

**Filed Electronically**

February 28, 2025

Submitted as attachment at the IPSASB portal  
IPSASB  
277 Wellington Street West  
Toronto, ON  
M5V 3H2  
Canada

**RE:     Comments on the Proposed International Public Sector Accounting Standards  
Board Sustainability Reporting Standard <sup>TM</sup> Climate-related Disclosures**

Dear Sir/Madam:

Manulife Investment Management ('Manulife IM') appreciates the opportunity to respond to the IPSASB regarding the Proposed International Public Sector Accounting Standards Board Sustainability Reporting Standard <sup>TM</sup> Climate-related Disclosures.

**ABOUT MANULIFE INVESTMENT MANAGEMENT**

Manulife IM, a company of Manulife Wealth & Asset Management, leverages over a century of financial expertise and the extensive resources of our parent company to serve individuals, institutions, and retirement plan members worldwide. With headquarters in Toronto and Boston, our robust capabilities in both public and private markets are bolstered by an investment presence in 20 countries and territories. Our global expertise across private markets, asset allocation, fixed income, alternative credit, and equity investing allows us to capitalize on emerging trends worldwide. Committed to responsible stewardship, we aim to lead globally in creating long-term, sustainable value for our stakeholders.<sup>1</sup>

Estimates show that upwards of 60% of the global bond market is comprised of issuance from sovereigns, sub-sovereigns and other public sector entities<sup>2</sup> that are in scope of IPSASB standards, and for the most part, capital raising activities to-date do not include climate risk information for investors to properly assess risks. As we approach 1.5C above pre-industrial temperatures<sup>3</sup>, local, regional, and national public sector entities are front line for the impacts

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<sup>1</sup> Not all offerings are available in all jurisdictions. For additional information, please visit [manulifeim.com](https://manulifeim.com).

<sup>2</sup> [OECD Global Debt Report 2024](#)

<sup>3</sup> ERA5 (Data), C3S/ECMWF (Credit) (2025)

of physical climate risk. We consider that funding from capital markets is urgently needed for climate adaption, resilience and solutions, and existing debt holdings may be at risk of default due to climate risk.

Through our dedicated sovereign and sub-sovereign in-house research program we have long identified a significant gap in investor-appropriate sustainability reporting for sovereign entities. We have supported the need for standards, and consistent comparable reporting, through our ongoing engagements with issuing public sector entities, and our work at the international and country levels to support ISSB standards development and implementation.

## **OUR SUBMISSION**

### ***Specific Matter for Comment 1: Public sector operations and regulatory role (paragraphs 1-4)***

*This Exposure Draft requires a public sector entity to provide disclosures about (i) the climate-related risks and opportunities that are expected to affect its own operations, and (ii) climate-related public policy programs and their outcomes when an entity has responsibility for those programs and their outcomes (see paragraphs 3 and AG2.7–AG2.8). Do you agree the proposed approach meets the information needs of primary users (see paragraphs 1 4)? If not, what alternative approach would you propose and why? The Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.*

We agree that public sector entities should disclose climate related risks and opportunities affecting their own operations in their general-purpose financial reports and in a manner usable to providers of capital. We welcome the alignment with the ISSB and contribution to a global baseline of comparable information. We recommend stronger guidance on the reporting of capital programs allocated for climate mitigation and adaptation purposes over a clear timeframe.

We recommend that the requirement to report on public policy programs be limited to those initiatives that are material - or were developed specifically - to address the climate related financial risks and opportunities that the public sector entity has identified. This could include the policymaker role in creating the enabling environment for private sector decarbonization and adaptation efforts, unlocking other sources of funding to accelerate these actions, as well as potential downstream economic impact of climate risk borne by industry in their jurisdiction, and their approach to managing this risk.

These policy programs, labelled as climate or otherwise, should be reported if they could reasonably be expected to have a material impact on the financial risk an issuer is facing, and investors may want/need to take them into consideration.

The public sector entity may have accountability for various climate policy programs but some of these may be less relevant to investors and users of financial statements, and may be better reported via other channels for broader public interest or for accountability.

***Specific Matter for Comment 2: Own Operations (Appendix A1: Application Guidance – Own Operations)*** *The Exposure Draft primarily aligns disclosure requirements about an entity’s own operations with private sector guidance (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures), with public sector guidance, including a rebuttable presumption that entities use the GHG Protocol: A Corporate Accounting and Reporting Standard (2004), unless another established method of measuring its greenhouse gas emissions is more appropriate or required by a jurisdictional authority (see paragraph AG1.72). Do you agree with the proposed approach and guidance? If not, what alternative approach would you propose and why?*

We agree with the proposed guidance.

***Specific Matter for Comment 3: Scope of Public Policy Programs (paragraph 3 and AG2.4–AG2.6)*** *This Exposure Draft requires disclosures about public policy programs with a primary objective to achieve climate-related outcomes. Do you agree with this approach and the scope of public policy programs included in required disclosures? If not, what alternative approach would you propose and why? The Exposure Draft includes an Alternative View on the approach to climate-related public policy programs.*

We propose the entity apply a lens of financial materiality to focus reporting on policy programs that are causing increased risk, or are contributing to increased revenues or reduced risk, and are therefore linked to their operational risks and opportunities. These provide the context for investors to assess the impact to credit worthiness and future valuation.

