reporting is supported by aligning definitions of materiality across suites of reporting standards.
- BC89. Materiality is classified as a constraint on information included in general purpose financial reports in the Conceptual Framework. In developing this [draft] Standard, the IPSASB has considered the materiality of the consequences of disclosure requirements of a particular item or type of information. Subject to the requirements of this [draft] Standard, entities preparing disclosures of climate-related information will also consider the materiality of the separate disclosure of particular items of information.
- BC90. The IPSASB decided that materiality is a pervasive concept throughout this [draft] Standard, guiding assessments of whether an omission or misstatement could influence primary users' decisions and therefore be deemed material. This [draft] Standard provides guidance that the materiality assessments involve understanding that primary users are assumed to have a reasonable knowledge of the public sector and its activities and accounting, and a willingness to study the information with reasonable diligence. Accordingly, the [draft] Standard takes into account how primary users, with such attributes, could reasonably be expected to be influenced in making and evaluating decisions.
- BC91. Significant judgment is required in determining whether information is material to primary users. This [draft] Standard provides additional guidance addressing the nature of climate-related outcomes of public policies, which are commonly considered when determining the materiality of information.
- BC92. When developing the IPSASB SRS ED 1, the IPSASB considered whether information that is sensitive and/or confidential should be excluded from disclosure. The IPSASB decided that such information in the public sector is expected to be rare and should not be excluded in the public interest. An entity should evaluate the needs of the primary user in light of any applicable legal requirements.
- BC93. Responses to the IPSASB SRS ED 1 revealed diverse interpretations to the proposed materiality definition, with interpretations often linking to external materiality labels such as “financial”, “double”, and “impact”, which exist outside the IPSASB literature. While some respondents interpreted the proposed materiality definition as “financial materiality”, others observed that the broader stakeholder group and emphasis on accountability to meet primary users' information needs can be interpreted as “double materiality”.
- BC94. [To be updated following September 2026 meeting]

Cost-benefit

- BC95. In developing this [draft] Standard, the IPSASB considered information from preparers, primary users, academics, and others about the expected nature and quantity of the benefits and costs of the proposed requirements. Disclosure requirements which result in the presentation of climate-related information useful to primary users for accountability and decision-making purposes and satisfy the qualitative characteristics are prescribed by this [draft] Standard when the benefits of compliance with those disclosures requirements are assessed by the IPSASB to justify their costs.

Reporting entity

- BC96. The IPSASB decided that this [draft] Standard should remain focused on reporting by the same entity that prepares the financial statements. A focus on the same reporting entity as for the financial statements has the benefit of following lines of control and supporting organization-focused accountability, while also facilitating both collection of policy program performance information and the integration of such information with financial information in the entity's financial statements.
- BC97. However, this may not always be the case when reporting on the climate-related outcomes of a public policy. In some cases, the entity with primary responsibility for achieving climate-related outcomes may differ from the entity that prepares the financial statements, for example where one entity is responsible for design of the public policy while another entity provides funding for the public policy.

General requirements

- BC98. When developing the IPSASB SRS ED 1, the IPSASB determined that the general requirements on location of disclosures, timing of reporting, comparative information, judgments, measurement uncertainty and errors from IFRS S1 are appropriate for the public sector.
- BC99. The IPSASB further considered the requirement to revise comparative information to reflect updated estimates and decided to align with IFRS S1, which includes an impracticability exemption that applies to the correction of errors and when the entity redefines or replaces a metric. The requirement is scoped such that it does not mandate entities to review and revise all previously reported estimates, while ensuring that the information provided is useful for primary users without imposing undue burden on preparers.
- BC100. The IPSASB also decided that the general requirements on sources of guidance from IFRS S1 are applicable, with necessary climate-specific adaptations. Additionally, the IPSASB decided that public sector entities should be provided with the flexibility to consider the applicability of other sources of guidance, including the UNFCCC and UN SEEA.
- BC101. The IPSASB acknowledged that there may be significant measurement uncertainty in relation to climate-related metrics, in particular metrics to estimating the increase or decrease in greenhouse gas emissions reasonably attributable to a public policy. The IPSASB acknowledged that both quantitative and qualitative metrics can generally provide useful information; however, high levels of measurement uncertainty could potentially diminish the reliability of an estimate in providing useful information.
- BC102. [To be updated following September 2026 meeting]

Implementation guidance and illustrative examples

- BC103. [To be updated following September 2026 meeting]