***Specific Matter for Comment 4: Public Sector-Specific Definitions (paragraph 7)*** *This Exposure Draft provides public sector-specific definitions and related guidance for: (a) (b) (c) Public policy programs; Public policy program outcomes; and Climate-related public policy programs. Do you agree with the proposed public sector-specific definitions and guidance? If not, what alternative definitions would you propose and why?*

We suggest the following:

- Consider providing the full definition for *climate-related transition plan* as per the ISSB (derived from the Transition Plan Taskforce), or CDP definitions for better alignment
- Consider providing references to authoritative bodies where definitions were taken or adapted from, or indicating where IPSASB has developed its own definitions

***Specific Matter for Comment 5: Strategy for Climate-related Public Policy Programs (paragraphs 12 and AG2.24–AG2.31)*** *This Exposure Draft proposes disclosure requirements about an entity’s strategy for climate-related public policy programs which include information that enables primary users to understand the entity’s strategy and decision-making, anticipated challenges to achieving intended outcomes and financial implications of the climate-related public policy program. Do you agree that the disclosure requirements on strategy for climate-related public policy programs meet the information needs of primary users? If not, what alternative approach would you propose and why?*

Generally we agree that the proposed strategy disclosures would meet the needs of primary users of general financial statements. Insights about overall governance and accountability for climate related strategy are important. Where appropriate/applicable, entities could discuss policy actions that enable private sector entities operating in their jurisdiction to mitigate, adapt or benefit from climate opportunities; planned capital spending over a given timeframe that has been allocated for climate mitigation and adaptation purposes; and demonstrate awareness of downstream impacts of climate risk and strategy to mitigate these risks. Other topics of interest to investors may include how innovative financial tools are being utilized by the entity to manage climate risks, such as but not limited to: municipal insurance pools, catastrophe and resilience bonds, disaster relief funds, public-private partnerships, and insurance for critical infrastructure.

***Specific Matter for Comment 6: Metrics and Targets for Climate-related Public Policy Programs (paragraphs 26–27 and AG2.34–AG2.44)*** *This Exposure Draft proposes to require disclosures about metrics and targets, including (a) the change in greenhouse gas emissions reasonably attributed to climate-related public policy programs and (b) other metrics to measure and monitor performance in relation to climate-related public policy programs. Do you agree these disclosures meet the information needs of primary users of the report (see paragraph 26)? If not, what alternative approach would you propose and why?*

Aligned with our earlier suggestions, IPSASB could consider limiting the reporting of public policy programs to those that have a financially material impact on the operational risks and opportunities of the public sector entity – and therefore the outcomes that need to be reported would only be those that may have a financially material impact (for disclosures in the general financial accounts).

***Specific Matter for Comment 7: Conceptual foundations (paragraphs B2–B15)*** *This Exposure Draft includes conceptual foundations aligned with the IPSASB Conceptual Framework including the definition of materiality (see paragraphs B8–B10) and primary users of public sector general purpose financial reports (see paragraphs B.AG28–B.AG33). Do you agree that the proposed definition of materiality based on the IPSASB Conceptual Framework meets the information needs of primary users for climate-related disclosures? If not, what alternative approach would you propose and why?*

Aligned with our earlier suggestion to use the lens of financial materiality when determining which public policy programs an entity should report on, we suggest the following edits to the definition of materiality:

- *An entity shall disclose material information about climate-related risks and opportunities and, where applicable, public policy program outcomes that materially impact these risks and opportunities.*

Item B 12 (a) Connectedness could be amended to help entities focus on those public policy programs that are causing material financial risk or improving opportunities within the context of their financial statements and of interest to users of these statements who are primarily providers of capital.

***Specific Matter for Comment 8: General requirements (paragraphs B16–B46)*** *This Exposure Draft includes general requirements aligned with private sector guidance (IFRS S1) including the requirements for (a) an entity to include its climate-related disclosures in its general purpose financial reports (see paragraphs B22–B25) and (b) an entity to report its climate-related disclosures at the same time as its related financial statements (see paragraphs B26–B31). Do you agree that the disclosure requirements proposed in the general requirements are appropriate for public sector entities? If not, what alternative approach would you propose and why?*

We agree that these disclosures should occur in the general purpose financial reports, and preferably at the same time as its related financial statements. Risk and opportunity is difficult

to assess if there is significant lag time between these disclosures. We would welcome a transition period, similar to the reliefs offered by the ISSB for private sector entities, for public sector entities to onboard and integrate these new reporting requirements into their general purpose financial statements.

***Specific Matter for Comment 9: Transition (paragraphs 30–33)*** *This Exposure Draft proposes to provide transitional relief only in the first year of adoption (see paragraphs 30–33) for disclosures relating to an entity’s own operations and where applicable, relating to climate related public policy programs and their outcomes. Do you agree that the proposed transition provisions approach should be applicable to both own operations and climate-related public policy programs? If not, what alternative approach would you propose and why?*

We agree that a one-year transition relief is reasonable for operational reporting. On the concept of reporting on public policies that are materially impacting climate risks and opportunities we would welcome a longer transition period. Further guidance may be needed.

***Specific Matter for Comment 10: Other Comments*** *Do you have any other comments on the proposed Exposure Draft?*

There could be opportunities for IPSASB to help consolidate and harmonize the emerging reporting standards landscape for public sector entities by collaborating with other key standards such as the ISO 31725 Standard for ESG Reporting by Municipalities, and others.

## **CONCLUSION**

Manulife Investment Management again thanks IPSASB for the opportunity to comment on the proposed changes reporting standard.

Should you have any questions, please contact myself and Natalia Back at [natalia\\_back@manulife.com](mailto:natalia_back@manulife.com).

Sincerely,

/S/ Brian Kernohan

Brian Kernohan  
Chief Sustainability Officer  
Manulife Investment Management